**19 July 2022**

**Begbies Traynor Group plc**

**Final results**
**for the year ended 30 April 2022**

***Strong performance with results comfortably ahead of original expectations***

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery, financial advisory and property services consultancy, today announces its final results for the year ended 30 April 2022.

**Financial highlights**

| | 2022 £m | 2021 £m |
|---|---|---|
| Revenue | 110.0 | 83.8 |
| Adjusted profit before tax* | 17.8 | 11.5 |
| Profit before tax | 4.0 | 1.9 |
| Adjusted basic EPS** (p) | 9.1 | 6.9 |
| Basic EPS*** (p) | (0.3) | 0.1 |
| Proposed total dividend (p) | 3.5 | 3.0 |
| Net cash | 4.7 | 3.0 |

** Profit before tax £4.0m (2021: £1.9m) plus transaction costs £8.3m (2021: £6.5m) and amortisation of intangible assets arising on acquisitions £5.5m (2021: £3.1m)*
*** See reconciliation in note 5*
**** Basic loss per share in 2022 reflects a one-off non-cash deferred tax charge*

**Operational highlights**

- Successful year with financial performance comfortably ahead of original market expectations due to acquisitions and improved trading
- Revenue growth of 31% (7% organic), reflecting the material increase in our scale and service offerings
- Enhanced operating margins of 16.9% (2021: 14.8%), leading to adjusted profit growth of 55%
- All areas of the group performed well:
    - *Business recovery:* significant growth from acquisitions late in the previous financial year and increase in organic activity
    - *Financial advisory:* services broadened and enhanced following finance broker acquisition
    - *Property advisory and transactional services:* growth from expanding valuation and consultancy services, acquisitions and recovery in activity levels from lockdown impact
- Substantial free cash flow generation, ending year with net cash of £4.7m (2021: £3.0m)
- Recommended 17% increase in the total dividend for the year to 3.5p (2021: 3.0p), the fifth consecutive year of dividend growth

**Current trading and outlook**

- Started new financial year in strong position and confident of delivering plans for further growth towards the top end of current market expectations*
- Insolvency market (by volume) has returned to pre-pandemic activity levels and is expected to increase further in the current year and beyond
- Development of group and our extensive areas of expertise, leaves us well positioned to respond to the challenging economic backdrop
- We will provide a further update on trading at the annual general meeting in September 2022

** current range of analysts' forecasts for year ended 30 April 2023 revenue of £110.0m-£118.0m and adjusted PBT of £18.5m-£19.7m (as compiled by the company)*

**Commenting on the results, Ric Traynor, Executive Chairman of Begbies Traynor Group, said:**

"We have reported a further successful year for the group, with financial performance comfortably ahead of original market expectations due to acquisitions and improved trading. The results reflect the material increase in our scale and service offerings and a continuation of the strong financial track record we have built over recent years, resulting from our organic and acquisitive growth strategy.

“We have started our new financial year in a strong position and are confident of delivering our plans for further growth. At this early stage of the year, we anticipate results towards the top end of current market expectations. The development of the group in recent years, and the extensive areas of expertise that we have built up across our national office network, leaves us well positioned to respond to the challenging economic backdrop.

“Our healthy balance sheet and cash generation underpin our capacity to make further acquisitions and deliver organic growth initiatives, thereby continuing our track record of growth. We will provide an update on trading at the annual general meeting in September 2022.”

***There will be a webcast and conference call for analysts today at 9.00am. Please contact Pauline Guenot via begbies@mhpc.com or on 020 3128 8567 if you would like to receive details.***

**Enquiries please contact:**


| | |
|---|---|
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**Notes to editors**

Begbies Traynor Group plc is a leading business recovery, financial advisory and property services consultancy, providing services nationally from a comprehensive network of UK locations. The group has 1,000 employees and partners and the professional team include licensed insolvency practitioners, accountants, chartered surveyors and lawyers.

The group’s services include:

- Corporate and personal insolvency - we handle the largest number of corporate insolvency appointments in the UK, principally serving the mid-market and smaller companies.
- Financial advisory - Debt advisory, due diligence and transactional support, accelerated corporate finance, pensions advisory, business and financial restructuring, forensic accounting and investigations, finance broking.
- Corporate finance - buy and sell side support on corporate transactions.
- Valuations - valuation of property, businesses, machinery and business assets.
- Property consultancy, planning and management - Building consultancy, lease advisory, commercial property management, specialist insurance and vacant property risk management, transport planning and design.
- Transactional services - Sale of property, machinery and other business assets through physical and online auctions, business sales agency and commercial property agency.

Further information can be accessed via the group’s website at www.begbies-traynorgroup.com/investor-relations.

# CHAIRMAN'S STATEMENT

## INTRODUCTION

I am pleased to deliver my annual report to shareholders on a further successful year for the group, with financial performance comfortably ahead of original market expectations due to acquisitions and improved trading. The results reflect the material increase in our scale and service offerings and a continuation of the strong financial track record we have built over recent years, resulting from our organic and acquisitive growth strategy.

Since 2018 we have increased revenue from £52m to £110m, operating margins from 11.6% to 16.9%, adjusted profit before tax from £5.6m to £17.8m and adjusted earnings per share from 4.0p to 9.1p, respectively, from a combination of acquisitions and organic growth. Last year was no exception, as all areas of the group have delivered strong growth. Over the same period, we have also increased dividends by 10% CAGR and moved from net debt to net cash.

