Begbies Traynor Group

13 December 2022

Begbies Traynor Group plc

Half year results
for the six months ended 31 October 2022

"Strong first half performance and confidence in full year outlook"

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery, financial advisory and property services consultancy, today announces its half year results for the six months ended 31 October 2022.

Financial overview

	2022 £m	2021 £m
Revenue	58.5	52.3
Adjusted EBITDA*	11.9	11.1
Adjusted profit before tax* **	9.0	8.0
Profit before tax	5.0	2.7
Adjusted diluted EPS* *** (p)	4.4	3.9
Diluted EPS (p)	2.3	(0.2)
Interim dividend (p)	1.2	1.1
Net (debt) cash	(2.4)	1.2

Financial highlights

- Strong first half performance with double digit revenue and profit growth in both divisions
  - Building on consistent track record of growth in revenue and adjusted earnings
- Growth in revenue of 12% and adjusted profit before tax of 13%
- Increase in interim dividend to 1.2p (2021: 1.1p), which builds on the 10% compound annual growth in the dividend since 2017
- Strong balance sheet and significant levels of headroom within committed bank facilities, ensures well placed to continue to invest in successful organic and acquisitive growth strategy
  - Net debt of £2.4m, after £7.4m of acquisition related payments in the six months

Divisional highlights

- **Business recovery and financial advisory** performed well:
  - Market-leading positions maintained (by volume of appointments)
    - 14% share of the overall market – ranked first nationally
    - 10% share of administration market – ranked second nationally
  - Increased number and value of insolvency appointments including:
    - several higher profile administration appointments
    - pilot project for recovery of bounce back loans for major bank
  - Advisory services, including Mantra Capital the finance brokerage acquired July 2022, performed well benefitting from organic growth and acquisitions
- **Property advisory and transactional services** had a successful period:
  - Resilient income streams enabled strong performance in a challenging economic environment
  - Growth from organic initiatives and acquisitions
  - Budworth Hardcastle (acquired June 2022) traded well in the period and in line with expectations

Current trading and outlook

- Confident of delivering full year results in line with current market expectations****
  - Extending the group's strong financial track record of growth
  - **Business recovery** – order book up 15% in last six months to £33.9m, higher level of enquiries and increasing economic headwinds
  - **Financial advisory** – encouraging pipeline of engagements
  - **Property advisory and transactional services** - resilient income streams and continuing flow of new instructions
- Q3 trading update will be issued in late February 2023

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

"The group's strong performance builds on our consistent track record of growth, with double digit increases in revenues and profits from both divisions which we have continued to grow organically and through acquisitions.

"We expect continued growth from business recovery and financial advisory, given its increased order book, higher level of enquiries and increasing economic headwinds. We are also confident in the prospects for property advisory and transactional services, reflecting its resilient income streams, continuing flow of new instructions and potential to continue developing its mix of services.

"Overall, we remain confident of delivering upon expectations for the full year.

"Our broad range of services, diversified client base, organic growth initiatives and pipeline of acquisition opportunities, combined with increasing counter-cyclical activity, will enable us to continue to build upon our strong track record in the current year and beyond."

** 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.*
*** Profit before tax of £5.0m (2021: £2.7m) plus amortisation of intangible assets arising on acquisitions of £3.2m (2021: £2.6m) plus transaction costs of £0.8m (2021: £2.7m).*
**** See reconciliation in note 5.*
***** Current range of analyst forecasts for revenue of £117.7m-£121.4m and adjusted PBT of £19.7m-£20.6m (as compiled by the group)*

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 8657 if you would like to receive details.

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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 over 1,000 partners and employees and our professional staff 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, 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; commercial property agency.

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

CHAIRMAN'S STATEMENT

INTRODUCTION – GOOD FIRST HALF PERFORMANCE

The group has performed well in the first six months of the financial year, with double digit revenue and profit growth in both divisions, building on our consistent track record of growth in revenue and adjusted earnings.

We have continued to grow our business recovery and financial advisory division, both organically and through acquisitions.

