Begbies Traynor Group

Investor webinar

Ric Traynor – Executive Chairman

Nick Taylor – Group Finance Director

July 2023

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A leading professional services consultancy with a differentiated service offering

Insolvency

- Corporate and personal insolvency
- Market leading position from a national office network and selective offshore locations
- Provide advice and assistance to SME and mid-market corporates

Begbies Traynor

c60% of 2023 revenue

Advisory and transactional services

- Financial advisory
- Transactional support
- Funding
- Valuations
- Projects and development support
- Asset management and insurance

BTG Advisory
Eddisons
MANTRA
maf. finance group
Springboard Corporate Finance

c40% of 2023 revenue

80% of 2023 revenue from insolvency and defensive activities from a common network of clients and professionals

Highlights – results ahead of original expectations

REVENUE

£121.8m (+11%) (2022: £110.0m)

ADJUSTED PROFIT BEFORE TAX

£20.7m (+16%) (2022: £17.8m)

ADJUSTED EPS

10.5p (+15%) (2022: 9.1p)

PROPOSED TOTAL DIVIDEND

3.8p (+9%) (2022: 3.5p)

FREE CASH FLOW

£14.1m (2022: £14.0m)

NET CASH

£3.0m (2022: £4.7m)

- Double digit revenue and profit growth across both divisions
  - Increased insolvency appointments and enhanced mid-market reputation
  - Acquisitions in finance broking and property advisory
  - Organic growth in property, reflecting resilient nature of services
  - Further improvement in operating margins
- Continued to generate substantial free cash flow
  - Funding dividends and acquisition payments
- Recommended 9% increase in dividend
- Group in strong position and confident of further year of growth

Further successful year, continuing to build on our strong track record of growth
Doubled revenue and tripled profits in five-year period since 2019

Financial and operating review

Financial highlights

£m	2023	2022
Revenue	**121.8**	110.0
Adjusted EBITDA	**26.6**	23.9
Operating profit (before amortisation and transaction costs)	**21.8**	18.6
Margin	***17.9%***	*16.9%*
Adjusted profit before tax	**20.7**	17.8
Adjusted basic EPS	**10.5p**	9.1p
Dividend per share	**3.8p**	3.5p
Net cash	**3.0**	4.7

- Revenue growth of 11% (6% organic, 5% acquired)
- Improved operating margins to 17.9% (2022: 16.9%) – improvement in both divisions
  - Central costs as percentage of revenue maintained at 6.5% (2022: 6.5%) whilst investing in IT and HR capability
- Adjusted profit before tax increase of 16%
- Adjusted tax rate of 21% (2022: 20%), reflecting the increase in UK CT rates from April 2023
- Adjusted basic EPS growth of 15%
- Proposed increase in dividend of 9% - cover increasing to 2.8x (2022: 2.6x)

Insolvency and advisory

- Revenue growth of 10% (6% organic)
  - Increase in activity levels
  - Benefit from Mantra acquisition
- Margins increased to 26.8% (2022: 25.8%) giving profit increase of 14%
- Insolvency revenue increased by £3.9m to £70.6m (2022: £66.7m)
  - Higher levels of insolvency appointments increased both
    - Corporate insolvency revenue by 10% (£5.7m); and
    - Order book by 19% (£5.7m) to £35.2m (2022: £29.5m)
  - Prior year performance enhanced by exceptional personal insolvency activity
    - Generated additional £1.8m revenue in 2022
    - Personal insolvency revenue normalised to £5.5m in 2023
- Advisory revenue increased by £4.4m to £19.1m (2022: £14.7m)
  - Record level of revenues from advisory activities
    - 20% of divisional revenue in the year
  - Acquisition of Mantra in July 2022
    - FCA regulated finance and insurance brokerage
    - Performed well in the year and in line with expectations
- Year end headcount increased to 664 (2022: 590), following Mantra acquisition

REVENUE (£m)

