For immediate release **29 June 2020**

Anexo Group plc
('Anexo' or the 'Group')

Final Results

"Record results in line with expectations; increased capacity leading to strong cash generation"

Anexo Group plc (AIM: ANX), the specialist integrated credit hire and legal services provider, announces its final results for the year ended 31 December 2019 (the 'period' or 'FY 2019').

Financial Highlights

- Revenue increased by 39% to £78.5 million (2018: £56.5 million)
- Operating profit reported at £24.6 million (2018: £15.4 million), an increase of 60%
- Adjusted[1] operating profit before exceptional items in line with market expectations, rising by 47% to £25.2 million (2018: £17.2 million)
- Adjusted[1] operating profit margin increased to 32.2% (2018: 30.4%)
- Profit before tax of £22.4 million (2018: £14.3 million), an increase of 57%
- Adjusted[1] profit before tax and exceptional items increased to £23.1 million, (2018: £16.1 million), an increase of 43%
- Adjusted[2] basic EPS at 17.0 pence (2018: 12.0 pence)
- Proposed final dividend of 0.5p per share giving a total dividend for the year of 1.5 pence per share (2018: 1.5 pence per share)
- Net assets reported at £91.7 million (2018: £75.8 million) representing an increase of 21%
- Significant reduction in net cash outflows from operating activities which reached £0.8 million in 2019 (2018: net cash outflow: £7.9 million)
- Net debt balance at 31 December 2019 was £27.7 million (31 December 2018: £17.3 million)

Note: The basis of preparation of the consolidated financial statements for the current and previous year is set out in the Financial Review.

1. Adjusted operating profit and profit before tax: excludes the costs of Admission to AIM in 2018 and share-based payment charges in 2018 and 2019. A reconciliation to reported (IFRS) results is included in the Financial Review.
2. Adjusted EPS: adjusted PBT less tax at statutory rate divided by the number of shares on a pro forma basis, i.e. assuming that the number of shares in issue immediately post-IPO were in issue through the entire comparative period.

Financial and Operational KPIs

- During 2019 the Group has seen significant improvements in a number of key performance measures (detailed below). These have resulted in a significant reduction in the level of cash absorbed by the Group in the second half versus the first half of the year. Despite this reduction in cash consumption, the number of claims instigated during the period increased from 3,392 in H1 2019 to 3,567 in H2 2019. The Group's investment in the number of senior fee earners also increased, rising from 89 at the end of 2018 to 109 at the end of H1 2019 and reaching 127 at the end of 2019.
- Most notably the number of cases settled increased during 2019 as the Group's investment in legal staff started to bear fruit. Cases settled rose from 2,066 in H1 2019 to 2,872 in H2 2019 (an increase of 39.0%). The Group anticipates further growth in 2020 as the case portfolio of the new recruits matures.

KPI's	2019	2018	% movement
Total revenues (£'000s)	78,510	56,505	+38.9%
Gross profit (£'000s)	62,807	40,337	+55.7%
Adjusted operating profit * (£000's)	25,250	17,169	+47.1%
Adjusted operating profit margin* (%)	32.2%	30.4%	+5.9%
Vehicles on hire at the year-end (no)	1,308	1,531	-14.6%
Average vehicles on hire for the year (no)	1,454	1,155	+25.9%
Number of hire cases settled	4,938	3,710	+33.1%
Cash collections from settled cases (£'000s)	84,140	58,100	+44.8%
New cases funded (no)	6,959	5,930	+17.4%
Senior fee earners at period end (no)	127	89	+42.7%
Average number of senior fee earners (no)	111	76	+46.1%

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

"I am pleased to report another year of financial and operational progress across Anexo as our focus on driving cash generation yields positive results. In 2019 we successfully grew our high quality legal team, allowing us to increase the number of cases settled and improve the working capital position of the Group.

"Our core business continues to be focused on the ever-increasing opportunities identified in the UK credit hire market, but the Board is also optimistic about the future outcome of our specialist advocacy team's work on behalf of claimants in the VW emissions case, particularly with the support of the additional funding provided by the Group's Placing in May 2020.

"We started the year well with high levels of cash collection continuing, and the Board is pleased to confirm that in the first four months of the year our credit hire operation was net cash positive. This is a key milestone for the Group. Looking forward, we are also conscious of the future uncertainty shaped by the current COVID-19 pandemic. Both our business divisions have remained fully operational throughout the past few months and the Group has demonstrated considerable resilience. Nevertheless, we continue to believe it is too early to provide forward looking financial guidance at this time.

"The Board remains confident of the Group's capacity for organic growth and, given the resilience of our business and our strong financial position, believes Anexo is well positioned to weather the current storm and deliver near-term profitable growth to our shareholders. The Board is delighted to propose a dividend of 0.5p."

Analyst Briefing

A conference call for analysts will be held at 10.30am today, 29 June 2020. A copy of the Final Results presentation is available at the Group's website: https://www.anexo-group.com/

An audio webcast of the conference call with analysts will be available after 12pm today:

https://webcasting.buchanan.uk.com/broadcast/5ee2345d5e278421d06982b7

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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 1,100 plus 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

Chairman's Statement

On behalf of the Board, I am pleased to report another year of strong financial and operational performance from the Group. These results reflect our emphasis on driving cash generation through increased case settlements and more efficient use of working capital. We believe that our expanded platform provides the Group with excellent prospects for 2020 and beyond.

Group Performance

Anexo delivered a record performance across all key Group financial metrics and KPIs in 2019. Trading continued strongly throughout the year and has exceeded initial expectations. Both the Credit Hire and Legal Services divisions performed robustly, generating high levels of revenue growth. As a result, Group revenues in 2019 increased by 38.9% to £78.5 million (2018: £56.5 million) and adjusted profit before tax for the period increased by 43% to £23.1 million (2018: £16.1 million). This adjusted profit before tax figure is in line with current market expectations following a series of upgraded forecasts during the course of the year.

