

Anexo Group plc
(‘Anexo’ or the ‘Group’)

Interim Results

“Strong post-lockdown recovery offers new opportunities for growth”

Anexo Group plc (AIM: ANX), the specialist integrated credit hire and legal services provider, is pleased to report Interim Results for the six months ended 30 June 2021 (‘H1 2021’ or the ‘period’). The Board is pleased to report that the Group continued its robust recovery throughout the gradual lifting of the third lockdown. Anexo has continued to invest in its business and the Board is confident in the outcome for FY 2021.

Financial Highlights

	H1 2021	H1 2020	Movement
Revenue	£48.3 million	£36.6 million	+31.9%
Operating profit	£10.4 million	£7.5 million	+38.5%
Profit before tax	£8.9 million	£6.3 million	+40.5%
Net assets	£117.8 million	£103.9 million	+13.3%
Cash collection	£56.7 million	£48.0 million	+18.1%
Basic EPS	6.1 pence	4.5 pence	+35.6%

- Operating profit increased by 38.5 per cent to £10.4 million (H1 2020: £7.5 million) as a result of improved cash collections driving fee income into legal services and increased opportunities within credit hire
- Net cash inflow from operating activities of £1.5 million (H1 2020: net cash inflow £6.2 million)
- Overall net cash outflow of £6.8 million (H1 2020: net cash inflow £2.4 million), of which financing activities accounted for £7.0 million of cash outflow (H1 2020: net cash inflow from financing of £3.8 million)
- Proposed interim dividend of 0.5p per share (H1 2020: 0.5p per share)
- Net debt balance at 30 June 2021 stood at £44.4 million (30 June 2020: net debt of £27.1 million, 31 December 2020: £40.5 million)
- The Board expects H2 2021 underlying profit before tax to continue to improve as cash collections grow, the number of cases settled in court increases following the reopening of courts in May 2021 for face-to face-hearings, and vehicle numbers continue to reach record levels

Operational Highlights

- Anexo continued its strong performance throughout the third lockdown and the subsequent four-stage easing ending in June 2021
- Vehicle numbers have increased strongly as overall traffic volumes have continued to recover to normal levels
- The number of Group vehicles on the road currently stands at 2,023 as at 7 September 2021
- Case settlements continued to rise despite court hearings in H1 2021 being largely held remotely via telephone or video conference
- Recruitment of high-quality legal staff has continued within the Group’s legal services division
- The Group is engaged in negotiations with its existing finance providers for an increase in its current debt facilities, which will allow it to take advantage of the opportunities presented in both the credit hire and legal services divisions

KPIs	H1 2021	H1 2020	Movement
Number of vehicles on hire at the period end	1,740	1,380	+26.1%
Average number of vehicles on hire for the period	1,461	1,286	+13.6%
Completed vehicle hires	4,081	2,953	+38.2%
Number of hire cases settled	2,924	2,622	+11.5%
Cash collections from settled cases (£'000s)	56,665	47,961	+18.1%
Number of new cases funded	4,208	3,025	+39.1%
Legal staff employed at period end	578	450	+28.4%
Number of senior fee earners at period end	175	137	+27.8%
Average number of senior fee earners	164	134	+22.4%

Commenting on the Interim Results, Alan Sellers, Executive Chairman of Anexo Group plc, said:

"I am pleased to report that the Group has performed robustly during the first half of the year, notwithstanding the considerable challenges posed by the COVID-19 pandemic. Business activity in both our credit hire and legal services divisions have recovered strongly. We continue to put record numbers of vehicles on the road and to maximise cash collections by carefully managing hire periods and increasing the overall number of case settlements.

"The rise in vehicle demand and our continued focus on cash collections provide an excellent opportunity to further implement the Group's fundamental growth strategy. Our existing finance providers have offered increased facilities, the details of which are currently being finalised. These will allow us to increase the deployment of our fleet and accelerate the number of new cases we take on, while enabling ongoing investment in high quality litigators; thereby ensuring we maintain the relationship between new business and settlement capacity which has been the focus of the Group since listing.