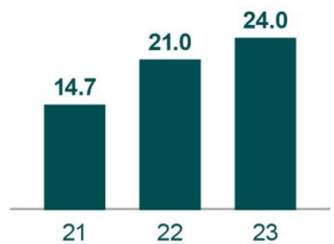
£89.7m

(2022: £81.4m)

SEGMENTAL PROFITS (£m)

£24.0m

(2022: £21.0m)

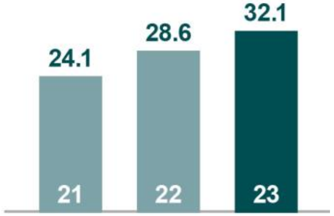


Property advisory and transactional services

REVENUE (£m)

£32.1m

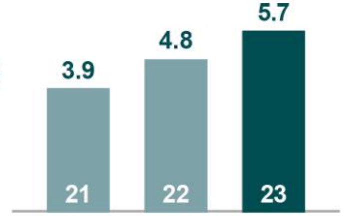
(2022: £28.6m)



SEGMENTAL PROFITS (£m)

£5.7m

(2022: £4.8m)



Revenue growth of 12% (3% organic)

- current year and prior year acquisitions
- organic growth of resilient service lines

Margins increased to 17.8% (2022: 16.8%) giving profit increase of 19%

- Transactions (35%)
  - Auction activity increased in the year
    - Growth in insolvency-related plant & machinery more than offset H1 decrease in property
    - Acquisition in H2 complements team and increases coverage
    - Current economic cycle typically sees more properties sold through auction
  - Property agency increased from acquisitions and organic growth
    - Adverse impact of mini-budget offset by recovery in H2
    - Client mix, property size and corporate lettings mitigate market volatility
  - Business sales transaction levels robust – absorbed market impact of higher interest rates
- Projects and development (25%)
  - Growth in building consultancy from public sector activity
- Valuations (25%)
  - Revenue increased from FYI of prior year acquisition
  - Robust organic performance despite short term market disruption following mini budget
  - Activity levels normalised in spite of further rate rises
- Asset management and insurance (15%)
  - Insurance and protection increased due to insolvency workflow
  - Commercial property management organic income broadly in line with prior year
    - Increased properties under management following acquisitions
- Year end headcount increased to 345 (2022: 326), following acquisitions

Group remains in a strong financial position

£m	2023	2022
Adjusted EBITDA	**26.6**	23.9
Working capital	**(2.2)**	(1.6)
Cash from operating activities	**24.4**	22.3
Tax - includes accelerated payment of £1.0m	**(5.3)**	(3.6)
Other payments (provisions, interest, capex, lease payments)	**(5.0)**	(4.7)
Free cash flow	**14.1**	14.0
Dividends	**(5.4)**	(4.6)
Prior year earn outs	**(5.4)**	(5.3)
Free cash flow net of dividends and prior year earn outs	**3.3**	4.1
Acquisition payments (net of cash acquired) & transaction costs	**(5.2)**	(2.9)
Share issues	**0.2**	0.5
(Decrease) increase in net cash	**(1.7)**	1.7

- Free cash flow net of dividends and prior year earn outs of £3.3m (2022: £4.1m) provides funding for in year acquisitions
- Significant liquidity in committed facilities for larger acquisition opportunities
  - £25m unsecured, committed RCF (£5m utilised at April 2023) and £5m unsecured acquisition/growth facility
  - Facilities extended to August 2025

