



Anexo

Anexo Group plc 2021 Final Results May 2022

'Significant growth in profits driven by increased cash collections'

▼ Presentation team

Alan Sellers

Executive Chairman



Mark Bringloe

Chief Financial Officer



Introduction

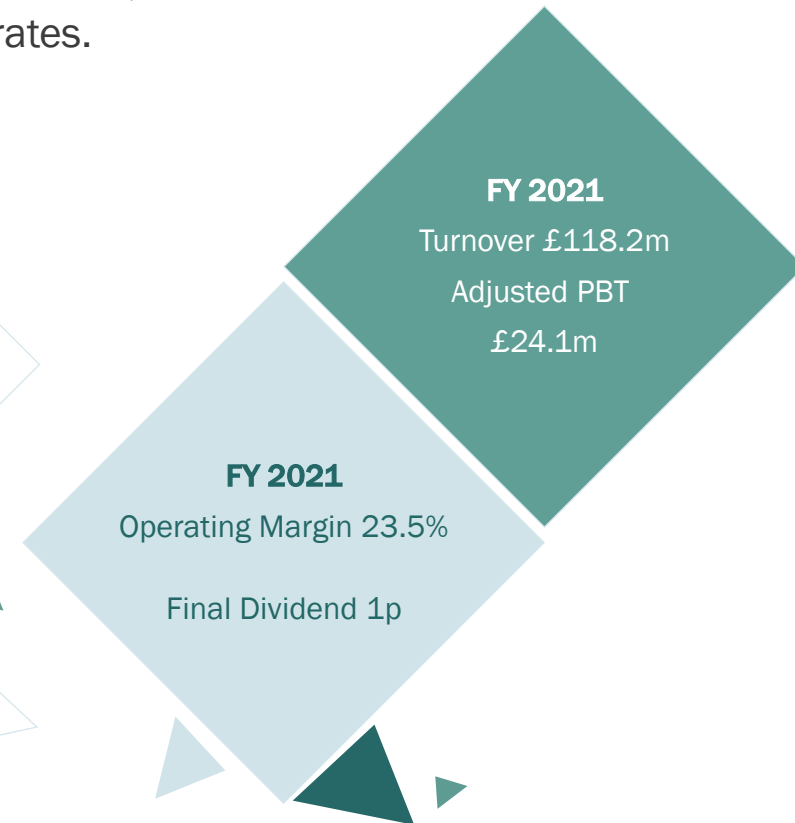
Increased capacity leads to revenue growth and full year of net cash generation

Anexo is an integrated credit hire and legal services group which acts for the Non Fault Motorist, particularly ‘impecunious’ claimants, by providing replacement vehicles at commercial credit hire rates.



The Group uses its in-house litigators to recover **hire and repair charges** from the at-fault motorist’s insurers

Established Direct Capture business model with operating margins in excess of 20% underpinned by UK case law that has affirmed the impecunious claimants’ legal right to recover credit hire costs.



Financial Highlights FY 2021

	FY2021	FY2020	Movement
Total revenues (£'000s)	118,237	86,752	+36.2%
Operating profit (£'000s)	27,350	18,050	+51.4%
Adjusted ¹ operating profit before exceptional items (£'000s)	27,728	18,708	+48.1%
Adjusted ¹ operating profit margin (%)	23.5	21.6	+10.9%
Profit before tax (£'000s)	23,746	15,488	+52.9%
Adjusted ¹ profit before tax and exceptional items (£'000s)	24,124	16,146	+49.7%
Adjusted ² basic EPS (pence)	16.8	11.4	+48.2%
Total dividend for the year (pence)	1.5	1.5	-
Equity attributable to the owners of the Company (£'000s)	128,224	110,438	+16.1%
Net cash flow (£'000s)	-7,300	+200	-
Net debt balance (£'000s)	62,000	40,500	+53.1%

- Adjusted operating profit and profit before tax: excludes share-based payment charges in 2020 and 2021. A reconciliation to reported (IFRS) results is included in the Financial Review
- Adjusted EPS: adjusted PBT less tax at statutory rate divided by the weighted number of shares in issue during the year

