27 March 2023

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

Final Results for the year ended 31 December 2022

Diversified model continues to deliver strong growth

Belvoir Group PLC (AIM: BLV), a leading UK multi-brand property franchise and financial services group, is pleased to announce its audited Final Results for the year ended 31 December 2022.

The diversified and acquisitive nature of the Group ensured that Belvoir continued to grow and resulted in a 26th year of unbroken profit growth and an increased total dividend, despite 2022 following on from the strongest year for the property sector in recent history.

Financial highlights

- Group revenue increased 14% to £33.7m (2021: £29.6m) with 12% attributable to acquired businesses
- Management service fees (MSF) grew by 2% to £11.0m (2021: £10.7m)
- Profit before tax was just 2% lower at £9.1m (2021: £9.3m), but profit after tax was marginally ahead making 2022 a 26th year of unbroken profit growth
- Continued strong lettings bias reflected in gross profit ratio of 56% lettings, 16% sales, 23% financial services, 5% other (2021: 56%, 19%, 20% and 5%)
- Administrative costs up 16% to £11.2m (2021: £9.7m) with 10% reflecting the increased size of the Group and 6% attributable to inflationary pressures
- The Group continued to be highly cash generative with 107% (2021: 100%) of EBITDA converting to operating cash of £10.8m (2021: £10.3m)
- Year-end cash of £3.2m (2021: £7.4m) despite deploying £4.0m on two corporate acquisitions
- Debt significantly reduced by £6.7m to £2.0m (2021: £8.7m) leaving the Group in a net cash position of £1.2m (2021: net debt of £1.3m)
- Increased total dividend per share for the year up 6% to 9.0p (2021: 8.5p)

Operational highlights

- Acquired Mr and Mrs Clarke, a personal estate agency business operating through ten partners, in March 2022 for £0.05m
- Acquired The TIME Group, a network of 63 financial services advisers, in May 2022 for £4.5m
- Expanded Belvoir's mortgage adviser network by 17% to 284 (2021: 243[1])
- Operating from 487 (2021: 426) locations, up 14%, giving greater reach nationwide
- Doubled the number of assisted acquisitions to 14 (2021: 7) deals on behalf of franchisees, adding £3.9m (2021: £1.2m) to their annual revenue, equating to around 4% in total franchise network revenue
- Managed portfolio up 4% to 75,500 (2021: 72,900) properties
- Number of written mortgages up 11% to 18,329 (2021: 16,585)
- Number of house sales down 11% to 10,970 (2021: 12,320), compared with 15% decline in UK house transactions

Dorian Gonsalves, Chief Executive Officer, commented:

"2022 was a much stronger year for the property market than many analysts had forecast. However, the mini budget in September crystallised the general pressure on interest rates and created significant uncertainty in the financial markets, which in turn impacted on sales instructions and mortgage applications in Q4 of 2022. Whilst we have seen a bounce-back in our mortgage activity for the year to date, up around 20% on Q4 2022, with house transactions taking up to five months to complete from agreeing a purchase, the increased market activity so far in Q1 will take until H2 to flow through to our financial performance.

"The entrepreneurial character of our franchisees and financial services advisers means that they strive to make the most of the opportunities presented in all market conditions. Our property franchisees benefit from the strong recurring lettings fees earned from their managed property portfolios, and our financial advisers are able to draw on their extensive bank of clients who are looking to remortgage.

"Despite challenging market conditions, we remain confident that the resilience and diversity of our business model and multi-brand strategy will enable the Group to perform well against the market as a whole during 2023 and beyond. With the Group now debt-free and given the cash-generative nature of our operations, the Board has increased the dividend by 6% to 9p and will look to identify suitable acquisition targets to support continued growth and further enhance shareholder value.''

Retail investor presentation
Dorian Gonsalves, CEO, and Louise George, CFO, will present live to retail investors reporting on the Group's final 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

[1] Excludes Nottingham Building Society dual-branded branches

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Notes for editors:

About Belvoir Group PLC

Founded in 1995 and listed on AIM in 2012 (BLV.L), Belvoir operates a nationwide property franchise Group with 487 offices across seven brands specialising in residential lettings, property management, residential sales and property-related financial services. With its Central Office in Grantham, Lincolnshire, the Group manages 75,500 properties and reported record revenues of £33.7m in 2022 marking Belvoir's 26th year of unbroken profit growth.

For further information, please visit: www.belvoirgroup.com

Chairman’s statement

I am delighted to be reporting on another successful year for the Belvoir Group, my first as both a Non-Executive Director and then from October 2022, as Chairman. It gives me great pride to have been asked to take on the responsibility of chairing a Group made up of so many talented and dedicated people and I firmly believe that Belvoir has a lot to look forward to in the years ahead.

