

Frenkel Topping Group plc
("Frenkel Topping", "the Company" or the "Group")

Results for the 12 months ended 31 December 2020

Strong revenue and profit growth through the successful execution of our strategy

Frenkel Topping Group (AIM: FEN), a specialist professional and financial services firm focused on asset protection for clients, is pleased to announce its final results for the 12 months ended 31 December 2020. The announcement demonstrates a strong performance in the second half of 2020 and the Board is pleased to report a solid set of results which are in line with management's expectations. In addition, the start to the new financial year has started positively giving cause for optimism for the year to 31 December 2021.

Financial Highlights

| | FY 2020 | FY 2019 | % change |
|-------------------------------------|-----------------|-----------------|-----------------|
| Revenue | £10.2m | £8.6m | +19% |
| Recurring revenue | £7.3m | £6.7m | +9% |
| Gross profit | £5.5m | £5.0m | +10% |
| Adjusted EBITDA | £2.5m | £2.0m | +25% |
| Underlying profit from operations | £2.2m | £1.8m | +22% |
| Pre-tax profit | £1.5m | £1.2m | +25% |
| Basic EPS | 1.30p | 1.25p | +4% |
| Net cash | £12m | £1.3m | +823% |
| Total dividends (paid and proposed) | 1.36p per share | 1.35p per share | +1% |
| Total assets | £28.5m | £13.7m | +108% |

Business Highlights

- Twelfth consecutive year of high client retention (99%) for investment management services
- Assets under management ("AUM") up 13% to £1,012m (as at 31 December 2019: £898m)
- Ascencia - Assets on a discretionary mandate up 32% to £527m (as at 31 December 2019: £399m)
- Acquisition of Forth Associates Limited
- Oversubscribed capital raise of £13m (gross)
- Strong balance sheet maintained with net cash of £12m (2019: £1.3m)

A Strong Start to the New Financial Year

- Acquisition of Partners in Costs Limited & A&M Bacon Limited – performance and integration going to plan
- First three months of trading has been robust - substantial AUM mandates won, outperforming internal targets for the first quarter of the new financial year
- Strong momentum in new expert witness instructions with high levels of new business wins
- Appointment of Rt. Hon Mark Field and Zoe Holland as Non-Executive Directors
- Current trading is in line with management expectations

Richard Fraser, CEO of Frenkel Topping, said:

"Our strong performance provides a clear example of the positive outcomes achieved when commercial astuteness is anchored by a strong moral obligation to do the right thing by customers, employees and the wider society. Despite the uncertain geo-political and macroeconomic backdrop, we have achieved an increase of 25% in Adjusted EBITDA, 25% in pre-tax profit. 13% in AUM and 32% in assets on a discretionary mandate. Our client retention rate remained high at an impressive 99% which reflects our clients' trust and confidence in us to manage their money conservatively and generate returns. Further we were extremely pleased with the outcome of our capital raise of £13m (gross) to fund our M&A strategy to help build the future profitability of the Group and consolidate the PI and Clinical Negligence marketplace.

"The year has begun robustly giving cause for optimism for the remainder of the year. Within our IFA and Investment Management pillars, we have won significant AUM mandates. Our conservative approach to investments and customer centric ethos has demonstrated our resilience in the face of the COVID-19 pandemic.

Our Professional Services pillar, incorporating our recent acquisitions, has also had a bright start to the year. This is particularly pleasing as this is a key pipeline for future AUM growth.

The management team remain focused on delivering stakeholder value and the Group is trading in line with management's expectations."

For further information:

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

About Frenkel Topping Group: www.frenkeltopping.co.uk

The financial services firm consists of Frenkel Topping Limited, Ascencia Investment Management, Obiter Wealth Management, Forth Associates, Equatas Accountants, Partners in Costs and A&M Bacon.

The group of companies specialises in providing financial advice and asset protection services to clients at times of financial vulnerability, with particular expertise in the field of personal injury and clinical negligence. With more than 30 years' experience in the industry, Frenkel Topping has earned a reputation for commercial astuteness underpinned by a strong moral obligation to its clients, employees and wider society, with a continued focus on its Environmental, Social and Governance (ESG) impact.

