Half year results presentation

Presented by:

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Begbies Traynor Group

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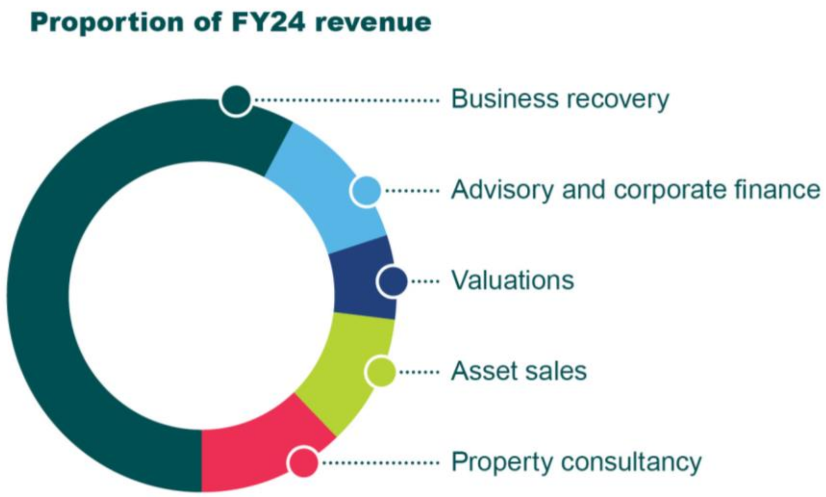
A leading UK multi-disciplinary advisory firm

Providing advice and solutions to our clients to enhance, protect and realise the value of their businesses, assets and investments across the following areas of expertise

Business recovery	Advisory and corporate finance	Valuations	Asset sales	Property consultancy
Corporate insolvency	Debt advisory and finance broking	Property	Property auctions	Building consultancy
Personal insolvency	Corporate finance	Assets	Plant and machinery auctions	Transport planning
Contentious insolvency	Special situations M&A	Businesses	Commercial property agency	Commercial property management
Creditor services	Financial advisory	Loan security	Business sales agency	Insurance and protection



Where we operate

We operate within business communities from offices across the UK and selected offshore locations.

Strong financial performance with high double-digit growth

Revenue

£76.3m (+16%)
(2023: £65.9m)

Adjusted diluted EPS

5.1p (+11%)
(2023: 4.6p)

Adjusted EBITDA

£15.3m (+20%)
(2023: £12.8m)

Interim dividend

1.4p (+8%)
(2023: 1.3p)

Adjusted profit before tax

£11.5m (+16%)
(2023: £ 9.9m)

Net debt

£3.8m
(2023: cash £1.1m)

Strong activity levels and positive momentum across the business

Supportive markets for growth

- Insolvencies remain at elevated levels
- Commercial property transactions in line with prior year
- Lending to UK real estate SMEs increased by 4%

Double digit organic growth from both divisions

- Increased insolvency activity
- Strong growth in financial advisory
- Property auction volumes increased
- Building consultancy continued expansion

Continuing growth and development of our team

- 7% growth in fee earners over last 12 months
- Senior hires to grow advisory
- Good progress on learning and development support
- Continue to deliver process improvement initiatives

Financial review

High double-digit revenue and profit growth

£m	2024	2023	Growth
Business recovery and advisory	**52.8**	47.0	12%
Property advisory	**23.5**	18.9	24%
Revenue	**76.3**	**65.9**	**16%**
Business recovery and advisory	**13.6**	11.6	17%
Property advisory	**3.9**	3.5	11%
Segmental result	**17.5**	**15.1**	**16%**
Group services	**(4.9)**	(4.4)	11%
Operating profit	**12.6**	**10.7**	**18%**
Margin			
Business recovery and advisory	**25.8%**	24.7%	
Property advisory	**16.6%**	18.5%	
Group	**16.5%**	16.2%	
Finance costs	**(1.1)**	(0.8)	
Adjusted PBT	**11.5**	**9.9**	**16%**
Tax	**(3.0)**	(2.6)	
Profit after tax	**8.5**	**7.3**	**16%**
EPS			
Basic	**5.4p**	4.6p	17%
Diluted	**5.1p**	4.6p	11%