Overview of performance
Belvoir Group is reporting another exceptional year of financial performance despite the market uncertainty caused by the cost-of-living crisis in the wake of both the war in Ukraine and the pandemic, and exacerbated further by the mini-budget in September 2022 and successive interest rate rises. The Group has developed a strategy to protect against such impacts with a diversified approach to its network of property franchises and the ability to balance revenue from both lettings and sales alongside our expanding network of financial services advisers.

Total revenue increased by 14% to £33.7m (2021: £29.6m) which was achieved on the back of a 37% increase the year before. Group profit before tax was marginally lower at £9.1m (2021: £9.3m) but this is still ahead of management’s expectations given that 2021 was an exceptional year due to the recovery of the market post Covid.

Cash generation and acquisition strategy
The Group continued to be highly cash generative and, despite spending £4.0m on acquisitions in the year, is reporting a net cash position as at 31 December 2022 of £1.2m (2021: net debt of £1.3m). This is an excellent platform from which to assess further strategic acquisitions in 2023. The Board remains focused on identifying opportunities of all sizes to enhance our diversified business model and to drive additional management service fees by adding to our portfolio of highly respected franchised brands.

Dividends
The Board is pleased to announce a 6% increase in our total dividend to 9.0p per share (2021: 8.5p). Accordingly, the final dividend for 2022 will be 5.0p per share and this will be payable on 22 May 2023 to all shareholders on the register at the close of business on 11 April 2023 subject to shareholders’ approval on 18 May 2023.

Corporate Governance
The Board promotes a culture of good governance and we continue to apply the 2018 Quoted Companies Alliance Corporate Governance Code (the “QCA Code”) as the basis of the Group’s governance framework.

Sustainability and ESG
Sustainability and other environmental, social and governance matters are at the forefront of the Board’s agenda and form an important consideration in our day-to-day trading and our strategy for the future.

The Board has commissioned external consultants to help the Group achieve a carbon neutral position in 2024 and to set a plan in place for moving towards full net zero in the years ahead. The management team recognises the current climate crisis and, whilst our operations do not cause significant direct harm to the environment, there is a lot the Group can do to minimise carbon emissions and our indirect impact.

The Board also remains committed to its social impact and particularly looking after its employees, franchisees and financial services advisers. The Group will continue to provide extensive support to its franchisees and advisers as they represent the engine of the business. During the year we have also undertaken a staff survey for our direct employees and acted upon that to introduce a range of new benefits including a health cash plan, a new cycle-to-work scheme and birthday leave, aimed at improving staff wellbeing and making sure they enjoy working for the Group.

I would like to take this opportunity to recognise everyone involved in the Belvoir Group for their wonderful individual contributions and for their continued commitment to serving our customers. Therefore, on behalf of the Board, thank you to our employees, our franchisees, our financial advisers and our wider network of customers, suppliers and other friends of the Group. Our success is dependent on each and every one of you.

Board changes
I would like to pass on the gratitude of the entire Belvoir Group leadership team to our previous Chairman, Michael Stoop, who stood down in September 2022. Michael is a hard act to follow with his extensive knowledge of franchising and his committed approach to governance and the management of the Board. The Board thanks him for his four and a half years of service and wishes him well for the future.

Outlook
Although the market uncertainty seen towards the end of 2022 will continue to have some impact during the first half of 2023, the Group has started the year well and the Board is positive about its medium to longer term growth trajectory. We have the financial strength to invest in more acquisitions and we are committed to this strategy where it adds value to the Group. I look forward to leading the Board through 2023 and to the opportunities the year will bring us.

Jon Di-Stefano
Non-Executive Chairman

Chief Executive Officer's statement

Overview of performance

Group revenue increased by 14% to £33.7m (2021: £29.6m), marking another record year. The housing sector performed better in 2022 than many commentators had forecast at the start of the year, with UK residential sales transactions down 15% on 2021, but around 6% ahead of pre-pandemic levels, house prices rising by 9.3% and rents across all tenancies were up by 4.2%. Meanwhile, the mortgage market saw an increase in remortgages which softened the impact of the fall in activity associated with new house purchase mortgages.

Like-for-like revenue growth was 2%. During the year the Belvoir Group extended its reach through the acquisitions of TIME Mortgage Services ("TIME"), which expanded the Group network of mostly self-employed financial services advisers, and Mr and Mrs Clarke ("MMC"), which provided a platform from which to develop Belvoir's personal estate agency franchise model. As a result, the Group achieved a further 12% growth from its corporate acquisition strategy.

Revenue from the financial services division increased by 26% to £18.1m (2021: £14.4m), of which like-for-like growth was 4%. The Group's network of advisers expanded by 41 advisers to 284 (2021: 243), with the acquisition of TIME enabling greater penetration of the Northwest. As demand for new purchase mortgages fell back reflecting the lower level of activity in the residential sales market, our advisers benefitted from their extensive client books with demand for remortgages increasing as interest rates started to rise. This shift was reflected in our ratio of remortgages to new purchase mortgages moving to 50:50 (2021: 33:67), albeit fees earned from remortages run at around 70% of new purchase mortgages.

