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Frenkel Topping Group PLC
29 September 2023

29th September 2023

Frenkel Topping Group plc
("Frenkel Topping", or "the Group")

Interim Results

Frenkel Topping (AIM: FEN), a specialist financial and professional services firm operating within the personal injury and clinical negligence marketplace (PI and Clin Neg), is pleased to announce its interim results for the six months ended 30 June 2023.

Financial Highlights

	H1 2023* (£m)	H1 2022* (£m)	% change	FY2022 Full year (£m)
Revenue	16.0	11.1	44%	24.8
Recurring revenue	5.9	5.4	9%	11.0
Gross profit	6.6	5.0	32%	11.1
EBITDA**	3.5	2.7	30%	6.1
Profit attributable to shareholders	1.7	0.9	89%	1.7
EPS (basic)	1.4 pence	0.8 pence	75%	1.5 pence
Cash generated from operating activities	1.5	0.6	150%	0.7
Cash at period end	4.9	1.8	272%	5.0
AUM	1,261	1,155	9%	1,187
Assets on a discretionary mandate	761	667	14%	715

*Unaudited

**EBITDA before share based compensation, acquisition strategy, integration and reorganisation costs

Operational Highlights

- Results for first six months in line with management expectations
- AUM resilient despite challenging market conditions demonstrating the differentiated and conservative way the Group manages its clients' assets
- Client retention rate remains high at 99%
- Acquisitions made in Q4 2022 bedded in and performing well

- Cardinal Management Ltd ("Cardinal"), a milestone acquisition during 2022, has added two new major trauma centres to its portfolio
- Continued delivery of the "Working in Partnership" programme - aligning with top law firms, adding Serious Injury Law and Lime Solicitors to the growing number of firms who we have joint ventures with
- A healthy pipeline of AUM for the second half of the year, a traditionally stronger half, to underpin management's expectations for the full year outturn

Delivery of strategy with a strong start to the second half

- Continued execution of acquisition strategy, with a number of opportunities being evaluated and the businesses acquired to date showing positive contribution to the Group
- Acquisition strategy has built one of the largest players in the pre-settlement professional services market for Personal Injury ("PI") and Clinical Negligence ("Clin Neg")
- Entering second half of the year carrying momentum from H1 with services revenue performing particularly well from Somek and Associates, Bidwell Henderson Cost Consultants (BH) and Forth Associates.

For further information:

Frenkel Topping Group plc

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Cavendish Capital Markets Limited (Nominated Advisor & Broker)

Carl Holmes/Abigail Kelly (Corporate Finance)

Tel: 020 7220 0500

Tim Redfern / Charlotte Sutcliffe (ECM)

CEO statement - Richard Fraser:

We are pleased with our performance in the first half of FY2023 and the momentum we are carrying into the second half of the year. Despite the backdrop of economic headwinds and market volatility, our team has shown remarkable resilience and focus, delivering a robust set of results for the first six months of the year.

We constantly strive to deliver the best outcomes for our clients. In response to rising interest rates and subsequent returns available on cash, our Investment Management business, Ascencia, has recently launched a cash solution to add to our existing portfolio of products focused on protecting

our clients' assets, thus adding to our range of recurring income streams. The solution has been particularly well received by professional intermediaries and clients.

Further, Ascencia has continued to outperform in its core risk rated investment strategies, with returns being ahead of their respective Private Client ARC indices. Ascencia's IP Growth 4 returned 1.24% compared to ARC Sterling Balanced Asset PCI of 1.01% and Ascencia's IP Growth 3 returned 0.95% compared to ARC Sterling Cautious PCI of 0.09%.

Our client retention rate, a critical KPI of the Group, remains exceptionally high at 99%, a testament to the trust and confidence our clients place in us.

The successful integration of our acquisitions has not only diversified our income streams but also strengthened our position in the personal injury and clinical negligence sectors. We continue to pursue future acquisition opportunities within the space that will further add to our full market offering.