Business recovery and advisory

- Insolvency revenue increased by 7% (organic) to £41.4m (2023: £38.8m)
  - Driven by higher value cases
  - Pipeline increased to £76.4m (30 April 2024: £71.9m, 31 October 2023: £70.3m)
- Advisory revenue increased by 39% (organic) to £11.4m (2023: £8.2m)
  - Restructuring, debt advisory, broking, and special situations M&A
- Margin improvement driven by growth

Property advisory

- Revenue growth of 24% (organic: 8%, acquired: 16%)
  - Increased auction volumes from organic growth and prior year acquisition of SDL
  - Building consultancy continued organic development
  - Valuations growth from prior year acquisition
- Margins reflect normalised activity levels (prior year enhanced consultancy fees) together with organic investment

- Group services 6.4% (2023: 6.7%) of revenue
- Finance costs increased due to higher debt following buybacks and IFRS16
- Adjusted tax rate (26%) in line with prior year
- EPS growth
  - Basic reflects earnings growth
  - Diluted reflects share options and earn outs

Reconciliation of adjusted EBITDA to statutory profit

£m	2024	2023
Adjusted EBITDA	**15.3**	**12.8**
Share based payment charge	**(0.5)**	(0.2)
Depreciation	**(2.2)**	(1.9)
Finance costs	**(1.1)**	(0.8)
Adjusted profit before tax	**11.5**	**9.9**
Acquisition consideration	**(4.9)**	(4.5)
Amortisation of acquired intangibles	**(1.9)**	(3.0)
Negative goodwill (gain on acquisition)	**-**	0.7
Transaction costs	**-**	(0.1)
Non-underlying items	**(6.8)**	(6.9)
Statutory profit before tax	**4.7**	3.0

Acquisition consideration

- Charged to profit rather than capitalised if contingent on selling shareholders remaining with the group
- Designed to preserve value of goodwill and customer relationships acquired
- Payments agreed in sale and purchase agreements

Amortisation of acquired intangibles (non-cash)

- Intangible assets recognised through acquisition accounting (typically brands, customer relationships, order books and websites)

Negative goodwill (non-cash)

- Consideration not being capitalised results in exceptional gain

Transaction costs

- Legal and professional fees

Strong financial position with significant headroom

£m	2024	2023
Adjusted EBITDA	**15.3**	12.8
Working capital	**(5.7)**	(4.6)
Cash from operating activities	**9.6**	**8.2**
Tax	**(1.9)**	(1.8)
Other (interest, capex, lease payments)	**(3.4)**	(2.4)
Free cashflow	**4.3**	**4.0**
Acquisition payments (net of cash acquired)	**(4.1)**	(4.0)
Purchase of own shares	**(0.8)**	-
Net proceeds from share issues	**0.2**	-
Dividends	**(2.0)**	**(1.9)**
Net cash outflow	**(2.4)**	(1.9)

Cashflow – typical H1 seasonality

- Working capital absorption increased to £5.7m (2023: £4.6m) from:
  - Organic revenue growth - £4.6m
  - Annual profile of payments (bonuses and prepaid annual costs) - £1.0m
  - Lock up of 4.3 months (30 April 2024: 4.2 months) - £0.1m
- Lease payments increased to £1.4m (2023: £0.7m)
- Free cash flow increased by 8%
- Current period acquisition payments relate to earn outs
  - Further £4.7m earn outs expected in H2
  - Thereafter remaining earn outs of c£10.5m (satisfied by December 2027)

Net debt and facilities

- £3.8m at October 2024 (April 2024: £1.4m, October 2023: net cash £1.1m)
- Significant levels of headroom in bank facilities of £35m
  - £25m unsecured, committed RCF and a £10m accordion
  - Committed until February 2027 with two one-year extension options

Guidance – confident of further year of growth in line with expectations

Market conditions remain supportive for group's service lines

- Reflected in good activity levels and positive momentum across the business

Business recovery: anticipate continuing growth supported by market conditions

- Capacity and breadth of expertise to provide advice and support required by clients

Advisory: continuing investment in team

- Healthy pipeline of engagements
- Well-placed to continue positive H1 progress

Property advisory: ongoing positive momentum

- Well-placed to maintain financial performance from H1

Confident of building on strong track record of growth in current year and beyond