Our business recovery activities achieved significant growth, following on from the acquisitions of CVR Global and David Rubin & Partners late in the previous financial year. In addition, organic activity increased over the course of the financial year as the Government's pandemic support measures were gradually removed. UK insolvency numbers have now returned to pre-pandemic levels and we have increased our market share (by volume).

Our advisory services have been broadened and enhanced following the acquisition of the finance broker MAF Finance Group, at the start of the financial year. The addition of finance broking complements our advisory and transactional services, increasing the range of services and advice we can provide to our clients.

Our property services division reported growth in revenue and operating margins, resulting from recent acquisitions, our expanding valuation and consulting services, and the recovery in activity levels compared to the lockdown impacted comparative period. We are continuing to invest in and develop this service line with two acquisitions completed in the financial year, and one following the year end.

The group has continued to generate substantial free cash flow, ending the year with a net cash balance of £4.7m (2021: £3.0m). This is after £8.2m of acquisition and deferred consideration payments and paying dividends of £4.6m. Our strong financial position enables us to propose a 17% increase in the total dividend for the year, representing our fifth consecutive year of dividend growth.

Overall, the group remains in a strong position at the start of our new financial year. Our scale, capabilities and breadth of expertise provide us with the ability to continue to assist our clients as they face the challenges of the forthcoming year.

## RESULTS

Group revenue in the year increased by 31% to £110.0m (2021: £83.8m), 7% of which was organic. Adjusted* profit before tax** increased by 55% to £17.8m (2021: £11.5m). Statutory profit before tax was £4.0m (2021: £1.9m).

Adjusted* basic earnings per share*** increased by 32% to 9.1p (2021: 6.9p). Basic loss per share was 0.3p (2021: earnings of 0.1p), reflecting a one-off non-cash deferred tax charge.

As at 30 April 2022 the group had net cash of £4.7m (2021: £3.0m).

** The board uses adjusted performance measures to provide meaningful information on the operating performance of the business. The items excluded from our adjusted results are those which arise due to acquisitions in accordance with IFRS 3. They are not influenced by the day-to-day operations of the group.*

*** Profit before tax £4.0m (2021: £1.9m) plus transaction costs £8.3m (2021: £6.5m) and amortisation of intangible assets arising on acquisitions £5.5m (2021: £3.1m)*

**** See reconciliation in note 5*

## DIVIDEND

The board is pleased to recommend (subject to shareholder approval at the company's annual general meeting scheduled for 22 September 2022) a 17% increase in the total dividend for the year to 3.5p (2021: 3.0p), representing our fifth consecutive year of dividend growth. This comprises the interim dividend already paid of 1.1p (2021: 1.0p) and a proposed final dividend of 2.4p (2021: 2.0p).

This reflects the board's confidence in the group's financial position and prospects, whilst retaining capacity for our continued organic and acquisitive growth strategy. We remain committed to our long-term progressive dividend policy, which takes account of the group's earnings growth, our investment plans and cash requirements, together with the market outlook.

The final dividend will be paid on 3 November 2022 to shareholders on the register on 7 October 2022, with an ex-dividend date of 6 October 2022.

## STRATEGY

We believe that the execution of our strategy will continue to enhance shareholder value through the delivery of strong, sustainable financial performance.

Organic growth will be targeted through:

- 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; and
- investment in technology and processes to enhance working practices and improve the service to our clients.

Our acquisition strategy is to target value-accretive acquisitions in any of the following market segments:

- insolvency to increase market share;
- property services to enhance expertise or geographical coverage; and
- complementary professional services businesses to continue the development of the group and its service offering.

## PEOPLE

Our ongoing success is reliant on the quality of advice and service delivered to our clients by our people. I would like to thank all of our colleagues for their contribution over the course of the last financial year. Following the successful acquisitions, we are pleased with the way our teams are working together and our new colleagues have integrated into our culture. We have continued to support hybrid working arrangements during the year, as working patterns begin to normalise following the pandemic.

## SUSTAINABILITY

The board is committed to developing the business in a sustainable way for the benefit of all our stakeholders. We look to minimise our impact on the environment; have a positive impact for our people and the communities we serve; and operate with a culture of strong governance and responsible behaviour.

During the year under review we have made progress in a number of areas including the appointment of a new People Director to lead our human capital initiatives and the appointment of external consultants to advise the board on material areas of focus for sustainability. We also initiated a salary sacrifice car scheme to enable employees to purchase a low emission vehicle in a tax efficient manner and encourage the transition of our employees to more environmentally friendly vehicles. Further information on our sustainability policies and progress is detailed in the full annual report.

**OUTLOOK**

We have started our new financial year in a strong position and are confident of delivering our plans for further growth. At this early stage of the year, we anticipate results being towards the top end of current market expectations, with cost inflation more than offset by revenue growth.

The development of the group in recent years, and the extensive areas of expertise we have built across our national office network, leaves us well positioned to respond to the challenging economic backdrop.

