11 July 2023

Begbies Traynor Group plc

Final results
for the year ended 30 April 2023

Results ahead of original market expectations; building on strong track record of growth

Begbies Traynor Group plc (the 'company' or the 'group'), the professional services consultancy, today announces its final results for the year ended 30 April 2023.

Financial highlights

	2023 £m	2022 £m
Revenue	121.8	110.0
Adjusted EBITDA[1]	26.6	23.9
Adjusted profit before tax[1,2]	20.7	17.8
Profit before tax	6.0	4.0
Adjusted basic EPS[1,3] (p)	10.5	9.1
Basic EPS[4] (p)	1.9	(0.3)
Proposed total dividend (p)	3.8	3.5
Net cash	3.0	4.7

Operational highlights

- Further successful year of continued growth with results ahead of original market expectations
- Revenue growth of 11% (6% organic, 5% acquired) reflected continued execution of our strategy to grow the business, delivering strong, sustainable financial performance
- Enhanced operating margins of 17.9% (2022: 16.9%), reflected the continuing increase in our scale and service offerings
- Double-digit revenue and profit growth across both operating divisions derived from:
    - increased insolvency appointments and enhanced reputation for mid-market insolvencies
    - contribution from acquisitions in finance broking and property advisory
    - organic growth from property service lines, reflecting the resilient nature of our services in a challenging marketplace
- Substantial free cash flow generation of £14.1m; ended year with net cash of £3.0m (2022: £4.7m), having made £10.6m of acquisition and deferred consideration payments and paid dividends of £5.4m
- Recommended 9% increase in the total dividend for the year to 3.8p (2022: 3.5p), the sixth consecutive year of dividend growth, reflecting the board's confidence in the group's financial position and prospects

Current trading and outlook

- Started new financial year in strong position and confident of a further year of growth in line with market expectations[5]
- Strong order book of insolvency revenue (up 19% in the year), driven by continued increase in insolvency market volumes
- Well placed to further increase exposure to larger, more complex insolvency appointments with our 11% share of the administration market ranking us second largest nationally by volume (increase from fourth over the last five years)
- Well positioned in current macro-economic environment
    - 80% of income from counter-cyclical and defensive activities and a diverse mix of services
- Will provide a further update on trading at the annual general meeting in September 2023

1 The board uses adjusted performance measures to provide meaningful information on the performance of the business. The items excluded from adjusted PBT and EPS are those which arise due to acquisitions in accordance with IFRS 3 and are not influenced by the day-to-day operations of the group. Adjusted EBITDA excludes non-cash share-based payment and depreciation charges from adjusted PBT.
2 Profit before tax £6.0m (2022: £4.0m) plus transaction costs £8.4m (2022: £8.3m) and amortisation of intangible assets arising on acquisitions £6.3m (2022: £5.5m)
3 See reconciliation in note 5
4 Basic loss per share in 2022 reflects a one-off non-cash deferred tax charge
5 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

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

"We have reported another successful year of continued growth, with reported results ahead of original market expectations and increased our dividend by 9%.

"We have a proven growth strategy which, over the five year period between 2019 and 2023, has doubled revenue and tripled adjusted profit before tax, from a combination of organic growth and acquisitions. This growth has been delivered across insolvency and our full range of advisory and transactional services.

"We have started our new financial year confident in our outlook. The increased scale of the group with complementary professional services and an enhanced client base provides a strong platform for us to continue delivering growth. With 80% of income generated from counter-cyclical and defensive activities, we are well-positioned in the current challenging economic environment.

"Our strong balance sheet and cash generation underpin our capacity to deliver organic growth initiatives and progress our pipeline of acquisitions, thereby continuing our track record of growth."

A meeting for analysts will be held today at 8.45am for 9.00am at the offices of Shore Capital, Cassini House, 57 St James's Street, London SW1A 1LD, which will also be available as a webcast. Please contact Pauline Guenot via begbies@mhpgroup.com or on 020 3128 8567 if you would like to receive details.

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Notes to editors

Begbies Traynor Group plc is a leading professional services consultancy, providing services from a comprehensive network of UK and off-shore locations. Our professional team include licensed insolvency practitioners, accountants, chartered surveyors, bankers and lawyers. We provide the following services to our client base of corporates, financial institutions, the investment community and the professional community:

- **Insolvency**
  - Corporate and personal insolvency
- **Financial advisory**
  - Business and financial restructuring; debt advisory; forensic accounting and investigations
- **Transactional support**
  - Corporate finance; business sales agency; property agency; auctions
- **Funding**
  - Commercial finance broking; residential mortgage broking
- **Valuations**
  - Commercial property, business and asset valuations
- **Projects and development support**
  - Building consultancy; transport planning
- **Asset management and insurance**
  - Commercial property management; insurance broking; vacant property risk management

Further information can be accessed via the group's website at www.ir.begbies-traynorgroup.com.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report on another successful year of continued growth for the group, in which we have continued to execute our strategy to grow the business, delivering strong, sustainable financial performance, and reported results for the year ahead of original market expectations. This performance was delivered through our broadening range of services to an increasingly diverse range of clients.

