

22 September 2020

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

Interim Results

A Strong Financial and Operational Performance

Frenkel Topping (AIM: FEN), a specialist independent financial advisor and wealth manager focused on asset protection for clients, announces its interim results for the six months ended 30 June 2020.

Financial Highlights

| | HY 2020* (£m) | HY 2019* (£m) | % change |
|--|--------------------------------|--------------------------------|-----------------|
| Revenue | 4.4 | 4.1 | 9% |
| Recurring revenue | 3.5 | 3.2 | 10% |
| Gross profit | 2.5 | 2.2 | 10% |
| EBITDA** | 1.1 | 0.9 | 16% |
| Cash generated from operating activities | 0.5 | 0.2 | 177% |
| Cash and marketable securities | 1.7 | 1.4 | 27% |
| Interim dividend – pence per share | 0.32 | 0.32 | - |
| Total assets | 13.9 | 13.2 | 5% |

*Unaudited

**EBITDA before share based compensation, M&A strategy and reorganisation costs

Operational Highlights

- AUM of £962m, up 13% (as at 30 June 2019: £851m)
- £75m of new investment mandates, 70% higher than the comparable period last year
- Assets on a DFM Mandate of £434m, up 26% (as at 30 June 2019: £345m)
- New business income of £0.95m, up 5% (as at 30 June 2019: £0.90m)
- Client retention rate remains high at 99%
- Results in line with expectations

A strong start to the second half

- Successful oversubscribed placing and fundraising of £13m (gross) from both existing and new and institutional shareholders
- Proceeds to consolidate the pre-settlement professional services market for PI and Clin Neg and offer a full service to clients
- First acquisition completed for Forth Associates Limited (Forths) creating the largest independent provider of financial expert witness reports
- Integration of Forth progressing well and to plan
- Healthy pipeline of acquisition opportunities across different verticals being assessed
- Trading positively and in line with management's expectations

Richard Fraser, CEO of Frenkel Topping, said:

"The first six months of 2020 have been unprecedented as the world confronts the ongoing COVID-19 pandemic and I am grateful to the Frenkel Topping team and stakeholders for their support during these challenging times. Despite this difficult backdrop, we have delivered an excellent performance and increased revenue, EBITDA and AUM year on year by 9%, 16% and 13% respectively. Pleasingly, new business mandates increased by 70% compared to the previous year driven by our client centric ethos and conservative investment philosophy. Our portfolios have performed well and delivered returns that have been notably ahead of the broad UK equity index (FTSE All Share Total Return Index).

"Post-period end, we raised £13m and acquired Forth, our first step in delivering our renewed strategy to consolidate a fragmented PI and Clin Neg market and become a full-service provider. This will enable us to scale routes into growing AUM mandates from successful claims.

"The second half of the year has begun positively and trading remains strong and in line with management's expectations. The Board is confident of our future and that we have the right culture, resources and expertise to continue to grow our business organically, execute our roll-up strategy and become the market leader in providing a full service offering to clients and claimants in PI and Clin Neg."

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Frenkel Topping will be hosting an online analyst presentation at 09.30am on Tuesday 22 September following the release of these results for the six months ended 30 June 2020. Attendance is by invitation only. The presentation will be made available on the Frenkel Topping website after the presentation.

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

The financial services firm consists of Frenkel Topping Limited, Ascencia Investment Management, Obiter Wealth Management, Equatas Accountants and Forth Associates.

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 Group 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 Forths, 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.

CEO Statement

In the first half of the year we continued to generate very high levels of new business and Assets under Management (AUM) increased strongly as we maintained our focus on protecting and creating value for our clients' assets and crucially delivering excellent customer services.

We moved quickly to keep our people and clients safe in response to the COVID-19 pandemic and have introduced new technologies and systems to enable our team to adapt successfully to remote working. Post-period end, we successfully completed an oversubscribed placing and raised £13m (gross) from both existing and a number of new institutional shareholders. At the same time, we acquired Forths, a forensic accountancy firm for a maximum consideration of £3m. The integration of Forths has created the largest independent provider of financial expert witness reports. The acquisition is the first step in implementing our disciplined acquisition strategy of consolidating the heavily fragmented pre-settlement

professional services market by targeting businesses that have clear synergies in the Personal Injury (PI) and Clinical Negligence (Clin Neg) sectors in order to scale routes into growing AUM mandates from successful claims. Our ultimate vision is to become the market leading, full-service provider in the PI and Clin Neg markets.