The insolvency market (by volume) has returned to pre-pandemic activity levels and is expected to increase further in the current year and beyond. Although to date this increase has been through liquidations (typically smaller companies) rather than administrations (typically larger and more complex instructions), we anticipate administrations will also increase to normal levels over the course of the new financial year.

Our advisory team has an encouraging pipeline of organic growth and acquisition opportunities, giving confidence of further development being achieved in the new financial year.

In the property division, we anticipate further progress as we continue to develop our broad range of services through organic growth and acquisitions, having completed the purchase of Budworth Hardcastle in June 2022.

Our healthy balance sheet and cash generation underpin our capacity to progress our pipeline of acquisitions and deliver organic growth initiatives, thereby continuing our track record of growth. We will provide an update on trading at the annual general meeting in September 2022.

**Ric Traynor**
**Executive chairman**
**19 July 2022**

# BUSINESS REVIEW

## OPERATING REVIEW

### Business recovery and financial advisory

***Financial summary***

Revenue increased by 36% (5% organic) to £81.4m (2021: £59.7m), reflecting the benefit from recent acquisitions combined with an increase in activity levels.

Operating costs increased by £15.4m to £60.4m (2021: £45.0m), principally from costs associated with acquired businesses. However, these costs reduced as a percentage of revenue which resulted in improved operating margins of 25.8% (2021: 24.6%).

Segmental profits* increased by 43% to £21.0m (2021: £14.7m).

** See note 2*

***Business recovery***

The results for the year reflect the significant increase in the scale of our business recovery activities, which resulted from the acquisitions of CVR Global and David Rubin & Partners late in the previous financial year. The teams have integrated well into the group and delivered strong results over the last twelve months.

Over the course of the financial year, the measures introduced by the Government to protect companies during the pandemic were gradually removed. As a result, UK insolvency numbers returned to pre-pandemic levels, having been at historically low levels during most of the prior period, and we expect them to increase further in the current year and beyond.

Corporate insolvencies* nationally increased by 50% to 16,648 (2021: 11,134), with the increase to date being from liquidations (which are typically routine insolvencies of smaller companies) rather than administrations (typically larger and more complex instructions).

We have increased activity across all case sizes: the smaller, more routine appointments through our extensive regional network and digital marketing expertise; and the larger and more complex appointments, as anticipated, following the successfully integrated acquisitions.

Begbies Traynor remains the market leader (by volume of appointments) with an increased market share resulting from organic development of 14% (prior year 12% reflecting the additional market share of the acquired businesses).

Our order book of committed future insolvency revenue has increased to £29.5m (2021: £28.3m), leaving the division well-placed to continue its track record of growth in the new financial year.

** Source: The Insolvency Service quarterly statistics on the number of corporate insolvencies (excluding compulsory liquidations) in England and Wales on a seasonally adjusted basis.*

***Financial advisory***

At the start of the financial year, we acquired the finance broker MAF Finance Group ('MAF'). MAF supports its broad client base through arranging facilities for investment in new asset purchases together with refinancing and restructuring existing facilities. Finance broking complements the group's other advisory and transactional services and deepens the group's existing relationships with banks and other lenders.

The business traded well in its first year as part of the group and has grown in line with its earn out targets. Total lending arranged for clients in the financial year increased to £330m from £150m in the year prior to acquisition. This growth has been delivered from developing its healthcare and renewables financing expertise as well as continuing growth in asset and property finance solutions.

Our Springboard corporate finance team had a successful year, providing buy and sell-side advice and benefitting from an M&A market which continued to be very active.

### *People*

The number of people employed in the division has increased to 590 on 30 April 2022 from 555 at the start of the financial year, following the MAF acquisition. We continue to consider further recruitment to build capacity for long-term growth and to develop our service offering.

## Property advisory and transactional services

### *Financial summary*

Revenue increased by 19% (10% organic) to £28.6m (2021: £24.1m), reflecting organic growth of key service lines, the recovery in activity levels compared to the lockdown impacted comparative period and the first-time contribution from acquisitions.

Operating costs increased to £23.8m (2021: £20.2m), principally due to costs of acquired businesses.

Segmental profits* were £4.8m (2021: £3.9m), with operating margins having increased to 16.8% (2021: 16.2%).

** See note 2*

### *Operating review*

The division was created through the acquisition of Eddisons in December 2014, since when it has increased substantially in scale from annual revenue of c.£13m at inception to a current annualised run rate in excess of £30m, together with strong and growing profitability.

Our professional services team had a strong year providing real estate valuation services to secured lenders. This reflects the benefit of investment in the team in recent years, which has resulted in the business now operating as a national practice providing services to the clearing banks together with a broad range of specialist lenders. Revenue growth in the year came from an increased number of instructions together with higher average fees, reflecting our enhanced reputation and expertise.

The building consultancy team continued to grow its national offering to the education sector and its broad range of corporate clients. The team now has a national footprint and an excellent reputation, which provides strong foundations for continuing growth.

As previously reported, we also experienced a sustained recovery in activity levels in our business sales agency, commercial property agency, valuation and auction businesses compared to the lockdown impacted comparative period.

### *Acquisitions*

We completed two acquisitions during the year in line with our strategy to enhance and broaden our service offerings and geographical coverage.