Through its core business, Frenkel Topping Limited, the firm supports litigators pre-settlement in achieving maximum damages, by providing expert witness services, and post-settlement to achieve the best long-term financial outcomes for clients after injury. It boasts a client retention rate of 99%.

The Group's discretionary fund manager, Ascencia, provides financial portfolios for clients in unique circumstances. In recent years Ascencia has diversified its portfolios to include a Sharia-law-compliant portfolio and a number of ESG portfolios in response to increased interest in socially responsible investing (SRI).

Obiter provides a generalist wealth management service - including advice on Savings and Investments; Tax planning; Life Insurance; Critical Illness and Income protection; Endowment advice and Keyman Insurance, with a particular specialism in financial advice on pensions and pension sharing orders for the clients of divorce and family lawyers. Obiter applies the same core principles of honesty, transparency, responsibility and reliability to individuals, regardless of background or situation.

In 2019, Frenkel Topping launched its accountancy arm, Equatas, to assist clients with tax planning and move closer to providing a full end-to-end service under the Group brand, improving the experience for clients and maintaining the Group's standards throughout the client journey.

In 2020 Frenkel Topping acquired Forth Associates, a specialist forensic accounting services business which assists in financial and legal disputes. The acquisition makes Frenkel Topping the largest independent provider of financial expert witness reports to the claimant marketplace.

In 2021 Frenkel Topping acquired A & M Bacon Limited a leading costs specialist in local government and Court of Protection, and Partners in Costs Limited who specialise in civil litigation claims, including personal injury (ranging from catastrophic injury to clinical negligence), professional negligence, commercial claims and court of protection costs.

For more information visit: www.frenkeltopping.co.uk.

Chairman's Statement

Overview

On behalf of Frenkel Topping Group's Board of Directors, I am pleased to report on another positive year for the Group in which we continued to deliver strong results for our shareholders that are in line with the Board's expectations.

The last year has seen a clear commitment to the implementation of the Group's strategy with a number of key appointments, targeted M&A and continued investment in key areas to drive future growth. These important, successful developments are outlined in the Chief Executive Officer's Statement and the Strategic Report and are in addition to the firm's longstanding client retention rate which has been maintained at 99%, a twelfth consecutive year of excellent performance.

People

During the year, a number of changes were made at Board level including Paul Richardson stepping down from his role as Non-Executive Chairman and handing the reigns to myself. Paul leaves with our very best wishes.

In March 2020, Elaine Cullen-Grant joined the Board as Chief Financial Officer, having previously served as Group Financial Controller since 2009.

In May 2020, Christopher Mills joined the Board as Non-Executive Director, bringing his extensive financial services and public company expertise to support the Group in its ambitious growth plans.

The appointment of the Right Honourable Mark Field and Zoe Holland as Non-Executive Directors followed early in 2021, bringing a wealth of experience to the Group's Board as it continues to pursue its growth strategy this year.

On behalf of everyone at Frenkel Topping, welcome to the team. The Board strongly believes it is important to have the right balance of skills, experience and background to support the growth of the business – this year we have made significant progress on that front.

Outlook

The first three months of trading has been strong and the Group continues to show strength in organic growth, through new business and winning substantial AUM mandates.

The Group has shown resilience against the continuing COVID-19 pandemic and alongside its 99% retention rates has a solid pipeline of new business opportunities that capitalise on the potential brought into the Group by recent M&A activity.

We continue to trade in line with management's expectations and therefore remain confident about the future.

Dividend

Reflecting the Board's confidence in the Group, total dividends (paid and proposed) are up 1% to 1.36p per share (FY 2019: 1.35p).

Chief Executive Officer's Statement

Overview

I am proud to report on another year of strong delivery against our strategy and a 12-month period that saw the Group achieve a number of key milestones.

The performance during 2020 reflects the Board's commitment to:

- improving Frenkel Topping's ability to manage increased assets under management ("AUM"), including those on a discretionary basis with Ascencia Investment Management Limited ("Ascencia")
- improving the customer journey to maintain our strong client retention

- laying the foundations for future years' profitability

Revenue for the year increased by 18.6% to £10.2m (2019: £8.6m), of which £7.3m (2019: £6.7m) related to recurring revenues within our financial services businesses.