We have a proven growth strategy which, over the five year period between 2019 and 2023, has doubled revenue from £60m to £122m and tripled adjusted profit before tax from £7m to £21m, from a combination of organic growth and acquisitions. This growth has been delivered across insolvency and our full range of advisory and transactional services.

Revenue from formal insolvency appointments has increased to £71m from £35m in 2019 and we have continued to make good progress in the year. We have experienced a significant increase in higher value insolvency appointments over the last twelve months, benefitting from our enhanced reputation in mid-market insolvencies.

We have maintained our market-leading position (by volume of appointments) with a 13% share of the overall market, ranked first nationally. An area of strategic focus has been to increase our exposure to larger and more complex insolvency appointments. We have been successful in doing so and our current 11% share of the administration market has seen our national ranking increase to second place from fourth over the last five years.

Our advisory and transactional services, which are delivered within both of our operating divisions (insolvency and property), increased revenue to £51m from £25m in 2019. From a standing start in 2014, these services, which span counter-cyclical, defensive and pro-cyclical activities, now represent c.40% of our group revenue. Our services now include financial advisory; transactional support (acquisition and disposal); funding; valuations; projects and development; and asset management and insurance. This expanded service offering has increased the depth of advice and expertise we can provide to our clients and broadened and developed our referral network of corporates, fellow professionals and institutions, benefitting the whole group.

Overall, the group remains well-positioned in the current macro-economic environment, with a diverse mix of services and 80% of income generated from counter-cyclical and defensive activities.

In July 2022, we acquired Mantra Capital, a London-based property finance brokerage, to enhance the scale of our funding business which we commenced with the MAF Finance Group acquisition in May 2021. This service line and contact base is highly complementary to both our insolvency and advisory offerings.

In addition, we acquired two chartered surveyors' practices (Budworth Hardcastle in June 2022 and Mark Jenkinson & Co in March 2023), which have strengthened our teams in Eastern England and South Yorkshire respectively. Following the year end, in May 2023, we acquired Banks, Long & Co, another firm of chartered surveyors, further strengthening our regional presence across Eastern England.

The group continues to be highly cash generative, with free cash flow of £14.1m, and ended the year with a net cash balance of £3.0m (2022: £4.7m), having made £10.6m of acquisition and deferred consideration payments and paid dividends of £5.4m in the year. This cash generation enables us to propose a 9% increase in the total dividend for the year, representing our sixth consecutive year of dividend growth.

Our strong financial position leaves us well placed to continue to invest in the business, both organically and through acquisitions, to further build our scale and range of complementary services.

RESULTS

Group revenue in the year increased by 11% to £121.8m (2022: £110.0m), 6% of which was organic. Adjusted profit before tax[1,2] increased by 16% to £20.7m (2022: £17.8m). Statutory profit before tax was £6.0m (2022: £4.0m).

Adjusted basic earnings per share[1,3] increased by 15% to 10.5p (2022: 9.1p). Basic earnings per share was 1.9p (2022: loss per share of 0.3p, reflecting a one-off non-cash deferred tax charge).

Net cash on 30 April 2023 was £3.0m (2022: £4.7m).

1 *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.*

2 *Profit before tax £6.0m (2022: £4.0m) plus transaction costs £8.4m (2022: £8.3m) and amortisation of intangible assets arising on acquisitions £6.3m (2022: £5.5m)*

3 *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 19 September 2023) a 9% increase in the total dividend for the year to 3.8p (2022: 3.5p), representing our sixth consecutive year of dividend growth. This comprises the interim dividend already paid of 1.2p (2022: 1.1p) and a proposed final dividend of 2.6p (2022: 2.4p).

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 2023 to shareholders on the register on 6 October 2023, with an ex-dividend date of 5 October 2023.

STRATEGY

We believe that the execution of our growth strategy will continue to enhance shareholder value through the delivery of strong, sustainable financial performance, building on our progress in recent years.

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;
- advisory and transactional services to enhance expertise or geographical coverage; and
- complementary professional services businesses to continue the development of the group and its service offering.