In January 2022, we acquired Daniells Harrison, a valuation and property consultancy practice operating across the south coast of England, which extended our coverage into a new geography. In addition, we expanded our operations in South Yorkshire through the acquisition of the team from Fernie Greaves Chartered Surveyors in October 2021, who joined our existing Sheffield team.

### *People*

The number of people employed in the division has increased to 326 on 30 April 2022 from 306 at the start of the financial year, following the above acquisitions.

**FINANCE REVIEW**

**Financial summary**

| | **2022 £m** | 2021 £m |
|---|---|---|
| Revenue | **110.0** | 83.8 |
| Operating profit (before transaction costs and amortisation) | **18.6** | 12.4 |
| Finance costs | **(0.8)** | (0.9) |
| Adjusted profit before tax | **17.8** | 11.5 |
| Transaction costs | **(8.3)** | (6.5) |
| Amortisation of intangible assets arising on acquisitions | **(5.5)** | (3.1) |
| Profit before tax | **4.0** | 1.9 |
| Tax on profits on ordinary activities | **(2.7)** | (1.7) |
| Deferred tax charge due to change in tax rate | **(1.8)** | - |
| (Loss) profit for the year | **(0.5)** | 0.2 |

**Operating result (before transaction costs and amortisation)**

Revenue in the year increased by £26.2m to £110.0m (2021: £83.8m), an overall increase of 31%, of which 7% was organic and 24% was acquired*. Operating profit increased by 50% to £18.6m (2021: £12.4m).

Operating margins improved to 16.9% (2021: 14.8%), due to profit growth and margin enhancement in both divisions. In addition, shared and central costs as a percentage of group revenue reduced to 6.5% (2021: 7.4%), reflecting the benefits of increased scale.

Adjusted profit before tax increased by 55% to £17.8m (2021: £11.5m).

** part year contribution from acquisitions in the year and full year contribution of prior year acquisitions*

**Transaction costs**

Transaction costs are non-operating items and arise due to acquisitions in accordance with IFRS 3. They include the following:

- Deemed remuneration, which relates to acquisition consideration, where the vendors have obligations in the sale and purchase agreement to provide post-acquisition services for a fixed period. This consideration is charged to profit over the period of service;
- Gains on acquisitions, where the fair value of assets acquired exceeds the consideration (due to elements of consideration being accounted for as deemed remuneration and charged to income as detailed above); and
- Legal and professional fees incurred on acquisitions.

These costs (detailed in note 3) increased to £8.3m (2021: £6.5m) in the year. This reflects an increase in deemed remuneration charges from both current and prior year acquisitions, partially offset by a gain on acquisition.

**Tax**

The overall tax charge for the year was £4.5m (2021: £1.7m) as detailed below:

| | **2022** | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Profit before tax £m** | **Tax £m** | **Profit after tax £m** | ***Effective rate*** | Profit before tax £m | Tax £m | Profit after tax £m | *Effective rate* |
| Adjusted | **17.8** | **(3.7)** | **14.1** | ***20%*** | 11.5 | (2.3) | 9.2 | *20%* |
| Transaction costs | **(8.3)** | **-** | **(8.3)** | **-** | (6.5) | - | (6.5) | - |
| Amortisation | **(5.5)** | **1.0** | **(4.5)** | ***19%*** | (3.1) | 0.6 | (2.5) | *19%* |
| Statutory (before one-off charge) | **4.0** | **(2.7)** | **1.3** | ***68%*** | 1.9 | (1.7) | 0.2 | *89%* |
| Deferred tax charge from change in rate | **-** | **(1.8)** | **(1.8)** | **-** | - | - | - | - |
| Statutory | **4.0** | **(4.5)** | **(0.5)** | ***113%*** | 1.9 | (1.7) | 0.2 | *89%* |

The deferred tax charge from the change in rate of £1.8m is a one-off non-cash charge, resulting from an increase in deferred tax liabilities following the legislation to increase the UK corporation tax rate to 25% being enacted during the year.

**Earnings per share**

Adjusted basic earnings per share* increased by 32% to 9.1p (2021: 6.9p). Basic loss per share of 0.3p (2021: earnings per share of 0.1p), resulting from the one-off non-cash deferred tax charge noted above.

** See reconciliation in note 5*

**Partners and employees**

On 30 April 2022 the group had 1,000 partners and employees (2021: 940), the increase being principally due to acquisitions.

The average number of full-time equivalent (FTE) partners and employees working in the group during the year is detailed below.

| | **2022** | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Business recovery and financial advisory** | **Property advisory and transactional services** | **Shared and support teams** | **Total** | Business recovery and financial advisory | Property advisory and transactional services | Shared and support teams | Total |
| Partners | **85** | **-** | **-** | **85** | 70 | - | - | 70 |
| Employees | **395** | **268** | **-** | **663** | 285 | 237 | - | 522 |
| Fee earners | **480** | **268** | **-** | **748** | 355 | 237 | - | 592 |
| Support teams | **68** | **7** | **77** | **152** | 45 | 5 | 68 | 118 |
| Total | **548** | **275** | **77** | **900** | 400 | 242 | 68 | 710 |

The ratio of our support teams to fee earning colleagues is 4.9 (2021: 5.0).

