6 September 2021

BELVOIR!

BELVOIR GROUP PLC
(the "Company", “Group” or "Belvoir")

Interim Results for the six months ended 30 June 2021

Strong growth continues

Belvoir Group PLC (AIM: BLV), a leading UK property franchise and financial services Group, is pleased to announce its Interim Results for the six months ended 30 June 2021.

Financial Highlights

- H1 results are significantly ahead of management’s expectations as at the start of the year
- 41% increase in revenue to £13.8m (H1 2020: £9.8m), of which 33% related to the underlying business and 8% to the acquired Nicholas Humphreys network
- 26% increase in Management Service Fees (MSF) to £5.2m (H1 2020: £4.2m)
- 51% increase in Financial Services revenue to £6.4m (H1 2020: £4.3m)
- Gross profit split of 56% lettings: 21% sales: 18% financial services: 5% other (H1 2020: 62%, 15%, 18%, 5%) reflects the stronger sales market in H1 2021 compared to H1 2020
- 51% increase in profit before tax to £4.8m (H1 2020: £3.2m) of which 42% arose from the underlying business and 9% from the acquired Nicholas Humphreys network
- 36% increase in basic earnings per share to 9.9p (2020: 7.3p), having reflected the impact of the 2023 corporation tax increase on deferred tax
- Highly cash generative with 119% (H1 2020: 113%) of operating profit converting into operating cash flow enabling strategic acquisitions to be funded from cash reserves
- Increased interim dividend of 4.0p per share (H1 2020: 3.4p)

Operational Highlights

- Acquisition of the 20-office Nicholas Humphreys lettings and estate agency network for £4.4m on 31 March 2021, funded from existing cash reserves
- Net increase of 47 financial services advisers bringing the total to 221 (H1 2020: 174) at the period end
- Strengthened our strategic alliance with The Nottingham Building Society through the £0.7m acquisition of its financial services arm, Nottingham Mortgage Services Limited, which completed on 30 July 2021 and added a further 21 advisers

Dorian Gonsalves, Chief Executive Officer of Belvoir Group, commenting on the results, said:

“I am delighted to report another half year of both strategic and trading growth, having bought and integrated the Nicholas Humphreys network and increased revenue and profitability from the underlying business. The Group achieved substantial revenue growth across the three markets in which it operates with lettings up 21%, property sales up 78% and financial services up 51%.

“Having demonstrated the resilience of the Group’s business model throughout 2020, in H1 2021 the Group capitalised on the opportunities arising from the buoyant housing market, and demonstrated that the success of Belvoir’s growth strategy has been unaffected by the pandemic.

"Further strategic progress has been achieved early in H2 as our alliance with The Nottingham Building Society was strengthened further through the acquisition of The Nottingham's mortgage arm, Nottingham Mortgage Services Limited. Adding 21 advisers to our network to give a total of 242, we will be servicing The Nottingham's existing members and customers from within The Nottingham's branches. Additionally, our central adviser team will be helping many first-time buyers (currently saving through The Nottingham's Lifetime ISA online account) to access the right mortgage to meet their home-ownership aspirations. We believe that our relationship with The Nottingham has the prospect of generating significant opportunities in the coming years.

"Having reported H1 profitability considerably ahead of our start of year expectations, and given the Group's further investment in earnings enhancing businesses to expand both the property and the financial services divisions, and high activity levels within all areas of our business at the start of H2, the Board is confident of achieving a strong trading performance for the full year."

Retail investor presentation

Dorian Gonsalves, CEO, and Louise George, CFO, will present live to retail investors reporting on the Group's interim results via the Investor Meet Company platform today at 4.30pm. Investors can sign up for free and register to participate via: **https://www.investormeetcompany.com/belvoir-group-plc/register-investor**

For further details:

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Notes:

About Belvoir Group PLC

Founded in 1995 and listed on AIM in 2012 (BLV.L), Belvoir operates a nationwide property franchise Group with 467 offices across six brands specialising in residential lettings, property management, residential sales and property-related financial services. With its Central Office in Grantham, Lincolnshire, the Group manages 71,600 properties and reported record revenues of £21.7m in 2020 marking Belvoir's 24th year of unbroken profit growth.

Chief Executive's Report

It gives me great pleasure to report on the Group's Interim Results for the six months ended 30 June 2021.