The Company's group businesses have enjoyed real momentum in the period with Cardinal adding two new sites to its Major Trauma Centre portfolio in recent months both John Radcliffe Hospital, run by Oxford University Hospitals NHS Foundation Trust, and Alder Hey Children's Hospital opting to join Cardinal after a competitive tender process.

Somek and Associates (Somek), Bidwell Henderson Cost Consultants (BH) and Forth Associates (Forths) have especially contributed to the service revenue performance during the first six months of the year. This is primarily due to the successful execution of our people plan, specifically increasing the number of Experts in Somek, the success of the BH training academy and recruitment programme, and staff progression in Forth, all underpinned by the overall execution of our strategy to be the 'go to' provider of professional services within PI and Clin Neg.

Our marketplace continues to present significant opportunity for growth with c£1.2bn of personal injury awards related to motor accident claims alone paid out in H1 2023. In addition, we have noticed a tightening of court deadlines within the industry which presents opportunities across our full service offering which, in turn, we expect should drive faster settlement of damages moving forward.

As we look ahead, we are excited about the potential of AI to drive efficiencies and are committed to delivering value to our shareholders and clients alike. It's not just about numbers; it's about making a meaningful difference in the lives of those who have been through life-altering experiences. That's what keeps us motivated every single day.

Outlook

The Group has entered the second half of the year carrying real momentum from H1, benefiting from the diversification of revenue and encouraging growth in transactional revenue. We expect financial markets to remain challenging, which will continue to moderately impact AUM growth and consequently the Company's recurring revenue. However, the Board maintains its confidence in the full year outturn which is tracking in line with management's expectation.

CFO statement - Elaine Cullen-Grant:

We are pleased to report such a strong set of results against the backdrop of a challenging economic climate and furthermore to have been able to grow our recurring revenue in the first half by 9% to £5.9m (H1 22 - £5.5m).

The acquisitions made in recent years have further strengthened our position in these challenging times by broadening our income streams and helping to contribute to an overall 44% growth in revenue to £16.0m (H1 22: £11.1m).

By their nature the margin profile within our transactional businesses is a little lower than our financial businesses, however we are delighted that we continue to grow EBITDA across the Group.

Our acquisition strategy is focused on profitable and growing businesses. Evidence of the success of this strategy can be seen within our Costs businesses, Partners in Costs, A&M Bacon and BH, acquired during 2021, which have increased their EBITDA contribution from £0.6m in the first half of last year to £1.1m in the same period this year.

Following the increase in share capital with our fundraise in 2022, it is pleasing that we have been able to increase our basic earnings per share by 74% to 1.4 pence for H1 23 (H1 22: 0.8 pence), coming close to delivering the same earnings per share as we did in the full year 2022 (FY22: 1.5 pence) in just six months.

Whilst the transactional businesses do have a greater working capital requirement when compared with the financial businesses, we are pleased that even with the 44% increase in revenue, cash generated from operating activities has improved by 150%. This is both a reflection on the Group's focus on cash conversion and evidence of the strength of the recoverability of our debtor book. This has helped contribute to our strong balance sheet and cash position of £4.9m (H1 22 1.8m)

Change of Name of Nominated Adviser and Broker

The Company also announces that its Nominated Adviser and Broker has changed its name to Cavendish Capital Markets Limited following completion of its own corporate merger.

Frenkel Topping Group plc		6 Months	6 Months	Year
Group income statement for the period:		ended	ended	ended
		30-Jun-23	30-Jun-22	31-Dec-22
		Unaudited	Unaudited	Audited
	Notes	£'000	£'000	£'000
REVENUE		16,042	11,110	24,850
Direct staff costs		(9,436)	(6,068)	(13,717)
Gross Profit		6,606	5,042	11,133
Administrative expenses	2	(3,996)	(3,544)	(8,230)
Underlying profit from operations		3,200	2,422	5,492
- share based compensation		(314)	(349)	(660)
- acquisition strategy, integration and reorganisation costs		(276)	(575)	(1,929)
PROFIT FROM OPERATIONS		2,610	1,498	2,903
Finance and other income/ (fair value losses on investments)		4	(9)	(7)
Finance costs	3	(186)	(205)	(477)
PROFIT BEFORE TAX		2,428	1,284	2,419
Income tax expense		(628)	(309)	(570)
PROFIT FOR THE PERIOD		1,800	975	1,849
Gains on property revaluation arising net of tax		-	-	127
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,800	975	1,976
PROFIT ATTRIBUTABLE TO:				
Owners of parent undertakings		1,680	881	1,652
Non-controlling interest		120	94	197
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		1,680	881	1,779
Non-controlling interest		120	94	197
		0.	0.	
Earnings per share - basic (pence)		1.4	0.8	1.5
Earnings per share - diluted (pence)		1.3	0.8	1.4