PEOPLE

The continuing success of the group is reliant on the hard work and dedication of our colleagues and the quality of advice and service they deliver to our clients. I would like to thank all of our colleagues for their contribution over the course of the last financial year. We have completed a number of acquisitions in recent years, and we are pleased with the way our teams are working together and our new colleagues have integrated into our culture.

BOARD

In February 2023, we appointed Mandy Donald to the board as a non-executive director and member of the audit committee, as part of our plans to manage the development, succession and diversity of the board. Mandy brings valuable and relevant experience from her executive and non-executive roles and broadens the board's existing skills and expertise. In the new financial year, Mandy will succeed Graham McInnes as chair of the audit committee.

SUSTAINABILITY

The board is committed to developing the business in a sustainable way for the benefit of all our stakeholders.

We look to have a positive impact for our colleagues and the communities we serve; operate with a culture of strong governance and responsible behaviour; and minimise our impact on the environment.

During the year under review, we have made progress in a number of areas, notably through investing in our human resources expertise to enhance our people management. In addition, we have made progress in transitioning our company car fleet to ultra-low emission vehicles, migrating energy supplies to renewable tariffs and making changes to our IT estate to reduce energy consumption.

Further information on our sustainability policies and progress is detailed in the full annual report.

OUTLOOK

We have started the new year confident of a further year of growth, in line with market expectations.

The increased scale of the group with complementary professional services and an enhanced client base provides a strong platform for us to continue delivering our strategy of organic and acquired growth. We remain well-positioned in the current macro-economic environment, with a diverse mix of services and 80% of income generated from counter-cyclical and defensive activities.

Our insolvency team will benefit from their recent insolvency appointments and increased order book, together with anticipated further growth in the insolvency market. We continue to identify growth opportunities for our advisory and transactional teams, having completed a further acquisition of a firm of chartered surveyors in May 2023.

Our strong balance sheet and cash generation underpin our capacity to deliver organic growth initiatives and progress our pipeline of acquisitions, thereby continuing our track record of growth. We will provide an update on trading at the annual general meeting in September 2023.

Ric Traynor
Executive chairman
11 July 2023

BUSINESS REVIEW

OPERATING REVIEW

Insolvency and advisory

Financial summary

Revenue increased by 10% (6% organic) to £89.7m (2022: £81.4m), reflecting an increase in activity levels combined with acquisitions. Revenue from formal insolvency appointments increased to £70.6m (2022: £66.7m) with advisory activities generating £19.1m (2022: £14.7m). This is a record level of revenues generated by advisory activities, representing 20% of divisional revenues in the year.

Operating costs increased by £5.3m to £65.7m (2022: £60.4m), as a result of inflationary cost increases (principally salaries) and costs associated with acquired businesses. However, these costs reduced as a percentage of revenue which resulted in improved operating margins of 26.8% (2022: 25.8%).

Segmental profits* increased by 14% to £24.0m (2022: £21.0m).

** See note 2*

Insolvency market

Corporate insolvencies* nationally increased to 22,983 (2022: 16,575). This is due to both liquidations which, as previously reported, have exceeded pre-pandemic levels, together with increased administrations (typically larger cases) which remain below historic levels but are now higher than the post-pandemic lows of calendar 2021.

The challenges for UK businesses are expected to continue to support growth in the insolvency market.

** Source: The Insolvency Service quarterly statistics on the number of corporate insolvencies in England and Wales on a seasonally adjusted basis for 12 months to 31 March*

Operating review

Insolvency

We have maintained our market-leading positions (by volume of appointments) where we are ranked first nationally for overall corporate appointments* with a 13% share and second nationally in administrations with an 11% share. These strong market positions reflect the benefits of investments we have made in recent years, notably in expanding our London office and offshore practice.

Higher levels of insolvency appointments in the year increased both corporate insolvency revenue by 10% (£5.7m) and the insolvency order book** by 19% (£5.7m). The order book** at 30 April 2023 was £35.2m (2022: £29.5m, 2021: £28.3m). Prior year performance was enhanced by exceptional levels of personal insolvency activity, which generated an additional £1.8m revenue in that year. Personal insolvency revenue normalised to £5.5m in the year to 30 April 2023.

Our market-leading position and national office network ensures the business is well-positioned to provide advice and assistance to UK SME and mid-market corporates. During the year we were appointed as administrators of Worcester Rugby Club, Avonside Group (largest roofing contractor in the UK), Silverbond Enterprises Limited (former operator of the Park Lane Casino in London), Cox & Cox (on-line furniture retailer) and Paperchase (national retailer).

During the year, we commenced a pilot project with a major bank, including over 100 cases, to assist in the recovery of bounce back loans. We are encouraged, based on recoveries to date, that this pilot project may provide a means for banks and the Government to maximise recovery.

