



Anexo

Anexo Group plc 2022 Interim Results September 2022

“Significant revenue and profit growth with unchanged outlook for the year”

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 of cases where litigation commenced
- Vast majority of cases settle before court appearance
- The market leader in the field with only 3% market share and reducing number of competitors in the market
- £210 million receivables book with less than £60 million of debt and 2021 EBITDA of £36m

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 H1 with profit of £2.4m
- Emissions litigation – up to 11m vehicles impacted in the UK (Source: Fleet News). Outstanding claims against VW, the first manufacturer to have settled with other claimants. Others are expected to follow
- All costs of acquisition and legal costs of all emissions cases have been expensed to date (£5.8m) and no revenue recognised
- Other litigation – c2.5k cases with very low levels of income 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
- Contract with MCE Insurance – handling all non-fault cases
- Covering both reparable and written-off vehicles

• 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 – c13,000 claims pending against Volkswagen and initial 4,000 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
- MoJ estimates 2018: 700,000 road accidents in total
- CMA Review estimates 2014: 300,000 credit hire accidents p.a.
- Anexo has estimated 3% market share or c22k cases

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 c13k firm cases
- Mercedes c4k firm cases; marketing continues
- Further actions pending against at least six other major manufacturers

Financial Highlights H1 2022

	H1 2022	H1 2021	Movement
Revenue	£68.6 million	£48.3 million	+42.0%
Operating profit	£16.1 million	£10.4 million	+54.8%
Profit before tax	£13.6 million	£8.9 million	+52.8%
Net assets	£137.8 million	£117.8 million	+17.0%
Cash collection	£67.9 million	£56.7 million	+19.8%
Basic EPS	9.3 pence	6.1 pence	+52.5%

- Strong sales growth drove an increase in trade receivables to £209.8m (20 June 2021: £160.5m, 31 December 2021: £188.1m)
- Net debt balance (including lease liabilities) at 30 June 2021 was £74.2 million (H1 2021: net debt of £44.4 million, 31 December 2021: £62.0 million)

KPIs

for the six months ended 30 June 2022

	H1 2022	H1 2021	Movement
Number of vehicles on hire at the period end	1,947	1,740	+11.9%
Average number of vehicles on hire for the period	2,043	1,461	+39.8%
Completed vehicle hires	5,501	4,081	+34.8%
Number of hire cases settled	3,563	2,924	+21.9%
Number of new cases funded	5,082	4,208	+20.8%
Cash Collections from settled cases (£'000s)	67,931	56,665	+19.9%
Legal staff employed at period end	633	578	+9.5%

Source: Anexo Group plc – Historical Financial Information

Current Trading

- Careful management of fleet numbers means fewer vehicles on hire than previous year
- As of 31 August vehicle numbers stood at 1,828
- Evolving vehicle mix: motorcycles will comprise 80% of fleet by year end
- Housing Disrepair division seeing growth in case numbers and settlements
- Developments in the VW Emissions case expected by end 2022
- Group strategy is to optimise cash generation in the second half of the year
- Investment of £7.5m in significant short-term opportunities within Emissions and Housing Disrepair
- Dividend to be decided following the end of the financial year

Income Statement

for the six months ended 30 June 2022

	H1 2022 (£000)	H1 2021 (£000)
Revenue	68,610	48,316
Cost of sales	(16,253)	(10,668)
Gross profit	52,357	37,648
Depreciation & profit/(loss) on disposal	(5,561)	(3,809)
Amortisation	(74)	(65)
Administrative expenses	(30,759)	(23,171)
Operating profit before share based payments	15,963	10,603
Share based payment charge	175	(236)
Operating profit	16,138	10,367
Net financing expense	(2,500)	(1,456)
Profit before tax	13,638	8,911
Taxation	(2,734)	(1,810)
Profit and total comprehensive income for the year attributable to the owners of the company	10,904	7,101
Earnings per share		
Basic earnings per share (pence)	9.3	6.1
Diluted earnings per share (pence)	9.3	6.0

Balance Sheet

for the six months ended 30 June 2022

	H1 2022 (£000)	H1 2021 (£000)
Non-current assets		
Property, plant and equipment	2,323	2,217
Right of use assets	16,816	13,337
Intangible assets	112	238
Deferred tax assets	112	112
	<u>19,363</u>	<u>15,904</u>
Current assets		
Trade and other receivables	209,817	160,485
Corporation tax receivable	-	439
Cash and cash equivalents	1,247	1,418
	<u>211,176</u>	<u>162,342</u>
Total assets	<u>230,427</u>	<u>178,246</u>
Equity and liabilities		
Equity		
Share capital	59	58
Share premium	16,161	16,161
Share based payments reserve	-	1,935
Retained earnings	121,554	99,621
Equity attributable to the owners of the Company	<u>137,774</u>	<u>117,775</u>
Non-current liabilities		
Other interest-bearing loans and borrowings	20,710	3,029
Lease liabilities	8,462	7,392
Deferred tax liabilities	-	32
	<u>29,172</u>	<u>10,443</u>
Current liabilities		
Other interest-bearing loans and borrowings	37,235	28,781
Lease liabilities	9,018	6,619
Trade and other payables	9,966	9,108
Corporation tax liability	7,262	5,520
	<u>63,481</u>	<u>50,028</u>
Total liabilities	<u>92,653</u>	<u>60,471</u>
Total equity and liabilities	<u>230,427</u>	<u>178,246</u>

▼ Cashflow

for the six months ended 30 June 2022

	H1 2022 (£000)	H1 2021 (£000)
Cash flows from operating activities		
Profit for the year	10,904	7,101
Adjustments for:		
Depreciation and profit / loss on disposal	5,561	3,809
Amortisation	74	65
Financial expense	2,500	1,456
Share based payment charge	(175)	-
Taxation	2,734	1,810
	<u>21,598</u>	<u>14,241</u>
Working capital adjustments		
Increase (decrease) in trade and other receivables	(21,682)	(12,577)
Increase (decrease) in trade and other payables	(2,667)	(160)
Cash generated from operations	<u>(2,751)</u>	<u>1,504</u>
Interest paid	(2,380)	(1,335)
Tax repaid	-	154
Net cash from operating activities	<u>(5,131)</u>	<u>323</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	722	448
Acquisition of property, plant and equipment	(1,285)	(497)
Investment in intangible fixed assets	-	(70)
	<u>(563)</u>	<u>(119)</u>
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from new loans	10,265	908
Dividends paid	(1,180)	-
Repayment of borrowings	(4,753)	(4,171)
Lease payments	(4,953)	(3,743)
Net cash from financing activities	<u>(621)</u>	<u>(7,006)</u>
Net increase/(decrease) in cash and cash equivalents	(6,315)	(6,802)
Cash and cash equivalents at 1 January	<u>7,562</u>	<u>8,220</u>
Cash and cash equivalents period end	<u>1,247</u>	<u>1,418</u>



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