Our franchise business continued to be underpinned by substantial recurring lettings income. With a stronger lettings to sales ratio of 77:23 (2021: 74:26), revenue from the property division was up 2% to £15.6m (2021: £15.2m). Management service fees (MSF), the key underlying return from franchisees, were up 2% for the year to £11.0m (2021: £10.7m) and revenue from corporate-owned offices was down 2% to £3.5m (2021: £3.6m) having franchised out the Nicholas Humphreys Burton office in September 2022 in line with our franchising strategy.

Lettings revenue increased by 5% to £11.2m (2021: £10.7m), of which like-for-like growth was 4%. Whilst rents on new tenancies were up 11% by the end of the year, this will take time to roll through to all rental properties as landlords cannot increase the rent mid-tenancy and many choose not to do so until there is a change of tenant. Higher rents on new lets acted as a deterrent to some renters considering moving, which impacted on the fees charged to landlords on a change of tenancy.

Sales revenue was lower by 10% to £3.3m (2021: £3.7m), with the like-for-like movement down 15%. Sales MSF from the underlying business fell by just 9% reflecting a stronger performance from our franchisees when compared with our corporate-owned offices, and indeed to the market as a whole, down 15%, demonstrating the power of our franchising model. Our traditional lettings franchise brands, Belvoir and Northwood, which have been building their residential sales business in previous years, reported a fall in sales revenue of just 4%.

The Group's highly successful assisted acquisitions strategy regained momentum following two years of subdued activity due to Covid-19. Franchisees completed on 14 (2021: 7) assisted acquisitions, which added £3.9m (2021: £1.2m) to their annual revenue and equates to around 4% in annual franchise network revenue against which Belvoir charges MSF. With a strong pipeline of assisted acquisitions at the start of the year, our expectation is that this level of franchise-led acquisition activity will be built on further in 2023.

Group house sales in 2022 were down 11% to 10,970 (2021: 12,320) as anticipated given the strong market in 2021, the number of mortgages arranged by Belvoir's advisers was up 11% to 18,329 (2021: 16,585) supported by an increased adviser base and the Belvoir Group now manages a portfolio of 75,500 (2021: 72,900) properties. The Group's network revenue, being the total revenue across all our Group companies, our franchisees and our advisers, totalled £121m (2021: £112m).

Our strategic priorities

The Group continued to identify suitable growth opportunities that complement its existing business model. The acquisition of TIME, an established Mortgage Advice Bureau appointed representative, extended the Group's network of financial advisers to support both our franchisees at a local level, as well as servicing leads from independent agents. The strategic aim is to achieve greater penetration of financial services to the Group's client base for the benefit of both individual franchisees and the Group as a whole.

The acquisition of Mr and Mrs Clarke provided the Group with a new service offering, which will recognise the breadth of ways in which customers want to interact with their estate agent and the different ways in which potential new franchisees or partners want to operate. This network will require further investment in order to build momentum and the Group intends to relaunch the Mr and Mrs Clarke brand at franchise exhibitions later this year. A combination of its strong branding and the expertise and credibility that the Belvoir Group can bring, will only strengthen the business' growth potential.

At a franchise level, we remain committed to enabling franchisees to grow their businesses under our assisted acquisitions growth strategy. This is primarily focused on franchisees acquiring the lettings book from a local competitor which has a strong recurring lettings stream. Since 2014, we have supported 126 such transactions which have been an important part of an average MSF per office increase of 68% to £33,500 (2014: £20,000) over the same period.

Creating value

Over the past eight years, the Group has acquired ten businesses that met its strategic investment criteria funded primarily by debt or from cash reserves. The Group is highly cash generative and at the end of 2022 was operating in a net cash position for the first time since 2016. The Board intends to continue its successful growth strategy both at a franchise level, under its assisted acquisitions programme, and at a corporate level in identifying suitable acquisition targets with the aim of further enhancing shareholder value.

Our marketplace
2022 was a surprisingly good year for the property market, despite the impact of the cost-of-living crisis. Few expected property prices to continue rising with house price inflation year-on-year at 9.3% (2021: 10.8%) or transaction numbers to fall by just 15%. Despite the significant number of house purchases in 2021, there remained an unsatisfied surplus demand that supported continued sales activity through most of 2022, with 1.26 million (2021: 1.48 million) households buying a new home. At this level of transactions, 2022 was second only to 2021 in the last 15 years.

Meanwhile, rental inflation remains high, outstripping wage growth, with rents on new lets up 10.8% in 2022. Tenant demand is not being met by new landlord instructions and so the upward pressure on rents continues. The renters reform bill is coming downstream in 2023 and short-term changes in the proposed legislation include the abolishment of Section 21 'no-fault' evictions, a new single ombudsman and once-a-year rent increases. With increasing regulation of the private rental sector, the opportunity for professional lettings agents is to assist the 50% of private landlords who are currently self-managing.