Q3 update in February 2025

** current range of analysts' forecasts (as compiled by the company) for adjusted PBT of £23.0m-£24.3m*

Operating review

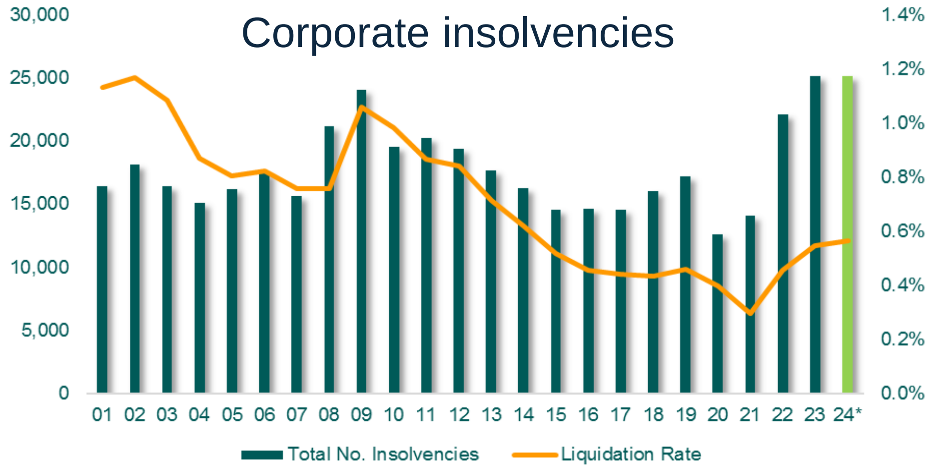
Insolvencies remain at elevated levels

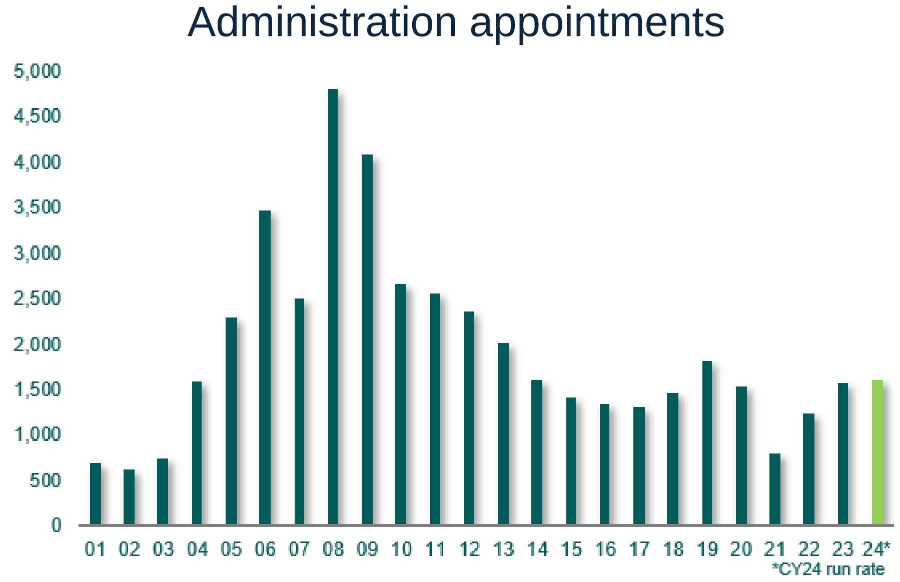
Activity levels expected to be sustained by current headwinds:

- Continuing demand pressures
- Rise in costs pre and post budget
- Prospect of higher for longer interest rates

Administrations remain significantly below previous peak (2008) and below pre-pandemic levels