** CVLs, administrations and CVAs as disclosed in the London, Edinburgh and Belfast Gazettes, Accountant in Bankruptcy and Companies House*
*** order book of committed future insolvency revenue (excluding contingent fee income)*

Advisory

Our advisory teams provide restructuring, debt advisory, corporate finance, forensic accounting and funding advice for clients.

During the year, we advised on the first SME court sanctioned restructuring plan (enabled by the Corporate Insolvency and Governance Act 2020) of Houst, the short-term holiday lettings operator. This follows our previous use of this new legislation on the mid-market Amicus finance restructuring in 2021.

We continued to invest in developing our new funding service line through the acquisition of Mantra in July 2022, which followed the acquisition of MAF Finance Group in May 2021. Mantra is an FCA-regulated finance and insurance brokerage based in London. The team has significant expertise across both commercial and residential real estate lending, providing property investment and development finance, finance for trading businesses and residential mortgages. In addition, they provide insurance brokerage services to their commercial clients. The business has performed well in the year and in line with our expectations.

This business complements the MAF team, who specialise in providing access to finance through arranging facilities for investment in new asset purchases (including equipment, vehicles and property) together with both 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.

People

The number of people employed in the division has increased to 664 on 30 April 2023 from 590 at the start of the financial year, principally reflecting the acquisition of Mantra.

Property advisory and transactional services

Financial summary

Revenue increased by 12% (3% organic) to £32.1m (2022: £28.6m), reflecting acquisitions (first-time contribution from current year and full year impact of prior year transactions) and organic growth of key service lines, reflecting the resilient nature of our services in a challenging marketplace.

Operating costs increased to £26.4m (2022: £23.8m), as a result of costs associated with acquired businesses and inflationary cost increases (principally salaries). However, these costs reduced as a percentage of revenue which resulted in improved operating margins of 18.0% (2022: 16.8%).

Segmental profits* increased by 19% to £5.7m (2022: £4.8m).

** See note 2*

Operating review

Valuations

Our team value commercial property, businesses and assets for secured lending, commercial transactions or corporate reporting.

Our activities increased over the year, benefitting from the full year impact of the acquisition of Daniells Harrison in the prior year, which extended our valuation team to the south coast, increasing our national coverage. Organic activity levels were maintained in the year, with the short-term market disruption following the mini-budget being recovered over the remainder of the year as activity levels normalised in spite of further interest rate rises.

Transactions

Our transactional teams had a good year overall, with our mix of activities and clients proving resilient against economic headwinds.

Auction activity increased in the year, resulting from increased insolvency-related plant and machinery sales, offset by reduced property auction income (particularly in the first half of the year). We made progress in developing our property auction offering through the acquisition of a team from Mark Jenkinson & Co, a Sheffield auctioneer. This complements our current team and increases our geographic coverage. The teams have now integrated and are operating on a common auction platform. In addition, there are encouraging signs of increased activity levels. A strong auction platform is a benefit to the group in the current economic cycle of higher interest rates, which will typically result in an increased proportion of property sales being conducted through auction.

Agency income increased in the year from a combination of acquisitions and organic growth. Although some transactions were delayed in autumn 2022, as the market reacted to the UK mini-budget, we saw a recovery in completed transactions in the second half of the financial year. Our client mix (typically SMEs and independent landlords) and property size (typical capital value up to £2.5m) provides a level of mitigation against some of the market volatility that impacts properties with higher capital values. Corporate lettings were robust, providing a resilient income stream to complement the more cyclical sales cycle. The team increased in the year following the acquisition of Budworth Hardcastle, who have merged with our existing, market-leading Eastern England agency team. Following the year end, the Eastern England team were further bolstered by the acquisition of Banks Long & Co, a firm of chartered surveyors employing 38 staff in Lincoln and operating throughout Lincolnshire and Humberside.

Business sales transaction levels were robust in the year having absorbed the market impact of higher interest rates.

Projects and development

Our building and projects team offer a comprehensive range of consultancy services, including project management, building surveying and specialist advice. We operate across a range of sectors and act for landlords, tenants, investors and developers. We have specialists in the education sector working for public sector clients, with an increasing focus on sustainability.

We have continued to develop the business in the year, including the integration of the Budworth Hardcastle team which has enhanced our Eastern England offering. We also made good progress in expanding our public sector practice in the education sector and other areas.

Our transport planning and highway design team work with developers to deliver successful transport planning solutions. Our activity levels were in line with the prior year as the team continued to advise and be appointed on new development schemes in the year.

