

The information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

30th September 2024

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

Interim Results for the six months ended 30 June 2024

Frenkel Topping (AIM: FEN), a specialist financial and professional services firm operating within the personal injury and clinical negligence marketplace (PI and CN), is pleased to announce its interim results for the six months ended 30 June 2024.

Financial Highlights

	H1 2024* (£m)	H1 2023* (£m)	% change	FY2023 Full year (£m)
Revenue	17.9	16.0	12%	32.8
Recurring revenue	6.5	5.9	10%	12.0
Non-recurring revenue	11.4	10.1	13%	20.8
Gross profit	6.9	6.6	5%	13.9
Adjusted EBITDA**	3.6	3.5	3%	8.0
Adjusted EPS (basic)	1.8 pence	1.7 pence	6%	4.3 pence
Cash & cash equivalents	4.1	4.9	(16%)	2.4
Funds Under Management ("FUM")	1,455	1,261	15%	1,335
Assets on a discretionary mandate	935	761	23%	820

*Unaudited

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

Operational Highlights

- Acquisition of Northwest Law Services Limited ("NWL") to bolster our offering within the legal costs sector, performing to expectation
- Cardinal Management Limited ("Cardinal") agreed a new partnership with the NHS Major Trauma Centre ("MTC") at Sheffield Children's Hospital, taking the total number of sites at which Cardinal provides services to eleven
- Client retention within our IFA business remains strong at 99%
- Healthy FUM growth in the period of £120m by end of H1 with a strong pipeline for the remainder of the year – prior year growth of £148m for the full year 2023
- Ascencia Investment Management Limited ("Ascencia") won the ARC 3D award for Commitment to Transparency
- Ascencia also received Highly Commended status from Defaqto in their Defensive MPS (Platform) category in relation to two investment solutions
- Key focus on consumer duty with completion of fair value assessment and confidence that there are no material issues arising out of the consumer duty review

- Welfare Benefits team identified £1.3m of unclaimed benefits, demonstrating both our commitment to supporting our clients and enhancing our service offering to law firms

Continued delivery of strategy & outlook

- The Company continues to execute its strategy and is evaluating opportunities both delivered organically and inorganically
- Clear focus on integration across the Group and a simplification of branding to give a more cohesive image (in progress)
- Trading in line with revised management expectations for the year and well poised to continue to make progress in growing the business over the medium term. The FUM pipeline going into H2 is encouraging and overall the opportunity remains to consolidate its position as the leader in financial and professional services in the PI and CN space and that the vast majority of businesses acquired have integrated well and are performing to management's expectations.

For further information:

Frenkel Topping Group plc

Richard Fraser, Chief Executive Officer

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Carl Holmes/Abigail Kelly (Corporate Finance)

Tel: 020 7220 0500

Tim Redfern (ECM)

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

Richard Fraser, CEO of Frenkel Topping Group, statement:

The Board presents results for the first half of 2024 showing modest growth in comparison to the prior year. There is much to be content with, in particular the performance of the Group to drive FUM growth, the completion of the consumer duty review and the acquisition of Northwest Law Services Limited, which has been performing in line with expectations since completion in April 2024 and is well set for future growth.

However, 2024 has thus far not come without challenges, particularly within Partners in Costs Limited (“PIC”) where we have not yet been able to achieve the growth that management expected this year. The medium-term prospects for PIC remain positive and the Board is confident that this is a short-term issue which it has taken swift action to address with a number of changes to processes and personnel implemented. As previously announced, PIC acted as a drag on the Group’s overall performance in H1, mainly due to recruitment and technology implementation impacting its ability to handle increased workloads. Pleasingly, demand for PIC’s services is clear and with a considerable effort having gone in to address the short-term headwinds, the Board is seeing PIC start to regain momentum.

We are particularly encouraged by the growth in FUM during the period of £120m, a testament to the success of our Group-wide strategy in recent years beginning to come to fruition and the hard work of our sales team. By comparison, in the previous full financial year FUM grew by £148m and the Company is tracking well ahead of this. Their work is aided by the award-winning products offered by Ascencia, who have also continued to outperform benchmarks. As an example of this, our Income and Growth 4 fund achieved returns of 4.92% on the three years to 30th June 2024 compared to ARC Sterling Balanced Asset’s return of 3.29%.