2019 was always intended to be a year in which we invested in the Legal Services division, whilst restraining growth within the Credit Hire division. Implementation of this strategy has contributed to a significant reduction in the level of cash absorption during 2019. This reduced from £7.0 million in the first half of the year to £1.5 million in the second half. We were particularly pleased with our performance in the second half as during that period we invested c£1.0 million in engaging with prospective claimants in the VW emissions case, part of a global class action which is likely to develop further during the course of this year. When this investment is excluded, the Group has reached the landmark inflexion point from cash absorption to cash generation within our core business, an achievement of which the Board is very proud.

Credit Hire division

Following the Group's listing in June 2018, a portion of the funds raised at IPO was used to expand the fleet. Since then, focus has been primarily on expanding the legal services business with the aim of driving the Group towards increased cash generation. As part of this strategy, growth in the credit hire fleet has been restrained and consequently the number of vehicles on hire reduced during 2019, reaching 1,308 at the end of 2019, a reduction of 223 or 14.6% on the prior year. The cap on investment in fleet expansion has had the effect of reducing the level of cash settlements required to reach an inflexion point and result in net cash generation.

Given the fleet increase during 2018 and therefore an increase in the average fleet over the year compared to 2018, Credit Hire revenue increased by 40.9%, rising from £34.0 million in 2018 to £48.0 million in 2019. Profit before tax in the Credit Hire division rose by 64% to £17.9 million (2018: £10.9 million). The Group continues to monitor its fleet size and retains the capacity to respond quickly and deploy additional vehicles according to the Group's strategic priorities.

Legal Services division

As previously noted, 2019 was largely focused on developing capacity within Bond Turner, our legal services business. The expanded capacity at Bond Turner has been supported by the opening of the Bolton office in December 2018. Recruitment in Bolton has progressed better than expected, both in terms of the number and quality of the highly skilled and experienced litigators we have been able to recruit. In fact, the level of quality recruitment exceeded initial expectations and we have now taken a second floor in Bolton to allow the Group to continue the investment in staff. As a result, we have increased the number of senior fee earners within the Group from 89 at the end of 2018 to 127 at 31 December 2019, an increase of almost 43% during the year.

As announced post-period end in January 2020, following the extremely successful opening of the Bolton office, the Group intends to open a new office in Leeds. Significant additional investment is planned during 2020, further enhancing the settlement capacity of the Group and ultimately the level of cash recovered from our significant portfolio of cases. In addition to increasing legal capacity to further settlement rates, the Group has invested in other cases where we have identified opportunities to utilise Bond Turner's expertise. One of these opportunities has resulted in an investment of c£935,000 in 2019 into the VW emissions claims case. This is a developing class action being heard globally with significant progress towards resolution expected in late 2020 or early 2021. We note that whilst we have invested significant value into the generation and management of those claims, all costs have been written off as incurred in line with our conservative income recognition policies.

Revenues for the Legal Services division, which strongly converts to cash, showed an increase of 35.9%, reaching £30.5 million in 2019 (2018: £22.5 million). Notwithstanding the significant investment made during 2019 in staff, property and IT infrastructure, profit before tax increased slightly to £5.9 million in 2019 (2018: £5.9 million). The Board considers this an excellent achievement, given these circumstances. The Board is pleased to report that during 2019 the Group secured a comprehensive protocol agreement with a major insurer, which establishes parameters around specific settlement terms and timelines.

VW Emissions Case
A specialist team within the Group's Legal Services division is acting on behalf of a number of individuals who have registered their intention to pursue a claim against Volkswagen AG ("VW") and its subsidiaries (the "VW Emissions case"). The Group is currently actively engaged on approximately 8,000 cases following a limited marketing campaign in late 2019 which was predominantly conducted through social media channels, the costs of which have been written off as incurred.

The Board believes that, in the event of a settlement, the percentage of potential damages and associated costs accruing to the Group would have a significant positive impact on the Group's expectations for profits and cash flow for the relevant accounting period. Any revenue from a settlement would be unlikely to accrue until FY2021 at the earliest. There is no certainty that a settlement in favour of the Group's clients will be reached, nor is there any guarantee that such a settlement would include financial compensation. The Board believes that there is an opportunity to increase significantly the number of claims handled through investment in a further targeted marketing campaign, as well as additional staff to process these leads, which would lead to a significantly larger return in the event of a successful settlement. Further investment is planned in 2020 to enhance the number of clients for whom the Group is engaged.

Dividends
The Board is pleased to propose a final dividend of 0.5p per share which, if approved at the Annual General Meeting to be held on 22 July 2020, will be paid on 21 August 2020 to those shareholders on the register at the close of business on 31 July 2020. The shares will become ex-dividend on 30 July 2020. An interim dividend of 1.0 penny per share was paid on 23 October 2019 and that combined with the final dividend takes the total dividend for the year to 1.5 pence per share (2018: 1.5 pence per share).

Corporate Governance
Anexo values corporate governance highly and the Board believes that effective corporate governance is integral to the delivery of the Group's corporate strategy, the generation of shareholder value and the safeguarding of our shareholders' long-term interests.

As Chairman, I am responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role. The Board is responsible for the Group's strategic development, monitoring and achievement of its business objectives, oversight of risk and maintaining a system of effective corporate governance. I will continue to draw upon my experience to help ensure that the Board delivers maximum shareholder value.

Our employees and stakeholders
The strong performance of the Group reflects the dedication and quality of the Group's employees. We rely on the skills, experience and commitment of our team to drive the business forward. Their enthusiasm, innovation and performance remain key assets of the Group and are vital to its future

success. On behalf of the Board, I would like to thank all of our employees, customers, suppliers, business partners and shareholders for their continued support over the last year.