Asset management and insurance

We manage commercial properties for investors, corporate occupiers and property companies across the UK with an asset base of shopping centres, industrial portfolios and commercial offices.

During the year, we integrated the Budworth Hardcastle property management team, which increased the number of properties under management. The team benefits from long-standing client relationships with organic income broadly in line with the prior year.

Income from insurance and vacant property risk management activities increased from the prior year, reflecting the increase in insolvency activity levels in the group and third party clients.

People

The number of people employed in the division has increased to 345 on 30 April 2023 from 326 at the start of the financial year, principally reflecting the acquisitions.

FINANCE REVIEW

Financial summary

	2023 £m	2022 £m
Revenue	**121.8**	110.0
Adjusted EBITDA	**26.6**	23.9
Share-based payments	**(1.3)**	(1.6)
Depreciation	**(3.5)**	(3.8)
Operating profit (before transaction costs and amortisation)	**21.8**	18.6
Finance costs	**(1.1)**	(0.8)
Adjusted profit before tax	**20.7**	17.8
Transaction costs	**(8.4)**	(8.3)
Amortisation of intangible assets arising on acquisitions	**(6.3)**	(5.5)
Profit before tax	**6.0**	4.0
Tax on profits on ordinary activities	**(3.1)**	(2.7)
Deferred tax charge due to change in tax rate	**-**	(1.8)
Profit (loss) for the year	**2.9**	(0.5)

Operating result (before transaction costs and amortisation)

Revenue in the year increased by £11.8m to £121.8m (2022: £110.0m), an overall increase of 11% (5% acquired*).

Adjusted EBITDA increased to £26.6m (2022: £23.9m) with non-cash costs (share-based payments and depreciation) decreasing to £4.8m (2022: £5.4m).

Operating performance by segment is detailed below:

	Revenue (£m)			Operating profit (£m)		
	2023	2022	*growth*	**2023**	2022	*growth*
Insolvency and advisory	**89.7**	81.4	*10%*	**24.0**	21.0	*14%*
Property advisory and transactional services	**32.1**	28.6	*12%*	**5.7**	4.8	*19%*
Shared and central costs	**-**	-	-	**(7.9)**	(7.2)	*10%*
Total	**121.8**	110.0	*11%*	**21.8**	18.6	*17%*

Operating margins improved to 17.9% (2022: 16.9%), with improvement in both divisions. Shared and central costs increased to £7.9m (2022: £7.2m) reflecting investment in our IT and HR capability, but were unchanged as a percentage of revenue at 6.5% (2022: 6.5%).

Adjusted profit before tax increased by 16% to £20.7m (2022: £17.8m).

** 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:

- Acquisition consideration where the vendors have obligations in the sale and purchase agreement to provide post-acquisition services for a fixed period (deemed remuneration in accordance with IFRS 3). 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) were £8.4m (2022: £8.3m) in the year. This reflects an increase in acquisition consideration from both current and prior year acquisitions, partially offset by a gain on acquisition.

Tax

The overall tax charge for the year was £3.1m (2022: £4.5m) as detailed below:

	2023				2022			
	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	**20.7**	**(4.3)**	**16.4**	***21%***	17.8	(3.7)	14.1	*20%*
Transaction costs	**(8.4)**	**-**	**(8.4)**	**-**	(8.3)	-	(8.3)	-
Amortisation	**(6.3)**	**1.2**	**(5.1)**	***19.5%***	(5.5)	1.0	(4.5)	*19%*
Statutory (before one-off charge)	**6.0**	**(3.1)**	**2.9**	***52%***	4.0	(2.7)	1.3	*68%*
Deferred tax charge from change in rate	**-**	**-**	**-**	**-**	-	(1.8)	(1.8)	-
Statutory	**6.0**	**(3.1)**	**2.9**	***52%***	4.0	(4.5)	(0.5)	*113%*

The prior period deferred tax charge of £1.8m was 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 period.

Earnings per share

Adjusted basic earnings per share* increased by 15% to 10.5p (2022: 9.1p). Basic earnings per share was 1.9p (2022: loss per share of 0.3p, reflecting a one-off non-cash deferred tax charge).

** See reconciliation in note 5*

Growth in our team

On 30 April 2023 the group had 1,100 colleagues (2022: 1,000), the increase being principally due to acquisitions.

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

	2023				2022			
	Insolvency and advisory	**Property advisory and transactional services**	**Shared and support teams**	**Total**	Insolvency and advisory	Property advisory and transactional services	Shared and support teams	Total
Fee earners	**533**	**295**	**-**	**828**	480	268	-	748
Support teams	**53**	**10**	**87**	**150**	68	7	77	152
Total	**586**	**305**	**87**	**978**	548	275	77	900

The ratio of fee earning to support team colleagues is 5.4:1 (2022: 4.9:1).