The division's insolvency appointments increased in the period, including several larger, mid-market insolvency and restructuring cases. This reflects an increased number of administrations undertaken by the division as we benefitted from our expanded London office and offshore practice. We advised on the first SME court sanctioned restructuring plan (enabled by the Corporate Insolvency and Governance Act 2020), following our previous use of this new legislation on a mid-market restructuring in 2021. In addition, we commenced an innovative pilot project with a major bank to assist in the recovery of bounce back loans.

These appointments have ensured we maintained our market-leading positions (by volume of appointments), being ranked first nationally for overall corporate insolvency appointments and second in volume of administrations.

Our advisory services have delivered a solid performance in the period with corporate finance deal completions in line with expectations. BTG Funding Solutions, our finance brokerage, has performed in line with expectations. The business comprises Mantra Capital (acquired July 2022) and MAF Finance Group (acquired May 2021).

Our property services business had a successful period, with continuing growth from organic initiatives and acquisitions. This reflects its resilient income streams in the face of a challenging economic environment.

Following the strong financial performance of recent years and the successful fund raising in 2021, we have a strong balance sheet and significant levels of headroom within our committed bank facilities, which ensures we are well placed to continue to invest in our successful growth strategy.

RESULTS

Group revenue in the half year ended 31 October 2022 increased by 12% to £58.5m (2021: £52.3m). Adjusted* profit before tax** increased by 13% to £9.0m (2021: £8.0m). Statutory profit before tax was £5.0m (2021: £2.7m), reflecting an increase in non-cash amortisation costs from recent acquisitions to £3.2m (2021: £2.6m) and lower transaction costs of £0.8m (2021: £2.7m).

Adjusted* diluted earnings per share*** increased by 13% to 4.4p (2021: 3.9p). Diluted earnings per share was 2.3p (2021: loss of 0.2p).

Net debt as at 31 October 2022 was £2.4m (30 April 2022: cash of £4.7m, 31 October 2021: cash of £1.2m), after £7.4m of acquisition related payments in the period (net of cash acquired).

** 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.*
*** Profit before tax of £5.0m (2021: £2.7m) plus amortisation of intangible assets arising on acquisitions of £3.2m (2021: £2.6m) plus transaction costs of £0.8m (2021: £2.7m).*
**** See reconciliation in note 5.*

DIVIDEND GROWTH CONTINUES

The board is pleased to declare a 9% increase in the interim dividend to 1.2p (2021: 1.1p), which builds on the 10% compound annual growth in the dividend since 2017 and reflects our confidence in sustaining our financial track record and the group's financial position and prospects. We remain committed to a 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 interim dividend will be paid on 5 May 2023 to shareholders on the register on 11 April 2023, with an ex-dividend date of 6 April 2023.

OUTLOOK – CONFIDENT OF DELIVERING MARKET EXPECTATIONS

The group's financial performance in the first six months leaves the board confident of delivering market expectations* for the full year, which will extend our strong financial track record of growth.

We have seen an increase in activity levels in our largest service line of business recovery in the period. The combination of our increased order book, higher level of enquiries and increasing economic headwinds gives the board confidence that the business recovery team will continue to deliver growth through the second half of the current year and thereafter.

Our financial advisory teams have an encouraging pipeline of engagements across all service lines which gives confidence in continued positive progress in the second half.

Despite the challenging economic environment, the board remains confident in the prospects for the property advisory and transactional services division, reflecting its resilient income streams, continuing flow of new instructions and potential to continue developing its mix of services. As a result, our expectations for the full year remain unchanged.

Our broad range of services, diversified client base, organic growth initiatives and pipeline of acquisition opportunities, combined with increasing counter-cyclical activity, leaves us confident of continuing to build upon our strong track record in the current year and beyond."

We will provide an update on third quarter trading in late February 2023.

** current range of analyst forecasts for revenue of £117.7m-£121.4m and adjusted PBT of £19.7m-£20.6m (as compiled by the group)*

Ric Traynor
Executive Chairman
13 December 2022

BUSINESS REVIEW

OPERATING REVIEW

Business recovery and financial advisory

Financial summary

Revenue in the period increased by 10% to £42.4m (2021: £38.7m), reflecting organic growth (£2.6m) and acquisitions (£1.1m).

Segmental profits for the period increased by 10% to £10.7m (2021: £9.7m), with operating margins of 25.2% (2021: 25.1%).