COVID-19 Update

The health and wellbeing of our people and clients is paramount, and steps have been taken to allow our staff to be able to work on an agile basis in order to follow social distancing, lockdown and self-isolation measures and to mitigate the impact on client service.

Bond Turner, the Group's Legal Services division, has moved most of its staff to remote working and continues to be fully operational. The progression and settlement of cases is being aided by moves from the Ministry of Justice (MoJ), supported by the Judiciary, to allow the remote operation of courts through online and telephone hearings.

Within EDGE, the Group's Credit Hire division, vehicles continue to be delivered and collected by staff who are protected in line with government guidelines. All returned vehicles are valeted as a matter of course before being allocated to a new customer and comprehensive cleaning procedures are being rigorously enforced.

The Group's operations are categorised as essential businesses and as such are exempted from current government restrictions. Its businesses supply and service a broad range of customers who are involved in a non-fault accident and who would otherwise be unable to access the mobility they need. Among these, the Group provides replacement vehicles to many key workers, including couriers (who are increasingly active during the current circumstances) and other customers such as doctors, nurses, schoolteachers, nursery staff, emergency workers and supermarket personnel.

Current Trading and Outlook

Following the decision to drive an increase in case settlements relative to new cases and thus achieve an increase in cash collections, the Board is pleased to confirm that cash collections have continued to grow and that the credit hire operation has been net cash generative for the first four months of 2020. This milestone has been achieved as a direct consequence of the Board's strategy in 2019 to focus on investment in the legal services division and to hold back growth in credit hire numbers to support the transition to cash generation. As announced on 28 January 2020, monthly cash collections during H2-2019 consistently exceeded the levels achieved in H1-2019, and the Board is pleased to announce that monthly cash collections for the first four months of 2020 have continued this pattern.

Group trading for FY-2020 to date has been impacted to some extent by the effects of COVID-19 as the number of vehicles on the road declined immediately post lockdown and we saw a reduction in cash collections as our legal staff transitioned to working from home. However, the results for the first four months of FY-2020 have been in line with revised management expectations. As the lockdown has been gradually lifted and our legal staff have become more used to working from home activity levels within the Credit Hire division and cash collections have been increasing. Nonetheless, there must remain uncertainty as to the eventual impact over an extended period of time. Whilst there will inevitably be fewer vehicles on the road whilst government restrictions remain in place, key workers (who form a significant proportion of the Group's customers) and other road users will continue to require the services of the Group. The Group's policy of driving cash generation remains a key focus and the progression of its significant caseload portfolio by litigators within Bond Turner is being fully maintained following the successful transition to remote working.

The current situation is unprecedented and the overall economic impact is currently unknown. While the Board is encouraged by the resilience shown by the Group and its employees to date, the impact on FY-2020 cannot as yet be fully assessed. Accordingly, the Board believes it would be inappropriate to provide forward looking financial guidance to investors and analysts at this time.

The Group has a strong balance sheet with a conservative gearing level and good liquidity which have been recently improved following the successful placing of 6.0 million new ordinary shares raising £7.5 million for the Company before expenses. The Group has headroom within its funding facilities, which include a revolving credit facility of £8.0 million with HSBC Bank plc and an invoice discounting facility of £18.5 million with Secure Trust Bank plc. The Group has recently secured a £2.1 million lending facility from a litigation funder to support the proposed investment in the VW emissions case as well as a term loan from Secure Trust Bank plc of £5.0 million under the government backed CBILS scheme to further enhance headroom.

With the lockdown being gradually relaxed, vehicles on the road rising and efficiencies improving as the legal teams become more accustomed to home working practices, the Board remains confident that the Group is in a strong financial position and is well placed to weather the current worldwide uncertainty and to take advantage of further opportunities in a more stable future environment.

Alan Sellers
Executive Chairman
29 June 2020

Financial Review

Basis of Preparation

As previously reported, Anexo Group Plc was incorporated on 27 March 2018 and acquired its subsidiaries on 15 June 2018, then being admitted to AIM on 20 June 2018 (the 'IPO'). In order to provide an understanding of the trading performance of the Group, comparative numbers have been presented on a basis consistent with the Group being fully incorporated throughout 2018 and 2019. Further details are included within the accounting policies.

In addition, to provide comparability across reporting periods, the results within this Financial Review are presented on an "underlying" basis, adjusting for the £1.4 million cost of the IPO transaction, the £0.4 million charge recorded for share-based payments in 2018 and the £0.7m charge for share-based payments in 2019.

A reconciliation between underlying and reported results is provided at the end of this Financial Review. This Financial Review also incorporates and constitutes the Strategic Report of the Group.

New Accounting Standards

A new accounting standard has been issued, IFRS 16 Leases, which replaced IAS 17 Leases, effective from 1 January 2019. The new standard has fundamentally altered the classification and measurement of operating leases for lessees, removing the distinction between operating and finance leases. The standard has been adopted in the consolidated financial statements for the first time.

A reconciliation between the reported results for the year ended 31 December 2019, having been adjusted for IFRS 16, and before the adjustment is provided at note 28 of the Annual Report. As the Group has applied the modified retrospective approach there are no adjustments to the results reported for the year ended 31 December 2018, which continue to be reported under IAS 17.

Revenue

In 2019 Anexo successfully increased revenues across both its divisions, Credit Hire and Legal Services, resulting in Group revenues of £78.5 million, representing a 38.9% increase over the prior year (2018: £56.5 million).