KPIs

for the twelve months ended 31 December 2021

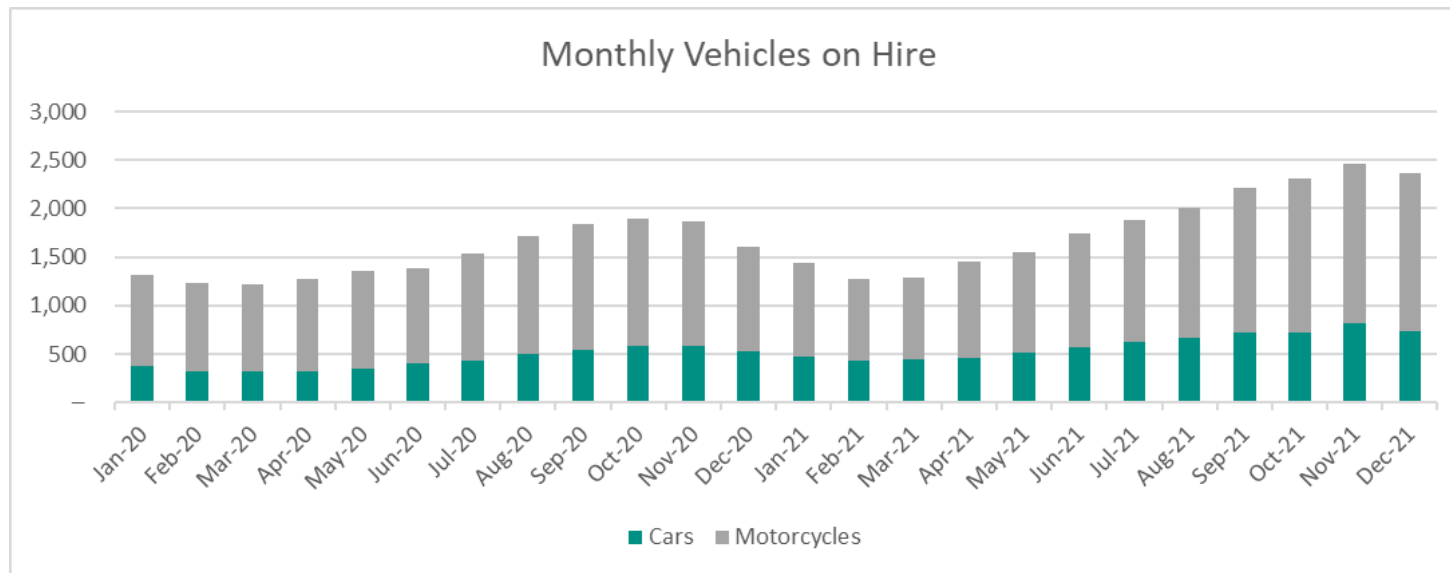
	FY2021	FY2020	Movement
Utilisation (%)	70.4	62.7	12.3%
Vehicles on hire at the year-end(no)	2,366	1,613	46.7%
Average vehicles on hire for the year (no)	1,834	1,515	21.1%
Completed Vehicle Hires	9,512	7,230	31.6%
Hire Cases Settled (no)	6,187	5,236	18.2%
Cash Collections from Settled Cases (£'000s)	119,007	97,977	21.5%
Legal staff employed at year end (no)	634	518	22.4%
Senior fee earners at year end (no)	237	163	45.4%
Average number of senior fee earners	201	144	39.6%
New cases funded	10,265	7,535	36.2%