The mini budget in September 2022 created a high degree of uncertainty within the property and related financial services markets, with base rates doubling from 1.75% to 3.5% between August and December. This led to a rapid rise in mortgage lending rates, the withdrawal of many mortgage products by lenders and a tightening of mortgage criteria. This impacted the market in two ways. Firstly, borrowers with pre-existing mortgage offers, which locked in lower interest rates, were keen to complete on their house purchases before their offer expired, resulting in the level of fall-through of transactions in Q4 being relatively low. Secondly, instruction levels for house sales and demand for mortgages in Q4 2022 were adversely affected, down 36% and 32% respectively, with less appetite for making a significant financial commitment on a new house purchase or remortgaging at a higher cost until there was some clarity on Government economic policy and its impact on mortgage rates.

Outlook
The Autumn Statement reversed many of the fiscal initiatives proposed in the mini budget, which somewhat reassured borrowers and lenders. This has seen a return to the market of many mortgage products with strong competition between lenders pushing mortgage rates back down. At the same time, the reduction in house prices since August has helped to improve affordability. As a result, the level of sales instructions and mortgage applications to date in 2023 have shown signs of improvement, up 9% and 21% respectively, compared with Q4 2022. Given the lead time from instruction to completion of a house sale and from mortgage application to drawdown can be up to five months, the improvement in activity so far in H1 is not likely to flow through into financial performance until H2.

The Group's franchise business model is underpinned by its property franchisees and financial services advisers who are highly motivated entrepreneurs and demonstrate the ability to make the most of the opportunities presented in all market conditions. Our property franchisees benefit from significant recurring lettings revenue that contributes around 56% of Group gross profit and our financial services advisers have substantial client books from which to offer remortgages and other financial products, so are not entirely reliant on new mortgage business.

The Board is confident that the resilience and diversity of Belvoir's business model will enable the Group to perform well against the market as a whole in 2023 and beyond, despite the current challenging market conditions.

Dorian Gonsalves
Chief Executive Officer

Financial review

Revenue
Group revenue in 2022 increased by £4.1m to £33.7m (2021: £29.6m). Corporate acquisitions and disposals added net £3.6m, whilst revenue on a like-for-like basis increased by £0.5m.

Revenue from the financial services division increased by £3.7m to £18.1m (2021: £14.4m), of which £0.5m was on a like-for-like basis and £3.2m arose from the full-year ownership of Brook Mortgage Services, acquired on 30 July 2021 and the acquisition of TIME on 23 May 2022.

Revenue from the property division was up £0.4m to £15.6m (2021: £15.2m). Income streams in the property division comprise: management services fees (MSF), these being our key underlying revenue stream from franchisees; revenue generated by corporate-owned offices; franchise sales, which include fees charged to franchisees joining the Group and renewal fees from existing franchisees; and other fees.

Within the underlying property business, growth in lettings of £0.4m and in franchise fees of £0.1m mitigated the reduction in revenue from sales of £0.6m as the property market normalised. The additional £0.4m of property revenue was the net impact of the acquisition of Mr and Mrs Clarke Limited on 10 March 2022, the full years ownership of White Kite Group 2021 Limited, which was acquired on 31 March 2021 and trades as Nicholas Humphreys, and the franchising of the Nicholas Humphreys Burton office, previously corporate-owned, in September 2022.

MSF increased by £0.3m to £11.0m (2021: £10.7m) with £0.2m arising from Mr and Mrs Clarke and the full-year ownership of the Nicholas Humphreys network. Lettings MSF were up £0.4m to £8.6m (2021: £8.2m), of which £0.3m arose from the underlying network. MSF from property sales were down £0.2m to £2.3m (2021: £2.5m), having benefitted from £0.1m of additional sales MSF from the Mr and Mrs Clarke network.

Income from corporate-owned offices was down £0.1m with a shortfall in sales revenue of £0.3m being mitigated by an increase of £0.1m from lettings and of £0.1m from the full year ownership of the Nicholas Humphreys network.

Revenue from franchise sales in 2022 was up £0.2m to £0.5m (2021: £0.3m). Six (2021: seven) new franchise owners were recruited to our traditional high street brands and six to our personal agency model operating as Mr and Mrs Clarke.

Other income was unchanged at £0.6m (2021: £0.6m).

The table below details revenue growth/(reduction) on a like-for-like basis and the net impact of acquisitions and the franchising out of the corporate office in 2022*. See note 3 for further segmental information.