**Acquisitions**

During the financial year, the group made the following acquisitions:

- MAF Property Limited ('MAF') on 9 May 2021 for initial consideration of £3.0m (£2.0m cash and £1.0m in shares - cash free, debt free); potential earn out of up to £8.75m subject to delivering material growth in profits over the four year period post-acquisition.

  In its financial year ended 31 December 2020, MAF reported revenue of £3.1m and normalised pre-tax profits of £0.3m when reported on the same basis as the group.

- Daniells Harrison Surveyors LLP ('Daniells Harrison') on 9 January 2022 for initial consideration of £1.0m (£0.75m cash and £0.25m in shares - cash free, debt free); contingent consideration of £1m subject to maintaining financial performance; and a potential earn out of up to £1.25m subject to meeting growth targets over the four year period post-acquisition.

  In its financial year ended 31 March 2021, Daniells Harrison reported revenue of £2.1m and normalised pre-tax profits of £0.4m when reported on the same basis as the group.

In addition, in October 2021, we expanded our property services team in South Yorkshire through the acquisition of the team from Fernie Greaves Chartered Surveyors for consideration of £0.25m.

The net cash outflow from acquisitions was £8.2m, comprising current year acquisitions of £2.9m and prior year acquisitions of £5.3m.

The value of net assets acquired exceeds the accounting value of consideration (as a result of the elements of consideration being accounted for as deemed remuneration) and consequently a gain of £2.0m has been recognised within transaction costs in the year.

**Liquidity**

The group remains in a strong financial position. At 30 April 2022, the group had net cash of £4.7m (2021: £3.0m), represented by cash balances of £9.7m (2021: £8.0m) net of drawn borrowing facilities of £5.0m (2021: £5.0m). All bank covenants were comfortably met during the year.

We have extended our borrowing facilities with HSBC which now mature in August 2024 and comprise a £25m unsecured, committed revolving credit facility (of which £5m was drawn at 30 April 2022) and a £5m uncommitted acquisition facility. We have significant levels of headroom in these facilities to fund organic investment and acquisition opportunities.

**Cash flow**

The group remains strongly cash-generative and increased its free cash flow to £14.0m (2021: £12.3m).

Cash flow in the year is summarised as follows:

| | **2022**<br>**£m** | 2021<br>£m |
|---|---|---|
| Net cash from operating activities (before deemed remuneration) | **18.2** | 16.2 |
| Capital expenditure | **(1.0)** | (1.2) |
| Capital element of lease payments | **(3.2)** | (2.7) |
| Free cash flow | **14.0** | 12.3 |
| Net proceeds from share issues | **0.5** | 20.9 |
| Acquisition and deferred consideration payments | **(8.2)** | (23.9) |
| Dividends | **(4.6)** | (3.6) |
| Increase in net cash | **1.7** | 5.7 |

**Net assets**

At 30 April 2022 net assets were £84.5m (2021: £86.3m). The £1.8m reduction in net assets reflects the post-tax impact of acquisition-related transaction and amortisation costs of £12.8m and the one-off deferred tax charge of £1.8m; which offset post-tax adjusted earnings of £14.1m net of dividends of £4.6m; a £1.5m credit for equity-settled share-based payments; and £1.8m from the issue of new shares to satisfy share options and acquisition consideration.

**Going concern**

The group is in a strong financial position and has significant liquidity as detailed above.

In carrying out their duties in respect of going concern, the directors have completed a review of the group's financial forecasts for a period exceeding 12 months from the date of approving this statement. This review included sensitivity analysis and stress tests to determine the potential impact on the group of reasonably possible downside scenarios. Under all modelled scenarios, the group's banking facilities were sufficient and all associated covenant measures were forecast to be met.

As a result, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial information in this statement is prepared on the going concern basis.

**Ric Traynor**
**Executive chairman**
**19 July 2022**

**Nick Taylor**
**Group finance director**
**19 July 2022**

# Consolidated statement of comprehensive income

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| Revenue | 2 | **110,002** | 83,831 |
| Direct costs | | **(62,167)** | (48,281) |
| **Gross profit** | | **47,835** | 35,550 |
| Other operating income | | **155** | 179 |
| Administrative expenses | | **(43,106)** | (32,939) |
| **Operating profit (before amortisation and transaction costs)** | 2 | **18,594** | 12,394 |
| Transaction costs | 3 | **(8,224)** | (6,546) |
| Amortisation of intangible assets arising on acquisitions | | **(5,486)** | (3,058) |
| **Operating profit** | | **4,884** | 2,790 |
| Finance costs | 4 | **(835)** | (883) |
| **Profit before tax** | | **4,049** | 1,907 |
| Tax (before one-off deferred tax charge) | | **(2,732)** | (1,754) |
| Deferred tax charge due to change in tax rate | | **(1,817)** | — |
| **(Loss) profit and total comprehensive income for the year** | | (**500)** | 153 |
| **(Loss) earnings per share** | | | |
| Basic and diluted | 5 | **(0.3)p** | 0.1p |

The profit, comprehensive income and earnings per share is attributable to equity holders of the parent.