Performance

2021 is proving to be an exceptional year for the property and the mortgage markets with the Belvoir Group having been well-positioned to take advantage of these positive trading conditions. H1 revenue was up 41% to £13,810,000 (H1 2020: £9,774,000) and profit before tax was up 51% to £4,767,000 (H1 2020: £3,164,000) building on the 8% revenue growth and 18% profit growth reported in H1 2020 against H1 2019.

The Group achieved substantial revenue growth across the three markets in which it operates with lettings up 21%, property sales up 78% and financial services up 51%.

Property division

Revenue from the property division increased by 34% to £7,389,000 (H1 2020: £5,521,000) of which 19% was attributable to organic growth. The Group has continued to invest in its franchise property network through the strategic acquisition of Nicholas Humphreys, a national brand specialising in student lettings through 17 franchised and three owned offices in mainly University towns. The acquisition completed in March for £4,400,000 (£4,146,000 net of cash acquired) and accounted for 15% of H1 2021 property revenue growth.

The ratio of lettings to sales, which has been around 80:20 for several years, moved to 73:27 in H1 2021 reflecting the exceptionally high level of property sales transactions during the first half of 2021.

The Group continues to attract new franchise owners to its property network, a testament to the strength of the Group and its franchise business model, with six new franchise owners joining in the year to date, all of whom acquired an existing franchise office. Meanwhile, two existing franchise owners opened a second office within their territory. The property division now totals 366 offices including 39 dual-branded Nottingham Building Society branches, and has a portfolio of 71,600 (H1 2020: 69,000) managed properties.

The property sector has seen high levels of demand with the "race-for-space" driving both the rental and sales markets, and the latter fuelled further by the stamp duty holiday. The shortage of available property both to buy and to rent has resulted in annual UK house price inflation to June 2021 of 13.2% and rental growth on new tenancies reportedly up to 5.9% UK-wide, and 8.0% excluding London.

Financial services division

Revenue from the financial services division increased by 51% to £6,421,000 (H1 2020: £4,253,000), clearly benefitting from the high demand for mortgages to fund house purchases, but also from extending the adviser network by 27% to 221 (H1 2020: 174). The mix of mortgage products sold has changed with the ratio of purchase to remortgages at 72:28 (H1 2020: 58:42). These changes reflect the resilience of our financial adviser network, as evidenced by its positive response to the very different prevailing market conditions during both periods under review. Our financial services division benefits from having a substantial client base, so during the first national lockdown in H1 2020, advisers turned their attention to advising existing clients on remortgages and life protection products. By contrast in H1 2021, the focus was on meeting the demand for new purchase mortgages.

The Group's financial services division continues to achieve substantial growth through independent channels as well as through strengthening relationships within the Group's property franchise network. Building on this success, the Belvoir Group sees financial services as a key strategic long-term growth opportunity.

The post-period end acquisition of Nottingham Mortgage Services Limited, the mortgage arm of the Nottingham Building Society ("The Nottingham"), completed on 30 July 2021 at a cost of £700,000 (£600,000 net of cash acquired). This increased Belvoir's number of advisers by 21 to 242. The strengthening of the strategic alliance with The Nottingham will extend the financial services division in the first instance from servicing The Nottingham's existing members and customers from within their local building society branch, and longer term from our central adviser team servicing their fast-growing base of over 50,000 Lifetime ISA ('LISA') online account holders, many of whom are saving to buy their first home. Furthermore, the launch of The Nottingham's Beehive Money app, scheduled for the Autumn 2021, is expected to accelerate growth in their number of LISA savers. Helping these future first-time buyers to access the right mortgage to meet their home-ownership aspirations has the prospect of generating significant mortgage opportunities in the coming years.

Outlook
Current pipelines of house sales and the ongoing demand for property suggests that the transitional approach to ending the stamp duty holiday, which ends on 30 September this year, has succeeded in avoiding the cliff edge feared at the start of 2021. Instead, a gradual return to a more normal transaction level is anticipated in Q4.

The lettings market remains active with strong demand from tenants, as with homeowners, for more space. Meanwhile, the stamp duty holiday has provided a catalyst for landlord purchase activity over the past year, coupled, in recent months, with an influx of buy-to-let mortgage offers coming onto the market reducing the average rate for buy-to-let mortgages.