During 2019 EDGE, the Credit Hire division, provided vehicles to 7,182 individuals (2018: 5,215) an increase of 37.7%. Much of this growth has arisen within the motorcycle division of our business, which operates under the McAMS brand name. Following the strategic decision to expand this division, the number of motorcycle claims increased from 2,923 in 2018 to 4,475 in 2019, an increase of 1,552 (53.0%). As part of our continued investment in the motorcycle community, our sponsorship of the McAMS Yamaha team in the British Superbike Championship continued into 2019. The McAMS strategy reflects the fact that, on average, a motorcycle claim has a take-on cost significantly less than that of a car, allowing the Group to deploy its resources into the most valuable claims, growing revenues whilst preserving working capital.

This strategy resulted in revenues for the Credit Hire division increasing to £48.0 million in 2019, an increase of 40.9% over 2018 (£34.0 million).

Having invested heavily in fleet and infrastructure in 2018, the focus for 2019 has been primarily on cash collection. Investment within the Legal Services division in senior staff and property has had a significant impact on the financial performance of the division. Revenue growth within the Legal Services division in 2019 reached 35.9%, with revenues rising from £22.5 million in 2018 to £30.5 million.

Expansion of headcount in Bond Turner has been critical to increasing both revenues and cash settlements within the Group and the opening of the Bolton Office in December 2018 provided a crucial platform for growth in both factors. By the end of December 2018, we employed 267 staff in Bond Turner, of which 89 were senior fee earners. This figure rose to 442 staff at the end of December 2019, including 127 senior fee earners (an increase of 42.7%), significantly improving cash collections. We expect this trend to continue into 2020 reflecting our business model and collection timeline.

Gross Profits

Gross profits are reported at £62.8 million (at a margin of 80.0%) in 2019, increasing from £40.3 million in 2018 (at a margin of 71.4%). Of the reported year on year increase (£22.5 million or 55.7%), some £3.5 million is the result of IFRS 16, where the costs associated with the vehicle fleet are included within cost of sales in 2018 but replaced with a depreciation charge and interest cost in 2019. Excluding this adjustment, the gross profit for 2019 would have been £59.3 million (at a margin of 75.5%), a level above that of 2018.

It should be noted, furthermore, that staffing costs within Bond Turner are reported within Administrative Expenses. Consequently, gross profit within Bond Turner is in effect being reported at 100%.

Gross profits for the Credit Hire division reached £34.3 million in 2019 (at a margin of 71.4%) rising from £19.9 million in 2018 (at a margin of 58.5%). The increase reflects the impact of IFRS 16 (margin would have been 64.0% pre IFRS 16), reflecting both our strategy for claims acceptance which seeks to maximise value from our available working capital facilities, as well as savings achieved within our fleet insurance premiums.

Operating Costs

Administrative expenses before exceptional items increased year-on-year, reaching £31.0 million in 2019 (2018: £21.6 million), an increase of £9.3 million (43.2%). This reflects the continued investment in staffing costs within Bond Turner to drive settlement of cases and cash collections. Staffing costs increased to £13.5 million (2018: £8.7 million), an increase of £4.8 million. The balance of the increase reflects investment in marketing, staff and infrastructure to allow the Group to meet its growth aspirations, as well as its requirements and responsibilities as a PLC.

EBITDA

Adjusted EBITDA reached £31.9 million in 2019, increasing from £18.7 million in 2018 (70.6%). The result, as previously announced, was ahead of initial management expectations and in line with recent market forecasts. EBITDA, as with gross profit, is also impacted by IFRS 16 and in order to provide a direct comparison between 2018 and 2019 we have provided a complete reconciliation of the primary statements in the Annual Report, which highlights the impact of IFRS 16 on the reported results. Excluding the adjustments for IFRS 16 adjusted EBITDA for 2019 would be £27.6 million.

To provide a better guide to the underlying business performance, adjusted EBITDA excludes share-based payment charges, professional and other costs charged to the profit and loss account along with depreciation, interest and tax from the measure of profit.

The GAAP measure of the profit before interest and tax was £24.6 million (2018: £15.4 million) reflecting the non-cash share-based payment charge of £0.7 million (2018: £0.4 million) as well as the professional and other fees arising from the listing in 2018 (£1.4 million). Where we have provided adjusted figures, they are after the add-back of these two items and a reconciliation of the underlying and reported results is included on page 22 of the Annual Report.

EPS and Dividend

Statutory basic EPS is 16.4 pence (2018: 10.4 pence). Statutory diluted EPS is 16.0 pence (2018: 10.2 pence). The adjusted EPS is 17.0 pence (2018: 12.0 pence). The adjusted diluted EPS is 16.6 pence (2018: 11.8 pence). The adjusted figures exclude the effect of share-based payments and the fees associated with the listing in 2018. The detailed calculation in support of the EPS data provided above is included within Note 4.

A final dividend of 0.5p per share has been recommended by the Board (2018: 1.5 pence) giving a total dividend for 2019 of 1.5 pence, having paid a dividend of 1.0 penny on 23 October 2019. This dividend, if approved at the Annual General Meeting to be held on 22 July 2020, will be paid on 21 August 2020 to those shareholders on the Register at the close of business on 31 July 2020.

Group Statement of Financial Position

The Group's net assets position is dominated by the balances held within trade and other receivables. These balances include credit hire and credit repair debtors and disbursements paid in advance, and support of ongoing claims. The value of the receivables totalled £220.5 million in 2019, rising from £165.2 million in 2018. In accordance with our income recognition policies, provision is made to reduce the carrying value to recoverable amounts, being £101.0 million and £76.0 million respectively, an increase of 33.2%. This increase reflects the recent trading activity and strategy of the Group and is in line with management expectations. The increase has been primarily funded from the significant increase in cash collections seen year on year.

In addition, the Group has a total of £24.4 million reported as accrued income (2018: £22.5 million) which represents the value attributed to those ongoing hires and claims.