# Consolidated statement of changes in equity

| | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Capital redemption reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|
| At 1 May 2020 | 6,386 | 29,459 | 23,927 | 304 | 5,495 | 65,571 |
| Profit for the year | — | — | — | — | 153 | 153 |
| Dividends | — | — | — | — | (3,579) | (3,579) |
| Transfer from share premium account | — | (20,000) | — | — | 20,000 | — |
| Credit to equity for equity-settled share-based payments | — | — | — | — | 1,031 | 1,031 |
| Shares issued as consideration for acquisitions | 95 | — | 1,905 | — | — | 2,000 |
| Shares issued as deferred consideration | 8 | — | 142 | — | — | 150 |
| Placing shares issued | 1,043 | 19,852 | — | — | — | 20,895 |
| Shares issued for share-based payments | 15 | 14 | — | — | — | 29 |
| At 30 April 2021 | 7,547 | 29,325 | 25,974 | 304 | 23,100 | 86,250 |
| Loss for the year | — | — | — | — | (500) | (500) |
| Dividends | — | — | — | — | (4,553) | (4,553) |
| Credit to equity for equity-settled share-based payments | — | — | — | — | 1,544 | 1,544 |
| Shares issued as consideration for acquisitions | 52 | — | 1,198 | — | — | 1,250 |
| Shares issued for share-based payments | 72 | 462 | — | — | — | 534 |
| **At 30 April 2022** | **7,671** | **29,787** | **27,172** | **304** | **19,591** | **84,525** |

# Consolidated balance sheet

| | Note | 2022 £'000 | Restated 2021 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | | **75,307** | 77,887 |
| Property, plant and equipment | | **1,967** | 2,069 |
| Right of use assets | | **5,492** | 7,502 |
| Trade and other receivables | 7 | **4,175** | 3,970 |
| | | **86,941** | 91,428 |
| **Current assets** | | | |
| Trade and other receivables | 7 | **49,666** | 44,856 |
| Cash and cash equivalents | | **9,685** | 7,986 |
| | | **59,351** | 52,842 |
| **Total assets** | | **146,292** | 144,270 |
| **Current liabilities** | | | |
| Trade and other payables | 8 | **(37,163)** | (32,884) |
| Current tax liabilities | | **(1,767)** | (2,612) |
| Lease liabilities | | **(1,747)** | (2,975) |
| Provisions | | **(1,474)** | (566) |
| | | **(42,151)** | (39,037) |
| **Net current assets** | | **17,200** | 13,805 |
| **Non-current liabilities** | | | |
| Borrowings | | **(5,000)** | (5,000) |
| Lease liabilities | | **(4,598)** | (5,846) |
| Provisions | | **(1,992)** | (2,609) |
| Deferred tax | | **(8,026)** | (5,528) |
| | | **(19,616)** | (18,983) |
| **Total liabilities** | | **(61,767)** | (58,020) |
| **Net assets** | | **84,525** | 86,250 |
| **Equity** | | | |
| Share capital | | **7,671** | 7,547 |
| Share premium | | **29,787** | 29,325 |
| Merger reserve | | **27,172** | 25,974 |
| Capital redemption reserve | | **304** | 304 |
| Retained earnings | | **19,591** | 23,100 |
| **Equity attributable to owners of the company** | | **84,525** | 86,250 |

# Consolidated cash flow statement

| | Notes | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated by operations | 9 | **14,235** | 16,162 |
| Income taxes paid | | **(3,621)** | (2,273) |
| Interest paid on borrowings | | **(328)** | (342) |
| Interest paid on lease liabilities | | **(460)** | (506) |
| **Net cash from operating activities (before deemed remuneration payments)** | | **18,096** | 16,236 |
| Deemed remuneration payments | 10 | **(8,270)** | (3,195) |
| **Net cash from operating activities** | | **9,826** | 13,041 |
| **Investing activities** | | | |
| Purchase of intangible fixed assets | | **(188)** | (307) |
| Purchase of property, plant and equipment | | **(876)** | (997) |
| Proceeds on disposal of property, plant and equipment | | **40** | — |
| Acquisition of businesses | 10 | **(250)** | (22,033) |
| Deferred consideration payments | 10 | **(36)** | (150) |
| Net cash acquired in acquisition of businesses | 10 | **397** | 1,522 |
| **Net cash used in investing activities** | | **(913)** | (21,965) |
| **Financing activities** | | | |
| Dividends paid | 6 | **(4,553)** | (3,579) |
| Proceeds on issue of shares | | **504** | 20,923 |
| Capital element of lease payments | | **(3,165)** | (2,681) |
| Repayment of loans | | **—** | (5,000) |
| **Net cash used in financing activities** | | **(7,214)** | 9,663 |
| **Net increase in cash and cash equivalents** | | **1,699** | 739 |
| **Cash and cash equivalents at beginning of year** | | **7,986** | 7,247 |
| **Cash and cash equivalents at end of year** | | **9,685** | 7,986 |

## 1. Basis of preparation and accounting policies

The results for the year ended 30 April 2022 have been prepared on the basis of accounting policies consistent with those set out in the annual report to shareholders of Begbies Traynor Group plc for the year ended 30 April 2021.

The group's financial statements for the year ended 30 April 2022 have been prepared in accordance with International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Whilst the financial information included in this announcement has been prepared in accordance with IFRS, this announcement itself does not contain sufficient information to comply with IFRS.

This financial information does not include all of the information and disclosures required for full annual financial statements and does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006.