Gross profit was up to £5.5m (2019: £5.0m) and underlying profit from operations (as defined in our Accounting Policies) was £2.2m (2019: £1.8m), an increase of 22%. Pre-tax profit increased by 25% to £1.5m (2019: £1.2m). The Group is in a strong financial position, following the £13m (gross) placing undertaken in July 2020, with total assets of £28.5m (2019 £13.7m) and as at 31 December 2020, net cash stood at £12m (2019 £1.3m). Cash generated from operating activities was up 30% to £1.7m (2019: £1.3m).

Our client retention rate remains exceptionally high at 99%, reflecting positive performance from our portfolios and our relentless focus on excellent customer service.

The net assets added in 2020 (£108m) and market movements (£6m) resulted in AUM increasing by 13% to £1,012m. Similarly, Ascencia's assets on a discretionary mandate grew strongly by 32% to £527m (2019: £399m).

Strategic Progress

We have entered 2021 with great momentum after a successful year enacting a buy and build strategy and bolstering the Board with a wealth of relevant experience across Personal Injury (PI) and Clinical Negligence (CN) as well as from a public company and fast-growth business perspective.

We have clearly defined the core pillars of the Group and the positioning of the brands in our Group structure. By focusing on the key drivers of success in each division, we have cemented the foundations and created a clear growth plan that allows us to continue to build on the success of the Group as a holistic financial services offering in our well-defined niche. This is expanded on within the Strategic Report.

2020 was a positive year of growth for Frenkel Topping Group, defined by progress towards our strategic goal to consolidate the PI and CN marketplace.

The Group has performed well, delivering both organic growth and new business wins, showing resilience to the continuing COVID-19 pandemic, and we have a solid pipeline of new business opportunities for the year ahead.

The oversubscribed capital raise of £13m (gross) in July 2020 accelerated the Company's vision of becoming the market leader in providing a full service offering to clients and claimants, particularly in the PI and CN marketplace. It was a significant step in allowing us to pursue our plans to consolidate the heavily fragmented pre-settlement professional services market by targeting acquisitions that have clear synergies in the PI and CN sectors in order to scale routes into growing assets under management (AUM) mandates from successful claims.

The capital raise coincided with the acquisition of forensic accountancy firm, Forth Associates Limited (Forths). By bringing Forth into Frenkel Topping Group we have created the largest independent provider of financial expert witness reports to the claimant marketplace. Forth has been successfully integrated into the Group and work continues to further develop the opportunities this presents for continued growth.

During early 2021 we have been pleased to welcome A & M Bacon (A & M) and Partners in Costs (PIC) to the Group. A & M is a firm of civil and commercial litigation costs specialists and PIC is one of the UK's leading costs law specialists with costs lawyers and costs consultants.

The PI and CN professional services vertical is particularly fragmented. These acquisitions, and that of Forth, mean that the Group has now become one of the largest players in the market.

The transactions are firmly in line with the Group's acquisition strategy:

To pursue quality opportunities in, and drive consolidation of, the pre-settlement professional services marketplace in personal injury and clinical negligence and to ensure the Group has as many touch points as possible in the personal injury/clinical negligence space in order to capture as many revenue opportunities as possible.

This will bring a number of synergies that will drive an increase in Underlying Profit from Operations and normalised EBITDA going forwards.

In addition to cost synergies, the claimants that A&M Bacon and PIC support will naturally benefit from the additional services that Frenkel Topping Group offers, such as welfare benefits assessments and trust advice in conjunction with forensic accounting and expert witness services throughout the entire timespan of a claim and financial advisory and investment management services following settlement.

Bringing PIC and A&M Bacon into the wider Group will enhance the Company's chances of winning the AUM mandate on the result of a successful claim.

Our 2020 results demonstrate the cumulative impact of clearly defined commercial goals, coupled with a sense of duty to deliver the right outcomes for clients. Our focus on growth via strategic acquisitions is unrelenting and whilst not all acquisition opportunities which we have considered have progressed to completion, we are working on other compelling opportunities to expand further in 2021.

Given remarkable market volatility, it is pleasing the Group's investment solutions, provided by Ascencia Investment Management, have performed well throughout the year. In the 12 months from 1 January to 31 December 2020, all Ascencia clients received a positive return – a testament to its robust and conservative strategies.