Revenue growth table	2021	Like-for-like basis		Impact of 2022 acquisitions & disposals		2022	Total growth %
MSF							
Lettings	£8.2m	£0.3m	3%	£0.1m	2%	£8.6m	5%
Sales	£2.5m	(£0.2m)	(9%)	£0.1m	3%	£2.3m	(6%)
Total MSF	**£10.7m**	**£0.1m**	**0%**	**£0.2m**	**2%**	**£11.0m**	**2%**
Corporate office income							
Lettings	£2.4m	£0.1m	5%	£0.0m	0%	£2.6m	6%
Sales	£1.2m	(£0.3m)	(29%)	£0.1m	10%	£1.0m	(19%)
Total corporate office income	**£3.6m**	**(£0.2m)**	**(6%)**	**£0.1m**	**4%**	**£3.5m**	**(2%)**
Lettings (MSF and corporate)	£10.7m	£0.4m	4%	£0.1m	1%	£11.2m	5%
Sales (MSF and corporate)	£3.7m	(£0.6m)	(15%)	£0.2m	5%	£3.3m	(10%)
Franchise sales and other income	£0.9m	£0.1m	17%	£0.1m	7%	£1.1m	24%
Property division	£15.2m	£0.0m	0%	£0.4m	2%	£15.6m	2%
Financial services division	£14.4m	£0.5m	4%	£3.2m	22%	£18.1m	26%
Total Group revenue	**£29.6m**	**£0.5m**	**2%**	**£3.6m**	**12%**	**£33.7m**	**14%**

* In the above table, the numbers presented are rounded and the percentages are calculated from the more precise numbers detailed in note 3 Segmental information. As a result of the rounding, whilst the amounts and percentages are accurate movements, they might not add across.

Gross profit
Gross profit increased by £1.3m to £20.3m (2021: £19.0m) with the gross profit ratio by business activity being lettings 56%, sales 16%, financial services 23% and other 5% (2021: 56%:19%:20%:5%), continuing to demonstrate the significant bias towards our recurring lettings income stream.

The lower gross profit margin from financial services of 26% (2021: 27%) reflected the addition of the TIME advisers which increased the proportion of self-employed advisers who are paid a higher share of mortgage commission than employed advisers but are responsible for their own administrative costs.

Administrative expenses
Administrative expenses increased by £1.5m to £11.2m (2021: £9.7m). Incremental overheads of £1.0m resulted from operating the acquired businesses. The remaining increase of £0.5m in the underlying overheads reflects additional staff costs of £0.4m and general overheads of £0.1m associated with being fully back to normal operations post Covid-19 and inflationary pressures.

Operating profit
Operating profit was at £9.0m (2021: £9.3m), 3% down on the prior year.

Profit before taxation
Profit before taxation of £9.1m (2021: £9.3m) is after interest receivable on franchisee loans of £0.2m (2021: £0.2m), which is regarded by the Group as part of its ongoing operations to extend the network reach.

Taxation
The effective rate of corporation tax for the year was 18.8% (2021: 20.6%). The higher effective rate in 2021 reflected changes to the deferred tax asset and deferred tax on intangibles resulting from the increase in corporation tax to 25% which will take effect from April 2023.

Earnings per share
Basic earnings per share was down 2% to 19.9p (2021: 20.4p) based on an average number of shares in issue in the year of 37,292,000 (2021: 36,142,000). When the dilutive effect of share options is incorporated, the earnings per share was 19.6p (2021: 20.3p).

Profit attributable to owners was £7.4m (2021: £7.4m).

Dividends
The Board is proposing a final dividend for 2022 of 5.0p per share (2021: 4.5p). Subject to shareholders' approval at the AGM on 18 May 2023, this dividend will be paid on 22 May 2023, to shareholders on the register on 11 April 2023. The ex-dividend date is 6 April 2023.

In total, the 2022 dividend for the year will be 9.0p (2021: 8.5p) with dividend cover at 2.2x. The Board aims to offer a reliable and growing income stream to investors whilst retaining sufficient funds for further investment to meet its strategic growth objectives.

Cash flow
The Group continues to achieve a high conversion of cash from operating activities with 107% (2021: 100%) of EBITDA converting into cash of £10.8m (2021: £10.3m). The net cash inflow from operations was £9.6m (2021: £8.6m) reflecting the enlarged Group.

The net cash used in investing activities was £3.4m (2021: £3.5m):

- On 23 September 2022 the sale of the Nicholas Humphreys Burton corporate office generated proceeds of £0.7m.
- On 10 March 2022 the Company acquired the entire share capital of Mr and Mrs Clarke Ltd for £0.05m cash consideration, net of cash acquired.
- On 23 May 2022 Brook Financial Services Ltd acquired the entire share capital of The TIME Group for £4.0m cash consideration, net of cash acquired.
- The cash outflow of franchisee loans granted was £0.9m (2021: £0.8m) with the level of assisted acquisitions activity recovering following two years in which such activity was impacted by Covid-19.
- The cash inflow from repayments to the franchise loan book was £0.8m (2021: £1.0m).
- Interest received on the franchise loan book was £0.2m (2021: £0.2m).

During 2022 £6.8m (2021: £0.9m) was repaid against the HSBC loan and associated finance costs were £0.2m (2021: £0.2m). A further £0.2m (2021: £0.2m) was paid in lease costs. Dividend payments totalled £3.2m (2021: £3.3m of which £0.5m was a catch-up of the suspended final 2019 dividend payment). As a result, net cash outflow from financing activities totalled £10.4m (2021: £3.6m).