Insolvency market

The number of corporate insolvencies in the 12 months ended 30 September 2022* increased to 20,731, following the removal of the Government's Covid support measures and are now 23% higher than in the comparable pre-pandemic period (2019: 16,836, 2020: 13,781, 2021: 12,492).

This increase has largely been from increased numbers of liquidations (which typically represent insolvencies of smaller companies). Although the number of administrations (which typically involve larger and more complex instructions) has begun to increase over the last year, they remain c.35% lower than pre-pandemic levels.

**Source: The Insolvency Service quarterly statistics on the number of corporate insolvencies in England and Wales on a seasonally adjusted basis for the 12 months ended 30 September.*

Operating review

Business recovery

We have maintained our market-leading positions (by volume of appointments) where we are ranked first nationally for overall corporate appointments* with a 14% share and second nationally in administrations with a 10% 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.

Our market-leading position and national office network leaves the business well-positioned to provide advice and assistance to UK SME and mid-market corporates. During the period we were appointed as administrators of Worcester Rugby Club, Avonside Group (the largest roofing contractor in the UK), Silverbond Enterprises Limited (the former operator of the Park Lane Casino in London) and Jehu Group (a long-standing South Wales construction business).

In addition, we have 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 have increased both the number and value of insolvency appointments across both liquidations and higher-value administrations compared to the prior period. This has driven an increase in both organic revenue and our order book, which increased by 15% in the last six months to £33.9m at 31 October 2022 (30 April 2022: £29.5m, 31 October 2021: £29.0m). This gives confidence of continuing revenue growth in our largest service line.

During the period, we commenced an innovative pilot project with a major bank, initially including over 100 cases to assist in the recovery of bounce back loans. We are encouraged, based on initial signs, 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*

Financial advisory

Our advisory services have performed well in the period, with contribution from the Mantra Capital acquisition complemented by organic growth.

BTG Funding Solutions, our finance brokerage, has performed in line with expectations. The business comprises Mantra Capital (acquired July 2022) and MAF Finance Group (acquired May 2021). The combined team have expertise across a wide range of sectors, and provide finance broking services covering commercial and residential real estate, healthcare and asset finance, together with insurance broking to a broad range of sectors.

Finance broking complements the group's other advisory and transactional services, particularly debt advisory and restructuring, as well as the valuation and sale of assets. The Mantra Capital business has performed well in the period and in line with our expectations. The integration of the team with our wider advisory team is proceeding well.

Our Springboard Corporate Finance team had a successful six months across a range of buy-side, sell-side and fundraising projects.

The advisory teams have a good pipeline of instructions giving confidence about activity levels for the second half of the financial year.

Property advisory and transactional services

Financial summary

Revenue in the period increased by 18% to £16.1m (2021: £13.6m), reflecting the first-time contribution from acquisitions (£1.8m) and organic growth (£0.7m).

Segmental profits for the period increased by 17% to £2.8m (2021: £2.4m), with operating margins broadly maintained at 17.4% (2021: 17.6%).

Operating review

Financial performance in the period reflects the resilient income streams in the division, which has enabled the business to deliver a strong performance in a challenging economic environment.

Our professional services team performed well in the period, providing real estate valuation services to secured lenders, including in relation to distressed loans. The team has grown significantly over the last year following the integration of recent acquisitions and is operating as a national practice. Instruction levels over the period from lenders were robust.

Our consultancy services, which include building consultancy, commercial property management, transport planning and highway design, specialist insurance broking and vacant property risk management, have delivered strong performances in the period. Our building consultancy services, including our offering to the education sector, continue to provide a platform for both organic and acquired growth.

Our transactional teams include commercial property agency, online property auctions, business sales agency and plant and machinery sales (through online auction, marketed sale or private tender). In spite of the economic headwinds, transaction levels were robust in the period. These services are provided across insolvency, defensive and pro-cyclical transactions.

In June 2022, we acquired the Eastern England based Budworth Hardcastle chartered surveyors' practice. The team provide valuation, commercial property agency and building consultancy services to a wide range of regional clients and the acquisition has strengthened our existing offering and footprint in the region. The integration of the business has been completed in line with expectations.