The mortgage market still has a strong pipeline of written business and is expected to follow a similar trend to the sales market as it transitions towards a more normal level of house purchase transactions. Recent reductions in mortgage rates for two, three and five year fixed mortgages are expected to stimulate the remortgage market, whilst the increase in mortgage deals at a higher loan-to-value are likely to boost demand from borrowers with smaller deposits.

To the extent that 2020 demonstrated the resilience of the Group's business model, 2021 has demonstrated the success of Belvoir's growth strategy that has been largely unaffected by the pandemic. The Group has continued to achieve growth in the underlying business whilst extending the reach of both divisions through acquisition. The highly cash generative nature of the Group has enabled these acquisitions to be funded from cash reserves, and as such, has avoided dilution for shareholders whilst adding highly accretive businesses to the Group. The Board remains committed to further investment in businesses that fit within its multi-brand franchise business model and are complimentary to existing property-related services.

Having reported H1 profitability considerably ahead of our start of year expectations, and given the Group's further investment in earnings enhancing businesses to expand both the property and the financial services divisions, and high activity levels across all areas of our business at the start of H2, the Board is confident of achieving a strong trading performance for the full year. Due to this ongoing confidence, the Board has declared an increased interim dividend for shareholders.

Dorian Gonsalves
Chief Executive Officer

Financial Review

Revenue

Group revenue in the first six months of 2021 was up 41% to £13,810,000 (H1 2020: £9,774,000), an increment of £4,036,000 of which £808,000 reflects the March 2021 acquisition of the Nicholas Humphreys network, and the remaining £3,228,000 represents growth of 33% in the underlying business.

Within our property franchise division, Management Service Fees, our key underlying income stream from franchisees, increased by 26% to £5,243,000 (H1 2020: £4,157,000) with lettings up 13% to £4,015,000 (H1 2020: £3,544,000) and sales up 100% to £1,228,000 (H1 2020: £613,000). H1 MSF growth benefitted from £48,000 of additional MSF arising from the franchising out of five Lovelle corporate-owned offices between August 2020 and January 2021 and £81,000 from the Nicholas Humphreys franchise network. Having adjusted for these two elements, MSF from the underlying business increased by 23%.

Revenue from our corporate-owned offices increased by £593,000 to £1,655,000 (H1 2020: £1,062,000). The Nicholas Humphreys acquisition included three corporate-owned offices which added £724,000 to H1 2021 revenue. By comparison, H1 2020 corporate income included £493,000 relating to the temporary ownership of five Lovelle offices that have since been franchised. On a like-for-like basis, revenue from the two long-standing corporate-owned offices, Belvoir Grantham and Newton Fallowell Grantham, increased by 64%.

In the year to date, five existing franchise owners completed on an assisted acquisition with a total deal value of £1,308,000 (H1 2020: £1,147,000) of which £143,000 (H1 2020: £132,000) was funded by a Central Office loan. Based on their historic results, these acquisitions brought in 790 additional managed properties and should add £1,144,000 p.a. (H1 2020: £1,474,000 p.a.) to our franchisee network revenue. This would increase Group revenue through annualised recurring MSF by £123,000 with a contribution of around £69,000 to MSF expected in 2021.

Franchise fees and other income, including insurance, conveyancing and other commissions, and fees for other services to franchisees, contributed £491,000 (H1 2020: £302,000). Six new franchise owners have joined the Group, all taking on an existing franchise office under our resales programme.

Financial services revenue in H1 was up 51% to £6,421,000 (H1 2020: £4,253,000) as a result of a strong house sales market and the increase in our adviser network, up 47 advisers to 221 (H1 2020: 174). The number of written mortgages was up 67% to 8,351 (H1 2020: 5,007) with the growth coming from purchase mortgages rather than remortgages as evidenced by the higher ratio of house purchase to remortgages of 72:28 (H1 2020: 58:42).

Gross profit

Gross profit increased by 33% to £8,947,000 (H1 2020: £6,720,000) of which 21% arose from organic growth in the underlying business and 12% from the acquired Nicholas Humphreys network. The gross profit split of 56% lettings: 21% sales: 18% financial services: 5% other (H1 2020: 62%, 15%, 18%, 5%) reflects a shift towards sales resulting from the strong sales market in H1 2021 compared to H1 2020 when sales were more adversely affected by the first national lockdown than either lettings or financial services.