Liquidation rate at c.0.5% is less than half previous recessionary peak of >1.0%





Competitor landscape

Big Four, Ex Big Four & American Boutiques

EY, pwc, Teneo, AlixPartners, FTI Consulting, interpath, KROLL, A&M

National Accountancy Firms & Specialists

Grant Thornton, RSM, Begbies Traynor, FRP, BDO, Leonard Curtis, Quantuma

Local Boutiques

Source: UK Insolvency Service

Supportive market transaction levels for property advisory

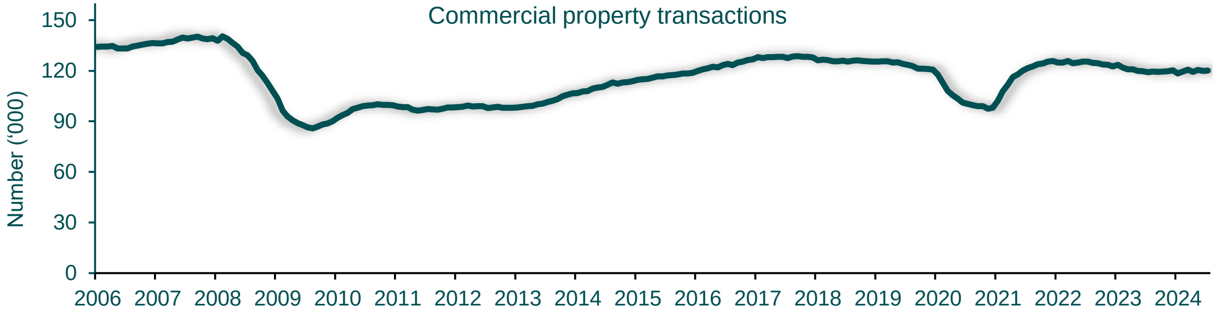
Commercial property transaction levels in line with prior year

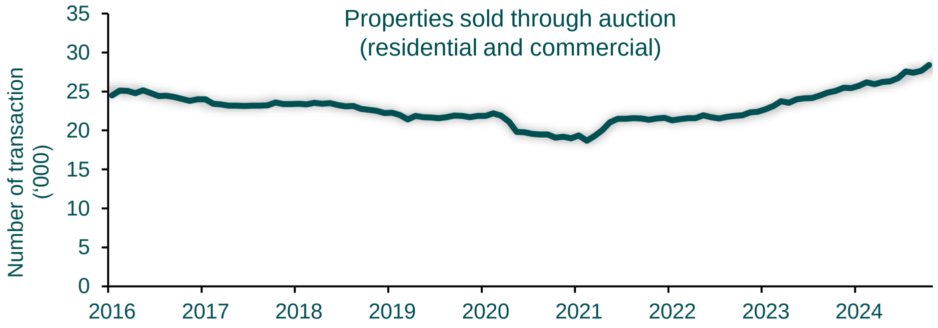
- Remains c.6% below pre-pandemic levels

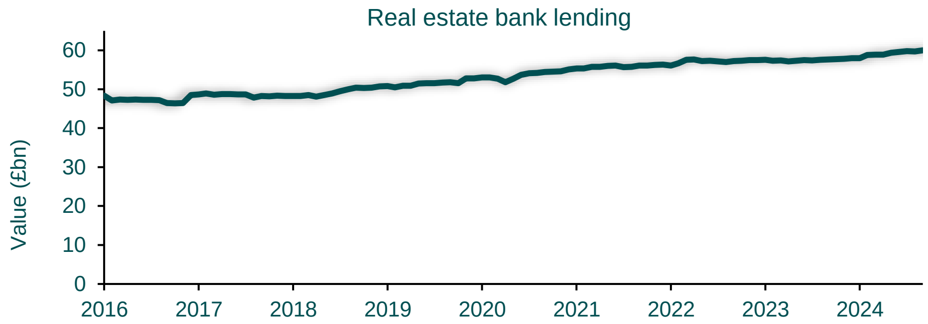
Property auction volumes continue to grow

- Maintains post pandemic momentum

Bank lending to real estate SMEs increased by 4% over last 12 months







Competitor landscape

Large international firms

CBRE, Cushman & Wakefield, Savills, JLL, Knight Frank

National firms & specialists

Avison Young, Bidwells, Christie & Co, Eddisons, allsop, LSH, Colliers

Local boutiques

1. HMRC UK monthly property transactions commentary updated 31 October 2024 (TTM)
2. Number of lots sold at auction (residential and commercial) per Essential Information Group (TTM)
3. Bank of England Bankstats tables showing loan amounts to UK small and medium-sized enterprises of which buying, selling and renting of own or leased real estate (ZKP5)

Double digit growth from both divisions

Now one of the largest national property auctioneers (residential and commercial online auctions)

- Area of recent investment through acquisition:
  - Mark Jenkinson (Sheffield) - March 2023
  - SDL Auctions (Midlands) - December 2023
  - Good progress in integration – target completion later in financial year
- Growth in auction lots across the combined business