The results for the period are derived from continuing activities.

Frenkel Topping Group plc

Group Statement of Financial Position as at:

	30-Jun-23 Unaudited £'000	30-Jun-22 Unaudited £'000	31-Dec-22 Audited £'000
ASSETS			
NON CURRENT ASSETS			
Goodwill and other intangibles	29,250	24,088	29,579
Plant, property and equipment	2,717	2,457	2,834
Loans receivable	168	166	162
	32,135	26,711	32,575
CURRENT ASSETS			
Accrued income	4,903	3,102	4,072
Trade receivables	11,086	7,693	10,661
Other receivables	1,146	858	749
Investments	101	99	100
Cash at bank and in hand	4,866	1,761	4,986
	22,102	13,513	20,568
TOTAL ASSETS	54,237	40,224	53,143
EQUITY AND LIABILITIES			
EQUITY			
Share capital	637	566	637
Share premium	22,705	13,140	22,705
Merger reserve	6,245	6,245	6,245
Revaluation reserve	479	352	479
Own share reserve	(2,134)	(2,315)	(2,210)
Other reserve	(341)	(341)	(341)
Retained earnings	14,149	12,965	12,296
Equity attributable to owners of the parent company	41,740	30,612	39,811
Non-controlling interests	238	180	283
TOTAL EQUITY	41,978	30,792	40,094
CURRENT LIABILITIES			
Current taxation	1,075	871	760
Trade and other payables	7,375	4,508	7,680
	8,450	5,379	8,440
LONG TERM LIABILITIES			
	3,809	4,053	4,609
TOTAL EQUITY AND LIABILITIES	54,237	40,224	53,143

Frenkel Topping Group plc	6 Months ended 30-Jun-23 Unaudited £'000	6 Months ended 30-Jun-22 Unaudited £'000	Year ended 31-Dec- 22 Audited £'000
Group Cash Flow Statement			
For the period:			
Profit before tax	2,428	1,284	2,419
<i>Adjustments to reconcile profit for the period to cash generated from operating activities:</i>			
Finance income/loss	(4)	9	7
Finance costs	186	205	477
Share based compensation	242	349	480
Depreciation	304	238	574
(Increase)/decrease in accrued income, trade and other receivables	(1,660)	(1,015)	(2,205)
(Decrease)/increase in trade and other payables	405	(101)	(95)
Cash generated from operations	1,901	969	1,657
Income Tax paid	(363)	(323)	(999)
Cash generated from operating activities	1,538	646	658
Investing Activities			
Acquisition of plant, property and equipment	(148)	(163)	(240)
Acquisition of subsidiaries	(1,100)	(8,084)	(13,478)
Cash acquired on acquisition of subsidiaries	-	1,033	1,992
Loans advanced	-	(21)	(22)
Cash (used) / generated in investing activities	(1,248)	(7,235)	(11,748)
Financing activities			
Shares issued (net of costs)	-	-	9,637
Exercise of share options	1	-	1
Dividend paid	(165)	(110)	(1,771)
Repayment of borrowing	(36)	-	(2)
Interest received	4	-	-
Interest element of lease payments	(17)	(17)	(36)
Principal element of lease payments	(197)	(141)	(368)
Other interest paid and FX losses	-	-	(3)
Cash used in financing	(410)	(268)	7,458
(Decrease)/ increase in cash	(120)	(6,857)	(3,632)
Opening cash	4,986	8,618	8,618
Closing cash	4,866	1,761	4,986

Closing Cash and Cash Equivalents

Cash	4,866	1,761	4,986
Cash equivalents	101	99	100
Closing cash and cash equivalents	4,967	1,860	5,086

Cash equivalents are held in liquid investments.