Acquisitions

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

- Budworth Hardcastle on 25 June 2022 for initial consideration of £0.9m (£0.6m cash and issue of 206,937 shares - cash free, debt free); potential earn out of up to £1.5m subject to meeting financial growth targets over the five-year period post-acquisition.

  In its financial year ended 31 August 2021, Budworth Hardcastle reported revenue of £1.8m and normalised pre-tax profits of £0.4m when reported on the same basis as the group.

- Mantra Capital on 22 July 2022 for initial consideration of £4.5m (£4.0m cash and issue of 352,361 shares - cash free, debt free); maximum earn out of £13.5m subject to delivering material growth in profits over the four year period post-acquisition.

  In its financial year ended 31 December 2021, Mantra reported revenue of £4.2m and normalised pre-tax profits of £1.2m when reported on the same basis as the group.

In addition, in March 2023, we expanded our property services team in South Yorkshire through the acquisition of a team from Mark Jenkinson & Co for consideration of £0.4m. Following the year end, we acquired Banks Long & Co, a firm of chartered surveyors in May 2023.

The cash outflow from acquisitions in the year was £10.6m (net of cash acquired), comprising current year acquisitions of £5.2m and prior year acquisitions of £5.4m.

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 £4.6m has been recognised within transaction costs in the year.

Liquidity

The group remains in a strong financial position. At 30 April 2023, the group had net cash of £3.0m (2022: £4.7m), represented by cash balances of £8.0m (2022: £9.7m) net of drawn borrowing facilities of £5.0m (2022: £5.0m). All bank covenants were comfortably met during the year.

We have extended our borrowing facilities with HSBC which now mature in August 2025 and comprise a £25m unsecured, committed revolving credit facility (of which £5m was drawn at 30 April 2023) 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 generated free cash flow of £14.1m (2022: £14.0m).

Cash flow in the year is summarised as follows:

	2023 **£m**	2022 £m
Adjusted EBITDA	**26.6**	23.9
Working capital	**(2.2)**	(1.6)
Cash from operating activities (before acquisition consideration payments*)	**24.4**	22.3
Provisions	**(0.6)**	0.4
Accelerated tax payments	**(1.0)**	-
Underlying tax payment	**(4.3)**	(3.6)
Interest	**(1.1)**	(0.8)
Capital expenditure	**(1.0)**	(1.0)
Capital element of lease payments	**(2.3)**	(3.2)
Free cash flow	**14.1**	14.0
Net proceeds from share issues	**0.2**	0.5
Acquisition payments (net of cash acquired)**	**(10.6)**	(8.2)
Dividends	**(5.4)**	(4.6)
(Decrease) increase in net cash	**(1.7)**	1.7

** acquisition consideration payments accounted for as deemed remuneration in accordance with IFRS3*
*** acquisition consideration payments (defined above), acquisition costs and deferred consideration payments net of cash acquired*

Cash from operating activities (before acquisition consideration payments) was £24.4m (2022: £22.3m) with increased EBITDA of £2.7m partially offset by increased working capital absorption of £0.6m.

Tax payments increased to £5.3m (2022: £3.6m), resulting from the previously guided change in due dates for corporation tax payments, which resulted in an accelerated payment of £1.0m, and an increase in the underlying payment to £4.3m (2022: £3.6m).

Acquisition payments (net of cash acquired) in the year were £10.6m (2022: £8.4m) comprising: the acquisitions of Mantra Capital (£3.9m), Budworth Hardcastle (£0.5m) and Mark Jenkinson (£0.4m) (2022: MAF Finance Group (£1.8m), Daniells Harrison (£0.8m) and Fernie Greaves (£0.3m)), contingent payments in respect of prior year acquisitions of £5.4m (2022: £5.3m) and acquisition costs £0.4m (2022: £0.2m).

Net assets

At 30 April 2023 net assets were £84.3m (2022: £84.5m). The £0.2m reduction in in net assets reflects the post-tax impact of acquisition-related transaction and amortisation costs of £13.4m, offset by post-tax adjusted earnings of £16.3m net of dividends of £5.4m; a £1.3m credit for equity-settled share-based payments; and £1.0m 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
11 July 2023