Of particular note is the strong performance of the Company's Environmental, Social and Governance (ESG) portfolios, launched over two years ago. This ESG approach has now been integrated into the Company's investment philosophy.

Furthermore, Ascencia's fund of Sharia-compliant holdings, launched in 2019, gained traction throughout 2020 and has been received well by clients of the Group with particular interest from external companies.

We are looking forward to building on the successes of the last year with a continued focus on growing our core business, driving AUM, executing our Buy and Build strategy, maintaining our outstanding client retention levels and generating strong and sustainable returns for our shareholders.

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

| | <i>Notes</i> | 2020 £ | 2019 £ |
|--|--------------|-------------------------|-----------------------|
| REVENUE | 1 | 10,187,425 | 8,558,325 |
| Direct staff costs | | (4,645,203) | (3,516,465) |
| GROSS PROFIT | | <u>5,542,222</u> | <u>5,041,860</u> |
| ADMINISTRATIVE EXPENSES | | | |
| Share based compensation | | (283,682) | (393,876) |
| Further adjustments to underlying profit from operations (see below) | | (337,113) | (220,857) |
| Other administrative expenses | | (3,320,648) | (3,267,729) |
| TOTAL ADMINISTRATIVE EXPENSES | | <u>(3,941,443)</u> | <u>(3,882,462)</u> |
| Underlying profit from operations: | | 2,221,574 | 1,774,131 |
| - share based compensation | | (283,682) | (393,876) |
| - reorganisation costs | | (46,031) | - |
| - contract write off | | - | (63,978) |
| - acquisitions strategy | | (291,082) | (156,879) |
| PROFIT FROM OPERATIONS | | <u>1,600,779</u> | <u>1,159,398</u> |
| Finance and other income | | 31,229 | 75,944 |
| Finance costs | | (82,378) | (4,880) |
| PROFIT BEFORE TAX | | <u>1,549,630</u> | <u>1,230,462</u> |
| Income tax expense | 2 | (377,583) | (270,382) |
| PROFIT FOR THE YEAR | | <u>1,172,047</u> | <u>960,080</u> |
| ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS: | | | |
| Gains on property revaluation arising net of tax | | 25,000 | 24,000 |
| TOTAL COMPREHENSIVE INCOME FOR YEAR | | <u><u>1,197,047</u></u> | <u><u>984,080</u></u> |
| PROFIT ATTRIBUTABLE TO: | | | |
| Owners of the parent undertaking | | 1,051,234 | 861,540 |
| Non-controlling interests | | 120,813 | 98,540 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| Owners of the parent undertaking | | 1,076,234 | 885,540 |
| Non-controlling interests | | 120,813 | 98,540 |
| Earnings per ordinary share – basic (pence) | 3 | <u>1.30p</u> | <u>1.25p</u> |
| Earnings per ordinary share – diluted (pence) | 3 | <u>1.26p</u> | <u>1.19p</u> |

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

| | Group 2020 £ | Group 2019 £ |
|---|--------------------------|--------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Goodwill | 8,299,323 | 7,020,287 |
| Property, plant and equipment | 1,946,585 | 1,639,159 |
| Investments | - | - |
| Loans receivable | 100,000 | 100,000 |
| Deferred taxation | 118,431 | 56,992 |
| | <u>10,464,339</u> | <u>8,816,438</u> |
| CURRENT ASSETS | | |
| Accrued income | 1,197,585 | 924,773 |
| Trade receivables | 3,286,910 | 1,580,774 |
| Other receivables | 367,973 | 321,064 |
| Investments | 1,232,909 | 774,158 |
| Cash and cash equivalents | 11,997,436 | 1,329,220 |
| | <u>18,082,813</u> | <u>4,929,989</u> |
| TOTAL ASSETS | <u><u>28,547,152</u></u> | <u><u>13,746,427</u></u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 555,787 | 393,287 |
| Share premium | 12,697,252 | 400,194 |
| Merger reserve | 5,314,702 | 5,314,702 |
| Revaluation reserve | 227,103 | 202,103 |
| Other reserve | (341,174) | (341,174) |
| Own shares reserve | (4,578,549) | (4,578,549) |
| Retained earnings | 11,110,993 | 10,875,372 |
| Equity attributable to owners of the parent company | <u>24,986,114</u> | <u>12,265,935</u> |
| Non-controlling interests | 162,230 | 141,417 |
| TOTAL EQUITY | <u>25,148,344</u> | <u>12,407,352</u> |
| CURRENT LIABILITIES | | |
| Current taxation | 299,429 | 197,656 |
| Trade and other payables | 2,254,332 | 1,085,732 |
| | <u>2,553,761</u> | <u>1,283,388</u> |
| LONG TERM LIABILITIES | 845,047 | 55,687 |
| TOTAL EQUITY AND LIABILITIES | <u><u>28,547,152</u></u> | <u><u>13,746,427</u></u> |