Source: Anexo Group plc – Historical Financial Information

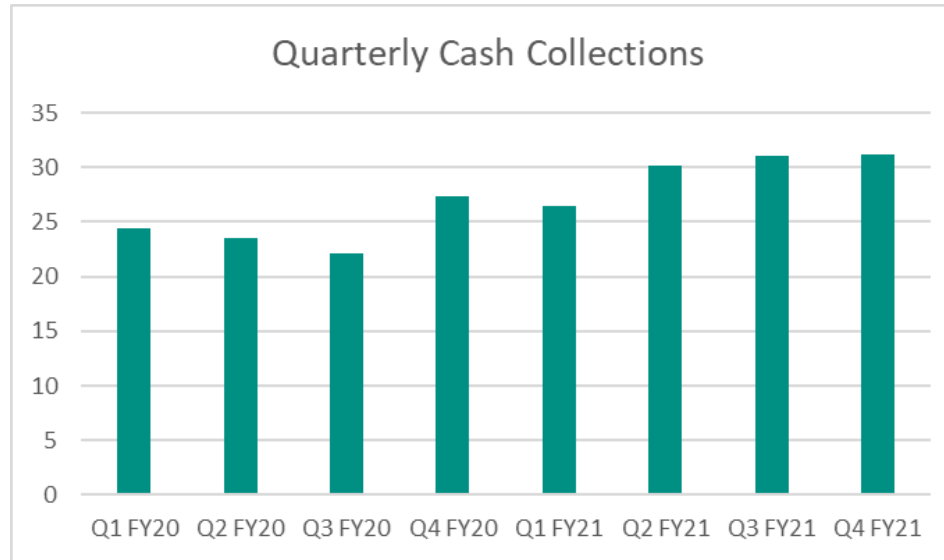
Credit Hire 2021



- Average number of vehicles on the road during 2021: 1,834 (2020: 1,515), a 21.1% increase on the previous year
- Completed hires up 31.6% at 9,512 (FY 2020: 7,230)
- Vehicles on hire at end 2021 rose 46.7% to 2,366 (end 2020: 1,613)
- Focus remains firmly on McAMS (motorcycles), reflecting the better value metrics
- Fleet utilisation during FY 2021 averaged 70.4%



Claims Funded and Cash Collections



- Number of new hire cases funded in FY 2021 increased by 36.2% to 10,265 (FY 2020: 7,535)
- Bond Turner settled 6,187 hire cases in FY 2021, a monthly average of 515 (2020: 436)
- Overall cash collections up 21.5% YOY to £119.0m vs £98.0m

VW Emissions Case

- High Court ruling that VW subverted key air pollution tests
- Previous settlements in overseas jurisdictions including the US, Germany, Australia and Brazil
- Bond Turner currently acting for c.13,000 confirmed clients
- Action being administered by specialist advocacy team distinct from normal claims division
- No guarantee of settlement amid ongoing legal proceedings
- A settlement would result in Bond Turner receiving a proportion of any damages awarded and legal costs
- Court Date set for January 2023
- The Board will seek to negotiate settlement ahead of this date
- Beginning to source claims against Mercedes Benz, on similar grounds
- Litigation funding secured and more being negotiated

Housing Disrepair - Market Context

- Housing standards
- Number of homes that failed to meet the Decent Homes Standard:
 - 12% of social housing dwellings (480,000 homes)
 - 25% of private rented dwellings (1.15m homes)
- Number of homes with a HHSRS Category 1 hazard (Damp and mould growth):
 - 5% of social housing (200,000 homes)
 - 14% of private rented dwellings (644,000 homes)
- The Homes (Fitness for Human Habitation) Act 2019 came into force to make sure that rented houses and flats are fit for human habitation. The Act has given more power to tenants to take action against irresponsible landlords.
- Source: Gov.uk English Housing Survey 2018-19
- An estimate that 25% of renters will make a damp claim suggests there are potentially 200,000 claims each year.
- An estimate that 25% of renters will make a housing claim (dwelling does not meet the Decent Homes Standard) suggests there are potentially 400,000 claims each year.

▼ Housing Disrepair Team – Growth and Opportunity

- Rapid expansion of team during 2021
- At year end, portfolio of around 1,500 ongoing cases
- During 2021 we settled around 500 claims
- Average settlement period significantly less than credit hire division
- Excellent returns on case completion
- Further significant expansion planned during 2022



Current Trading

- Group has a strong balance sheet with conservative gearing and sufficient headroom within its funding facilities
- Recruitment continues throughout Bond Turner and EDGE
- MCE Insurance contract continues to provide new cases
- Targeted approach to vehicle hire, concentrating on:
 - Quality claims
 - High service standards
 - High success rates
- Housing Disrepair Team continuing to expand via social media and internal database
- Marketing for Mercedes Emissions claims due to start shortly