Outlook - confident of further year of growth

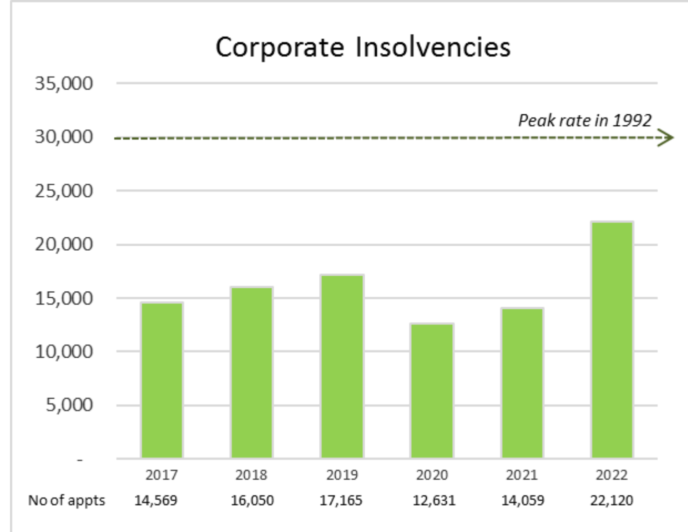
- Confident of outlook, in line with current market expectations* - anticipate cost increases (inflation and investment) offset by revenue growth
- Insolvency well-placed to continue track record of growth
  - Benefit from recent insolvency appointments and increased order book
  - Anticipated growth in the insolvency mid-market (including administrations)
- Advisory and transactional teams have multiple organic and acquired growth opportunities
  - Banks Long acquisition in May 2023
- Cash generation, strong balance sheet and facility headroom enables investment in acquisitions and organic growth initiatives
- Update at AGM in September 2023

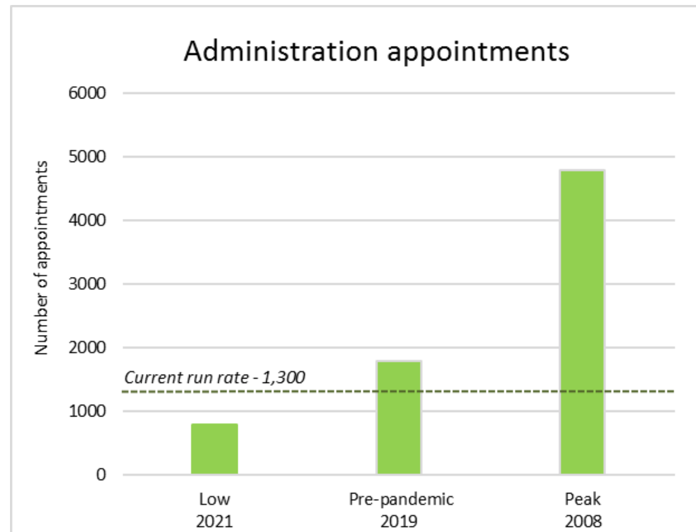
** current range of analysts' forecasts (as compiled by the company) for year ended 30 April 2024 - revenue of £127.5m-£131.4m and adjusted PBT of £21.9m-£22.7m*

Strategic review

UK insolvencies continue to increase

- Now higher than comparable pre-pandemic period
- Increase largely from liquidations (typically insolvencies of smaller companies)
- Administrations (typically larger and more complex insolvencies) have begun to increase
  - Higher than post-pandemic lows in 2021
  - However, below pre-pandemic levels and significantly below the 2008 peak
- High interest rates and inflation anticipated to drive higher activity levels
  - Contrasts with benign environment during and following 2008-2010 recession
- We have increased our insolvency practitioner capacity to 93 from 55 in the last recession





Market-leading position enhanced

Ranked first for overall appointments – 13% share
Ranked second for administrations – 11% share
(improvement from fourth place over last five years)

Firms
EY, PWC, Teneo (ex-Deloitte), Interpath (ex-KPMG) American boutiques *Alvarez & Marsal, FTI, Alix Partners, Kroll*
National accountancy firms *Grant Thornton, BDO, RSM* National specialists *Begbies Traynor, FRP, Quantuma, Leonard Curtis*
Local boutiques