The Board was delighted that Ascencia Investment Management's Safety First 2 & 3 portfolios have been Highly Commended in the Defaqto Defensive Comparator Sector. Based on 5 years discrete risk-adjusted performance measures, the Defaqto MPS Comparator awards recognises the most consistent MPS solutions within the Defensive comparator sector. Additionally, Ascencia has been awarded with the ARC 3D Research Award this year. This annual award has three founding principles: Data, Due Diligence and Demonstration.

However, the performance is slightly tempered due to continued market conditions and a large proportion of the new FUM mandates being channeled into our Money Market Solution (MMS) at lower fee rates. MMS was launched in June 2023 and stands at £113.5m at 30th June 2024. We remain poised to redeploy these mandates into our other, higher earning, investment solutions as market conditions change.

We are extremely pleased that Cardinal has increased its geographical reach and goes live at Sheffield Children’s Hospital’s Major Trauma Centre in November this year. In addition to this, Cardinal also launched Re.Source v2.0, a directory made available to NHS staff at MTCs allowing medical professionals easy access to make referrals to patients for care needs after discharge from the MTC. Our work within Cardinal allows us to better support the interests of patients, claimants and the work of their professional representatives.

Somek & Associates continues to go from strength to strength, having increased our number of Medico-Legal expert witnesses by 17%, enabling us to handle an increased number of instructions in an area of high demand. This remains a key focus area and opportunity for future growth.

Bidwell Henderson continues to expand the Graduate training programme with two intakes to date in H1 and a further intake due to start in the Autumn. We continue to develop this programme and are looking at ways we can expand its reach within our wider Costs businesses in order to produce a pipeline of future Costs experts.

Demand also remains strong within Care and Case Management and we continue to increase our headcount and geographical reach within this sector in order to expand and fulfil the further untapped potential. Having evaluated a number of potential acquisition opportunities in this space the Board has resolved to focus on growing this business division organically.

Consumer Duty

A key focus for 2024 has been the continued implementation of robust governance to further embed Consumer Duty principles, with continuous monitoring and progress tracking. We have delivered bespoke training sessions with all of our staff with extremely positive outcomes and action for change. Our Consumer Duty Champions and teams meet regularly to assess, review, discuss and challenge our FCA regulated companies.

Fair value assessment and associated amendments to charging structures related to Consumer Duty have been largely completed and the Board is confident that there are no material regulatory implications that have not been sufficiently addressed.

As previously announced the amended charging structures will have a modest impact on revenues, with limited impact this financial year.

Key initiatives for H1:

- Assessment of Value complete for Frenkel Topping Limited (“FTL”)
- Assessment of Value complete for Ascencia Investment Management Limited
- Consumer Duty Reports completed
- Introduction of ‘Explainer’ videos for Lay clients to support Consumer Understanding
- Implementation of Consumer Duty Directories to provide structure and governance
- Sign up to the Consumer Duty Alliance and Financial Vulnerability Task Force
- Implementation of Voice of the Customer within FTL

At Frenkel Topping we are committed to always doing the right thing by our consumers, clients, and our people, Consumer Duty goes hand in hand with our established ethos and values. This is a continuous journey for us with ideas and initiatives for improving our consumer journey and experiences already in the pipeline.

Key Appointments

We have made a number of key appointments in recent months. Gillian Carlisle-Collett has joined as Head of Operations within our Care and Case Management division. Gillian is a dual qualified lawyer and change specialist with a wealth of experience in project leadership, team and leadership development and business transformation. Her career history boasts top law firms such as Napthens LLP, Fletchers Solicitors, Keoghs LLP and DWF LLP.

Lee Jones has been appointed as the new Head of Tax and Accounting within Forth Associates Limited. Lee brings over 20 years of experience as an ACCA qualified accountant having previously held the position of Senior Partner at Sedulo.

Jessica Thurston has been appointed as Managing Director of Somek following the retirement of founding director Alison Somek. Jess has 30 years of experience as an Occupational Therapist and Care Expert, having worked with Somek since 2002, most recently as Head of Medico-Legal Operations, overseeing the growth of the company to date.

Elias Omar has been appointed as Jess’s replacement in the role of Head of Medico-Legal Operations. Elias is a qualified solicitor with 15 years of experience working in the legal sector across all aspects of civil litigation, with a primary focus on PI and CN, most recently at Thompsons Solicitors and OH Parsons LLP.

Outlook

We are trading in line with revised management’s expectations and well poised to continue to make progress in growing the business in the medium term. The FUM pipeline going into H2 is encouraging and overall, the

opportunity remains to consolidate its position as the leader in financial and professional services in the PI and CN space and that the vast majority of businesses acquired have integrated well and are performing to management's expectations.