Liquidity and capital resources
At the year end the Group had cash balances of £3.2m (2021: £7.4m) and a term loan of £2.0m (2021: £8.7m). The HSBC loan facility was fully repaid on 1 March 2023. Given the cash generative nature of the business, as demonstrated by our ability in recent years to fund acquisitions in cash alongside repaying substantial bank debt, the Group has put in place an overdraft facility of £1.0m to provide the appropriate flexibility to meet any short-term cash requirements.

Unearned indemnity commission
Associated with our growing financial services division is the accounting treatment of unearned indemnity commission. This comprises three elements, the net effect of which is £0.6m (2021: £0.7m):

- The Group accounts for amounts withheld by Mortgage Advice Bureau from weekly commission payments in respect of unearned indemnity commission within other debtors. At the year end this balance was £2.0m (2021: £1.6m).
- Revenue is reduced to reflect the estimated clawback of commission by Mortgage Advice Bureau arising on the cancellation of life assurance policies within four years following inception and a refund liability is recognised for unearned indemnity commission. At the year end the refund liability was £2.1m (2021: £1.5m).
- Also, on a weekly basis the estimated clawback of commission recoverable from our advisers is accounted for within other debtors. At the year end this balance was £0.7m (2021: £0.6m).

Financial position
The Group continues to operate from a sound financial platform with net assets of £38.1m (2021: £33.6m), with the main change being the additional intangible assets arising from the acquisitions of The TIME Group Ltd and Mr and Mrs Clarke Limited, which were funded from existing cash reserves.

Louise George
Chief Financial Officer

Group statement of comprehensive income

For the financial year ended 31 December 2022

	Notes	**2022 £'000**	2021 £'000
Revenue	3	**33,718**	29,647
Cost of sales		**(13,449)**	(10,602)
Gross profit		**20,269**	19,045
Administrative expenses		**(11,231)**	(9,705)
Operating profit		**9,038**	9,340
Profit on disposal of corporate offices		**149**	—
Finance costs		**(283)**	(211)
Finance income		**214**	167
Profit before taxation		**9,118**	9,296
Taxation		**(1,711)**	(1,912)
Profit and total comprehensive income for the financial year		**7,407**	7,384
Profit for the year attributable to the equity holders of the parent company		**7,407**	7,384
Earnings per share attributable to equity holders of the parent company			
Basic	6	**19.9p**	20.4p
Diluted	6	**19.6p**	20.3p

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

Statements of financial position

As at 31 December 2022

	Notes	Group 2022 £'000	2021 £'000
Assets			
Non-current assets			
Intangible assets		**37,308**	34,761
Property, plant and equipment		**540**	501
Right-of-use assets		**539**	699
Trade and other receivables		**1,741**	1,788
		40,128	37,749
Current assets			
Trade and other receivables		**6,759**	5,605
Cash and cash equivalents		**3,217**	7,413
		9,976	13,018
Total assets		**50,104**	50,767
Liabilities			
Non-current liabilities			
Lease liabilities		**378**	522
Interest-bearing loans and borrowings		—	7,867
Deferred tax liability		**2,545**	2,872
		2,923	11,261
Current liabilities			
Trade and other payables		**5,755**	4,526
Lease liabilities		**177**	191
Interest-bearing loans and borrowings		**2,039**	861
Corporation tax liability		**1,073**	281
		9,044	5,859
Total liabilities		**11,967**	17,120
Total net assets		**38,137**	33,647
Equity			
Shareholders' equity			
Share capital		**373**	373
Share premium		**13,159**	13,159
Share-based payments reserve		**491**	238
Revaluation reserve		**162**	162
Merger reserve		**(5,774)**	(5,774)
Retained earnings		**29,726**	25,489
Total equity		**38,137**	33,647

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

Statements of changes in equity

For the financial year ended 31 December 2022

Group

	Notes	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021		351	12,150	968	162	(5,774)	20,440	28,297
Changes in equity								
Issue of equity share capital		22	1,009	—	—	—	—	1,031
Share-based payments	4	—	—	223	—	—	—	223
Transfer upon exercise or cancellation of share options		—	—	(953)	—	—	953	—
Dividends	5	—	—	—	—	—	(3,288)	(3,288)
Transactions with owners		22	1,009	(730)	—	—	(2,335)	(2,034)
Profit and total comprehensive income for the financial year		—	—	—	—	—	7,384	7,384
Balance at 31 December 2021		373	13,159	238	162	(5,774)	25,489	33,647
Share-based payments	4	—	—	253	—	—	—	253
Dividends	5	—	—	—	—	—	(3,170)	(3,170)
Transactions with owners		—	—	253	—	—	(3,170)	(2,917)
Profit and total comprehensive income for the financial year		—	—	—	—	—	7,407	7,407
Balance at 31 December 2022		**373**	**13,159**	**491**	**162**	**(5,774)**	**29,726**	**38,137**