Nick Taylor
Group finance director
11 July 2023

Consolidated statement of comprehensive income

	Note	**2023 £'000**	2022 £'000
Revenue	2	**121,825**	110,002
Direct costs		**(67,700)**	(62,167)
Gross profit		**54,125**	47,835
Other operating income		**208**	155
Administrative expenses		**(47,178)**	(43,106)
Operating profit (before amortisation and transaction costs)	2	**21,821**	18,594
Transaction costs	3	**(8,440)**	(8,224)
Amortisation of intangible assets arising on acquisitions		**(6,226)**	(5,486)
Operating profit		**7,155**	4,884
Finance costs	4	**(1,170)**	(835)
Profit before tax		**5,985**	4,049
Tax (before one-off deferred tax charge)		**(3,074)**	(2,732)
Deferred tax charge due to change in tax rate		**—**	(1,817)
Profit (loss) and total comprehensive income for the year		**2,911**	(500)
Earnings (loss) per share			
Basic		**1.9p**	(0.3)p
Diluted	5	**1.8p**	(0.3)p

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 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
Profit for the year	—	—	—	—	2,911	2,911
Dividends	—	—	—	—	(5,387)	(5,387)
Credit to equity for equity-settled share-based payments	—	—	—	—	1,277	1,277
Shares issued as consideration for acquisitions	28	—	772	—	—	800
Shares issued for share-based payments	28	186	—	—	—	214
At 30 April 2023	**7,727**	**29,973**	**27,944**	**304**	**18,392**	**84,340**

Consolidated balance sheet

	Note	**2023 £'000**	2022 £'000
Non-current assets			
Intangible assets		**73,386**	75,307
Property, plant and equipment		**1,993**	1,967
Right of use assets		**7,751**	5,492
Trade and other receivables	7	**5,200**	4,175
		88,330	86,941
Current assets			
Trade and other receivables	7	**55,550**	49,666
Cash and cash equivalents		**8,001**	9,685
		63,551	59,351
Total assets		**151,881**	146,292
Current liabilities			
Trade and other payables	8	**(42,644)**	(37,163)
Current tax liabilities		**(1,110)**	(1,767)
Lease liabilities		**(1,554)**	(1,747)
Provisions		**(1,006)**	(1,474)
		(46,314)	(42,151)
Net current assets		**17,237**	17,200
Non-current liabilities			
Borrowings		**(5,000)**	(5,000)
Lease liabilities		**(6,658)**	(4,598)
Provisions		**(2,139)**	(1,992)
Deferred tax		**(7,430)**	(8,026)
		(21,227)	(19,616)
Total liabilities		**(67,541)**	(61,767)
Net assets		**84,340**	84,525
Equity			
Share capital		**7,727**	7,671
Share premium		**29,973**	29,787
Merger reserve		**27,944**	27,172
Capital redemption reserve		**304**	304
Retained earnings		**18,392**	19,591
Equity attributable to owners of the company		**84,340**	84,525

Consolidated cash flow statement

	Notes	**2023 £'000**	2022 £'000
Cash flows from operating activities			
Cash generated by operations	9	**13,218**	14,235
Income taxes paid		**(5,328)**	(3,621)
Interest paid on borrowings		**(668)**	(328)
Interest paid on lease liabilities		**(408)**	(460)
Net cash from operating activities (before acquisition consideration payments)		**17,413**	18,096
Acquisition consideration payments which are deemed remuneration under IFRS 3	10	**(10,599)**	(8,270)
Net cash from operating activities		**6,814**	9,826
Investing activities			
Purchase of intangible fixed assets		**(56)**	(188)
Purchase of property, plant and equipment		**(931)**	(876)
Proceeds on disposal of property, plant and equipment		**20**	40
Acquisition of businesses	10	**(809)**	(250)
Deferred consideration payments	10	**(325)**	(36)
Net cash acquired in acquisition of businesses	10	**1,158**	397
Net cash used in investing activities		**(943)**	(913)
Financing activities			
Dividends paid	6	**(5,387)**	(4,553)
Proceeds on issue of shares		**213**	504
Capital element of lease payments		**(2,381)**	(3,165)
Net cash used in financing activities		**(7,555)**	(7,214)
Net increase in cash and cash equivalents		**(1,684)**	1,699
Cash and cash equivalents at beginning of year		**9,685**	7,986
Cash and cash equivalents at end of year		**8,001**	9,685

1. Basis of preparation and accounting policies

The results for the year ended 30 April 2023 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 2022.

The group's financial statements for the year ended 30 April 2023 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 2022 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 2023 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 2023 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.

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 board). The group is managed as two operating segments: insolvency and advisory services, and property advisory and transactional services.