Elaine Cullen-Grant, CFO of Frenkel Topping Group statement:

Recurring revenue has grown by 10% to £6.5m following a record breaking six months with £120m growth within FUM(2023: £56m) and a strong pipeline for FUM remains for the second half of the year.

Non-recurring revenue has also grown by 13% with many business units showing an improved performance on the prior year, particularly Somek which has grown revenues by 25% from the prior year following our targeted growth in recruitment of new expert witnesses.

Challenges within PIC, coupled with the backdrop of wage inflation and our continued investment into our people means that our margin has been slightly impacted, with an Adjusted EBITDA margin of 20.1% compared to 21.9% for the same period in 2023. Whilst we do intend to continue to invest in the business for the future, we expect this reversal in margin expansion to correct over the medium term.

Having secured a revolving credit facility of £7.5m in January 2024, we have begun to draw on this facility in order to fund both the initial consideration payment in relation to NWL and deferred/contingent payments relating to prior year acquisitions. As such the Group moves to a net debt position for the first time.

	30 th June 24	30 th June 23	31 st December 23
Cash and cash equivalents	4,122	4,866	2,425
Revolving Credit Facility	(5,400)	-	-
Net cash/(debt)	(1,278)	4,866	2,425

Cash collection has remained strong with our increase in accrued income, trade and other receivables only increasing by 2% despite the 12% growth in revenue. This remains a key focus area and we are continuing to strengthen our credit control processes.

Tax paid in the year includes a pre-acquisition liability in relation to NWL of £127k and is therefore not fully comparable.

Overall, whilst down from the comparative period due to the backdrop of costs relating to the acquisition made in the year, legal fees in connection with the set-up of the revolving credit facility, wider acquisition integration related costs and exceptional items, cash generated from operating activities remains positive.

Frenkel Topping Group plc		6 Months ended 30-Jun-24 Unaudited £'000	6 Months ended 30-Jun-23 Unaudited £'000	Year ended 31-Dec- 23 Audited £'000
Group income statement for the period:				
	<i>Notes</i>			
REVENUE		17,870	16,042	32,809
Direct staff costs		(10,977)	(9,436)	(18,943)
Gross Profit		6,893	6,606	13,866
Administrative expenses	2	(4,815)	(3,996)	(8,797)
Underlying profit from operations		3,197	3,200	7,233
- share based compensation		(40)	(314)	(610)
- acquisition strategy, integration, reorganisation and exceptional costs		(1,079)	(276)	(1,554)
PROFIT FROM OPERATIONS		2,078	2,610	5,069
Finance and other income/ (fair value losses on investments)		11	4	20
Finance costs	3	(348)	(186)	(532)
Revaluation of contingent consideration		-	-	(1,364)
PROFIT BEFORE TAX		1,741	2,428	3,193
Income tax expense		(528)	(628)	(1,286)
PROFIT FOR THE PERIOD		1,213	1,800	1,907
Gains on property revaluation arising net of tax		-	-	80
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,213	1,800	1,987
PROFIT ATTRIBUTABLE TO:				
Owners of parent undertakings		1,073	1,680	1,661
Non-controlling interest		140	120	246
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		1,073	1,680	1,741
Non-controlling interest		140	120	246
Earnings per share – basic (pence)		0.9	1.4	1.4
Earnings per share – diluted (pence)		0.8	1.3	1.3
Adjusted earnings per share – basic (pence)		1.8	1.7	4.3
Adjusted earnings per share – diluted (pence)		1.7	1.6	4.0

The results for the period are derived from continuing activities.

Frenkel Topping Group plc
Group Statement of Financial Position as at:

	30-Jun-24	30-Jun-23	31-Dec-23
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
ASSETS			
NON CURRENT ASSETS			
Goodwill and other intangibles	30,546	29,250	29,210
Plant, property and equipment	3,289	2,717	2,998
Loans receivable	149	168	151
	<hr/> 33,984	<hr/> 32,135	<hr/> 32,359
CURRENT ASSETS			
Accrued income	8,180	4,903	6,066
Trade receivables	12,031	11,086	11,282
Other receivables	1,364	1,146	896
Investments	111	101	107
Cash and cash equivalents	4,122	4,866	2,425
	<hr/> 25,808	<hr/> 22,102	<hr/> 20,776
TOTAL ASSETS	<hr/> 59,792	<hr/> 54,237	<hr/> 53,135
EQUITY AND LIABILITIES			
EQUITY			
Share capital	640	637	640
Share premium	22,706	22,705	22,706
Merger reserve	6,492	6,245	6,492
Revaluation reserve	559	479	559
Own share reserve	(2,134)	(2,134)	(2,134)
Other reserve	(341)	(341)	(341)
Retained earnings	14,178	14,149	13,134
Equity attributable to owners of the parent company	<hr/> 42,100	<hr/> 41,740	<hr/> 41,056
Non-controlling interests	312	238	344
TOTAL EQUITY	<hr/> 42,412	<hr/> 41,978	<hr/> 41,400
CURRENT LIABILITIES			
Current taxation	1,222	1,075	999
Trade and other payables	7,092	7,375	8,112
	<hr/> 8,314	<hr/> 8,450	<hr/> 9,111
LONG TERM LIABILITIES	9,066	3,809	2,624
TOTAL EQUITY AND LIABILITIES	<hr/> 59,792	<hr/> 54,237	<hr/> 53,135

Frenkel Topping Group plc
Group Cash Flow Statement
For the period:

	6 Months ended 30-Jun-24 Unaudited £'000	6 Months ended 30-Jun-23 Unaudited £'000	Year ended 31-Dec- 23 Audited £'000
Profit before tax	1,741	2,428	3,193
<i>Adjustments to reconcile profit for the period to cash generated from operating activities:</i>			
Finance income/loss	(11)	(4)	(20)
Finance costs	348	186	532
Revaluation of contingent consideration	-	-	1,364
Goodwill write off	-	-	62
Share based compensation	121	242	499
Depreciation	389	304	720
(Increase)/decrease in accrued income, trade and other receivables	(1,694)	(1,660)	(2,736)
(Decrease)/increase in trade and other payables	53	405	612
Cash generated from operations	947	1,901	4,226
Income Tax paid	(648)	(363)	(1,014)
Cash generated from operating activities	299	1,538	3,212
Investing Activities			
Acquisition of plant, property and equipment	(160)	(148)	(290)
Acquisition of subsidiaries	(3,277)	(1,100)	(3,518)
Cash acquired on acquisition of subsidiaries	232	-	-
Cash (used) / generated in investing activities	(3,205)	(1,248)	(3,808)
Financing activities			
Exercise of share options	-	1	1
Dividend paid	(172)	(165)	(1,451)
Repayment of borrowing	(71)	(36)	(201)
Loans received	5,400	-	237
Interest received	6	4	13
Interest element of lease payments	(24)	(17)	(38)
Principal element of lease payments	(266)	(197)	(516)
Other interest paid	(270)	-	(10)
Cash used in financing	4,603	(410)	(1,965)
(Decrease)/ increase in cash	1,697	(120)	(2,561)
Opening cash	2,425	4,986	4,986
Closing cash	4,122	4,866	2,425

Closing Cash and Cash Equivalents

Cash	4,122	4,866	2,425
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Cash is held at National Westminster Bank Plc and Santander UK Plc.

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-24 £'000	6 Months ended 30-Jun-23 £'000	Year ended 31-Dec- 23 £'000
Recurring	6,451	5,899	11,961
Non-recurring	11,419	10,143	20,848
Total revenue	<u>17,870</u>	<u>16,042</u>	<u>32,809</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 2024	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	6,826	4,607	6,375	62	17,870
Adjusted EBITDA	2,546	1,036	1,600	(1,597)	3,585

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	2,287	1,056	1,437	(1,251)	3,529

Year ended December 2023	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	12,778	8,355	11,570	106	32,809
Adjusted EBITDA	4,405	2,183	3,244	(1,879)	7,953

2. Administrative Expenses

The following table analyses the nature of expenses:

	6 Months ended 30-Jun-24 £'000	6 Months ended 30-Jun-23 £'000	Year ended 31-Dec- 23 £'000
Depreciation	389	329	720
Share based compensation	40	314	610
Acquisition strategy, integration, reorganisation and exceptional costs	1,079	276	1,554
Other administrative expenses	3,307	3,077	5,913
Total Other administrative expenses	4,815	3,996	8,797

3. Interest and similar items

	6 Months ended 30-Jun-24 £'000	6 Months ended 30-Jun-23 £'000	Year ended 31-Dec- 23 £'000
Interest on lease liabilities	24	17	38
Loan and other interest charges	166	-	160
Unwinding discount – deferred consideration	158	169	334
Total finance costs	348	186	532