FINANCE REVIEW

Financial summary

	6 months to 31 Oct 2022 £m	6 months to 31 Oct 2021 £m	12 months to 30 Apr 2022 £m
Revenue	**58.5**	52.3	110.0
Adjusted EBITDA	**11.9**	11.1	24.0
Share-based payments	**(0.7)**	(0.7)	(1.6)
Depreciation	**(1.7)**	(2.0)	(3.8)
Operating profit (before transaction costs and amortisation)	**9.5**	8.4	18.6
Finance costs	**(0.5)**	(0.4)	(0.8)
Adjusted profit before tax	**9.0**	8.0	17.8
Transaction costs	**(0.8)**	(2.7)	(8.3)
Amortisation of intangible assets arising on acquisitions	**(3.2)**	(2.6)	(5.5)
Profit before tax	**5.0**	2.7	4.0
Tax on profits on ordinary activities	**(1.3)**	(1.2)	(2.7)
Deferred tax charge due to change in tax rate	**-**	(1.8)	(1.8)
Statutory profit (loss) for the period	**3.7**	(0.3)	(0.5)

Operating result (before transaction costs and amortisation)

Revenue in the period increased by £6.2m to £58.5m (2021: £52.3m), an overall increase of 12% (6% acquired).

Adjusted EBITDA increased to £11.9m (2021: £11.1m) with non-cash costs (share-based payments and depreciation) decreasing to £2.4m (2021: £2.7m), as a result of reduced depreciation costs.

Operating performance by segment is detailed below:

	Revenue (£m)			Operating profit (£m)		
	2022	2021	*growth*	**2022**	2021	*growth*
Business recovery and financial advisory	**42.4**	38.7	*10%*	**10.7**	9.7	*10%*
Property advisory and transactional services	**16.1**	13.6	*18%*	**2.8**	2.4	*17%*
Shared and central costs	-	-	-	**(4.0)**	(3.6)	*10%*
Total	**58.5**	52.3	*12%*	**9.5**	8.4	*13%*

Shared and central costs increased to £4.0m principally due to investment in the group's IT and HR capability, but remained broadly unchanged as a percentage of revenue at 6.8% (2021: 6.9%).

Operating margins were 16.2% (2021: 16.0%).

Adjusted profit before tax increased by 13% to £9.0m (2021: £8.0m) in the period from the increased operating profit, with finance costs broadly in line with the prior period.

Transaction costs

Transaction costs arise due to acquisitions in accordance with IFRS 3 and 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 under IFRS 3; and
- Legal and professional fees incurred on acquisitions.

These costs (detailed in note 3) decreased to £0.8m (2021: £2.7m), reflecting an increase in acquisition consideration from both current and prior year acquisitions to £5.4m (2021: £4.7m), acquisition costs of £0.3m (2021: £0.1m), partially offset by a gain on acquisition of £4.9m (2021: £2.1m).

Tax

The overall tax charge for the period was £1.3m (2021: £3.0m) 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	**9.0**	**(1.9)**	**7.1**	***21%***	8.0	(1.7)	6.3	*21%*
Transaction costs	**(0.8)**	**-**	**(0.8)**	**-**	(2.7)	-	(2.7)	-
Amortisation	**(3.2)**	**0.6**	**(2.6)**	***19%***	(2.6)	0.5	(2.1)	*19%*
Tax on ordinary activities	**5.0**	**(1.3)**	**3.7**	***26%***	2.7	(1.2)	1.5	*43%*
Deferred tax charge from change in rate	**-**	**-**	**-**	**-**	-	(1.8)	(1.8)	-
Statutory	**5.0**	**(1.3)**	**3.7**	***26%***	2.7	(3.0)	(0.3)	*107%*

The adjusted tax rate of 21% is based on the expected rate for the full year.

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 diluted earnings per share* increased by 13% to 4.4p (2021: 3.9p). Diluted earnings per share was 2.3p (2021: loss per share 0.2p).

** See reconciliation in note 5*

Partners and employees

The average number of full-time equivalent (FTE) partners and employees working in the group over the period increased due to both acquisitions and organic investment.

		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	**82**	**-**	**-**	**82**	85	-	-	85
Staff	**424**	**294**	**-**	**718**	400	260	-	660
Fee earners	**506**	**294**	**-**	**800**	485	260	-	745
Support teams	**64**	**10**	**84**	**158**	64	10	76	150
Total	**570**	**304**	**84**	**958**	549	270	76	895

The ratio of our support teams to fee earning partners and employees is 5.1 (2021: 5.0).