	Insolvency and advisory services 2023 £'000	**Property advisory and transactional services 2023 £'000**	**Shared and central costs 2023 £'000**	**Consolidated 2023 £'000**
Revenue				
Total revenue from rendering of professional services	**89,696**	**32,187**	—	**121,883**
Inter-segment revenue	—	**(58)**	**—**	**(58)**
Revenue from external customers	**89,696**	**32,129**	—	**121,825**
Operating profit before amortisation and transaction costs	**23,999**	**5,692**	**(7,870)**	**21,821**

	Insolvency and 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

3. Transaction costs

	2023 £'000	2022 £'000
Acquisition consideration (deemed remuneration in accordance with IFRS 3)	**12,304**	9,983
Acquisition costs	**434**	215
Gain on acquisition	**(4,298)**	(1,974)
	8,440	8,224

4. Finance costs

	2023 £'000	2022 £'000
Interest on borrowings	**762**	375
Finance charge on lease liabilities	**343**	385
Finance charge on dilapidation provisions	**65**	75
	1,170	835

5. Earnings per share

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

	2023 £'000	2022 £'000
Earnings		
Profit (loss) for the year attributable to equity holders	**2,911**	(500)

	2023 number '000	2022 number '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**155,634**	154,556
Effect of:		
Share options	**6,423**	5,968
Contingent shares	**233**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**162,290**	160,524

	2023 pence	2022 pence
Basic and diluted earnings (loss) per share		
Basic earnings per share	**1.9**	(0.3)
Diluted earnings per share	**1.8**	(0.3)

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

	2023 £'000	2022 £'000
Earnings		
Profit (loss) for the year attributable to equity holders	**2,911**	(500)
Amortisation of intangible assets arising on acquisitions	**6,226**	5,486
Transaction costs	**8,440**	8,224
Tax effect of above items	**(1,236)**	(1,059)
Change in deferred tax rate relating to goodwill and intangible assets	**—**	1,990
Adjusted earnings	**16,341**	14,141

	2023 pence	2022 pence
Adjusted basic earnings per share	**10.5**	9.1
Adjusted diluted earnings per share	**10.1**	8.8

6. Dividends

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year		
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	**3,700**	3,044
	5,387	4,553
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2023 of 1.2p (2022: 1.1p) per share	**1,854**	1,687
Final dividend for the year ended 30 April 2023 of 2.6p (2022: 2.4p) per share	**4,017**	3,700
	5,871	5,387

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2023. The interim dividend for 2023 was paid on 5 May 2023 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

	2023 £'000	2022 £'000
Non-current		
Deemed remuneration	**5,200**	4,175
Current		
Trade receivables	**11,652**	9,066
Unbilled income	**37,489**	35,208
Other debtors and prepayments	**2,987**	2,715
Deemed remuneration	**3,422**	2,677
	55,550	49,666

8. Trade and other payables

	2023 £'000	2022 £'000
Current		
Trade payables	**2,055**	1,671
Accruals	**10,454**	9,733
Other taxes and social security	**5,209**	4,474
Deferred income	**6,503**	5,611
Other creditors	**14,350**	13,950
Deferred consideration	**13**	338
Deemed remuneration liabilities	**4,060**	1,386
	42,644	37,163

9. Reconciliation to the cash flow statement

	2023 £'000	2022 £'000
Profit (loss) for the year	**2,911**	(500)
Adjustments for:		
Tax	**3,074**	4,549
Finance costs	**1,170**	835
Amortisation of intangible assets	**6,410**	5,668
Depreciation of property, plant and equipment	**1,114**	1,038
Depreciation of right of use assets	**2,136**	2,645
Gain on acquisition	**(4,298)**	(1,974)
Acquisition costs	**434**	—
Profit on disposal of fixed assets	**(13)**	(10)
Loss (profit) on disposal of right of use assets	**42**	(81)
Share-based payment expense	**1,277**	1,574
Deemed remuneration obligations settled through equity	**800**	1,250
Increase in deemed remuneration receivable	**(1,769)**	(531)
Increase in deemed remuneration liability	**2,675**	1,016
Operating cash flows before movements in working capital	**15,963**	15,479
Increase in receivables (excluding deemed remuneration)	**(4,656)**	(3,916)
Increase in payables (excluding deemed remuneration)	**2,480**	2,296
(Decrease) increase in provisions	**(569)**	376
Cash generated by operations	**13,218**	14,235

10. Summary of cashflows arising from acquisitions

	2023 £'000	2022 £'000
Deemed remuneration payments		
Initial payments	**5,476**	3,065
Deferred consideration payments	**5,123**	5,205
	10,599	8,270
Investing acquisition payments		
Cash consideration under IFRS3	**375**	250
Acquisition costs	**434**	—
	809	250
Deferred consideration payments	**325**	36
	1,134	286
Net cash and cash equivalents acquired	**(1,158)**	(397)
Total cashflows arising from acquisitions	**10,575**	8,159