The gross profit margin from financial services of 24.3% in H1 2021 was lower than 28.2% in H1 2020, resulting in H1 2021 Group gross margin of 64.8% (H1 2020: 68.8%). H1 2021 Group operating margin was up at 34.6% (H1 2020: 32.9%). These shifts reflect the greater proportion of independent Business Partners operating within the financial services network, some of whom join together in 'hubs', and who earn a higher rate. This operating model does not require a comparable increase in overheads, and as such has contributed to the improvement in the operating profit margin.

Administrative expenses

Administrative expenses increased by £416,000 to £4,167,000 (H1 2020: £3,751,000). The incremental overheads of £444,000 and one-off professional costs of £129,000 arising from the Nicholas Humphreys acquisition were offset by an overhead reduction of £354,000 from having franchised out the five Lovelle corporate offices. A further £135,000 arose on the additional employers NIC payable against managements share options due to 58% increase in the share price during H1 2021.

Profit before taxation
Profit before taxation for the period was up 51% to £4,767,000 (H1 2020: £3,164,000).

Taxation
The effective rate of corporation tax for the period was 27% (H1 2020: 19%). The March 2021 Budget commitment to increase corporation tax to 25% with effect from April 2023 was substantially enacted in May 2021. As a result, deferred tax balances expected to reverse after April 2023 have been remeasured at 25%. This gave rise to additional corporation tax charge of £345,000 being recognised in H1 2021.

Profit after taxation
Profit after taxation for the period was up 36% to £3,486,000 (H1 2020: £2,563,000), which built further on the 18% growth reported at H1 2020.

Earnings per share
Basic earnings per share was up 36% to 9.9p (H1 2020: 7.3p) based on an average number of shares in issue in the period of 35,326,000 (H1 2020: 35,087,000). Similarly, the diluted basic earnings per share was up 35% to 9.3p (H1 2020: 6.9p) based on an average number of shares in issue in the period of 37,285,000 (H1 2020: 37,072,000). See note 5 to the interim statements for detailed EPS calculations.

Dividend
Given the strong financial performance of the Group in H1, the Board is pleased to announce an increased interim dividend of 4.0p (H1 2020: 3.4p) payable to shareholders on 29 October 2021 based upon the register on 17 September 2021. The ex-dividend date will be 16 September 2021.

Cash flow
On an operational level, the Group was highly cash generative with 119% (H1 2020: 113%) of operating profit converting into operating cash flow of £5,671,000 (H1 2020: £3,639,000). The net cash inflow from operating activities after taxation of £4,843,000 (H1 2020: £3,056,000) reflects increased operational activity and the enlarged Group.

On 16 January 2021, the last remaining corporate-owned Lovelle office was franchised out for consideration of £591,000, to the branch manager, who was wholly funded under the assisted acquisition programme.

On 31 March 2021 the Group completed on the acquisition of White Kite Limited, the trading company that operates the Nicholas Humphreys estate and lettings agency network, for £4,146,000 net of cash acquired. This comprised three corporate-owned offices and 17 franchised offices.

The Group had taken advantage of the Covid-19 government VAT deferral scheme in H1 2020 which permitted the deferral of VAT payable of £473,000 in May 2020. This was subsequently paid in December 2020.

Liquidity and capital resources
The Group had cash balances of £5,183,000 (H1 2020: £4,305,000) and a term loan of £9,158,000 (H1 2020: £10,022,000) leaving net debt of £3,975,000 (H1 2020: £5,717,000). The term loan is repayable in half yearly payments of £445,000 with a final repayment of £7,868,000 in March 2023 and bears interest at 1.95% over the LIBOR rate.

Financial position

The Group continues to operate from a sound financial platform, generating sufficient cash from the operations of the enlarged Group to meet the interest and capital payable on the loan facility and dividends to shareholders. At the end of June 2021, the Group was comfortably inside all of its bank covenants with the debt service cover at 6.6x times (H1 2020: 2.9x). This increase in cover reflects that both the acquisition of Lovelle in 2020 and that of Nicholas Humphreys in 2021 have added to the Groups operational cash inflow whilst having been funded from existing cash reserves, rather than debt. The Group maintains a franchisee loan book, currently at £3,423,000 (H1 2020: £2,974,000), which provides financial assistance to franchisees under the assisted acquisitions programme to accelerate their growth and therein contribute towards increased Group revenue.