During this unprecedented time, we delivered a strong financial and operational performance and are pleased to announce that we will pay an interim dividend of 0.32 pence per share, reflecting the Board's confidence in the Group and its future prospects.

A strong first half performance

We delivered a strong set of results for the six-month period to 30 June 2020, with revenue increasing by 9% to £4.4m (HY19: £4.1m) of which £3.5m or 79.5% (HY19: £3.2m or 78.0%) related to recurring revenues and £0.9m was generated by organic new business generation. Gross profit rose by 10% to £2.5m (HY19: £2.2m) and underlying profit from operations was £0.9m (2018: £0.8m). Pre-tax profit was £0.5m (HY19: £0.6) . The Group has a strong Statement of Financial Position with total assets of £13.9m (HY18 £13.2m). As at 30 June 2020, the Group had net cash and marketable securities of £1.7m (HY19: £1.4m) reflecting the cash generative nature of the business and the Company's focus on maintaining a strong balance sheet.

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

Frenkel Topping has enjoyed strong organic growth and delivered £75m of new investment mandates, a 70% increase than in the comparable period last year. As a result, AUM is up 13% as at 30 June to £962m (as at 30 June 2019: £851m).

Operational update

We have continued to expand our network of new business referrals and innovated to provide better solutions for our clients. These partnerships are important and form part of our strategy for supporting AUM growth. During the period our core business, Frenkel Topping Limited, the independent financial adviser for PI and Clin Neg awards, established joint ventures with leading personal injury law firms including Hudgell Solicitors, Horwich Cohen Coghlan and Express Solicitors. Additionally, we established a joint venture with UK's leading spinal charity Aspire as the preferred partner to provide its service user base with post settlement investment advice, an often-essential service after a life changing event. Pleasingly, Ascencia Investment Management ("Ascencia"), the Company's Discretionary Fund Manager (DFM), broadened DFM distribution to external IFAs for the first time through a joint venture with Truly Independent Ltd, a firm of Independent Financial Advisers.

Our model portfolios in the investment management business achieved strong risk adjusted returns, despite the geopolitical backdrop. The confidence shown in Ascencia has led AUM to grow by 26% compared to June 2019 to £434m. Our investment product performance remained robust over the period and we delivered a smoother client investment experience when compared to pure equity strategies alone. Ascencia's multi-asset approach mitigated a notable element of the market falls seen in March that were triggered by the COVID-19 market dislocation as set out in the table below:

| Product | Performance (%) |
|------------------------------|-----------------|
| Shariah Compliant Solution 4 | +5.5% |
| ESG Solution 4 | +1.8% |
| MPS Low to Medium | +0.7% |
| Safety First 4 | -2.9 |
| FTSE All Share Total Return | -17.5 |

Source: FE Analytics 14/09/2020

We experienced healthy levels of client demand throughout the period. Ascencia's Environmental Social Governance (ESG) strategy particularly enjoyed strong inflows, on the back of strong risk adjusted performance and increased customer awareness of socially responsible investing. The recently launched Shariah Compliant solution was also well-received in the marketplace.

Strategic update

Over the past two years, we have extensively sought to acquire other IFAs which would be accretive to the Group. During this period, we have carefully assessed a number of targets and, due to the disciplined nature of the Board's search, none were deemed suitable.

Having taken some time to re-evaluate the Group's position and the market opportunity earlier in the year, our strategy was re-focused on consolidating the pre-settlement professional services market for PI and Clin Neg, as a route to further increasing the Company's AUM. We consider this approach to be a more effective and less risky method of increasing the Group's AUM and will yield higher levels of organic growth than a traditional IFA firm. Our successful fundraising of £13m will accelerate our vision of becoming the market leader in providing a full service offering to clients and claimants, particularly in the PI and Clin Neg marketplace. The opportunity in these two markets is significant; when combined, the PI and Clin Neg markets represent a total opportunity of c.£3.4 billion of AUM mandates per annum, in addition to the professional services required for such claims.