Financing

The group has maintained a robust financial position with net debt of £2.4m as at 31 October 2022 (30 April 2022: net cash £4.7m, 31 October 2021: net cash £1.2m), having made £7.4m of acquisition and deferred consideration payments in the period (net of cash acquired).

We have significant levels of headroom within our bank facilities which are committed until August 2024 and comprise a £25m unsecured, committed revolving credit facility and a £5m uncommitted acquisition facility. During the period, all bank covenants were comfortably met.

Cash flow in the period is summarised as follows:

£m	**6 months to 31 Oct 2022**	6 months to 31 Oct 2021	12 months to 30 Apr 2022
Adjusted EBITDA	**11.9**	11.1	24.0
Working capital	**(4.8)**	(3.5)	(1.3)
Cash from operating activities (before acquisition consideration payments*)	**7.1**	7.6	22.7
Accelerated tax payment	**(1.0)**	-	-
Underlying tax payment	**(2.2)**	(1.7)	(3.6)
Interest	**(0.4)**	(0.4)	(0.8)
Capital expenditure	**(0.3)**	(0.4)	(1.0)
Capital element of lease payments	**(1.4)**	(1.8)	(3.2)
Free cash flow	**1.8**	3.3	14.1
Acquisition payments (net of cash acquired)**	**(7.4)**	(3.6)	(8.6)
Net proceeds from share issues	**0.2**	-	0.5
Dividends	**(1.7)**	(1.5)	(4.5)
Net cash (outflow) inflow	**(7.1)**	(1.8)	1.5

** 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 £7.1m (2021: £7.6m) with increased EBITDA of £0.8m offset by increased working capital absorption of £1.3m. The working capital increase of £4.8m in the period reflected increased debtors of £3.4m and a seasonal phasing of payments (including annual bonuses) of £1.4m.

Tax payments increased to £3.2m (2021: £1.7m), 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 £2.2m (2021: £1.7m).

Free cash flow in the period was £1.8m (2021: £3.3m).

Acquisition payments (net of cash acquired) in the period were £7.4m (2021: £3.6m) comprising: the acquisitions of Mantra Capital (£4.7m) and Budworth Hardcastle (£0.5m) (2021: MAF Finance Group £1.9m and Fernie Greaves £0.3m), contingent payments in respect of prior year acquisitions of £1.9m (2021: £1.3m) and acquisition costs £0.3m (2021: £0.1m).

Net assets

Net assets as at 31 October 2022 were £84.6m, compared to £84.5m as at 30 April 2022. The movement represents an increase of £7.1m from post-tax adjusted earnings and £1.7m from the issue of new shares; offset by dividends of £5.4m and the post-tax impact of acquisition-related transaction and amortisation costs of £3.3m.

Ric Traynor
Executive chairman
13 December 2022

Nick Taylor
Group finance director
13 December 2022

Consolidated statement of comprehensive income

	Note	**Six months ended 31 October 2022 (unaudited) £'000**	Six months ended 31 October 2021 (unaudited) £'000	Year ended 30 April 2022 (audited) £'000
Revenue	2	**58,457**	52,268	110,002
Direct costs		**(32,743)**	(30,196)	(62,197)
Gross profit		**25,714**	22,072	47,805
Other operating income		**142**	99	155
Administrative expenses		**(20,363)**	(19,065)	(43,076)
Operating profit before amortisation and transaction costs	2	**9,473**	8,441	18,594
Transaction costs	3	**(828)**	(2,686)	(8,224)
Amortisation of intangible assets arising on acquisitions		**(3,152)**	(2,649)	(5,486)
Operating profit		**5,493**	3,106	4,884
Finance costs	4	**(503)**	(413)	(835)
Profit before tax		**4,990**	2,693	4,049
Tax on profits on ordinary activities		**(1,269)**	(1,207)	(2,733)
Deferred tax charge due to change in tax rate		**—**	(1,817)	(1,816)
Total tax charge		**(1,269)**	(3,024)	(4,549)
Profit (loss) and total comprehensive income (loss) for the period		**3,721**	(331)	(500)
Earnings per share				
Basic	5	**2.4p**	(0.2)p	(0.3)p
Diluted	5	**2.3p**	(0.2)p	(0.3)p

All of the profit and comprehensive income for the period is attributable to equity holders of the parent.