Further investment has been made in 2019 into the motorcycle fleet as well as the fit out of the two floors at the new Bolton office, with total fixed asset additions totalling £3.1 million in 2019 (2018: £3.5 million). The fleet continues to be partly financed with hire purchase. The application of IFRS 16 has impacted the Group's Statement of Financial Position, resulting in the recognition of right of use assets of £7.8 million at the end of 2019 along with associated lease liabilities of £8.2 million, the net impact on net assets being £0.3 million.

Trade and other payables, including tax and social security increased to £7.9 million compared to £7.2 million at 31 December 2018, an increase of 9.0% as additional cash receipts have been utilised to reduce short term payables.

Net assets at 31 December 2019 reached £91.7 million (2018: £75.8 million).

Cash Flow

During 2018, the Group utilised the funds raised from the AIM listing, alongside increases in debt facilities, to take advantage of the opportunities in the market and increase the number of vehicles on the road. 2019 has seen a shift in focus to cash generation, as the Group has held back on growth within the Credit Hire division and focussed investment on the Legal Services division where we have seen a significant investment in the number of senior staff engaged to settle cases and recover cash for the Group. The number of senior fee earners increased from 89 to 127 during 2019 (an increase of 42.7%) and continues to rise. The Group's success in recruiting high quality staff, which significantly exceeded management expectations, led to the leasing of a further floor (approximately 10,000 square feet) within the Bolton office in October 2019.

Cash collections for the Group (and excluding settlements for our clients), a key metric for the Group, increased from £58.1 million in 2018 to £84.1 million in 2019, an increase of 44.8%. This is a significant improvement, given the fact that many of the new recruits will not reach settlement maturity until 2020, at which point it is anticipated that the real financial benefits to the Group will come through.

The number of vehicles on the road was strategically managed during 2019 so as to preserve working capital, the focus being on securing the most attractive and profitable claims for the Group whilst minimising take-on costs. Consequently, the number of vehicles on the road fell during 2019 from 1,531 to 1,308. Average overall vehicle numbers were, however, higher in 2019, reaching 1,454 (2018: 1,155), contributing to the strong performance of the Credit Hire division.

With the focus firmly on cash collections in 2019, the Group reported a significant reduction in the level of net cash outflow from operating activities, reducing to only £0.8 million (2018: Cash outflow £7.9 million). The investment made into new cases across both the Credit Hire and Legal Services divisions absorbed a net £26.3 million of funds in 2019 (2018: £20.9 million), this year on year increase being countered by the increased level of cash collections.

With a net cash outflow of £4.8 million resulting from financing activities (2018: new cash inflow of £11.7 million following the listing in that year), the Group has reported a net cash outflow in 2019 of £8.5 million (2018: net cash inflow of £0.5 million).

The improvement not only improved year on year but during 2019, we have reported a significant reduction in the level of cash absorbed by the Group in the second half versus the first half of the year. This improvement is after an increase in the number of hire claims invested in during the period, (HY1 2019: 3,392, HY2 2019: 3,567) and further investment in the number of senior fee earners which rose from 89 at the end of 2018 to 109 at the end of HY1 2019 and to 127 at the end of 2019.

Most notably the number of hire cases settled increased during 2019 as our investment in legal staff started to pay dividends (we anticipate further growth in 2020 as the case portfolio of the new recruits matures), rising from 2,066 in HY1 2019 to 2,872 in HY2 2019 (an increase of 39.0%).

These movements have contributed to the significant steps we have made during 2019 and as a result the level of cash absorption reduced from £7.0 million in the first half of the year to £1.5 million in the second half of the year. Cash collections increased from £36.6 million to £47.5 million, an increase of 30% between the first and second half of 2019. This performance in the second half was even more pleasing as we invested c£935,000 into the VW emissions scandal case. Excluding this investment, the Group has reached the inflexion point from cash absorption to cash generation, the target we set ourselves for the year.

Net Debt, Cash and Financing

Cash balances reduced during 2019 and at 31 December 2019 reached £2.3 million (2018: £5.5 million), reflecting the continued investment into the Group case portfolio and settlement capacity.

Borrowings increased during the year to fund the additional working capital investment in the Group's portfolio of claims, with the balance rising from £22.8 million in 2018 to £29.9 million at the end of 2019. The two principal facilities include an invoice discounting facility within Direct Accident Management Limited (secured on the credit hire and repair receivables), and a revolving credit facility within Bond Turner Limited. An increase in the facilities for both businesses was secured during 2019.

As a result of the current economic climate and in particular the effects of COVID 19 on the sector in which the Group operates, the Board considered it an opportune time to look to increase investment so as to accelerate growth and take advantage of opportunities to gain market share from smaller competitors. As such the Group concluded on the placing of 6.0 million new ordinary shares raising £7.5 million for the Group before expenses on 29 May 2020.

In addition, the Group has secured £2.1 million of additional funding from a litigation funder to support the Group's own investment into the VW emissions litigation and has received confirmation of an additional £5.0 million of funding from Secure Trust Bank Plc under the government backed CBILS scheme to further enhance headroom.

Having weathered what we hope to be the worst of the COVID 19 pandemic, the Group now has a significant increase in the availability of capital to deploy and drive growth across both the core business and other niche opportunities that may arise.

Reconciliation of Underlying and Reported IFRS Results
In establishing the underlying operating profit, the costs adjusted include £Nil (2018: £1.4 million) related to the cost of the Company's Admission to AIM that was completed in June 2018 (the "IPO costs") and £0.7 million of costs related to share-based payments (2018: £0.4 million).