The comparative figures for the year ended 30 April 2021 do not comprise the group's statutory accounts for that financial year. Those accounts have been reported upon by the group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Statutory accounts for Begbies Traynor Group plc for 2022 will be delivered to the Registrar of Companies following the company's annual general meeting. The auditors have reported on these accounts; their report is unqualified and does not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under either section 498 (2) or (3) of the Companies Act 2006. The 2022 annual report will be available on the group's website: www.begbies-traynorgroup.com/investor-relations.

### Going concern

In carrying out their duties in respect of going concern, the directors have completed a review of the group's financial forecasts for a period exceeding 12 months from the date of approving this statement. This review included sensitivity analysis and stress tests to determine the potential impact on the group of reasonably possible downside scenarios. Under all modelled scenarios, the group's banking facilities were sufficient and all associated covenant measures were forecast to be met.

As such, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial information in this statement is prepared on the going concern basis.

### Adjusted performance measures

Management believes that adjusted performance measures provide meaningful information to the users of the accounts on the performance of the business and are the performance measures used by the board. Accordingly, adjusted measures of operating profit, profit before tax and earnings per share exclude, where applicable, transaction costs, amortisation of intangible assets arising on acquisitions and related tax effects on these items. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

The items excluded from adjusted results are those which arise due to acquisitions and are charged to the consolidated statement of comprehensive income in accordance with IFRS 3. They are not influenced by the day-to-day operations of the group.

**Restatement of prior year financial statements**

*Adjustment to provisional accounting estimates under IFRS 3*

The provisional estimates made in relation to acquisitions completed in the year ended 30 April 2021 were finalised during the year. In accordance with the group's accounting policy for business combinations, provisional values are adjusted retrospectively and comparative information is restated.

| | **As reported 30 April 2021 £'000** | Adjustment to provisional estimates on CVR acquisition £'000 | Adjustment to provisional estimates on DRP acquisition £'000 | Restated 30 April 2021 £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | 77,637 | (529) | 779 | **77,887** |
| Property, plant and equipment | 2,069 | — | — | **2,069** |
| Right of use assets | 7,502 | — | — | **7,502** |
| Trade and other receivables | 3,970 | — | — | **3,970** |
| | 91,178 | (529) | 779 | **91,428** |
| **Current assets** | | | | |
| Trade and other receivables | 45,425 | (124) | (445) | **44,856** |
| Cash and cash equivalents | 7,986 | — | — | **7,986** |
| | 53,411 | (124) | (445) | **52,842** |
| **Total assets** | 144,589 | (653) | 334 | **144,270** |
| **Current liabilities** | | | | |
| Trade and other payables | (33,273) | 751 | (362) | **(32,884)** |
| Current tax liabilities | (2,612) | — | — | **(2,612)** |
| Lease liabilities | (2,975) | — | — | **(2,975)** |
| Provisions | (566) | — | — | **(566)** |
| | (39,426) | 751 | (362) | **(39,037)** |
| **Net current assets** | 13,985 | 627 | (807) | **13,805** |
| **Non-current liabilities** | | | | |
| Borrowings | (5,000) | | — | **(5,000)** |
| Lease liabilities | (5,846) | | — | **(5,846)** |
| Provisions | (2,609) | | — | **(2,609)** |
| Deferred tax | (5,458) | (98) | 28 | **(5,528)** |
| | (18,913) | (98) | 28 | **(18,983)** |
| **Total liabilities** | (58,339) | 653 | (334) | **(58,020)** |
| **Net assets** | 86,250 | — | — | **86,250** |

## 2. Segmental analysis

The group's operating segments are established on the basis of the components of the group that are evaluated regularly by the chief operating decision maker. The group is managed as two operating segments: business recovery and financial advisory services, and property advisory and transactional services.

| | **Business recovery and financial advisory services 2022 £'000** | **Property advisory and transactional services 2022 £'000** | **Shared and central costs 2022 £'000** | **Consolidated 2022 £'000** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Total revenue from rendering of professional services | **81,383** | **28,649** | — | **110,032** |
| Inter-segment revenue | — | **(30)** | **—** | **(30)** |
| Revenue from external customers | **81,383** | **28,619** | — | **110,002** |
| **Operating profit before amortisation and transaction costs** | **21,002** | **4,841** | **(7,249)** | **18,594** |

| | Business recovery and financial advisory services 2021 £'000 | Property advisory and transactional services 2021 £'000 | Shared and central costs 2021 £'000 | Consolidated 2021 £'000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Total revenue from rendering of professional services | 59,697 | 24,140 | — | 83,837 |
| Inter-segment revenue | — | (6) | — | (6) |
| Revenue from external customers | 59,697 | 24,134 | — | 83,831 |
| Operating profit before amortisation and transaction costs | 14,721 | 3,875 | (6,202) | 12,394 |

## 3. Transaction costs

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| Deemed remuneration | **9,983** | 5,449 |
| Acquisition costs | **215** | 439 |
| Gain on acquisition | **(1,974)** | (231) |
| Charge arising under Begbies Traynor (London) LLP put and call option | — | 889 |
| | **8,224** | 6,546 |

## 4. Finance costs

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| Interest on borrowings | **375** | 377 |
| Finance charge on lease liabilities | **385** | 441 |
| Finance charge on dilapidation provisions | **75** | 65 |
| | **835** | 883 |