Income Statement

for the year ended 31 December 2021

	FY 2021 (£000)	FY 2020 (£000)
Revenue	118,237	86,752
Cost of sales	(26,756)	(18,800)
Gross profit	91,481	67,952
Depreciation & loss on disposal	(8,504)	(6,571)
Amortisation	(137)	(92)
Administrative expenses before exceptional items	(55,112)	(42,581)
Operating profit before exceptional items	27,728	18,708
Share based payment charge	(378)	(658)
Operating profit	27,350	18,050
Finance costs (net)	(3,604)	(2,562)
Profit before tax	23,746	15,488
Taxation	(4,598)	(3,173)
Profit and total comprehensive income for the year attributable to the owners of the company	19,148	12,315
Earnings per share		
Basic earnings per share (pence)	16.5	10.8
Diluted earnings per share (pence)	16.2	10.6

Balance Sheet

for the year ended 31 December 2021

Balance Sheet	FY 2021 (£000)	FY 2020 (£000)
Non-current assets		
Property, plant and equipment	2,071	2,187
Right of use assets	16,896	13,081
Intangible assets	188	234
Deferred tax assets	112	112
	19,267	15,614
Current assets		
Trade and other receivables	188,134	147,931
Corporation tax receivable	-	439
Cash and cash equivalents	7,562	8,220
	195,696	156,590
Total assets	214,963	172,204
Equity and liabilities		
Equity		
Share capital	58	58
Share premium	16,161	16,161
Share based payments reserve	2,077	1,699
Retained earnings	109,928	92,520
Equity attributable to the owners of the Company	128,224	110,438
Non-current liabilities		
Other interest-bearing loans and borrowings	13,814	3,681
Lease liabilities	8,430	8,945
Deferred tax liabilities	32	32
	22,276	12,658
Current liabilities		
Other interest-bearing loans and borrowings	38,499	31,294
Lease liabilities	8,833	4,753
Trade and other payables	12,635	9,505
Corporation tax liability	4,496	3,556
	64,463	49,108
Total liabilities	86,739	61,766
Total equity and liabilities	214,963	172,204

Cashflow

for the year ended 31 December 2021

	FY 2021 (£000)	FY 2020 (£000)
Cash flows from operating activities		
Profit for the year	19,148	12,315
Adjustments for:		
Depreciation and profit / loss on disposal	8,504	6,571
Amortisation	137	92
Financial expense	3,604	2,562
Share based payment charge	378	658
Taxation	4,598	3,173
	<u>36,369</u>	<u>25,371</u>
Working capital adjustments		
(Increase)/decrease in trade and other receivables	(40,224)	(20,686)
(Decrease)/increase in trade and other payables	3,131	1,588
Cash generated from operations	<u>(724)</u>	<u>6,273</u>
Interest paid	<u>(3,364)</u>	<u>(2,422)</u>
Tax paid	<u>(3,219)</u>	<u>(3,646)</u>
Net cash from operating activities	<u>(7,307)</u>	<u>205</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	941	853
Acquisition of property, plant and equipment	(1,439)	(223)
Investment in intangible fixed assets	(91)	(150)
Receipt of Directors loan receivable	-	415
Net cash from investing activities	<u>(589)</u>	<u>895</u>
Cash flows from financing activities		
Net proceeds from the issue of share capital	-	6,929
Proceeds from new loans	25,039	12,924
Repayment of borrowings	(7,951)	(6,257)
Lease payments	(8,110)	(7,586)
Dividends paid	(1,740)	(1,160)
Net cash from financing activities	<u>7,238</u>	<u>4,850</u>
Net increase/(decrease) in cash and cash equivalents	<u>(658)</u>	<u>5,950</u>
Cash and cash equivalents at 1 January	<u>8,220</u>	<u>2,270</u>
Cash and cash equivalents at 31 December	<u>7,562</u>	<u>8,220</u>



Anexo

Appendices

Business Overview

Credit Hire Division

EDGE

- Established in 1996
 - complete solution for Non Fault Motorist
- Three key business units:
 - DAMS – Provision of car and light commercial vehicles;
 - McAMS – provision of motorcycles
 - CAMS – provision of bicycles
- National coverage via sales network
- Key route to market via c. 1150 local body shops and repairers