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

Statements of cash flows

For the financial year ended 31 December 2022

	Notes	Group 2022 £'000	2021 £'000
Operating activities			
Cash generated from/(used in) operating activities	7	**10,828**	10,338
Tax paid		**(1,226)**	(1,782)
Net cash flows generated from/(used in) operating activities		**9,602**	8,556
Investing activities			
Acquisitions net of cash acquired	8	**(4,044)**	(4,374)
Sale of assets held for sale		—	591
Capital expenditure on intangible trademark licences		**(10)**	—
Capital expenditure on property, plant and equipment		**(144)**	(101)
Disposal of corporate offices		**691**	—
Franchisee loans granted		**(909)**	(796)
Loans repaid by franchisees		**771**	1,015
Finance income received		**214**	167
Dividends received		—	—
Net cash flows (used in)/generated from investing activities		**(3,431)**	(3,498)
Financing activities			
Proceeds from share issue		—	1,031
Loan repayments		**(6,758)**	(890)
Equity dividends paid		**(3,170)**	(3,288)
Lease payments		**(218)**	(221)
Finance costs		**(221)**	(211)
Net cash used in financing activities		**(10,367)**	(3,579)
Net change in cash and cash equivalents		**(4,196)**	1,479
Cash and cash equivalents at the beginning of the financial year		**7,413**	5,934
Cash and cash equivalents at the end of the financial year		**3,217**	7,413

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

Notes to the condensed consolidated financial statements

For the financial year ended 31 December 2022

1 Approval

This announcement was approved by the Board of Directors on 24 March 2023.

2 Accounting policies

General information

Belvoir Group PLC is the ultimate parent company of the Group, whose principal activity during the year under review was that of selling, supporting and training residential property franchises. The Group also operates a network of advisers who, through our franchise property networks, provide advice to our residential property clients.

Belvoir Group PLC, a public company limited by shares listed on AIM, is incorporated and domiciled in the United Kingdom.

Registered office

The address of the registered office and principal place of business of Belvoir Group PLC is The Old Courthouse, 60A London Road, Grantham, Lincolnshire NG31 6HR.

Basis of preparation

Whilst the financial information included in this annual financial results announcement has been prepared in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS), this announcement does not contain sufficient information to comply therewith.

The financial information set out herein does not constitute the Company's statutory accounts for the years ended 31 December 2022 or 2021 but is derived from those accounts. Statutory accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies and those for the year ended 31 December 2022 will be delivered following the Company's annual general meeting.

The auditors have reported on those accounts; their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports. Their reports for the year end 31 December 2022 and 31 December 2021 did not contain statements under s498 (2) or (3) of the Companies Act 2006.

Going concern

The Group continues to operate from a sound financial platform, is strongly cash generative and demonstrates excellent resilience throughout ever-changing market conditions. The base case forecasts indicate the Group will generate sufficient cash to support its growth ambitions, both organically and through acquisition of moderate-sized companies. Should the Board decide to make a substantial acquisition, then indications from the Group's bankers suggest they would be supportive of providing a new, larger facility.

The Board has nonetheless carried out stress-testing of its base case forecast including a 5% fall in lettings revenue, and 20% fall in both sales and financial services revenue in the period to 31 December 2024. Under such circumstances, the Board has concluded that the Group has adequate resources to continue in operational existence and to meet its financial obligations as they fall due in the period to 28 March 2024.

The bank balance as at the date of this report is £2.9m. The outstanding bank loan of £2.0m as at the year-end was fully repaid on 1 March 2023 and the Group has put in place an overdraft facility of £1.0m with HSBC to meet any short-term cash requirements.

In conclusion, the Board are satisfied that it remains appropriate to prepare these financial statements on a going concern basis and that no material uncertainties exist.

Standards adopted for the first time

The following standards, interpretations and amendments are effective for annual period starting on or after 1 January 2022. Adoption of these standards has not had an impact on the Group's financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

Standards, amendments and interpretations to existing standards that are not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);

- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

3 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 business. In the year ended 31 December 2022 the Board identified two operating segments, that of franchisor of property agents 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 resource allocation.

Management does not report on a geographical basis and no customer represents greater than 10% of total revenue in either 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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Management service fees	**8,629**	8,227	**2,329**	2,483	**10,958**	10,710
Corporate-owned offices	**2,572**	2,431	**973**	1,200	**3,545**	3,631
	11,201	10,658	**3,302**	3,683	**14,503**	14,341
Initial franchise fees and other resale commissions					**461**	314
Other income					**614**	555
Property franchise division					**15,578**	15,210
Financial services division					**18,140**	14,437
Total revenue					**33,718**	29,647

Gross profit for the two divisions is split as follows:

	Gross profit	
	2022 £'000	2021 £'000
Property franchise division	**15,578**	15,210
Financial services division	**4,691**	3,835
Total gross profit	**20,269**	19,045

Profit for the financial year

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The profit on ordinary activities after taxation of the Company for the year was £5,594,000 (2021: £7,418,000).