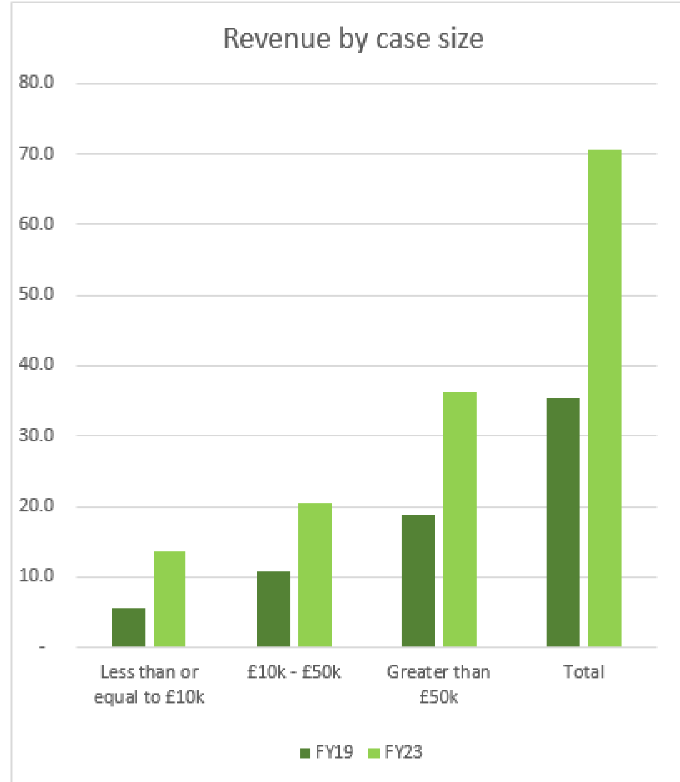
Largest appointment takers	Number of corporate appointments
Begbies Traynor	2,871
Other national specialists	2,325
Big 4	236
National accountancy firms	211
American boutiques	110
Local boutiques	16,210
TOTAL	21,963
Market share	13%*

Source: Administrations, CVLs and CVAs as disclosed in the London, Edinburgh and Belfast Gazettes, Accountant in Bankruptcy, Companies House and excluding compulsory liquidations in 12 months to April 2023

Insolvency: significant growth and well-placed as market leader

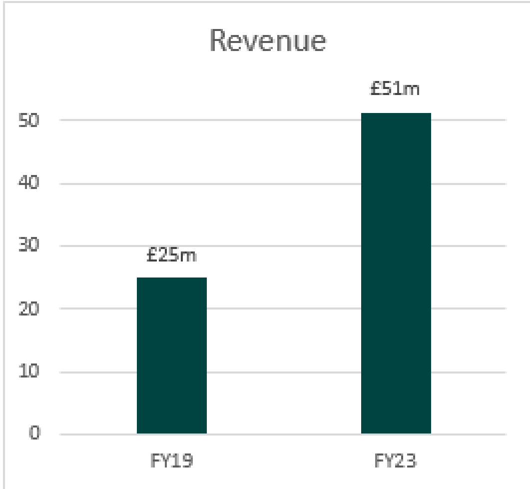
- Insolvency revenue has doubled to £71m since 2019
  - Compared to market volumes up 37%
- Extensive network of over 4,000 professionals & institutions
  - c.50% referring work regularly
- Well-established routes to market
  - 70% of work generated from recurring work providers
  - 10% digital marketing
- Income grown across all case sizes
  - Larger more complex appointments represent over 50% of revenue
    - Increased reputation for mid-market insolvency
    - Mid-market activity levels currently below historic levels
  - Regional network and digital marketing provide volume of more routine cases
- Bounce back loan project commenced in year with major bank
- Administration appointments include:

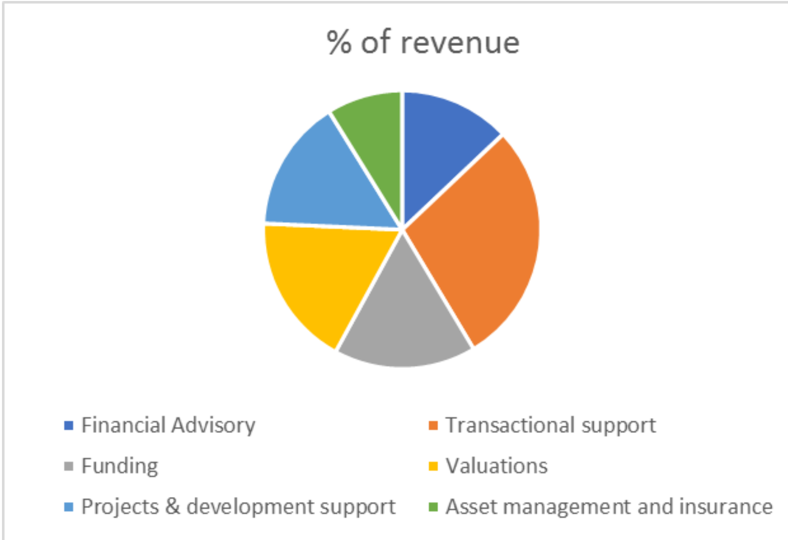
Paperchase AVONSIDE GROUP WORCESTER WARRIORS Cox & Cox



Advisory and transactional services now 40% of revenue

- Developed from a standing start in 2014 - revenue doubled to £51m since 2019
  - Balanced mix of services across both operating divisions
  - Counter-cyclical, defensive and pro-cyclical
- c.75% of income derived from recurring sources
  - Established clients (corporates and investors)
  - Bank and public sector panels
  - Fellow professionals and institutions
- Our increased scale enhances opportunities for cross-selling
  - Successful cross-selling of insurance and other property services
- Growth opportunities in all services
  - Organic development
  - Acquisition in fragmented service areas giving ability to add scale and increase margins





Integrated expertise enhancing outcome for stakeholders

Case study of ongoing significant administration appointment

- Advisory work completed prior to insolvency
  - Evaluating business recovery options from distressed financial position
- No solvent solution and so appointed as administrators
- Complex trading company requiring group service lines to deliver enhanced outcome
  - Property valuation advice and identifying opportunities to enhance value
  - Property security and insurance to protect site and keep operational
  - Debt collection assisting on book debt collect out
  - Forensic to investigate the events leading to insolvency
- Successful outcome for stakeholders
  - Going concern solution on a restructured business
  - Significant return to secured creditors and HMRC
  - Total group fees >£2m

Complementary services adding value and enhancing returns

- Integrated insolvency expertise enhances outcome for stakeholders
  - Advisory skills – forensic and investigations, financial advisory, M&A
  - Asset valuation and disposal
  - Specialist insurance and property protection
- Cross-selling of services across key client sectors
  - Financial services
    - Insolvency and recovery, business and lending reviews, valuations, project consultancy
    - Complemented by funding placed through finance brokerage
  - Property owners
    - Funding; asset management and insurance; building consultancy; acquisition, disposal and lettings
  - Corporates
    - Insolvency and restructuring advice, funding and debt advisory, M&A, property, insurance

Operating from common platform of IT and offices, group-wide support teams (including regulatory compliance) and a shared network of clients and introducers

Proven growth strategy enhancing shareholder value

To enhance value through the delivery of strong, sustainable financial performance