Consolidated statement of changes in equity

For the six months ended 31 October 2022 (unaudited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2022	7,671	29,787	27,172	304	19,591	**84,525**
Total comprehensive income for the period	—	—	—	—	3,721	**3,721**
Dividends	—	—	—	—	(5,387)	**(5,387)**
Shares issued as consideration for acquisitions	28	—	772	—	—	**800**
Credit to equity for equity-settled share-based payments	—	—	—	—	744	**744**
Other share options	14	156	—	—	—	**170**
At 31 October 2022	**7,713**	**29,943**	**27,944**	**304**	**18,669**	**84,573**

For the six months ended 31 October 2021 (unaudited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2021	7,547	29,325	25,974	304	23,100	**86,250**
Total comprehensive income for the period	—	—	—	—	(331)	**(331)**
Dividends	—	—	—	—	(4,553)	**(4,553)**
Shares issued as consideration for acquisitions	42	—	958	—	—	**1,000**
Credit to equity for equity-settled share-based payments	—	—	—	—	717	**717**
Other share options	21	10	—	—	—	**31**
At 31 October 2021	**7,610**	**29,335**	**26,932**	**304**	**18,933**	**83,114**

For the year ended 30 April 2022 (audited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 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**
Other share options	72	462	—	—	—	**534**
At 30 April 2022	7,671	29,787	27,172	304	19,591	**84,525**

Consolidated balance sheet

	Note	**31 October 2022 (unaudited) £'000**	31 October 2021 (unaudited) £'000	30 April 2022 (audited) £'000
Non-current assets				
Intangible assets		**76,273**	77,348	75,307
Property, plant and equipment		**1,980**	1,900	1,967
Right of use assets		**5,400**	6,131	5,492
Trade and other receivables	7	**7,439**	4,331	4,175
		91,092	89,710	86,941
Current assets				
Trade and other receivables	7	**54,976**	49,949	49,666
Cash and cash equivalents		**7,551**	7,171	9,685
		62,527	57,120	59,351
Total assets		**153,619**	146,830	146,292
Current liabilities				
Trade and other payables	8	**(40,402)**	(38,093)	(37,163)
Current tax liabilities		**(707)**	(2,109)	(1,767)
Lease liabilities		**(1,009)**	(2,572)	(1,747)
Provisions		**(1,249)**	(520)	(1,474)
		(43,367)	(43,294)	(42,151)
Net current assets		**19,160**	13,826	17,200
Non-current liabilities				
Borrowings		**(10,000)**	(6,000)	(5,000)
Lease liabilities		**(4,960)**	(4,583)	(4,5 98)
Provisions		**(2,292)**	(2,521)	(1,992)
Deferred tax		**(8,427)**	(7,318)	(8,026)
		(25,679)	(20,422)	(19,616)
Total liabilities		**(69,046)**	(63,716)	(61,767)
Net assets		**84,573**	83,114	84,525
Equity				
Share capital		**7,713**	7,610	7,671
Share premium		**29,943**	29,335	29,787
Merger reserve		**27,944**	26,932	27,172
Capital redemption reserve		**304**	304	304
Retained earnings		**18,669**	18,933	19,591
Equity attributable to owners of the company		**84,573**	83,114	84,525