The Group's operational and diversified business model underpinned by a strong recurring lettings revenue stream has helped to deliver consistent profit growth. The Group's capital allocation policy provides a reliable dividend with an attractive yield for investors, whilst retaining funding for the Group's growth strategy.

Louise George
Chief Financial Officer

Condensed Group Statement of Comprehensive Income

For the six months ended 30 June 2021

	Notes	**Unaudited Six months ended 30 June 2021**	Unaudited Six months ended 30 June 2020	Audited Year ended 31 December 2020[1]
		£'000	£'000	£'000
Revenue	2	**13,810**	9,774	21,692
Cost of sales		**(4,863)**	(3,054)	(6,896)
Gross profit		**8,947**	6,720	14,796
Other operating income - government grants		**-**	250	-
Administrative expenses		**(4,167)**	(3,751)	(8,169)
Operating profit		**4,780**	3,219	6,627
Finance costs		**(103)**	(149)	(261)
Finance income		**90**	94	181
Other income		**-**	-	123
Profit before taxation		**4,767**	3,164	6,670
Taxation	4	**(1,281)**	(601)	(1,353)
Profit and total comprehensive income for the financial period		**3,486**	2,563	5,317
Profit for the period attributable to the equity holders of the parent company		**3,486**	2,563	**5,317**
Basic earnings per share from continuing operations	5	**9.9p**	7.3p	15.1p
Diluted basic earnings per share from continuing operations	5	**9.3p**	6.9p	14.6p

[1] The split between ongoing operations and operations from assets held for resale is detailed within the 2020 annual report and accounts.

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Financial Position

As at 30 June 2021

	Unaudited	Unaudited	Audited
	At	At	At
	30 June	30 June	31 December
	2021	2020	2020
	£'000	£'000	£'000
Assets			
Non-current assets			
Intangible assets	**33,837**	31,053	29,942
Financial assets	**-**	159	-
Property, plant and equipment	**513**	545	511
Right-of-use assets	**389**	544	455
Trade and other receivables	**2,178**	2,236	1,970
	36,917	34,537	32,878
Current assets			
Trade and other receivables	**5,692**	4,316	5,063
Assets held for sale	**-**	-	591
Cash and cash equivalents	**5,183**	4,305	5,934
	10,875	8,621	11,588
Total assets	**47,792**	43,158	44,466
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	**8,297**	9,161	8,728
Lease liabilities	**242**	356	289
Deferred tax	**1,951**	1,693	1,446
	10,490	11,210	10,463
Current liabilities			
Trade and other payables	**4,620**	3,081	3,849
Interest bearing loans and borrowings	**861**	861	861
Lease liabilities	**157**	195	175
Tax payable	**1,063**	747	821
	6,701	4,884	5,706
Total liabilities	**17,191**	16,094	16,169
Total net assets	**30,601**	27,064	28,297
Equity			
Shareholders' equity			
Share capital	**362**	351	351
Share premium	**12,647**	12,127	12,150
Share based payment reserve	**1,075**	615	968
Other components of equity	**162**	162	162
Merger reserve	**(5,774)**	(5,774)	(5,774)
Retained earnings	**22,129**	19,583	20,440
Total equity	**30,601**	27,064	28,297

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2021

	Share capital	Share premium	Share based payment reserve	Merger reserve	Other components of equity	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020 (Audited)	349	12,006	524	(5,774)	162	17,020	24,287
Share based payments	-	-	91	-	-	-	91
Issue of equity share capital	2	121	-	-	-	-	123
Transactions with owners	2	121	91	-	-	-	214
Profit and total comprehensive income for the six month period	-	-	-	-	-	2,563	2,563
Balance at 30 June 2020 (Unaudited and restated)	351	12,127	615	(5,774)	162	19,583	27,064
Share based payments	-	-	353	-	-	-	353
Issue of equity share capital	-	23	-	-	-	-	23
Dividends	-	-	-	-	-	(1,897)	(1,897)
Transactions with owners	-	23	353	-	-	(1,897)	(1,521)
Profit and total comprehensive income for the six month period	-	-	-	-	-	2,754	2,754
Balance at 31 December 2020 (Audited)	351	12,150	968	(5,774)	162	20,440	28,297
Share based payments	**-**	**-**	**107**	**-**	**-**	**-**	**107**
Issue of equity share capital	**11**	**497**	**-**	**-**	**-**	**-**	**508**
Dividends	**-**	**-**	**-**	**-**	**-**	**(1,797)**	**(1,797)**
Transactions with owners	**11**	**497**	**107**	**-**	**-**	**(1,797)**	**(1,182)**
Profit and total comprehensive income for the six month period	**-**	**-**	**-**	**-**	**-**	**3,486**	**3,486**
Balance at 30 June 2021 (Unaudited)	**362**	**12,647**	**1,075**	**(5,774)**	**162**	**22,129**	**30,601**