Building consultancy continuing to develop

- Increased activity levels across a broad client base
  - education sector and commercial clients
- Recruited to enhance our expertise and coverage

Strong growth in business advisory services

- Good mix of cyclical and pro-cyclical exposure
- Debt advisory, restructuring, finance broking, special situations M&A
- “Restructuring Roundup” podcasts released

Increased insolvency activity in higher value cases

- Notable cases in hospitality, construction, haulage and financial services

Notable cases across the business

Caskade (KFC and Taco Bell franchise)

Background:

BTG Advisory was approached to explore strategic options for the Caskade Group which had been experiencing challenges for some time.

The client operated a number of franchised KFC and Taco Bell outlets from over 100 UK locations.

Summary:

When we were engaged, the client was about to lose its franchise licenses due to cash flow and operational issues.

Several restaurants had already closed, with more closures imminent. We negotiated with lenders and franchisors to halt enforcement and secure funding, successfully reopening recently closed restaurants. We stabilised cash flow and launched an accelerated M&A (AMA) process, which took over four months due to poor management systems and complex stakeholder interests.

The process was supported by our property advisory team from an asset appraisal perspective.

Outcome:

Following the AMA process, we successfully secured the sale and continuity of 46 out of 51 Taco Bell outlets and over 40 of the 53 KFC outlets to two separate purchasers.

Other typical cases across our service lines

Pre-pack administration sale of FCA-regulated independent financial advisor with over 1,000 clients and substantial AUM.

Pre-pack administration sale of restaurant chain Island Poké to hospitality incubator White Rabbit Projects safeguarding the jobs of over 100 employees.

Refinance of a multi-site hotel group based in Central London of £4.9m.

Sale of 179,000 sq ft unit in Peterborough, following substantial refit, with completion due in January

Ollie Quinn was sold out of administration to OQ Eyewear, retaining all stores and safeguarding the jobs of 80 employees.

Sale of rail supplies manufacturer Crowle Wharf Engineers (CWE) with annual sales of £5m and 50 employees to William Cook Rail.

Our team – continuing to drive organic growth

7% growth in fee earners over last 12 months

- Advisory senior hires (appointed four partners and one director) with further appointments planned for H2
- Building consultancy and valuations hires in the period

Good progress on learning and development support

- Leadership development programme for over 200 senior leaders
- Live-learns commenced delivering remote training on core skills
- CPD accreditation for in-house developed courses

Fourth SAYE scheme launched for qualifying colleagues

Process improvement initiatives continuing to progress

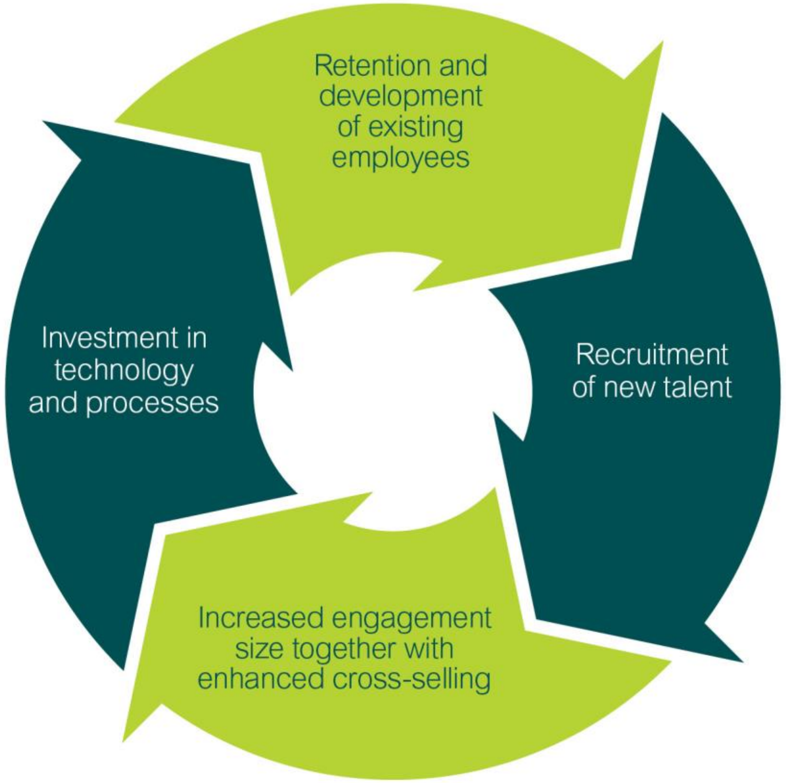
- Identifying and embedding improved ways of working, whilst optimising use of technology
- Ongoing focus to mitigate headwind of increased employment costs