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

| | Share Capital | Share Premium | Merger reserve | Other Reserve | Own shares Reserve | Retained Earnings | Revaluation reserve | Total controlling interest | Non-controlling interests | Total |
|---|---------------|---------------|----------------|---------------|--------------------|-------------------|---------------------|----------------------------|---------------------------|-------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Balance 1 January 2019 | 393,287 | 400,194 | 5,314,702 | (341,174) | (4,566,926) | 10,552,643 | 178,103 | 11,930,829 | 42,877 | 11,973,706 |
| Purchase of own shares | - | - | - | - | (11,623) | - | - | (11,623) | - | (11,623) |
| Share based payments (note 4) | - | - | - | - | - | 350,066 | - | 350,066 | - | 350,066 |
| Tax credit relating to share option scheme | - | - | - | - | - | (21) | - | (21) | - | (21) |
| Dividend paid | - | - | - | - | - | (888,856) | - | (888,856) | - | (888,856) |
| Total transactions with owners recognised in equity | - | - | - | - | (11,623) | (538,811) | - | (550,434) | - | (550,434) |
| Profit for year | - | - | - | - | - | 861,540 | - | 861,540 | 98,540 | 960,080 |
| Other comprehensive income | - | - | - | - | - | - | 24,000 | 24,000 | - | 24,000 |
| Total comprehensive income | - | - | - | - | - | 861,540 | 24,000 | 885,540 | 98,540 | 984,080 |
| Balance at 1 January 2020 | 393,287 | 400,194 | 5,314,702 | (341,174) | (4,578,549) | 10,875,372 | 202,103 | 12,265,935 | 141,417 | 12,407,352 |
| Issue of Share Capital | 162,500 | 12,297,058 | - | - | - | - | - | 12,459,558 | - | 12,459,558 |
| Share based payments (note 4) | - | - | - | - | - | 218,585 | - | 218,585 | - | 218,585 |
| Dividend paid | - | - | - | - | - | (1,034,198) | - | (1,034,198) | (100,000) | (1,134,198) |
| Total transactions with owners recognised in equity | 162,500 | 12,297,058 | - | - | - | (815,613) | - | 11,643,945 | (100,000) | 11,543,945 |
| Profit for year | - | - | - | - | - | 1,051,234 | - | 1,051,234 | 120,813 | 1,172,047 |
| Other comprehensive income | - | - | - | - | - | - | 25,000 | 25,000 | - | 25,000 |
| Total comprehensive income | - | - | - | - | - | 1,051,234 | 25,000 | 1,076,234 | 120,813 | 1,197,047 |
| Balance at 31 December 2020 | 555,787 | 12,697,252 | 5,314,702 | (341,174) | (4,578,549) | 11,110,993 | 227,103 | 24,986,114 | 162,230 | 25,148,344 |

The share capital represents the number of shares issued at nominal price.

The merger reserve represents the cost of the shares issued to purchase the non-controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire Ascencia Investment Management Limited (formerly Frenkel Topping Investment Management Limited).

The share premium represents the amount paid over the nominal value for new shares issued.

The other reserve represents the excess paid for the non-controlling interest over the book value at the date of the acquisition. This transaction occurred in 2013.

The revaluation reserve reflects the cumulative surplus arising on the revaluation of freehold property to market value, net of deferred tax.