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	**Unaudited 30 June 2021 £'000**	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Operating activities				
Cash generated from operating activities	6	**5,671**	3,639	8,198
Tax paid		**(828)**	(583)	(1,379)
Net cash flows generated from operating activities		**4,843**	3,056	6,819
Investing activities				
Capital expenditure on property, plant and equipment		**(26)**	(23)	(46)
Sale of assets held for sale		**591**	-	176
Acquisitions net of cash acquired		**(4,146)**	(1,982)	(2,039)
Settlement of contingent consideration		**-**	(37)	(37)
Corporate office disposals		**-**	-	25
Franchisee loans granted		**(684)**	(257)	(653)
Loans repaid by franchisees		**503**	435	758
Finance income		**90**	94	181
Sale of MAB shares		**-**	-	271
Net cash (used in)/from investing activities		**(3,672)**	(1,770)	(1,364)
Financing activities				
Finance costs		**(103)**	(140)	(261)
Loan repayments		**(445)**	(445)	(890)
Lease repayments		**(85)**	(105)	(205)
Proceeds from share issue		**508**	123	146
Equity dividends paid		**(1,797)**	-	(1,897)
Net cash used in financing activities		**(1,922)**	(567)	(3,107)
Net change in cash and cash equivalents		**(751)**	719	2,348
Cash and cash equivalents at the beginning of the financial period		**5,934**	3,586	3,586
Cash and cash equivalents at the end of the period		**5,183**	4,305	5,934

Notes to the Interim Financial Statements

1 General information and basis of preparation

The financial information set out in these condensed consolidated interim financial statements for the six months ended 30 June 2021 and the comparative figures are unaudited.

They have been prepared taking into account the requirements of relevant accounting standards and the AIM rules. They do not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and do not contain all the information required for full annual financial statements.

The statutory audited accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies in England and Wales. The Auditor's report on these accounts was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements are presented in sterling, which is also the functional currency of the parent company.

Belvoir Group PLC is the group's ultimate parent company. The Company is a Public Limited Company incorporated and domiciled in the United Kingdom.

The Group's registered office and principal place of business is The Old Courthouse, 60a London Road, Grantham, Lincolnshire, NG31 6HR. Its shares are listed on the AIM market of the London Stock Exchange.

The condensed interim financial statements for Belvoir Group PLC have been approved for issue by the Board of Directors on 3 September 2021.

Significant accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention. Being listed on AIM, the Company is required to present its consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS).

In preparing these interim financial statements, the Board have considered the impact of new standards which will be applied in the 2021 Annual Report and Accounts and there are not expected to be any changes in the accounting policies compared to those applied at 31 December 2020.

2 Segmental information

The Executive Committee of the Board, as the chief operating decision maker, reviews financial information for and makes decisions about the Group's overall franchising business. In the six months ended 30 June 2021 the Board identified two operating segments, that of franchisor of property agents, comprising income from lettings and property sales, and property-related financial services.

The Directors consider gross profit as the key performance measure. The reported segments are consistent with the Group's internal reporting for performance measurement and resources allocation.