A reconciliation between underlying and reported results is provided below:

	Year to December 2019			
	Underlying £'000s	IPO Costs £'000s	Share-based payment £'000s	Reported £'000s
Revenue	78,510	-	-	78,510
Gross profit	62,807	-	-	62,807
Other operating costs (net)	(37,557)	-	(657)	(38,214)
Operating profit	25,250	-	(657)	24,593
Finance costs (net)	(2,202)	-	-	(2,202)
Profit before tax	23,048	-	(657)	22,391
Depreciation	6,547	-	-	6,547
EBITDA	31,832	-	(657)	31,175

	Year to December 2018			
	Underlying £'000s	IPO Costs £'000s	Share-based payment £'000s	Reported £'000s
Revenue	56,505	-	-	56,505
Gross profit	40,337	-	-	40,337
Other operating costs (net)	(23,168)	(1,411)	(384)	(24,963)
Operating profit	17,169	(1,411)	(384)	15,374
Finance costs (net)	(1,090)	-	-	(1,090)
Profit before tax	16,079	(1,411)	(384)	14,284
Depreciation	1,574	-	-	1,574
EBITDA	18,743	(1,411)	(384)	16,948

By order of the Board.

Mark Bringloe
Chief Financial Officer
29 June 2020

Consolidated Statement of Total Comprehensive Income
for year ended 31 December 2019

	Note	2019 £'000s	2018 £'000s
Revenue	2	78,510	56,505
Cost of sales		(15,703)	(16,168)
Gross profit		62,807	40,337
Depreciation & loss on disposal		(2,327)	(1,574)
Depreciation on right of use assets		(4,220)	-
Amortisation		(35)	-
Administrative expenses before exceptional items		(30,975)	(21,594)
Operating profit before exceptional items	3	25,250	17,169
Share based payment charge		(657)	(384)
Non-recurring administrative expenses	3	-	(1,411)
Operating profit	3	24,593	15,374
Lease finance costs		(401)	-
Finance costs		(1,801)	(1,090)
Net financing expense		(2,202)	(1,090)
Profit before tax		22,391	14,284
Taxation		(4,403)	(2,879)
Profit and total comprehensive income for the year attributable to the owners of the company		17,988	11,405
Earnings per share			
Basic earnings per share (pence)	4	16.4	10.4
Diluted earnings per share (pence)	4	16.0	10.2

The above results were derived from continuing operations.

Consolidated Statement of Financial Position
as at 31 December 2019

Assets	Note	2019 £'000s	2018 £'000s
Non-current assets			
Property, plant and equipment	5	3,673	3,270
Right of use assets	5	7,821	-
Intangible assets	5	175	-
		11,669	3,270
Current assets			
Trade and other receivables	6	127,768	101,445
Cash and cash equivalents		2,270	5,532
		130,038	106,977
Total assets		141,707	110,247
Equity and liabilities			
Equity			
Share capital		55	55
Share premium		9,235	9,235
Share based payments reserve		1,041	384
Retained earnings		81,365	66,127
Equity attributable to the owners of the Company		91,696	75,801
Non-current liabilities			
Other interest-bearing loans and borrowings	7	393	870
Lease liabilities	7	5,029	-
Deferred tax liabilities		32	-
		5,454	870
Current liabilities			
Bank overdraft	7	17,784	12,536
Other interest-bearing loans and borrowings	7	12,144	9,402
Lease liabilities	7	3,124	-
Trade and other payables		7,915	7,223
Corporation tax liability		3,590	4,415
		44,557	33,576
Total liabilities		50,011	34,446
Total equity and liabilities		141,707	110,247

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2020. They were signed on its behalf by:

Mark Bringloe
Chief Financial Officer
29 June 2020

Consolidated Statement of Changes in Equity
for the year ended 31 December 2019

	Share Capital £'000s	Share Premium £'000s	Merger Reserve £'000s	Share Based Payment Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 1 January 2018	50	40	-	-	55,542	55,632
Profit for the year and total comprehensive income	-	-	-	-	11,405	11,405
Issue of share capital	5	-	-	-	-	5
Increase in share premium	-	9,195	-	-	-	9,195
Creation of share based payment reserve	-	-	-	384	-	384
Dividends	-	-	-	-	(820)	(820)
At 31 December 2018	55	9,235	-	384	66,127	75,801
Profit for the year and total comprehensive income	-	-	-	-	17,988	17,988
Issue of share capital	-	-	-	-	-	-
Increase in share premium	-	-	-	-	-	-
Creation of share based payment reserve	-	-	-	657	-	657
Dividends	-	-	-	-	(2,750)	(2,750)
At 31 December 2019	55	9,235	-	1,041	81,365	91,696

Consolidated Statement of Cash Flows
for the year ended 31 December 2019

	Note	2019 £'000s	2018 £'000s
Cash flows from operating activities			
Profit for the year		17,988	11,405
Adjustments for:			
Depreciation and loss on disposal	3	6,547	1,574
Amortisation	5	35	-
Financial expense		2,202	1,090
Taxation		4,403	2,879
		31,175	16,948
Working capital adjustments			
(Increase)/decrease in trade and other receivables		(26,294)	(20,871)
(Decrease)/increase in trade and other payables		1,351	1,828
Cash generated from operations		6,232	(2,095)
Interest paid		(1,797)	(1,090)
Tax paid		(5,230)	(4,738)
Net cash from operating activities		(795)	(7,923)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		374	170
Acquisition of property, plant and equipment		(3,104)	(3,493)
Investment in intangible fixed assets		(210)	-
Net cash from investing activities		(2,940)	(3,323)
Cash flows from financing activities			
Net proceeds from the issue of share capital		-	9,235
Proceeds from new loan		13,107	4,016
Repayment of borrowings		(10,920)	(1,931)
Payment of finance lease liabilities		(2,225)	(1,362)
Lease payments		(4,289)	-
New finance lease arrangements		2,302	2,590
Dividends paid		(2,750)	(820)
Net cash from financing activities		(4,775)	11,728
Net increase/(decrease) in cash and cash equivalents		(8,510)	482
Cash and cash equivalents at 1 January		(7,004)	(7,486)
Cash and cash equivalents at 31 December		(15,514)	(7,004)

1. Basis of Preparation and Principal Activity

These financial statements for the year ended 31 December 2019 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS"), IFRS IC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Anexo Group Plc was incorporated on 27 March 2018. On 15 June 2018 the Company acquired 100 per cent of the issued share capital of Direct Accident Management Limited, Bond Turner Limited, Professional and Legal Services Limited, IGCA 2013 Limited and AMS Legal Services Limited.