The own shares reserve represents the cost of the 3,105,708 shares (2019: 3,105,708) held by the Company and the 6,648,016 (2019: 6,648,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2020 was £4,096,564 (2019: £3,599,124).

Retained earnings represents the profit generated by the Group since trading commenced, together with dividends paid, share premium cancelled and share based payment credits.

The non-controlling interest is in respect of Frenkel Topping Associates Limited, ExpressFT Limited, HCC Investment Solutions Limited, Hudgells Financial Management Services Limited, Aspire + Wealth Management Limited and Truly Asset Management Limited.

The Group has conformed with all capital requirements as imposed by the FCA.

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2020

| | Group | Group |
|---|--------------------------|-------------------------|
| | 2020 | 2019 |
| | £ | £ |
| Profit before tax | 1,549,630 | 1,230,462 |
| Adjustments to reconcile profit before tax to cash generated from operating activities: | | |
| Finance income | (28,796) | (75,944) |
| Finance costs | 82,378 | 4,880 |
| Share based compensation | 218,585 | 350,046 |
| Depreciation and amortisation | 323,769 | 197,773 |
| (Increase)/decrease in accrued income, trade and other receivables | (63,311) | (266,590) |
| Increase in trade and other payables | (70,497) | 198,207 |
| Cash generated from operations | <u>2,011,758</u> | <u>1,638,834</u> |
| Income tax paid | (291,620) | (332,958) |
| Cash generated from operating activities | <u>1,720,138</u> | <u>1,305,876</u> |
| Investing activities | | |
| Acquisition of property, plant and equipment | (37,008) | (169,692) |
| Acquisition of subsidiaries | (566,480) | - |
| Cash acquired on acquisition of subsidiaries | 29,702 | - |
| Investment purchases | (1,680,753) | - |
| Investment disposals | 1,250,798 | 438,008 |
| Loans advanced | - | (100,000) |
| Dividend received | - | - |
| Cash generated from / (used in) investment activities | <u>(1,003,741)</u> | <u>168,316</u> |
| Financing activities | | |
| Shares issued (net of costs) | 12,459,558 | - |
| Own shares purchased | - | (11,623) |
| Dividend paid | (1,134,198) | (888,856) |
| Repayment of borrowing | (1,186,571) | - |
| Interest element of lease payments | (20,412) | (4,880) |
| Principal element of lease payments | (166,558) | (88,004) |
| Cash used in financing | <u>9,951,819</u> | <u>(993,363)</u> |
| Increase/(decrease) in cash and cash equivalents | 10,668,216 | 480,829 |
| Opening cash and cash equivalents | 1,329,220 | 848,391 |
| Closing cash and cash equivalents | <u><u>11,997,436</u></u> | <u><u>1,329,220</u></u> |
| Reconciliation of cash and cash equivalents | | |
| Cash at bank and in hand | <u><u>11,997,436</u></u> | <u><u>1,329,220</u></u> |

GENERAL INFORMATION

The preliminary financial information does not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but is derived from accounts for the years ended 31 December 2019 and 31 December 2020. The figures for the year ended 31 December 2020 are audited. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 December 2020. Those accounts upon which the auditors issued an unqualified opinion, did not include a reference to any matters to which the auditors drew attention by way of emphasis, without qualifying their report, and made no statement under section 498(2) or (3) of the Companies Act 2006, will be delivered to the Registrar of Companies following the Annual General Meeting.

Statutory accounts for the year ended 31 December 2019 have been filed with the registrar of Companies. The auditors report on those accounts 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 made no statement under section 498(2) or (3) of the Companies Act 2006.

While the financial information included in this preliminary report has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standard (IFRS), as adopted by the European Union (EU), this announcement does not in itself contain sufficient information to comply with IFRS.

Frenkel Topping Group Plc is incorporated and domiciled in the United Kingdom.

1 REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from activities within the UK. Management considers there to be only one operating segment within the business based on the way the business is organised and the way results are reported internally.