Strategy for growth

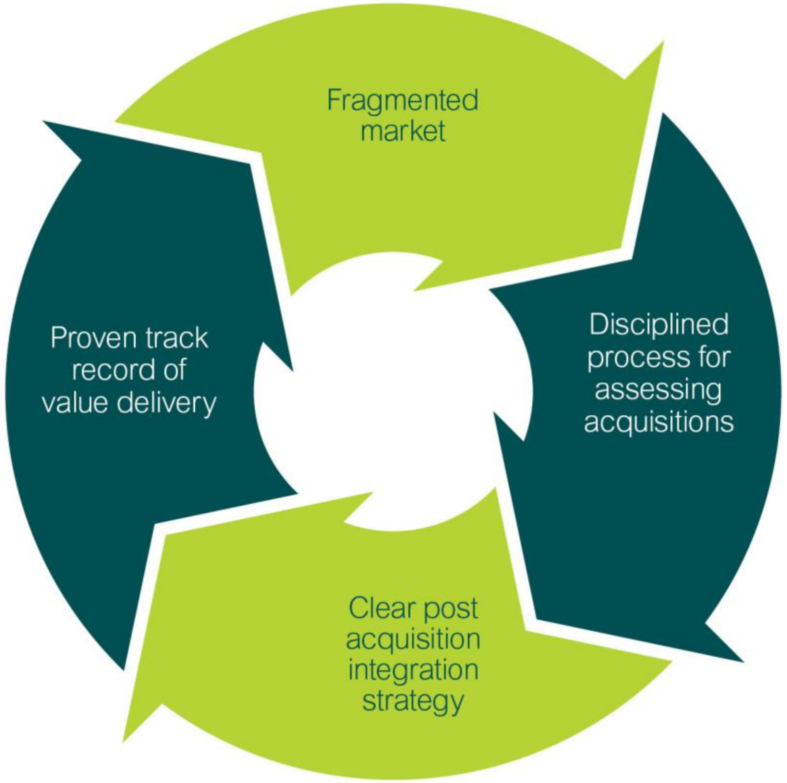
Begbies Traynor Group

Making good progress on medium-term revenue target of £200m

Organic growth
will be targeted through



Acquisition strategy
in either existing or complementary service lines



Well placed to build on ten years of growth in property advisory

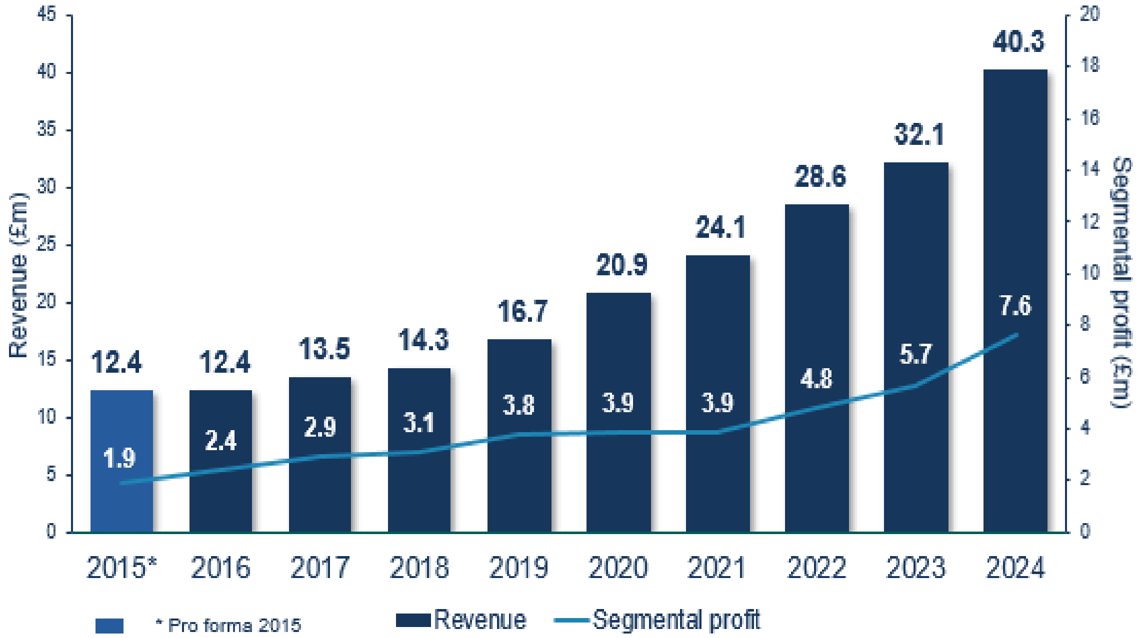
Growth continues to be focused on core areas of valuations, asset sales and consultancy