"Following the amicable cessation of exploratory takeover talks, DBAY Advisers Ltd retains a seat on the Board as a major supportive shareholder. We believe that our growth strategy offers the best possible opportunity to create significant value for all our shareholders. We remain committed to our stated dividend policy and we look to the future with confidence."

- Ends -

Results Conference Call

An analyst conference call will be held at 09:30 BST today, 13 September 2021. Retail investors will also be able to listen to the call but will not be eligible to ask questions. A copy of the Interim Results presentation is available at the Group's website: <https://www.anexo-group.com/>. Please contact Nick Dashwood Brown, Head of Investor Relations, at nick@anexo-group.com if you would like to join the call.

An audio webcast of the conference call with analysts will be available after 12:00 BST today on the Company's website: www.anexo-group.com

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Notes to Editors:

Anexo is a specialist integrated credit hire and legal services provider. The Group has created a unique business model by combining a direct capture Credit Hire business with a wholly owned Legal Services firm. The integrated business targets the impecunious not at fault motorist, referring to those who do not have the financial means or access to a replacement vehicle.

Through its dedicated Credit Hire sales team and network of over 1,100 active introducers around the UK, Anexo provides customers with an end-to-end service including the provision of Credit Hire vehicles, assistance with repair and recovery, and claims management services. The Group's Legal Services division, Bond Turner, provides the legal support to maximise the recovery of costs through settlement or court action as well as the processing of any associated personal injury claim.

The Group was admitted to trading on AIM in June 2018 with the ticker ANX.

For additional information please visit: www.anexo-group.com. To subscribe to our investor alert service and receive all press releases, financial results and other key shareholder messages as soon as they become available, please visit: <https://www.anexo-group.com/content/investors/alert.asp>.

Executive Chairman's Statement

On behalf of the Board, I am pleased to introduce Anexo's results for the six-month period ended 30 June 2021, a period during which the Group has shown a robust recovery from the restrictions imposed by the COVID pandemic. The increase in traffic levels following the easing of lockdown has led to record numbers of vehicles on the road, while increased case settlements within the legal services division have ensured a significant rise in cash collections.

The continuing demand for vehicles and the ongoing growth in staff levels within legal services combine to provide excellent opportunities for significant growth. The Board has considerable confidence in the prospects for H2 2021 and beyond.

H1 2021 Group Performance

Anexo has delivered a strong performance across all key Group financial metrics and KPIs over the first six months of the year, following a resilient performance during the COVID-19 related lockdowns. Group revenues in H1 2021 increased by 31.9 per cent to £48.3 million (H1 2020: £36.3 million) and profit before tax rose by 40.5 per cent to £8.9 million (H1 2020: £6.3 million).

Credit Hire Division

Demand for vehicles remained strong throughout the lockdown period and continued to increase steadily throughout the various stages of lockdown easing which began on 8 March 2021. The average number of vehicles on the road during H1 2021 reached 1,461 (H1 2020: 1,286), a 13.6 per cent increase on the prior year. The rising rate of the recovery in demand is illustrated by the number of vehicles on hire at the period end, which stood at 1,740 as at 30 June 2021, a rise of 26.1 per cent on the same date last year.

This increase led to growth in Credit Hire revenue of 27.1 per cent, rising from £20.7 million in H1 2020 to £26.3 million in H1 2021. Profit before tax in the Credit Hire division rose by 17.0 per cent to £7.97 million in H1 2021 (H1 2020: £6.81 million). Completed vehicle hires rose by 38.2 per cent to 4,081 in H1 2021 (H1 2020: 2,953). This increase has been supported by a number of new protocols with insurance companies and by ongoing investment in technology and staff within the Group's legal subsidiary, Bond Turner. Consequently, the average hire period in H1 2021 fell by 15.9 per cent to 69 days (H1 2020: 82 days).

