



Anexo

Anexo Group plc 2022 Full Year Results May 2023

“Continuing revenue growth laying the groundwork for a drive towards cash”

Investment Rationale – Credit Hire

- Targeting the “impecunious” market: cars, motorcycles (couriers) and cycles – much higher rates
- The Gig Economy: 7.2m gig workers of which 3.7m are involved in driving and forecast to grow 7% pa
- Integrated approach more efficient: Credit Hire & Legal Services
- Alan Sellers has pioneered this niche, backed by a highly experienced team
- Effective screening and in-house databases; less than 2% failure rate at trial of cases where litigation commenced
- Vast majority of cases settle before court appearance
- The market leader in the field with only 2-3% market share and reducing number of competitors in the market

Investment Rationale – Other Segments

- Housing Disrepair – significant new potential market generating higher return on sales and higher return on capital than Credit Hire
- Housing Disrepair more than doubled in size in FY2022
- Emissions litigation – up to 11m vehicles impacted in the UK (Source: Fleet News). Outstanding claims against VW. Existing claim against Mercedes, with other manufacturers expected to follow
- All costs of acquisition and legal costs of all emissions cases have been expensed to date and no revenue recognised

Anexo Group – Combined Credit Hire and Legal Services Model

• Credit Hire

- Act for the impecunious non-fault accident motorist by providing replacement vehicle
- Vehicle fleet includes both cars and motorcycles
- Sources of work - network of independent introducer garages
- Covering both repairable and written-off vehicles
- Motorcycles make up the majority of the fleet
- Large numbers of delivery riders (fast food, documents etc)

• Legal Services

- Recovery of costs and compensation from at-fault motorist's insurance company
- Associated personal injury and belongings claims
- Housing Disrepair division dealing with sub-standard housing claims including damp and mould
- Emissions division –ongoing claim against Volkswagen and c12,000 claims in continuing Mercedes campaign
- Other manufacturers targeted for further emissions claims

▼ Huge Growth Potential - Background

Credit Hire

- Licenced vehicles in UK Q1 2022 – 32.9m cars and 1.36m motorcycles
- Personal injury accidents 2020: 147,000 (statistics only when reported to the police)
- MoJ estimates 2018: 700,000 road accidents in total
- CMA Review estimates 2014: 300,000 credit hire accidents p.a.
- Anexo has estimated 2-3% market share

Legal Services

Housing Disrepair

- 24m homes in England and Wales
- 4.4m private rental; 4m socially rented
- 1.44m rental homes fail to meet the Decent Homes Standard
- 728,000 homes with damp and mould

Vehicle Emissions

- Global issue with litigation worldwide
- VW claim ongoing
- Mercedes c12k firm cases
- Further actions under investigation against at least six other major manufacturers

Financial Highlights FY 2022

	FY 2022	FY 2021	Movement
Revenue	£138.3 million	£117.2 million	+17.0%
Operating profit	£30.4 million	£27.4 million	+10.9%
Profit before tax	£24.1 million	£23.7 million	+1.5%
Net assets	£146.3 million	£128.2 million	+14.1%
Basic EPS	16.5 pence	16.8 pence	-1.8%

- Dividend left unchanged at 1.5p for the full year
- Net debt balance (including lease liabilities) at 31 December 2022 was £73.1 million (30 June 2022: £74.2 million; 31 December 2021: £62.0 million)

KPIs

for the six months ended 30 June 2022

	FY 2022	FY 2021	Movement
Number of vehicles on hire at the period end	1,730	2,366	-26.9%
Average number of vehicles on hire for the period	1,892	1,834	+3.2%
Completed vehicle hires	10,622	9,512	+11.7%
Number of hire cases settled	7,922	6,187	+28.0%
Number of new cases funded	9,986	10,265	-2.7%
Cash Collections from settled cases (£'000s)	146,090	119,007	+22.8%
Legal staff employed at the period end	678	634	+6.9%
Average senior fee earners for the period	240	201	+19.4%