4 Share-based payments

Administrative expenses include a charge of £253,000 (2021: £223,000) after valuation of the Company's employee share options schemes in accordance with IFRS 2 'Share-based payments'. Under this standard, the fair value of the options at the grant date is spread over the vesting period. These items have been added back in the statement of changes in equity.

5 Dividends

Group

	2022 £'000	2021 £'000
Final dividend for 2021		
4.5p per share paid 30 May 2022 (2021: 5.1p per share paid 16 June 2021 included 1.3p catch-up on final 2019 dividend)	1,678	1,796
Interim dividend for 2022		
4.0p per share paid 28 October 2022 (2021: 4.0p per share paid 29 October 2021)	1,492	1,492
Total dividend paid	3,170	3,288

The Directors propose a final dividend of 5.0p per share totalling £1,865,000 for 2022, payable 22 May 2023, to shareholders on the register on 11 April 2023. As this remains conditional on shareholders' approval, provision has not been made in these financial statements.

6 Earnings per share

Group

Earnings per share is calculated by dividing the profit for the financial year by the weighted average number of ordinary shares in issue during the year. Options over ordinary shares and rights of conversion are described in note [25]. The calculation of diluted earnings per share is derived from earnings per share, adjusted to allow for the issue of shares under these instruments.

	2022 £'000	2021 £'000
Profit for the financial year	**7,407**	7,384

Weighted average number of ordinary shares	**Number**	Number
Basic	37,292	36,142
Diluted	37,803	36,434

Earnings per share	**Pence**	Pence
Basic	**19.9p**	20.4p
Diluted	**19.6p**	20.3p

7 Reconciliation of profit before taxation to cash generated from operations

Group

	2022 £'000	2021 £'000
Profit before taxation	**9,118**	9,296
Depreciation and amortisation charges	**930**	967
Impairment of intangibles and goodwill	**121**	—
Profit on disposal of corporate office	**(149)**	—
Share-based payment charge	**253**	223
Impairment of franchisee loan book	**—**	85
Amortisation of debt costs	**29**	29
Finance costs	**262**	191
Interest paid on lease liabilities	**21**	20
Finance income	**(214)**	(167)
	10,371	10,644
Increase in trade and other receivables	**(955)**	(186)
Increase in trade and other payables	**1,228**	—
Trade and other receivables acquired	**1,391**	—
Trade and other payables acquired	**(1,207)**	(120)
Cash generated from operations	**10,828**	10,338

8 Acquisitions

Belvoir Group PLC acquired Mr and Mrs Clarke Ltd ("MMC"), a network of personal estate agents operating through ten partners and associates, on 11 March 2022 for cash consideration of £47,000. The acquisition provides a platform from which to build the Group's personal agency model.

Brook Financial Services Ltd acquired The TIME Group Ltd ("TIME"), a network of 63 mortgage advisers, on 23 May 2022 for cash consideration of £4,488,000.

For both acquisitions, the goodwill represents the value attributable to the new businesses and the assembled and trained workforce.

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

On the conversion of an independent estate agency in Worksop to a Newton Fallowell franchise office on 14 November 2022, Newton Fallowell acquired the goodwill for £42,000.

	NF Worksop £'000	Mr and Mrs Clarke £'000	The TIME Group £'000	Total £'000
Intangible assets – master franchise agreement	—	69	—	69
Intangible assets – trade names	—	13	—	13
Intangible assets – website	—	48	—	48
Tangible assets	—	—	2	2
Trade and receivables	—	62	1,329	1,391
Cash	—	—	403	403
Trade and other payables	—	(244)	(963)	(1,207)
Deferred tax liabilities	—	(21)	—	(21)
Identifiable net assets acquired	—	**(73)**	771	698
Goodwill on acquisition	42	120	3,717	3,879
Consideration	42	47	4,488	4,577
Consideration settled in cash	42	47	4,358	4,447
Deferred consideration	—	—	130	130
Consideration settled in cash	**42**	47	4,488	4,577

Post-acquisition financial results

	Mr and Mrs Clarke £'000	The TIME Group £'000	Total £'000
Revenue	128	2,727	2,855
Profit and loss	(195)	359	164

If the acquisitions had completed on the first day of the financial year, Group revenues would have been £35.7m and Group profit before tax would have been £9.3m.

9 Post balance sheet event

On 1 March 2023 the Nicholas Humphreys Derby office was franchised to the branch manager for £513,000.

10 Posting of accounts

It is intended that the financial statements for the year ended 31 December 2022 and the notice of the 2023 AGM will posted to shareholders and made available on the company's website www.belvoirgroup.com on 11 April 2023 and will also be available thereafter at the registered office, The Old Courthouse, 60a London Road, Grantham, NG31 6HR.

11 Annual General Meeting

The Annual General Meeting will be held at 10am on 18 May 2023 at the registered office, The Old Courthouse, 60a London Road, Grantham, NG31 6HR.