Division created through Eddisons acquisition in December 2014

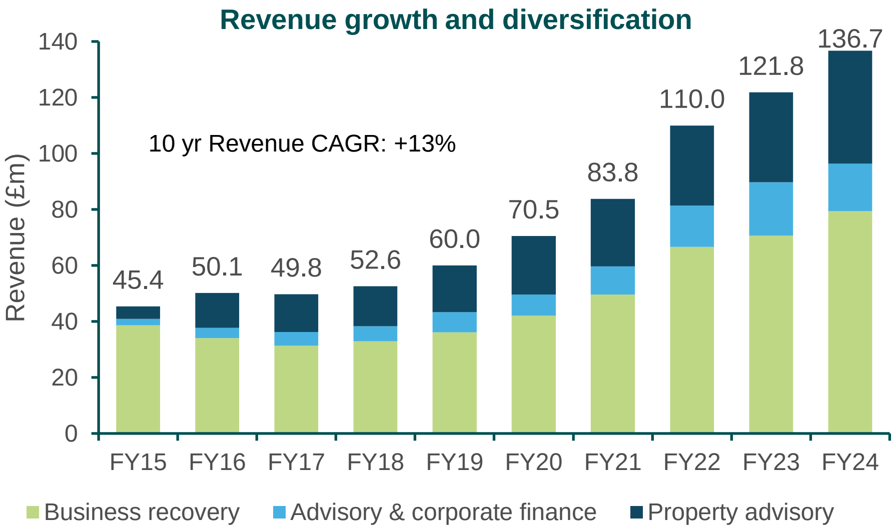
- 14 further bolt on acquisitions to grow the division
  - 8 specialist and 6 general practices
- Investment cost £27m – acquiring revenue of £27m
- Acquisition size: revenue £0.5m to £5m