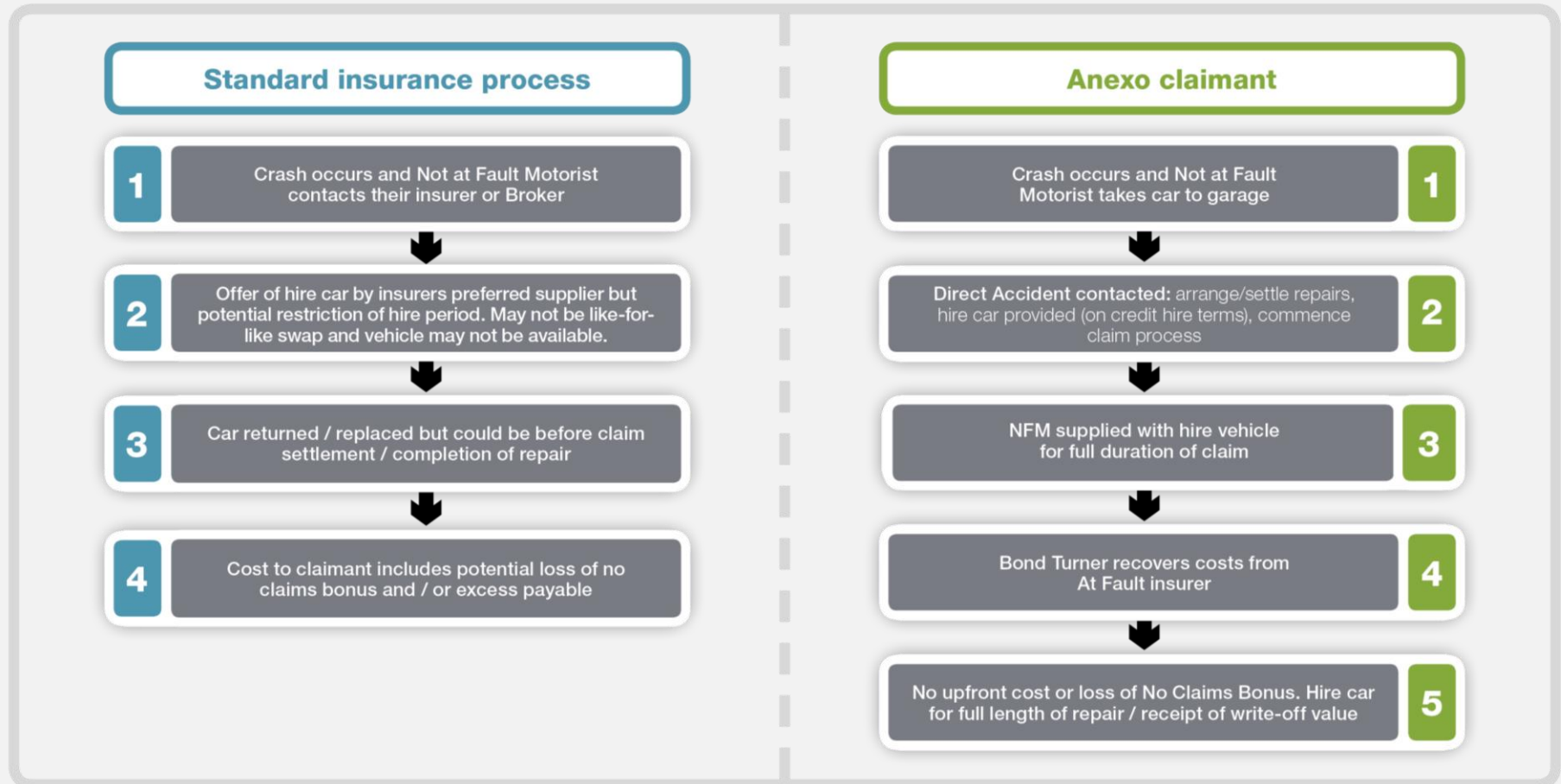
Legal Services Division

BOND • TURNER

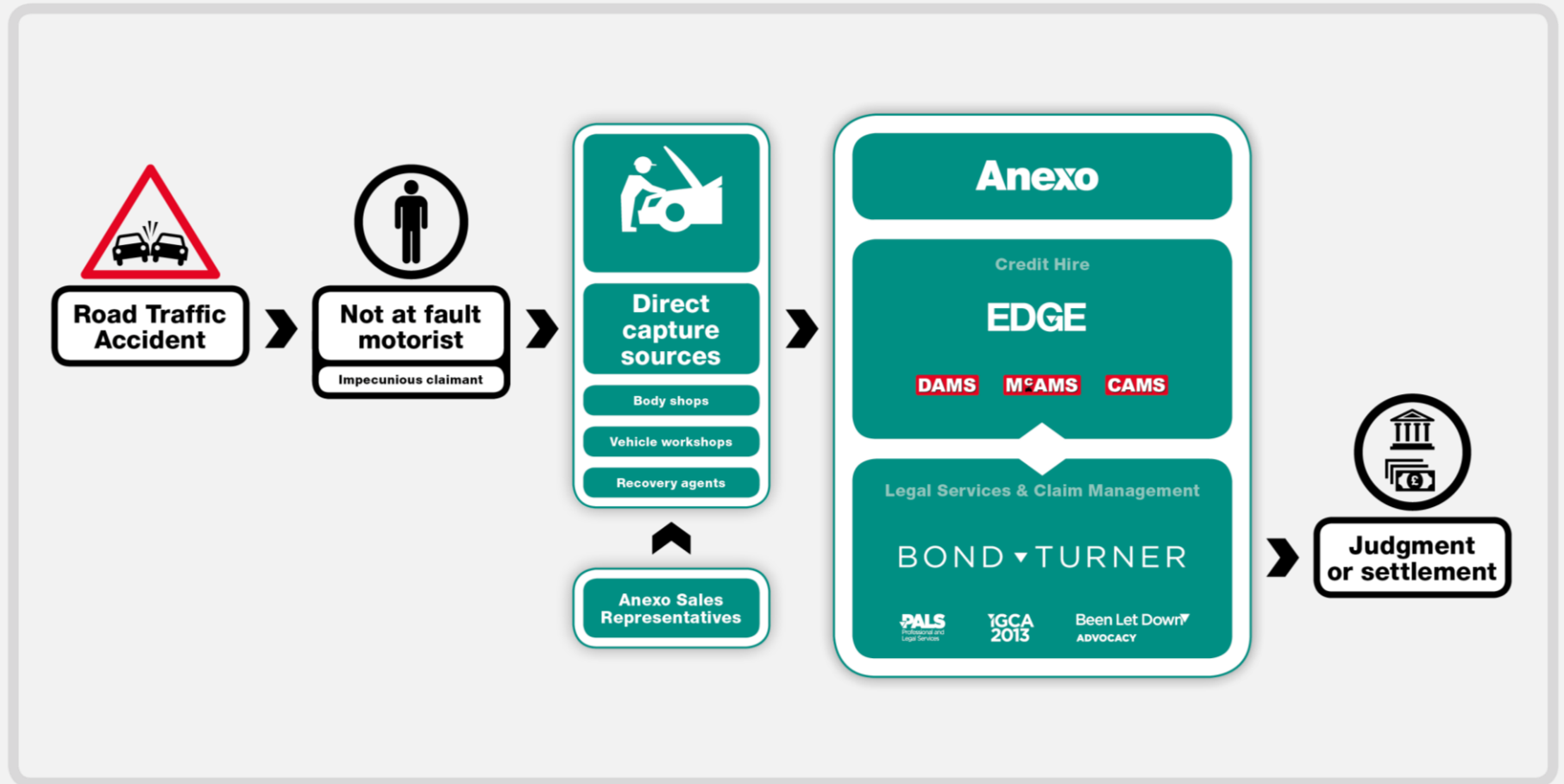
- Legal practice including:
 - Recovery of hire charges, repair from At Fault Insurer
 - PALS specialist reports
 - Personal Injury / IGCA
- Bond Turner acts on all claims generated by Edge
- Advocacy led by Alan Sellers

Anexo Group is an integrated legal services and credit hire business giving the Group a strong business model and competitive advantage

Two Different Insurance Processes



Anexo: The Direct Capture Model



Market Opportunity

**No. of Motor Vehicles
on the Road**



38.7 million¹

(Ministry of Transport)

**Total Road
Traffic Accidents**



700,000²

(Ministry of Justice)

**Total Credit
Hire 2014**



301,000

(CMA)

Anexo's opportunity:

2018: 12,200 RTA applications received & Anexo processed almost 6,000 of these claims

¹ End 2019

² PI Claims reported to the police (March 2018)

▼ Anexo's Differentiators

- Direct capture of customer from garages etc. – not from insurers / brokers
- Targeting the “impecunious” market: cars, motorcycles (couriers) and cycles
- 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



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