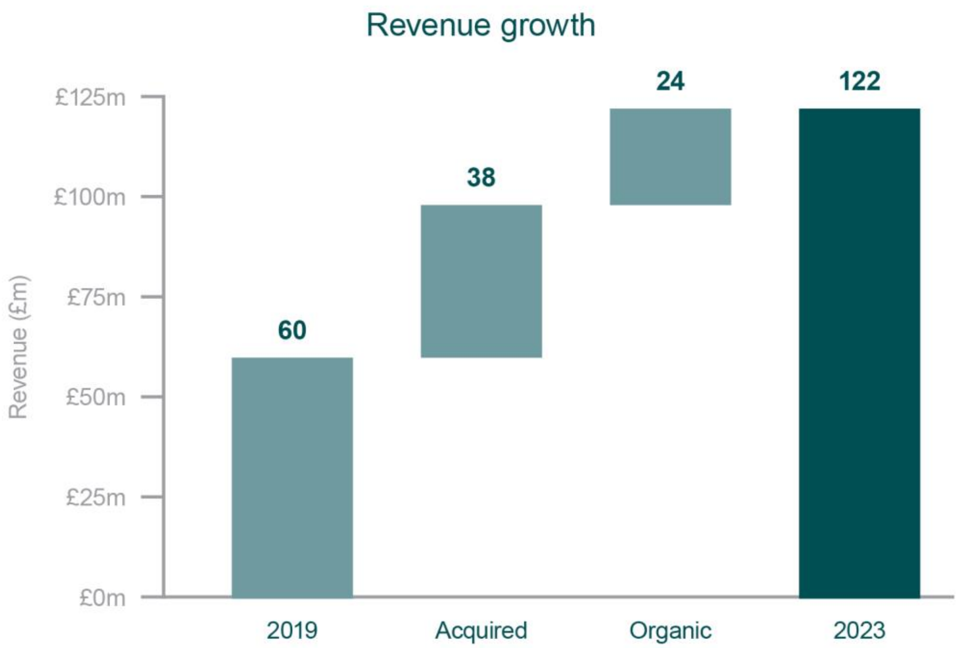
Organic growth

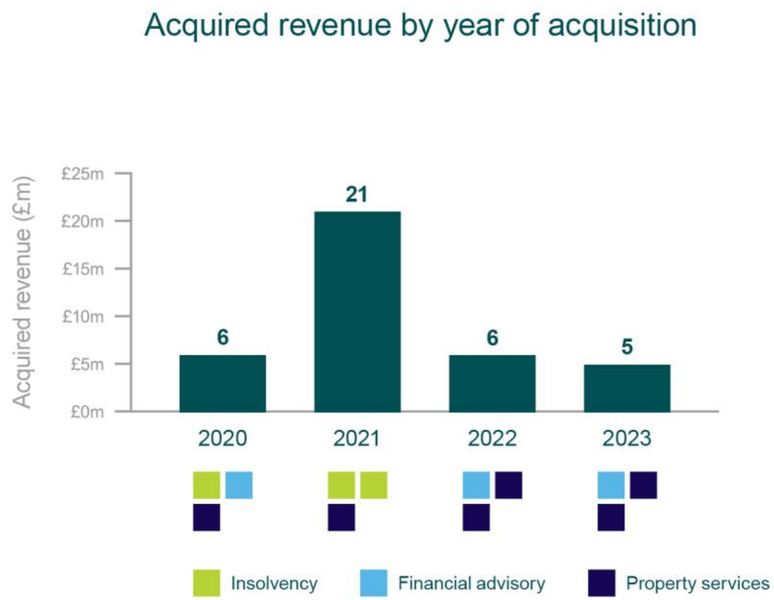
- Retention and development of our existing partners and employees
- Recruitment of new talent
- Enhanced cross-selling of our service lines and expertise to our wider client base
- Investment in technology and processes to enhance working practices and improve the service to our clients

Acquisition strategy

- Value-accretive acquisitions in any of the following market segments
  - Insolvency to increase market share
  - Advisory and transactional services to enhance expertise or geographical coverage
  - Complementary professional services businesses to continue the development of the group and its service offering