Prior to becoming subsidiaries of the Company, each company in the Group operated under the close control of a common management team and shareholders. Management decisions were taken in consideration of the development of all the companies operating in concert throughout all the preceding periods.

The Directors considered the accounting policies that should be applied in respect of the consolidation of the Group formed in anticipation of Admission to AIM. It was concluded that the transactions described above represented a combination of entities under common control and therefore outside the scope of IFRS 3 *Business Combinations*, which the Directors believe reflects the economic substance of the transaction. Under common control accounting, assets and liabilities have been recorded at book value, not fair value, intangible assets and contingent liabilities have been recognised only to the extent that they were recognised previously, no goodwill is recognised and comparative amounts have been restated as if the combination had taken place at the beginning of the earliest accounting period presented.

Therefore, although the Group reconstruction did not take place until 15 June 2018, these financial statements are presented as if the Group structure had always been in place, using merger accounting principles.

The historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are presented in Pounds Sterling, being the functional currency of the Group, generally rounded to the nearest thousand.

The annual financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities and share based payments which are carried at fair value.

The preparation of financial statements in conformity with International Financial Reporting Standards adopted by the European Union requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The principal activity of the Group is the provision of credit hire and associated legal services.

The Company is a public limited company, which is listed on the Alternative Investment Market of the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered address office is 5th Floor, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ.

Going concern
The health and wellbeing of our people and clients is paramount, and steps have been taken to allow our staff to be able to work on an agile basis in order to follow social distancing, lockdown and self-isolation measures and to mitigate the impact on client service.

Bond Turner, the Group's Legal Services division, has moved most of its staff to remote working and continues to be fully operational. The progression and settlement of cases is being aided by moves from the Ministry of Justice (MoJ), supported by the Judiciary, to allow the remote operation of courts through online and telephone hearings, albeit we have seen reductions in cash collections against our original forecasts pre COVID; however, these reductions have not been as significant as first envisaged and remain significantly ahead of the same period last year.

Within EDGE, the Group's Credit Hire division, vehicles continue to be delivered and collected by staff who are protected in line with government guidelines, and whilst the Group saw a sharp fall in new business activity within the credit hire immediately post lockdown, levels have subsequently increased, as the number of vehicles on the road has risen, to the extent that recent introductions are not significantly less than those seen pre-lockdown.

Group trading for FY-2020 to date has been impacted to some extent by the effects of COVID-19 as the number of vehicles on the road declined immediately post lockdown and we saw a reduction in cash collections as our legal staff transitioned to working from home. However, the results for the first four months of FY-2020 have been in line with revised management expectations. As the lockdown has been gradually relaxed and our legal staff have become more used to working from home activity levels within the Credit Hire division and cash collections have been increasing. Nonetheless, there must remain uncertainty as to the eventual impact over an extended period of time. Whilst there will inevitably be fewer vehicles on the road whilst government restrictions remain in place, key workers (who form a significant proportion of the Group's customers) and other road users will continue to require the services of the Group. The Group's policy of driving cash generation remains a key focus and the progression of its significant caseload portfolio by litigators within Bond Turner is being fully maintained following the successful transition to remote working.

The current situation is unprecedented and the overall economic impact is currently unknown. While the Board is encouraged by the resilience shown by the Group and its employees to date, the impact on FY-2020 cannot as yet be fully assessed. However, these uncertain times are resulting in opportunities for the Group to both grow market share within the core business and take advantage of opportunities as they arise in other areas within the legal services arena.

The Group has a strong balance sheet with a conservative gearing level and good liquidity having on 29 May 2020 completed a placing of 6.0 million ordinary shares, raising approximately £7.0 million of funds for the Group after expenses.

With headroom within its funding facilities, which include a revolving credit facility of £8.0 million with HSBC Bank plc (due for repayment in September 2022) and an invoice discounting facility of £18.5 million with Secure Trust Bank plc (due for renewal in September 2021), the Group has sought additional capital to support growth and on 16 June 2020 secured a lending facility of £2.1 million from a litigation funder to support the development of the VW emissions class action. Furthermore, the Group has received confirmation from Secure Trust Bank Plc of approval for a loan of £5.0 million, backed by the governments CBILS scheme, from which the Board expects to be available to draw in July 2020.

These recent matters, alongside the core business being cash generative, means that the Board remains confident that the Group is in a strong financial position and is well placed to weather the current worldwide uncertainty and to take advantage of further opportunities in a more stable future environment.

The Directors have prepared trading and cash flow forecasts for a period of one year from the date of approval of these financial statements. The Directors have a reasonable expectation that the Group will have adequate cash headroom. The Group continues to trade profitably and early indications for growth in the current year are positive. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

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

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

The year ended 31 December 2019

	Credit Hire £'000s	Legal Services £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues				
Third Party	47,981	30,529	-	78,510
Total revenues	47,981	30,529	-	78,510
Profit before taxation	17,915	5,922	(1,446)	22,391
Depreciation and loss on disposal	5,767	780	-	6,547
Segment assets	97,177	44,351	179	141,707
Capital expenditure	2,131	973	-	3,104
Segment liabilities	30,765	18,935	311	50,011

The year ended 31 December 2018

	Credit Hire £'000s	Legal Services £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues				
Third Party	34,042	22,463	-	56,505
Total revenues	34,042	22,463	-	56,505
Profit before taxation	10,889	5,875	(2,480)	14,284
Depreciation and loss on disposal	1,489	85	-	1,574
Segment assets	73,896	35,348	1,105	110,349

Capital expenditure	3,005	487	-	3,492
Segment liabilities	27,791	6,658	99	34,548

Interest income/expense and income tax are not measured on a segment basis.