### 5. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| **Earnings** | | |
| (Loss) profit for the year attributable to equity holders | **(500)** | 153 |

| | **2022 number '000** | 2021 number '000 |
|---|---|---|
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | **154,556** | 132,963 |
| Effect of: | | |
| Share options | **5,968** | 4,421 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | **160,524** | 137,384 |

| | **2022 pence** | 2021 pence |
|---|---|---|
| **Basic and diluted (loss) earnings per share** | **(0.3)** | 0.1 |

The calculation of adjusted basic and diluted earnings per share is based on the following data:

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| **Earnings** | | |
| (Loss) profit for the year attributable to equity holders | **(500)** | 153 |
| Amortisation of intangible assets arising on acquisitions | **5,486** | 3,058 |
| Transaction costs | **8,224** | 6,546 |
| Tax effect of above items | **(1,059)** | (581) |
| Change in deferred tax rate relating to goodwill and intangible assets | **1,990** | — |
| Adjusted earnings | **14,141** | 9,176 |

| | **2022 pence** | 2021 pence |
|---|---|---|
| Adjusted basic earnings per share | **9.1** | 6.9 |
| Adjusted diluted earnings per share | **8.8** | 6.7 |

## 6. Dividends

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| **Amounts recognised as distributions to equity holders in the year** | | |
| Interim dividend for the year ended 30 April 2021 of 1.0p (2020: 0.9p) per share | **1,509** | 1,149 |
| Final dividend for the year ended 30 April 2021 of 2.0p (2020: 1.9p) per share | **3,044** | 2,430 |
| | **4,553** | 3,579 |
| **Amounts proposed as distributions to equity holders** | | |
| Interim dividend for the year ended 30 April 2022 of 1.1p (2021: 1.0p) per share | **1,687** | 1,509 |
| Final dividend for the year ended 30 April 2022 of 2.4p (2021: 2.0p) per share | **3,682** | 3,044 |
| | **5,369** | 4,553 |

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2022. The interim dividend for 2022 was paid on 6 May 2022 and, accordingly, has not been included as a liability in these financial statements nor as a distribution to equity shareholders.

## 7. Trade and other receivables

| | **2022 £'000** | Restated 2021 £'000 |
|---|---|---|
| **Non-current** | | |
| Deemed remuneration | **4,175** | 3,970 |
| **Current** | | |
| Trade receivables | **9,066** | 8,215 |
| Unbilled income | **35,208** | 31,717 |
| Other debtors and prepayments | **2,715** | 2,573 |
| Deemed remuneration | **2,677** | 2,351 |
| | **49,666** | 44,856 |

## 8. Trade and other payables

| | **2022 £'000** | Restated 2021 £'000 |
|---|---|---|
| **Current** | | |
| Trade payables | **1,671** | 1,387 |
| Accruals | **9,733** | 6,899 |
| Other taxes and social security | **4,474** | 4,385 |
| Deferred income | **5,611** | 5,520 |
| Other creditors | **13,950** | 13,948 |
| Deferred consideration | **338** | 375 |
| Deemed remuneration liabilities | **1,386** | 370 |
| | **37,163** | 32,884 |

## 9. Reconciliation to the cash flow statement

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| **(Loss) profit for the year** | **(500)** | 153 |
| Adjustments for: | | |
| Tax | **4,549** | 1,754 |
| Finance costs | **835** | 883 |
| Amortisation of intangible assets | **5,668** | 3,180 |
| Depreciation of property, plant and equipment | **1,038** | 841 |
| Depreciation of right of use assets | **2,645** | 2,617 |
| Impairment of right of use asset | — | 579 |
| Reversal of impairment of right of use asset | — | (228) |
| Gain on acquisition | **(1,974)** | (231) |
| Profit on disposal of fixed assets | **(10)** | — |
| Profit on disposal of right of use assets | **(81)** | — |
| Share-based payment expense | **1,574** | 1,031 |
| Deemed remuneration obligations settled through equity | **1,250** | 150 |
| (Increase) decrease in deemed remuneration receivable | **(531)** | 2,759 |
| Increase in deemed remuneration liability | **1,016** | 236 |
| Operating cash flows before movements in working capital | **15,479** | 13,724 |
| Increase in receivables (excluding deemed remuneration) | **(3,916)** | (2,683) |
| Increase in payables (excluding deemed remuneration) | **2,296** | 5,400 |
| Increase (decrease) in provisions | **376** | (279) |
| Cash generated by operations | **14,235** | 16,162 |

## 10. Summary of cashflows arising from acquisitions

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| **Investing acquisition payments** | | |
| Cash consideration under IFRS3 | **250** | 11,030 |
| Settlement of pre-acquisition borrowings | — | 11,003 |
| Cash outflows on acquisition of businesses | **250** | 22,033 |
| Deferred consideration payments | **36** | 150 |
| | **286** | 22,183 |
| **Deemed remuneration payments** | | |
| Initial payments | **3,065** | 363 |
| Deferred consideration payments | **5,205** | 2,832 |
| | **8,270** | 3,195 |
| **Net cash and cash equivalents acquired** | **(397)** | (1,522) |
| **Total cashflows arising from acquisitions** | **8,159** | 23,856 |