Notes to the Interim Financial Statements

1. Revenue and Segmental Reporting

All of the Group's revenue arises from activities within the UK.

Revenue arising from recurring and non-recurring sources is as follows:

	6 Months ended 30-Jun-23 £'000	6 Months ended 30-Jun-22 £'000	Year ended 31-Dec- 22 £'000
Recurring	5,899	5,424	11,045
Non-recurring	10,143	5,686	13,805
Total revenue	<u>16,042</u>	<u>11,110</u>	<u>24,850</u>

Operating Segments

The Group's chief operating decision maker is deemed to be the CEO. The CEO has identified the following operating segments:

Financial Services

This segment includes our independent financial advisory, discretionary fund management and financial services businesses.

Costs Law

This segment includes each of our costs law services businesses.

Other Professional Services

This segment includes our major trauma signposting, forensic accountancy, care and case management and medico-legal reporting businesses.

Central Services

This is predominantly a cost centre for managing Group related activities or other costs not specifically related to a product.

6 Months ended June 2023	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	6,305	4,162	5,550	25	16,042
Adjusted EBITDA	1,924	1,056	1,437	(888)	3,529

6 Months ended June 2022	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	5,846	3,154	2,110	-	11,110
Adjusted EBITDA	2,124	631	693	(788)	2,660

Year ended December 2022	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	11,792	7,057	6,001	-	24,850
Adjusted EBITDA	4,302	1,721	1,763	(1,732)	6,054

2. Administrative Expenses

The following table analyses the nature of expenses:

	6 Months ended 30-Jun-23 £'000	6 Months ended 30-Jun-22 £'000	Year ended 31-Dec-22 £'000
Depreciation	329	238	574

Share based compensation	314	349	660
Acquisition strategy, integration and reorganisation costs	276	575	1929
Other administrative expenses	3,077	2,382	5,067
Total Other administrative expenses	3,996	3,544	8,230

3. Interest and similar items

	6 Months ended 30-Jun-23 £'000	6 Months ended 30-Jun-22 £'000	Year ended 31-Dec- 22 £'000
Interest on lease liabilities	17	17	36
Loan and other interest charges	-	-	3
Unwinding discount - deferred consideration	169	188	438
Total finance costs	186	205	477

About Frenkel Topping Group

The Frenkel Topping Group of companies specialises in providing financial advice and asset protection services to clients at times of financial vulnerability, with particular expertise in the field of personal injury (PI) and clinical negligence (CN).

For more than 30 years the Group has worked with legal professionals and injured clients themselves to provide pre-settlement, at-settlement and post-settlement services to help achieve the best long-term outcomes for clients after injury. It boasts a client retention rate of 99%.

Frenkel Topping Group is focused on consolidating the fragmented PI and CN space in order to provide the most comprehensive suite of services to clients and deliver a best-in-class service offering from immediately after injury or illness and for the rest of their lives.

The group's services include the Major Trauma Signposting Partnership service inside NHS Major Trauma Centres, expert witness, costs, tax and forensic accountancy, independent financial advice, investment management, and care and case management.

The Group's discretionary fund manager, Ascencia, manages financial portfolios for clients in unique circumstances, often who have received a financial settlement after litigation. In recent years Ascencia

has diversified its portfolios to include a Sharia-law-compliant portfolio and a number of ESG portfolios in response to increased interest in socially responsible investing (SRI).

Frenkel Topping has earned a reputation for commercial astuteness underpinned by a strong moral obligation to its clients, employees and wider society, with a continued focus on its Environmental, Social and Governance (ESG) impact.

For more information visit: www.frenkeltoppinggroup.co.uk

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