Management does not report on a geographical basis and no customer represents greater than 10% of total revenue in any of the periods reported. The Directors believe there to be three material property franchise income streams, which are management service fees, revenue from corporate-owned offices and fees on the sale or resale of franchise territory fees; and one material financial services income stream, which is commission receivable on financial services. These revenue streams are split as follows:

	Lettings			Property sales			Total revenue		
	Unaudited H1 2021 £'000	Unaudited H1 2020 £'000	Audited FY 2020 £'000	**Unaudited H1 2021 £'000**	Unaudited H1 2020 £'000	Audited FY 2020 £'000	**Unaudited H1 2021 £'000**	Unaudited H1 2020 £'000	Audited FY 2020 £'000
Management service fees	**4,015**	3,544	7,467	**1,228**	613	1,589	**5,243**	4,157	9,056
Corporate owned offices	**1,027**	634	1,360	**628**	428	890	**1,655**	1,062	2,250
	5,042	4,178	8,827	**1,856**	1,041	2,479	**6,898**	5,219	11,306
Franchise fees							**214**	106	242
Other income							**277**	196	449
Franchise property division							**7,389**	5,521	11,997
Commission receivable on financial services							**6,421**	4,253	9,695
Financial services division							**6,421**	4,253	9,695
Total revenue							**13,810**	9,774	21,692

Gross profit for the two divisions is split as follows:

	Unaudited H1 2021 £'000	Unaudited H1 2020 £'000	Audited FY 2020 £'000
Property franchise division	**7,389**	5,521	11,997
Financial services division	**1,558**	1,199	2,799
Total gross profit	**8,947**	6,720	14,796

3 Dividends

The Company will pay an interim dividend of 4.0 pence per share (H1 2020: 3.4p), a cost of £1,449,000 (H1 2020: £1,193,000), on 29 October 2021 to the shareholders on the register on 17 September 2021. The ex-dividend date is 16 September 2021.

4 Taxation

Taxation has been calculated by applying the forecast full year effective rate of tax to the results for the period. The March 2021 Budget commitment to increase corporation tax to 25% with effect from April 2023 was substantially enacted in May 2021. As a result, deferred tax balances expected to reverse after April 2023 have been remeasured at 25%. This gave rise to additional corporation tax charge of £345,000 being recognised in H1 2021.

5 Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial period by the weighted average number of ordinary shares deemed to be in issue in the period. The calculation of diluted earnings per share is derived from the basic earnings per share, adjusted to allow for the issue of shares under share option plans.

	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited Year Ended 31 December 2020
Profit for the financial period (£'000)	**3,486**	2,563	5,317
Weighted average number of ordinary shares – basic (#,000)	**35,326**	35,087	35,101
Weighted average number of ordinary shares – diluted (#,000)	**37,285**	37,072	36,314
Basic earnings per share (pence)	**9.9p**	7.3p	15.1p
Diluted earnings per share (pence)	**9.3p**	6.9p	14.6p

6 Reconciliation of profit before taxation to cash generated from operations

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Profit before taxation	**4,767**	3,164	6,670
Depreciation and amortisation charges	**439**	443	843
Share based payments	**107**	91	444
Impairment of franchisee loan book	**-**	58	68
Amortisation of debt costs	**14**	14	29
Finance costs	**96**	140	244
Interest paid on lease liabilities	**7**	9	17
Finance income	**(90)**	(94)	(181)
MAB share option recognition	**-**	-	(112)
	5,340	3,825	8,022
(Increase)/decrease in trade and other receivables	**(122)**	(163)	(569)
Increase/(decrease) in trade and other payables	**453**	(23)	745
Cash generated from operations	**5,671**	3,639	8,198

7 Acquisitions

Nicholas Humphreys Acquisition

On 31 March 2021 Belvoir Group PLC acquired White Kite 2021 Limited and its subsidiaries White Kite Limited and Nicholas Humphreys Franchise Limited, which trade as Nicholas Humphreys, a network of 17 franchised and three corporate-owned estate and lettings agency offices. The acquisition was part of the Group's ongoing multi-brand franchising strategy with the aim of increasing the Group's presence in the franchised property sector and opening up additional growth opportunities. Professional fees associated with the acquisition of £129,000 have been expensed in H1 2021.

This transaction met the definition of a business combination and has been accounted for using the acquisition method under IFRS 3. The assets and liabilities below are shown at their provisional fair values at acquisition.

	Total £'000
Intangible assets	
Trade names	211
Master franchise agreements	550
Tangible assets	33
Trade and other receivables	533
Cash and cash equivalents	254
Trade and other payables	(413)
Deferred tax liabilities	(190)
Identifiable net assets acquired	**978**
Goodwill on acquisition	**3,422**
Consideration – settled in cash	**4,400**

The goodwill represents the value attributable to the new businesses and the assembled and trained workforce. Deferred tax at 25% has been provided on the value of intangible assets defined as brand names and master franchise agreements.