The Group's active hire fleet currently divides into roughly one third cars and commercial vehicles and two thirds motorcycles. Further strategic investment in the fleet is likely to maintain this ratio. We seek to target the most valuable claims for the Group, which has the effect of improving individual claim performance and driving growth in revenues and profitability over and above the number of vehicles on the road.

Legal Services Division

The Group's longstanding policy is to grow its claim settlement capacity and consequently recruitment has continued throughout the lockdown period, including the opening of the Leeds office in Q1 2021. The number of senior fee earners employed at the end of H1 2021 rose by 27.8 per cent to 175 (H1 2020: 137) and the overall number of legal staff rose from 450 in H1 2020 to 578 in H1 2021, an increase of 28.4 per cent.

This investment has underpinned continued growth in cash collections, which rose 18.1% in H1 2021 to a total of £56.67 million (H1 2020: £47.96 million). Revenues from the Legal Services division, which strongly converts to cash, increased by 38.2 per cent to £22.01 million in H1 2021 (H1 2020: £15.92 million). Profit before taxation rose from £0.84 million in H1 2020 to £2.59 million in H1 2021, an increase of 209 per cent. The Group expects this revenue trend to continue as more of our staff reach maturity from a cash collection and settlement position.

The advocacy team continues to act on behalf of a number of individuals in the pursuit of a claim against Volkswagen AG (“VW”) and its subsidiaries (the “VW Emissions case”). Following a marketing campaign in FY 2020 conducted mainly via social media, the Group announced on 27 April 2021 that it was engaged in approximately 14,356 cases. Given the strong recovery in credit hire demand as the lifting of lockdown accelerated, the Board took the decision to concentrate its working capital on maximising fleet utilisation and corresponding capacity within the Legal Services division. Consequently there has been no marketing spend on the VW Emissions case in H1 2021 and the number of cases remains broadly unchanged. The Group anticipates further developments in the case during H2 2021.

Dividend

The Board is pleased to propose an interim dividend of 0.5p per share which will be paid on 22 October 2021 to those shareholders on the register at the close of business on 24 September 2021. The shares will become ex-dividend on 23 September 2021. The Board intends to maintain its stated dividend policy.

Trading Outlook

Current activity levels indicate a strong second half performance for the Credit Hire division. The number of vehicles on the road is consistently reaching record levels and, as of 7 September 2021, stands at 2,023. The outlook for the Legal Services division is also strongly positive, with case settlements and consequent cash collections set to increase as the courts re-open fully and the backlog of cases diminishes.

The Group’s finance providers have proposed increases in our debt facilities and the Board anticipates that agreements will be concluded shortly. Current market conditions offer significant opportunities and the Board believes that reaffirming its growth strategy will benefit both the Credit Hire and Legal Services divisions and contribute to the creation of value for all our shareholders. The Board looks to the second half of 2021 and beyond with renewed optimism.

Alan Sellers

Executive Chairman

13 September 2021

Consolidated Statement of Comprehensive Income
For the unaudited period ended 30 June 2021

	Note	Unaudited Half year ended 30-Jun-21 £'000s	Unaudited Half year ended 30-Jun-20 £'000s	Audited Year ended 31-Dec-20 £'000s
Revenue	2	48,316	36,625	86,752
Cost of sales		(10,668)	(7,560)	(18,800)
Gross profit		37,648	29,065	67,952
Depreciation & profit / loss on disposal		(3,809)	(3,163)	(6,571)
Amortisation		(65)	(44)	(92)
Administrative expenses		(23,171)	(18,044)	(42,581)
Operating profit before exceptional items		10,603	7,814	18,708
Share based payment charges		(236)	(329)	(658)
Non-recurring administrative expenses		-	-	-
Operating profit		10,367	7,485	18,050
Net financing expense		(1,456)	(1,141)	(2,562)
Profit before tax		8,911	6,344	15,488
Taxation		(1,810)	(1,374)	(3,173)
Profit and total comprehensive income for the year attributable to the owners of the company		7,101	4,970	12,315
Earnings per share				
Basic earnings per share (pence)		6.1	4.5	10.8
Diluted earnings per share (pence)		6.0	4.4	10.6

The above results were derived from continuing operations.