Revenue arising from recurring and non-recurring sources is as follows:

| | Group 2020 £ | Group 2019 £ |
|---------------|--------------------|--------------------|
| Recurring | 7,279,544 | 6,668,299 |
| Non-recurring | 2,907,881 | 1,890,026 |
| Total revenue | <u>10,187,425</u> | <u>8,558,325</u> |

| | | | |
|---|---|--------------------|--------------------|
| 2 | TAXATION | Group 2020 £ | Group 2019 £ |
| | ANALYSIS OF CHARGE IN YEAR | | |
| | CURRENT TAX | | |
| | UK corporation tax | 444,410 | 356,253 |
| | Adjustments in respect of previous periods | 212 | (39,169) |
| | Total current tax charge | <u>444,622</u> | <u>317,084</u> |
| | Deferred tax | | |
| | Temporary differences, origination and reversal | (67,039) | (46,702) |
| | Total deferred tax charge | <u>(67,039)</u> | <u>(46,702)</u> |
| | Tax on profit on ordinary activities | <u>377,583</u> | <u>270,382</u> |

FACTORS AFFECTING TAX CHARGE FOR YEAR

The standard rate of tax applied to reported profit on ordinary activities is 19 per cent (2019: 19 per cent). The corporation tax rate for the 2020 financial year, commencing 1 April 2020, was included in the Finance Act 2016 at 17%, and this rate was substantively enacted on 6 September 2016. On 17 March 2020 a resolution having statutory effect was passed under the Provisional Collection of Taxes Act 1968, setting the rate at 19%.

FACTORS AFFECTING FUTURE TAX CHARGE

On 3 March 2021 the Chancellor announced that the corporation tax rate will rise to 25% from 1 April 2023.

There is no expiry date on timing differences, unused tax losses or tax credits.

The charge for the year can be reconciled to the profit per the income statement as follows:

| | | |
|--|--------------------|--------------------|
| | Group 2020 £ | Group 2019 £ |
| Profit before taxation | 1,549,630 | 1,230,462 |
| Profit multiplied by main rate of corporation tax in the UK of 19% (2019: 19%) | <u>294,430</u> | <u>233,788</u> |
| EFFECTS OF: | | |
| Expenses not deductible | 134,340 | 125,542 |
| Share based payments | (51,399) | (56,331) |
| Other charges/(deductions) in period | 212 | (32,617) |
| Total tax expense for year | <u>377,583</u> | <u>270,382</u> |

A total of £nil (2019: £nil) was recognised in other comprehensive income in relation to deferred taxation on a revaluation uplift. The revaluation gain has been shown on a net basis in other comprehensive income.

No charge for deferred taxation (2019: £21 debit) was recognised directly in equity in relation to share options.

3 EARNINGS PER SHARE

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

| | | |
|-----------------|--------------------|--------------------|
| | Group 2020 £ | Group 2019 £ |
| <i>Earnings</i> | | |

| | | |
|--|-------------|-------------|
| Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent) | 1,051,234 | 861,540 |
| Earnings for the purposes of diluted earnings per share | 1,051,234 | 861,540 |
| <i>Number of shares</i> | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | | |
| Weighted average shares in issue | 90,588,856 | 78,657,349 |
| Less: own shares held | (9,753,724) | (9,752,507) |
| | 80,835,132 | 68,904,842 |
| Effect of dilutive potential ordinary shares: | | |
| - Share options | 2,916,834 | 3,416,834 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 83,751,966 | 72,321,676 |
| Earnings per ordinary share – basic (pence) | 1.30p | 1.25p |
| Earnings per ordinary share – diluted (pence) | 1.26p | 1.19p |

4 EVENTS AFTER THE REPORTING DATE

In February 2021 the Group acquired the entire issued share capital of A & M Bacon Limited (through the purchase of its holding company) and Partners in Costs Limited (“PIC”) (through the purchase of its holding company and the purchase of shares directly in PIC). A & M Bacon Limited is a firm of civil and commercial litigation costs specialists and PIC is one of the UK’s leading costs law specialists with costs lawyers and costs consultants.

The combined total maximum consideration is £9.0 million of which £5.0 million is payable in cash and £0.9 million through the issue of 2,000,000 ordinary shares of 0.5p each in the Company on completion and a further £3.1 million deferred consideration is payable in cash in two tranches on 31 January 2022 and 31 January 2023.

In April 2021 the Group acquired the entire issued share capital of Daniel Lewis Law Limited. Daniel Lewis Law Limited provides recruitment and advisory services within the legal sector.