3. Operating Profit

Operating profit is arrived at after charging:

	2019 £'000s	2018 £'000s
Depreciation expense	2,435	1,563
Depreciation on right of use assets	4,220	-
Amortisation	35	-
Operating lease expense	780	4,221
Non-recurring administrative costs	-	1,411
Share based payments	657	384
(Gain)/loss on disposal of property, plant and equipment	(108)	11

Non-recurring administrative costs in the year ended 31 December 2018 of £1.4 million related to Placing and Admission to AIM by the Company and the Group reorganisation undertaken in preparation of this process. There were no non-recurring costs in the year ended 31 December 2019.

Included in the above are the costs associated with the following services provided by the Company's auditors.

	2019 £'000s	2018 £'000s
Audit services		
Audit of the Company and the consolidated financial statements	30	29
Audit of the Company's subsidiaries	78	62
Total audit fees	108	91
Fees relating to the Admission to AIM	-	180
All other services	16	20
Total fees payable to the Company's auditors	124	291

4. Earnings Per Share

	2019	2018
Number of shares:	**No.**	**No.**
Weighted number of ordinary shares outstanding	110,000,000	110,000,000
Effect of dilutive options	2,200,000	2,200,000
Weighted number of ordinary shares outstanding – diluted	112,200,000	112,200,000
Earnings:	£'000s	£'000s
Profit basic and diluted	17,988	11,405
Profit adjusted and diluted	18,645	13,200
Earnings per share:	Pence	Pence
Basic earnings per share	16.4	10.4
Adjusted earnings per share	17.0	12.0
Diluted earnings per share	16.0	10.2
Adjusted diluted earnings per share	16.6	11.8

The adjusted profit after tax for 2019 and adjusted earnings per share are shown before non-recurring costs (net of tax) of £Nil (2018: £1.4 million) and share-based payment charges of £0.7 million (2018: £0.4 million). The Directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

5. Property, Plant and Equipment, Intangibles

	Right of use assets £'000s	Property improvement £'000s	Fixtures, fittings & equipment £'000s	Motor vehicles £'000s	Office equipment £'000s	Total £'000s
Cost or valuation						
At 1 January 2018	-	341	308	2,234	669	3,552
Additions	-	-	486	2,944	62	3,492
Disposals	-	-	-	(721)	-	(721)
At 31 December 2018	-	341	794	4,457	731	6,323
Additions	12,041	112	987	1,921	85	15,146
Disposals	-	-	-	(1,243)	(29)	(1,272)
At 31 December 2019	12,041	453	1,781	5,135	787	20,197
Depreciation						
At 1 January 2018	-	248	180	1,008	596	2,032
Charge for year	-	10	66	1,441	46	1,563
Eliminated on disposal	-	-	-	(542)	-	(542)
At 31 December 2018	-	258	246	1,907	642	3,053
Charge for the year	4,220	15	214	2,168	38	6,655
Eliminated on disposal	-	-	-	(976)	(29)	(1,005)
At 31 December 2019	4,220	273	460	3,099	651	8,703
Carrying amount						
At 31 December 2019	7,821	180	1,321	2,036	136	11,494
At 31 December 2018	-	83	548	2,550	89	3,270

Finance leases and hire purchase contracts

Included within the carrying value of property, plant and equipment are the following amounts relating to assets held under finance leases or hire purchase agreements (primarily motorbikes):

	Motor vehicles £'000s
At 31 December 2019	2,036
At 31 December 2018	2,550

Intangible Assets

	Software licenses £'000s
Cost or valuation	
At 1 January 2018	-
Additions	-
At 31 December 2018	-
Additions	210
At 31 December 2019	210
Amortisation	
At 1 January 2018	-
Charge for year	-
At 31 December 2018	-
Charge for the year	35
At 31 December 2019	35
Carrying amount	
At 31 December 2019	175
At 31 December 2018	-

6. Trade and Other Receivables

	2019 £'000s	2018 £'000s
Trade receivables	220,463	165,195
Provision for impairment of trade receivables	(119,479)	(89,205)
Net trade receivables	100,984	75,990
Accrued income	24,416	22,457
Prepayments	842	532
Directors loan account	415	463
Other debtors	999	1,922
Deferred taxation	112	81
	127,768	101,445

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. Average gross debtor days calculated on a count back basis were 408 at 31 December 2019 and 418 at 31 December 2018.

Age of trade receivables that are not impaired

	2019 £'000s	2018 £'000s
Within 1 year	62,508	45,727
1 to 2 years	22,422	17,285
2 to 3 years	9,564	7,977
3 to 4 years	5,972	4,293
Over 4 years	518	708
	100,984	75,990
Average age (days)	408	418

The provision for impairment of trade receivable is the difference between the carrying value and the present value of the expected proceeds. The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value.

7. Borrowings

	2019 £'000s	2018 £'000s
Non-current loans and borrowings		
Bank loans and overdrafts	-	-
Obligations under finance lease and hire purchase contracts	393	851
Lease liabilities	5,029	-
Other borrowings	-	19
	5,422	870
Current loans and borrowings		
Bank loans and overdrafts	17,784	12,536
Revolving credit facility	8,000	5,000
Obligations under finance lease and hire purchase contracts	1,761	1,640
Lease liabilities	3,124	-
Other borrowings	2,383	2,762
	33,052	21,938

Direct Accident Management Limited uses an invoice discounting facility which is secured on the trade receivables of that company, the balance outstanding being reported within bank loans and overdrafts. 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.

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.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment of financial assets note.

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