

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.

Frenkel Topping Group plc

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

Trading Update for the year ended 31 December 2024

Frenkel Topping (AIM: FEN), a specialist financial and professional services firm operating within the personal injury and clinical negligence marketplace, is pleased to provide the following trading update for the financial year ended 31 December 2024 ("FY2024") and an outlook for the current financial year ("FY2025").

	31 December 2024*	31 December 2023	% change
	(£m)	(£m)	
Revenue	37.4	32.8	14%
Recurring revenue	13.4	12.0	12%
Non-Recurring Revenue	24.0	20.8	15%
Gross profit	14.4	13.9	4%
Adjusted EBITDA **	8.0	8.0	-
Cash & Cash equivalents	3.1	2.4	29%
Net Cash / (Debt)	(3.8)	2.4	-158%
Funds Under Management ("FUM")	1,560	1,335	17%
Assets on a discretionary mandate ("DFM")	1,031	820	26%

*Unaudited - Financial expectations noted above are preliminary and subject to final review processes.

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

FY2024 results are expected to be in line with management expectations and operational progress continued in the second half of the year with a focus on integration across the Group. We have addressed the challenges faced within Partners in Costs (“PIC”) during 2024 with strategic appointments and a focus on optimising key business processes creating a stable foundation for 2025. The Board is confident that PIC can now handle the increased workload and it is pleasing to see PIC regaining momentum and an increasing demand for its services.

Our other businesses are performing in line with management’s expectations.

Pleasingly, the momentum in growing Funds Under Management (FUM) also continued as expected in the second half. The successful integration of the businesses into Group, combined with the strategic overlay of data interrogation has seen total growth in FUM of £225m in FY2024. This represents overall growth of 17% which is an improvement on the previous financial year where we delivered growth of 12%.

In particular, Ascencia has continued to perform strongly and, for the first time our assets on a discretionary mandate have surpassed the £1bn mark, an impressive milestone for the Group. The addition of £211m of DFM in the year represents excellent growth of 26% which compares favourably to the previous financial year when we delivered growth of 15%, demonstrating the resilience of our portfolios. We are also delighted to have maintained our excellent 99% client retention rate within our IFA business for the year.

As a result of the above highlighted performance, management expects to deliver revenue growth of 14% at £37.4m and adjusted EBITDA of £8.0m for FY2024, in line with the prior financial year.

Recurring revenue

- Our recent acquisition strategy has successfully embedded us within our customer base. This, assisted by a strong sales team, led to a record year of FUM growth across both advisory and discretionary businesses.
- During 2024 the Board was delighted to announce that Ascencia Investment Management won two awards, being recognised as Highly Commended in the Defaqto Defensive Comparator Sector and being awarded with the ARC 3D Research Award this year.
- Money Market Solution (MMS) launched in June 2023 has grown from £39m to £129.5m.
- New FUM mandates won towards the end of the year has seen a demand for higher-margin fully invested solutions and products outweigh that of the MMS, which is a positive indicator for the year ahead.

Non-Recurring Revenue

- Actions taken during 2024 to address the challenges within PIC mean we start 2025 with a stable base and the Board remain confident in the future growth of PIC and demand for its services.
- North West Law, acquired in April 2024, has performed in line with management's expectations and 2025 will see deeper integration with our other Cost Law firms, which is expected to improve collaboration and cross-referrals.

Consumer Duty

Given the unique nature and vulnerability of Frenkel Topping's Clients, the Company continues to firmly focus on embedding Consumer Duty as a core, underlying principle throughout its business operations and client interactions.

The Non-Executive and Executive 'champions' meet on a regular basis to discuss the successful implementation of the pillars of Consumer Duty and we undertake regular client surveys to establish their understanding of the products and services being offered and their satisfaction with the outcome of any involvement. We are pleased to announce a NPS (Net Promoter Score) of 71 which demonstrates a much higher than industry benchmark (44) in Client Experience.

National Insurance & National Minimum Wage

Post the most recent government financial budget the Board has spent time assessing the impact on the current financial year and future periods. The anticipated impact of National Insurance (NI) and National Minimum Wage (NMW) is expected to be c.£360k in FY2025 and c.£500k thereafter on an annualised basis. These increases are expected to be largely absorbed within the current financial year however, inevitably not all of the increases can be offset and hence are expected to moderately impact this current year by c.£200K. Clearly the Board will work hard to mitigate this external headwind as far as possible through pricing and technology efficiencies.

Outlook

January 2025 has seen continued positive momentum taken through from the previous financial year with a strong pipeline of new AUM opportunities being pursued, which provides confidence for the start of the new financial year. Overall, the clear opportunity remains for the Group to continue to consolidate its position as the leader in the provision of financial and professional services within the niche personal injury and clinical negligence space. Consequently, we are confident that we can continue to deliver growth in shareholder value in the years ahead.

For further information:

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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