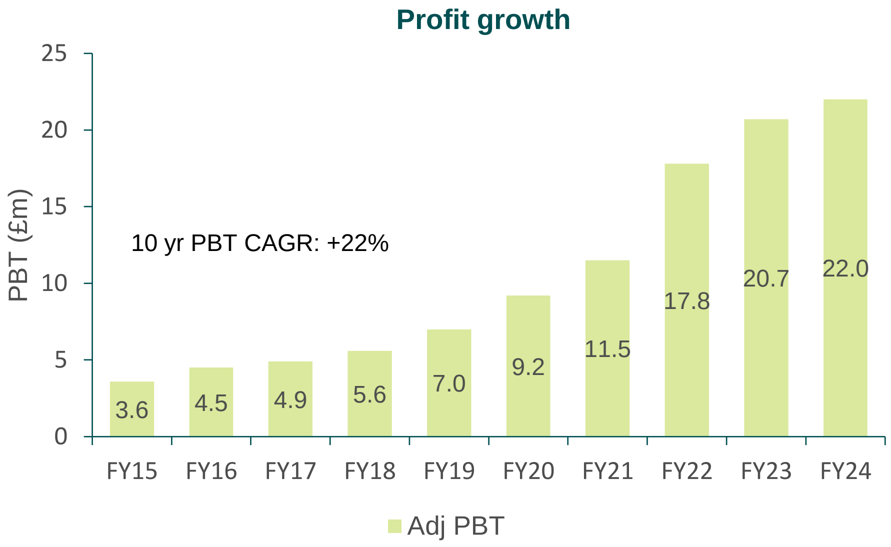
Continuing to execute growth strategy

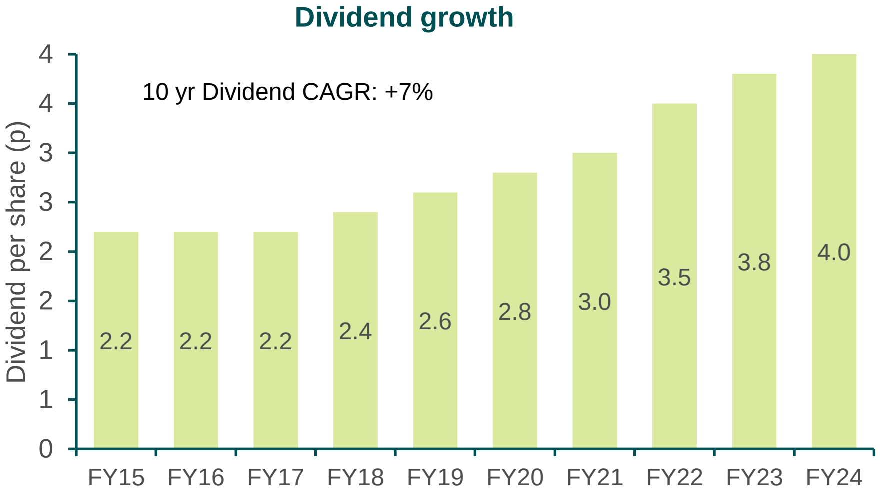
- M&A opportunities in line with strategy to date
- Organic growth through:
  - Recruitment of new talent
  - Investment in technology and processes



Since 2014 have tripled the size of the business with a six-fold increase in PBT







Summary and outlook

Strong first half performance and confident of delivering expectations for the full year

Continued to execute strategy to grow the business in the period

Proven strategy for growth across the cycle

- Making good progress towards medium-term revenue target of £200m pa
- Driven by combination of organic growth and acquisitions

Market conditions remain supportive for our service lines

- Strong activity levels and positive momentum across the business

Confident of continuing to build on strong track record of growth in current year and beyond

Investment case

1. Long track-record of revenue and earnings growth
2. Diversified income streams providing balance and growth across the economic cycle
3. Proven ability to execute earning accretive acquisitions
4. High levels of repeat business from long-established client base
5. Progressive dividend policy
6. Highly experienced board and leadership team

Appendix

H2 analyst metrics

- Profit expectations for the full year unchanged
- H2 guidance
  - Revenue phasing: typical H2 weighting of revenue in business recovery and advisory
  - Margins broadly in line with H1
- Adjusted tax rate 26% (FY26: 26%)
- Share based payment charge £0.7m
- Weighted average shares for EPS calculation: diluted (165.4m FY25)
- Share contingent consideration in H2 to be satisfied by treasury shares
- Transaction/amortisation costs:
  - Acquisition consideration (P&L charge) £3.4m (Full year: £8.3m)
  - Amortisation £1.6m (Full year: £3.5m)
- H2 cash flow
  - Working capital – broadly neutral
  - Tax payments of £3.6m
  - Share buy back of £0.8m
  - Lease payments of £1.4m
  - Final dividend of £4.3m paid in November 2024
  - Acquisition payments of £0.4m paid December 2024
  - Earn out payments of £4.7m in H2
    - Anticipated payments of £10.5m between FY26 and FY28
      - £5.3m FY26, £4.8m FY27, £0.4m FY28

Acquisition accounting and payments

£m	H125	H225	FY26	FY27	FY28	FY29+	TOTAL
P&L items							
Amortisation	1.9	1.6	2.8	1.4	0.8	0.7	**7.3**
Acquisition consideration	4.9	3.4	8.0	3.9	1.3		**16.6**
Contingent consideration outflows							
Cash payments	4.1	4.7	5.3	4.8	0.4		**15.2**
Share issues	-	1.6	1.1	0.5	-		**3.2**
Total consideration	4.1	6.3	6.4	4.7	0.4		**18.4**
Net balance sheet accrual							**(1.8)**