Consolidated Statement of Financial Position
Unaudited at 30 June 2021

		Unaudited 30-Jun-21 £'000s	Unaudited 30-Jun-20 £'000s	Audited 31-Dec-20 £'000s
Assets	Note			
Non-current assets				
Property, plant and equipment	3	2,217	1,788	2,187
Right-of-use assets		13,337	9,398	13,081
Intangible assets		238	191	234
Deferred tax assets		112	112	112
		15,904	11,489	15,614
Current assets				
Trade and other receivables	4	160,485	132,266	147,931
Corporation tax receivable		439	-	439
Cash and cash equivalents		1,418	11,211	8,220
		162,342	143,477	156,590
Total assets		178,246	154,966	172,204
Equity and liabilities				
Equity				
Share capital		58	58	58
Share premium		16,161	16,180	16,161
Share based payment reserve		1,935	1,370	1,699
Retained earnings		99,621	86,334	92,520
Equity attributable to the owners of the Group		117,775	103,942	110,438
Non-current liabilities	5			
Other interest-bearing loans and borrowings		3,029	2,021	3,681
Lease liabilities		7,382	5,576	8,945
Deferred tax liabilities		32	-	32
		10,443	7,597	12,658
Current liabilities	5			
Other interest-bearing loans and borrowings		28,781	26,528	31,294
Lease liabilities		6,619	4,204	4,753
Trade and other payables		9,108	7,726	9,505
Corporation tax liability		5,520	4,969	3,556
		50,028	43,427	49,108
Total liabilities		60,471	51,024	61,766
Total equity and liabilities		178,246	154,966	172,204

Consolidated Statement of Changes in Equity
For the unaudited period ended 30 June 2021

	Share capital £'000s	Share premium £'000s	Share based payment reserve £'000s	Retained earnings £'000s	Total £'000s
At 1 January 2021	58	16,161	1,699	92,520	110,438
Profit for the period and total comprehensive income	-	-	-	7,101	7,101
Issue of share capital	-	-	-	-	-
Share based payment charge	-	-	236	-	236
Dividends	-	-	-	-	-
At 30 June 2021	58	16,161	1,935	99,621	117,775
At 1 January 2020	55	9,235	1,041	81,365	91,696
Profit for the period and total comprehensive income	-	-	-	4,970	4,970
Issue of share capital	3	6,944	-	-	6,947
Share based payment charge	-	-	329	-	329
Dividends	-	-	-	-	-
At 30 June 2020	58	16,179	1,370	86,335	103,942
Profit for the period and total comprehensive income	-	-	-	7,345	7,345
Share based payments charge	-	-	329	-	329
Adjustment	-	(18)	-	-	(18)
Dividends	-	-	-	(1,160)	(1,160)
At 31 December 2020	58	16,161	1,699	92,520	110,438

Anexo Group Plc
Consolidated Statement of Cash Flows
For the unaudited period ended 30 June 2021