Consolidated cash flow statement

	Note	**Six months ended 31 October 2022 (unaudited)**	Six months ended 31 October 2021 (unaudited)	Year ended 30 April 2022 (audited)
		£'000	£'000	£'000
Cash flows from operating activities				
Cash generated by operations	9	**(970)**	4,193	14,450
Income taxes paid		**(3,216)**	(1,708)	(3,621)
Interest paid on borrowings		**(274)**	(154)	(328)
Interest paid on lease liabilities		**(199)**	(238)	(460)
Net cash from operating activities (before acquisition consideration payments)		**3,464**	5,413	18,311
Acquisition consideration payments which are deemed remuneration under IFRS 3		**(8,123)**	(3,320)	(8,270)
Net cash from operating activities		**(4,659)**	2,093	10,041
Investing activities				
Purchase of intangible fixed assets		**(18)**	(43)	(188)
Purchase of property, plant and equipment		**(309)**	(308)	(876)
Proceeds on disposal of property, plant and equipment		**—**	—	40
Acquisition of businesses		**(327)**	(454)	(465)
Deferred consideration payments		**—**	(50)	(36)
Net cash acquired in acquisition of businesses		**1,055**	220	397
Net cash from investing activities		**401**	(635)	(1,128)
Financing activities				
Dividends paid		**(1,687)**	(1,509)	(4,553)
Net proceeds on issue of shares		**170**	31	504
Repayment of obligations under leases		**(1,359)**	(1,795)	(3,165)
Drawdown of loans		**5,000**	1,000	—
Net cash from financing activities		**2,124**	(2,273)	(7,214)
Net (decrease) increase in cash and cash equivalents		**(2,134)**	(815)	1,699
Cash and cash equivalents at beginning of period		**9,685**	7,986	7,986
Cash and cash equivalents at end of period		**7,551**	7,171	9,685

1. Basis of preparation and accounting policies

(a) Basis of preparation

The half year condensed consolidated financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the group's annual financial statements as at 30 April 2022, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 30 April 2022 were approved by the board of directors on 18 July 2022 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not include a reference to any matters to which the auditor 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.

The directors have reviewed the financial resources available to the group and have concluded that the group is a going concern. This conclusion is based upon, amongst other matters, a review of the group's financial projections for a period of twelve months following the date of this announcement, together with a review of the cash and committed borrowing facilities available to the group. Accordingly, the going concern basis has been used in preparing these half year condensed consolidated financial statements.

The condensed consolidated financial statements for the six months ended 31 October 2022 have not been audited nor subject to an interim review by the auditors. IAS 34 'Interim financial reporting' is not applicable to these half year condensed consolidated financial statements and has therefore not been applied.

(b) Significant accounting policies

The accounting policies adopted in preparation of the half year condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 30 April 2022.

2. Segmental analysis by class of business

	Six months ended 31 October 2022 (unaudited) £'000	Six months ended 31 October 2021 (unaudited) £'000	Year ended 30 April 2022 (audited) £'000
Revenue			
Business recovery and financial advisory	**42,350**	38,653	81,383
Property advisory and transactional services	**16,107**	13,615	28,619
	58,457	52,268	110,002
Operating profit before amortisation and transaction costs			
Business recovery and financial advisory	**10,652**	9,693	21,002
Property advisory and transactional services	**2,829**	2,388	4,841
Shared and central costs	**(4,008)**	(3,640)	(7,249)
	9,473	8,441	18,594

3. Transaction costs

	Six months ended 31 October 2022 (unaudited) £'000	Six months ended 31 October 2021 (unaudited) £'000	Year ended 30 April 2022 (audited) £'000
Acquisition consideration (deemed remuneration in accordance with IFRS 3)	**5,425**	4,692	9,983
Acquisition costs	**327**	109	215
Gain on acquisition	**(4,924)**	(2,115)	(1,974)
	828	2,686	8,224

4. Finance costs

	Six months ended 31 October 2022 (unaudited) £'000	Six months ended 31 October 2021 (unaudited) £'000	Year ended 30 April 2022 (audited) £'000
Interest on bank loans	**303**	175	375
Finance charge on lease liabilities	**161**	207	385
Finance charge on dilapidations provisions	**39**	31	75
	503	413	835

5. Earnings per share

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

	Six months ended 31 October 2022 (unaudited)	Six months ended 31 October 2021 (unaudited)	Year ended 30 April 2022 (audited)
	£'000	£'000	£'000
Earnings			
Profit (loss) for the period attributable to equity holders	**3,721**	(331)	(500)

	31 October 2022 (unaudited)	31 October 2021 (unaudited)	30 April 2022 (audited)
	number '000	number '000	number '000
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**155,962**	154,423	154,556
Effect of dilutive potential ordinary shares:			
Share options	**6,054**	6,221	5,968
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**162,016**	160,644	160,524

	Six months ended 31 October 2022 (unaudited)	Six months ended 31 October 2021 (unaudited)	Year ended 30 April 2022 (audited)
	pence	pence	pence
Basic earnings per share	**2.4**	(0.2)	(0.3)
Diluted earnings per share	**2.3**	(0.2)	(0.3)

The following additional earnings per share figures are presented as the directors believe they provide a better understanding of the trading position of the group, as they exclude the accounting charges which arise due to acquisitions in accordance with IFRS 3 and are not influenced by the day-to-day operations of the group.