Source: Anexo Group plc – Historical Financial Information

▼ Current Trading

- Careful management of fleet numbers means number of vehicles on hire has declined
- As of 30 April 2023 vehicle numbers stood at 1,431
- Motorcycles still form the majority of the fleet
- Housing Disrepair division seeing growth in case numbers and settlements
- VW Emissions litigation is ongoing; update in due course
- Group strategy is to optimise cash generation for FY 2023
- Debt slightly lower at end of year vs H1; Group policy is to continue to reduce borrowings
- Dividend maintained; emphasis on progressive dividend policy if appropriate

Income Statement

for the year ended 31 December 2022

	FY 2022 (£000)	FY 2021 (£000)
Revenue	138,329	118,237
Cost of sales	(32,553)	(26,756)
Gross profit	105,776	91,481
Depreciation & profit/(loss) on disposal	(10,436)	(8,504)
Amortisation	(117)	(137)
Administrative expenses	(64,982)	(55,112)
Operating profit before share based payments	30,241	27,728
Share based payment charge	175	(378)
Operating profit	30,416	27,350
Net financing expense	(6,323)	(3,604)
Profit before tax	24,093	23,746
Taxation	(4,616)	(4,598)
Profit and total comprehensive income for the year attributable to the owners of the company	19,477	19,148
Earnings per share		
Basic earnings per share (pence)	16.6	16.5
Diluted earnings per share (pence)	16.6	16.2

Balance Sheet

for the year ended 31 December 2022

	FY 2022 (£000)	FY 2021 (£000)
Non-current assets		
Property, plant and equipment	2,072	2,071
Right of use assets	12,657	16,896
Intangible assets	71	188
Deferred tax assets	112	112
	<u>14,912</u>	<u>19,267</u>
Current assets		
Trade and other receivables	222,272	188,134
Corporation tax receivable	606	-
Cash and cash equivalents	9,049	7,562
	<u>231,927</u>	<u>195,696</u>
Total assets	<u>246,839</u>	<u>214,963</u>
Equity and liabilities		
Equity		
Share capital	59	58
Share premium	16,161	16,161
Share based payments reserve	-	2,077
Retained earnings	130,127	109,928
Equity attributable to the owners of the Company	<u>146,347</u>	<u>128,224</u>
Non-current liabilities		
Other interest-bearing loans and borrowings	25,000	13,814
Lease liabilities	7,176	8,430
Deferred tax liabilities	32	32
	<u>32,208</u>	<u>22,276</u>
Current liabilities		
Other interest-bearing loans and borrowings	43,594	38,499
Lease liabilities	6,403	8,833
Trade and other payables	13,225	12,635
Corporation tax liability	5,062	4,496
	<u>68,284</u>	<u>64,463</u>
Total liabilities	<u>100,492</u>	<u>86,739</u>
Total equity and liabilities	<u>246,839</u>	<u>214,963</u>

▼ Cashflow

for the year ended 31 December 2022

	FY 2022 (£000)	FY 2021 (£000)
Cash flows from operating activities		
Profit for the year	19,477	19,148
Adjustments for:		
Depreciation and profit / loss on disposal	10,436	8,504
Amortisation	117	137
Financial expense	6,323	3,604
Share based payment charge	(175)	378
Taxation	4,616	4,598
	<u>40,794</u>	<u>36,369</u>
Working capital adjustments		
Increase (decrease) in trade and other receivables	(34,138)	(40,224)
Increase (decrease) in trade and other payables	590	3,131
Cash generated from operations	<u>7,246</u>	<u>(724)</u>
Interest paid	(5,722)	(3,364)
Tax paid	(4,656)	(3,219)
Net cash from operating activities	<u>(3,132)</u>	<u>(7,307)</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,579	941
Acquisition of property, plant and equipment	(1,186)	(1,439)
Investment in intangible fixed assets	-	(91)
	<u>393</u>	<u>(589)</u>
Net cash from investing activities	<u>393</u>	<u>(589)</u>
Cash flows from financing activities		
Proceeds from new loans	24,430	25,039
Dividends paid	(1,180)	(1,740)
Repayment of borrowings	(8,749)	(7,951)
Lease payments	(10,275)	(8,110)
Net cash from financing activities	<u>4,226</u>	<u>7,238</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,487</u>	<u>(658)</u>
Cash and cash equivalents at 1 January	<u>7,562</u>	<u>8,220</u>
Cash and cash equivalents period end	<u>9,049</u>	<u>7,562</u>



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