	Unaudited Half year ended 30-Jun-21 £'000s	Unaudited Half year ended 30-Jun-20 £'000s	Audited Year ended 31-Dec-20 £'000s
Cash flows from operating activities			
Profit for the year	7,101	4,970	12,315
Adjustments for:			
Depreciation and profit / loss on disposal	3,809	3,163	6,571
Amortisation	65	44	92
Financial expense	1,456	1,141	2,562
Taxation	1,810	1,374	3,173
	14,241	10,692	25,371
Working capital adjustments			
Increase in trade and other receivables	(12,577)	(4,611)	(20,686)
Increase in trade and other payables	(160)	137	1,588
Cash generated from operations	1,504	6,218	6,273
Interest paid	(1,335)	(965)	(2,422)
Tax repaid	154	(27)	(3,646)
Net cash from operating activities	323	5,226	205
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	448	476	853
Acquisition of property, plant and equipment	(497)	(512)	(223)
Investment in intangible fixed assets	(70)	(59)	150
Receipt of directors loan receivable	-	-	415
Net cash from investing activities	(119)	(95)	895
Cash flows from financing activities			
Net proceeds from the issue of share capital	-	6,947	6,929
Proceeds from new loans	908	3,324	12,924
Dividends paid	-	-	(1,160)
Repayment of borrowings	(4,171)	(3,170)	(6,257)
Lease payments	(3,743)	(3,291)	(7,586)
Net cash from financing activities	(7,006)	3,810	4,850
Net increase / (decrease) in cash and cash equivalents	(6,802)	8,941	5,950
Cash and cash equivalents at 1 January	8,220	2,270	2,270
Cash and cash equivalents at period end	1,418	11,211	8,220

Anexo Group Plc
Notes to the Interim Statements
For the unaudited period ended 30 June 2021

1. Basis of preparation and significant accounting policies

The condensed consolidated financial statements are prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'.

The information for the year ended 31 December 2020 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on these accounts was not qualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The condensed unaudited financial statements for the six months to 30 June 2021 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

The condensed consolidated financial statements have been prepared under the going concern assumption.

The Directors have assessed the future funding requirement of the Group, and have compared them to the levels of available cash and funding resources. The assessment included a review of current financial projections to December 2022. Having undertaken this work, the Directors are of the opinion that the Group has adequate resources to finance its operations for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the Interim Report.

2. Segmental Reporting

The Group's reportable segments are as follows:

- the provision of credit hire vehicles to individuals who have had a non-fault accident, and
- associated legal services in the support of the individual provided with a vehicle by the Group and other legal service activities, and
- investment in the Volkswagen class action, and
- Group and central costs.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Half year ended 30 June 2021

	Credit Hire £'000s	Legal Services £'000s	VW Class Action £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues					
Third party	26,306	22,010	-	-	48,316
Total revenues	26,306	22,010	-	-	48,316
Profit before taxation	7,970	2,590	(477)	(1,172)	8,911
Net cash from operations	284	1,213	(477)	(697)	323
Depreciation	3,138	736	-	-	3,874
Segment assets	130,723	46,807	-	716	178,246
Capital expenditure					
Segment liabilities	37,681	20,224	2,351	215	60,471

Half year ended 30 June 2020

	Credit Hire £'000s	Legal Services £'000s	VW Class Action £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues					
Third party	20,702	15,923	-	-	36,625
Total revenues	20,702	15,923	-	-	36,625
Profit before taxation	6,812	837	(689)	(616)	6,344
Net cash from operations	4,553	1,931	(689)	(569)	5,226
Depreciation	2,802	405	-	-	3,207
Segment assets	107,511	44,363	-	3,092	154,966
Capital expenditure	1,657	324	-	-	1,981
Segment liabilities	29,905	18,813	2,022	284	51,024

Year ended 31 December 2020

	Credit Hire £'000s	Legal Services £'000s	VW Class Action £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues					
Third party	51,591	35,161	-	-	86,752
Total revenues	51,591	35,161	-	-	86,752
Profit before taxation	17,892	2,817	(2,906)	(2,314)	15,488
Net cash from operations	(15)	3,287	(2,906)	(161)	205
Depreciation	5,492	1,173	-	-	6,665
Segment assets	125,055	45,789	-	1,360	172,204
Capital expenditure	4,238	900	-	-	5,138
Segment liabilities	39,521	16,886	2,251	3,108	61,766