Acquisitions accelerating growth



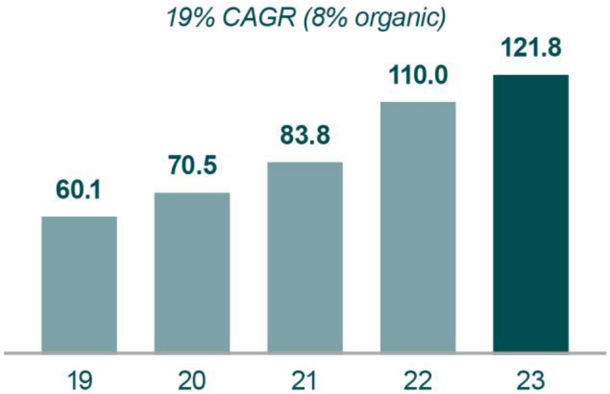


- Significant increase in scale of group resulting from growth strategy
    - Well-established process for identification, valuation, acquisition and integration of target businesses
    - 12 value enhancing acquisitions delivering revenue and operating synergies
- Cash generation, strong balance sheet and facility headroom underpin capacity for further acquisitions

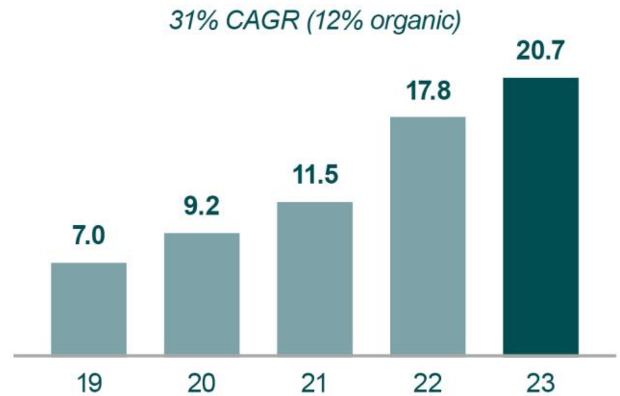
Strong financial track record delivering shareholder value

26% annual increase in TSR (CAGR)

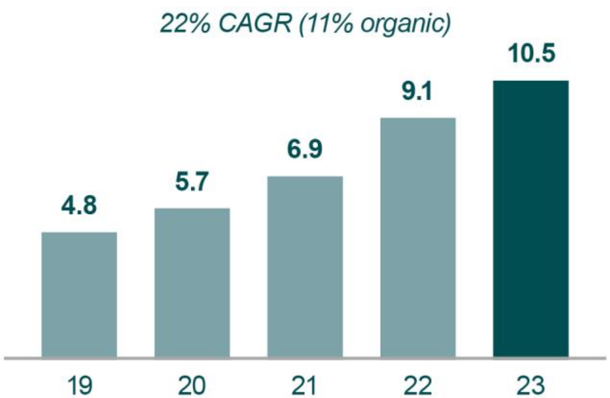
Revenue (£m)



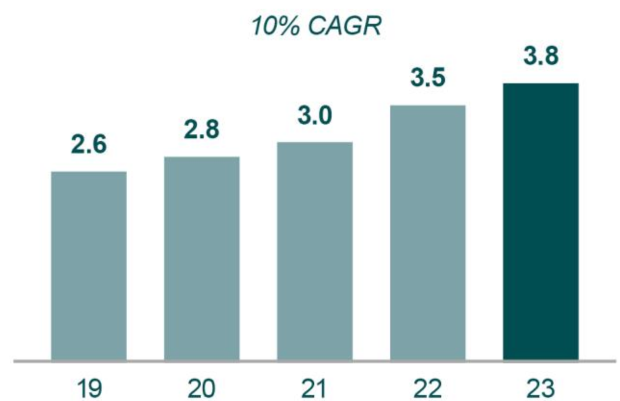
Adjusted profit before tax (£m)



Adjusted basic EPS (p)



Dividend (p)



Summary - strong position and confident of delivering further growth

- Strong platform to continue delivering our strategy of organic and acquired growth
  - Increased scale of group with broadened base of expertise
    - Enhanced client base and professional referral network
  - Well-positioned in the current macro-economic environment
    - 80% of income from counter-cyclical and defensive activities
- Significant financial capacity to deliver strategy
  - Organic growth opportunities across the group
  - Good pipeline of acquisition opportunities across fragmented marketplaces
- Confident of delivering current market expectations for further growth

Questions