	Six months ended 31 October 2022 (unaudited)	Six months ended 31 October 2021 (unaudited)	Year ended 30 April 2022 (audited)
	£'000	£'000	£'000
Earnings			
Profit (loss) for the period attributable to equity holders	**3,721**	(331)	(500)
Amortisation of intangible assets arising on acquisitions	**3,152**	2,649	5,486
Transaction costs	**828**	2,686	8,224
Tax effect of above items	**(615)**	(503)	(1,059)
Impact of change in tax rate on deferred tax liabilities	**—**	1,817	1,990
Adjusted earnings	**7,086**	6,318	14,141

	Six months ended 31 October 2022 (unaudited)	Six months ended 31 October 2021 (unaudited)	Year ended 30 April 2022 (audited)
	pence	pence	pence
Adjusted basic earnings per share	**4.5**	4.1	9.1
Adjusted diluted earnings per share	**4.4**	3.9	8.8

6. Dividends

The interim dividend of 1.2p (2021: 1.1p) per share (not recognised as a liability at 31 October 2022) will be payable on 5 May 2023 to ordinary shareholders on the register at 11 April 2023. The final dividend of 2.4p per share as proposed in the 30 April 2022 financial statements and approved at the group's AGM was paid on 3 November 2022 and was recognised as a liability at 31 October 2022.

7. Trade and other receivables

	31 October 2022 (unaudited) £'000	31 October 2021 (unaudited) £'000	30 April 2022 (audited) £'000
Non current			
Deemed remuneration	**7,439**	4,331	4,175
Current			
Trade receivables	**11,847**	9,416	9,066
Unbilled income	**35,735**	32,879	35,208
Other debtors and prepayments	**4,019**	4,937	2,715
Deemed remuneration	**3,375**	2,717	2,677
	54,976	49,949	49,666

8. Trade and other payables

	31 October 2022 (unaudited) £'000	31 October 2021 (unaudited) £'000	30 April 2022 (audited) £'000
Current			
Trade payables	**1,450**	1,967	1,671
Accruals	**8,698**	6,997	9,733
Final dividend	**3,700**	3,044	—
Other taxes and social security	**4,406**	4,234	4,474
Deferred income	**5,799**	6,027	5,611
Other creditors	**14,161**	14,030	13,950
Deferred consideration	**246**	325	246
Deemed remuneration liabilities	**1,942**	1,469	1,478
	40,402	38,093	37,163

9. Reconciliation to the cash flow statement

	31 October 2022 (unaudited) £'000	31 October 2021 (unaudited) £'000	30 April 2022 (audited) £'000
Profit (loss) for the period	**3,721**	(331)	(500)
Adjustments for:			
Tax	**1,269**	3,024	4,549
Finance costs	**503**	413	835
Amortisation of intangible assets	**3,243**	2,737	5,668
Depreciation of property, plant and equipment	**536**	532	1,038
Depreciation of right of use assets	**1,096**	1,346	2,645
Gain on acquisition	**(4,924)**	(2,115)	(1,974)
Acquisition costs	**327**	109	215
Profit on disposal of property, plant and equipment	**—**	—	(10)
Profit on disposal of right of use asset	**—**	—	(81)
Share-based payment expense	**745**	717	1,574
Deemed remuneration obligations settled through equity	**800**	1,000	1,250
Increase in deemed remuneration receivable	**(3,962)**	(727)	(531)
Increase in deemed remuneration liabilities	**464**	1,100	1,016
Operating cash flows before movements in working capital	**3,818**	7,805	15,694
Increase in receivables	**(3,428)**	(3,906)	(3,916)
(Decrease) increase in payables	**(1,337)**	274	2,296
(Decrease) increase in provisions	**(23)**	20	376
Cash generated by operations	**(970)**	4,193	14,450