3. Property, Plant and Equipment

	Property Improvement £'000s	Fixtures Fittings & Equipment £'000s	Right of Use assets £'000s	Office Equipment £'000s	Total £'000s
Cost or valuation					
At 1 January 2020	453	1,781	17,176	787	20,197
Additions	23	289	2,982	52	3,346
Disposals	-	-	(1,570)	-	(1,570)
At 30 June 2020	476	2,070	18,588	839	21,973
Additions	16	605	7,194	39	7,854
Adjustment / Disposals	-	-	(1,089)	-	(1,089)
At 31 December 2020	492	2,675	24,693	878	28,738
Additions	-	287	4,213	57	4,557
Disposals	-	-	(6,084)	-	(6,084)
At 30 June 2021	492	2,962	22,822	935	27,211
Depreciation					
At 1 January 2020	273	460	7,319	651	8,703
Charge for year	16	177	3,085	20	3,298
Eliminated on disposal	-	-	(1,214)	-	(1,214)
At 30 June 2020	289	637	9,190	671	10,787
Charge for the year	8	222	3,248	31	3,509
Adjustment / disposals	-	-	(826)	-	(826)
At 31 December 2020	297	859	11,612	702	13,470
Charge for the year	13	270	3,560	31	3,874
Adjustment / disposals	-	-	(5,687)	-	(5,687)
At 30 June 2021	310	1,129	9,485	733	11,657
Carrying amount					
At 30 June 2021	182	1,833	13,337	202	15,554
At 31 December 2020	195	1,816	13,081	176	15,268
At 30 June 2020	187	1,433	9,398	168	11,186

4. Trade and Other Receivables

	Jun-21	Jun-20	Dec-20
	£'000s	£'000s	£'000s
Trade receivables - gross claim value	289,030	234,390	262,575
Settlement adjustment on initial recognition	(140,903)	(108,875)	(121,967)
Provision for impairment of trade receivables	(19,108)	(18,416)	(21,016)
Net trade receivables	129,019	107,099	119,592
Accrued income	30,258	23,826	27,100
Prepayments	1,093	526	596
Other debtors	95	815	643
	160,465	132,266	147,931

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note.

Trade receivables stated above include amounts due at the end of the reporting period for which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has been no significant change in credit quality.

5. Borrowings

	Jun-21	Jun-20	Dec-20
	£'000s	£'000s	£'000s
Non-current loans and borrowings			
Other borrowings	3,029	2,021	3,681
Lease liabilities	7,382	5,576	8,945
	10,411	7,597	12,626
Current loans and borrowings			
Invoice discounting facility	15,449	17,320	16,341
Revolving credit facility	8,000	8,000	8,000
Other borrowings	5,332	1,208	6,953
Lease liabilities	6,619	4,204	4,753
	35,400	30,732	36,047

Direct Accident Management Limited uses an invoice discounting facility which is secured on the trade receivables of that company. Security held in relation to the facility includes a debenture over all assets of Direct Accident Management Limited dated 11 October 2016, extended to cover the assets of Anexo Group Plc and Edge Vehicles Rentals Group Limited from 20 June 2018 and 28 June 2018 respectively, as well as a cross corporate guarantee with Professional and Legal Services Limited dated 21 February 2018.

In July 2020 Direct Accident Management Limited secured a £5.0 million loan facility from Secure Trust Bank Plc, under the Government's CLBILS scheme. The loan was secured on a repayment basis over the three year period, with a three month capital repayment holiday, £2.0 million of which was to be paid as a final instalment.

Direct Accident Management Limited is also party to the number of finance leases which are secured over the respective assets funded.

The revolving credit facility is secured by way of a fixed charge dated 26 September 2019, over all present and future property, assets and rights (including uncalled capital) of Bond Turner Limited. The loan is structured as a revolving credit facility which is committed for a three-year period, until 27 September 2022, with no associated repayments due before that date. Interest is charged at 3.25% over LIBOR.

In July 2020 Anexo Group Plc secured a loan of £2.1m from a specialist litigation funder to support the investment in marketing costs associated with the VW Emissions Class Action. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity at the earlier of settlement of the claim and receipt of the proceeds or three years from the date of receipt of funding. In addition to the interest charges the loan attracts a share of the proceeds to be determined by reference to the level of fees generated for the Group.

- Ends -