The acquisition of Forths is a significant first step towards our strategic transformation and enhances our strong organic growth. The combination of our two businesses has made us the largest independent provider of financial expert witness reports to the claimant marketplace. These reports are a key pipeline for future AUM growth as they enable us to develop a working relationship with the claimants and therefore are key to securing the financial advisory mandate for any settlement monies paid out in the event of a successful claim.

The integration of Forths is progressing well. A number of potential cases with a value in excess of £100k (including a number at £1m+) have already been identified, indicating significant potential for future AUM growth.

We believe that our refocused buy and build strategy together with efforts to grow our core business and deliver high-quality services to our clients, will build a substantial business with considerable scale. This, in turn, will help generate strong and sustainable returns for our shareholders.

People

During the period, Elaine Cullen-Grant, who has been Group Financial Controller at Frenkel Topping since May 2009, joined the Board as Chief Financial Officer. Elaine succeeds Stephen Bentley who retired on 01 March 2020. Paul Richardson decided to step down from Board and handover the Chairmanship to Tim Linacre, who was previously a Non-executive Director of the Company. As announced on 20 May, Christopher Mills joined Frenkel Topping as a Non-executive Director. Christopher founded Harwood Capital Management in 2011, a successor to its former parent company JO Hambro Capital Management, which he co-founded in 1993 and was formerly the Chief Investment Officer of. He is currently the Chief Executive Officer and Investment Manager of North Atlantic Smaller Companies Investment Trust plc, a UK listed investment trust. I would like to thank Paul and Stephen for their contribution to the business and welcome Elaine and Christopher to the Board.

This has been a busy and successful period for the business. We have a collaborative, positive and results driven culture which has held the business in good stead during these challenging times and I would like to thank all our people for their hard work, loyalty and dedication.

Dividend

The total dividend for 2019 was 1.35 pence per share (2018: 1.29 pence) to shareholders. The Board has reviewed the dividend and is mindful of the Group's earnings growth potential, future growth and M&A strategy. With this in mind, the Company will maintain an interim dividend of 0.32 pence per share (2019 interim dividend: 0.32 pence). The interim dividend will be paid on 16 October 2020 to shareholders on the register at close of business on 2 October 2020 and the shares will trade on an ex-dividend basis from 1 October 2020.

Outlook

The second half of the year has begun positively, and we are trading in line with management expectations. The Board is of course mindful of the effects of COVID-19 and prevailing economic uncertainty. We have already begun to see businesses collapse and together with rising unemployment, the medium-term outlook for the global economy is difficult to predict. However, we have a strong and agile business which has benefited from investment in the last two years. This has enabled us to deliver an excellent financial and operational performance and partially mitigate the risk the pandemic has presented. We have made progress against our new disciplined strategy through the acquisition of Forths and the recent fundraising will support our aim to consolidate a fragmented PI and Clin Neg market, enabling us to scale routes into growing AUM mandates from successful claims.

Frenkel Topping is resilient and our balance sheet strength, depth of experience and focused strategy gives the Board confidence that we are well-positioned to navigate through a difficult market backdrop and deliver further progress.

Frenkel Topping Group plc

Group Statement of Comprehensive Income for the period:

| | | 6 Months ended 30-Jun-20 Unaudited £'000 | 6 Months ended 30-Jun-19 Unaudited £'000 | Year ended 31-Dec- 19 Audited £'000 |
|--|----------|---|---|--|
| REVENUE | | 4,447 | 4,071 | 8,558 |
| Direct staff costs | | (1,981) | (1,838) | (3,516) |
| Gross Profit | | 2,466 | 2,233 | 5,042 |
| ADMINISTRATIVE EXPENSES | | | | |
| Share based compensation | | (222) | (270) | (394) |
| Further adjustments to underlying profit from operations | | (197) | - | (219) |
| Other administrative expenses | | (1,564) | (1,417) | (3,268) |
| TOTAL ADMINISTRATIVE EXPENSES | | (1,983) | (1,687) | (3,881) |
| Underlying profit from operations | 1 | 902 | 816 | 1,774 |
| - share based compensation | | (222) | (270) | (394) |
| - reorganisation costs | | (46) | - | - |
| - Contract write off | | - | - | (63) |
| - M&A strategy | | (151) | - | (156) |
| PROFIT FROM OPERATIONS | | 483 | 546 | 1,161 |
| Fair value gain on investments | | 23 | 53 | 76 |
| Finance costs | | (11) | (3) | (5) |
| PROFIT BEFORE TAX | | 495 | 596 | 1,232 |
| Income tax expense | | (185) | (143) | (271) |
| PROFIT FOR THE PERIOD | | 310 | 453 | 961 |
| Gains on property revaluation arising net of tax | | - | - | 24 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 310 | 453 | 985 |
| PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of parent undertakings | | 255 | 414 | 862 |
| Non-controlling interest | | 55 | 39 | 99 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of parent undertakings | | 255 | 414 | 886 |
| Non-controlling interest | | 55 | 39 | 99 |
| Earnings per share – basic and diluted (pence) | | 0.37 | 0.60 | 1.25 |

The results for the period are derived from continuing activities.

Frenkel Topping Group plc**Group Statement of Financial Position as at:**

| | 30-Jun-20 | 30-Jun-19 | 31-Dec-19 |
|---|------------------|------------------|------------------|
| | Unaudited | Unaudited | Audited |
| | £'000 | £'000 | £'000 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Goodwill | 7,020 | 7,020 | 7,020 |
| Plant, property and equipment | 1,870 | 1,672 | 1,639 |
| Loans receivable | 100 | - | 100 |
| Deferred tax | 57 | 30 | 57 |
| | <hr/> | <hr/> | <hr/> |
| | 9,047 | 8,722 | 8,816 |
| CURRENT ASSETS | | | |
| Accrued income | 894 | 864 | 925 |
| Trade receivables | 1,694 | 1,548 | 1,581 |
| Other receivables | 607 | 687 | 321 |
| Investments | 68 | 751 | 774 |
| Cash at bank and in hand | 1,673 | 620 | 1,329 |
| | <hr/> | <hr/> | <hr/> |
| | 4,936 | 4,470 | 4,930 |
| TOTAL ASSETS | <hr/> | <hr/> | <hr/> |
| | 13,983 | 13,192 | 13,746 |
| | <hr/> | <hr/> | <hr/> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 393 | 393 | 393 |
| Share premium | 400 | 400 | 400 |
| Merger reserve | 5,315 | 5,315 | 5,315 |
| Revaluation reserve | 202 | 178 | 202 |
| Own share reserve | (4,579) | (4,579) | (4,579) |
| Other reserve | (341) | (341) | (341) |
| Retained earnings | 10,642 | 10,576 | 10,875 |
| | <hr/> | <hr/> | <hr/> |
| Equity attributable to owners of the parent company | 12,032 | 11,942 | 12,265 |
| | | | |
| Non-controlling interests | 96 | 82 | 141 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EQUITY | 12,128 | 12,024 | 12,406 |
| | <hr/> | <hr/> | <hr/> |
| CURRENT LIABILITIES | | | |
| Current taxation | 563 | 354 | 198 |
| Trade and other payables | 1,013 | 745 | 1,086 |
| | <hr/> | <hr/> | <hr/> |
| | 1,576 | 1,099 | 1,284 |
| | | | |
| LONG TERM LIABILITIES | 279 | 69 | 56 |
| | | | |
| TOTAL LIABILITIES | <hr/> | <hr/> | <hr/> |
| | 1,855 | 1,168 | 1,340 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EQUITY AND LIABILITIES | 13,983 | 13,192 | 13,746 |
| | <hr/> | <hr/> | <hr/> |

Frenkel Topping Group plc
Group Cash Flow Statement
For the period:

| | 6 Months ended 30-Jun-20 Unaudited £'000 | 6 Months ended 30-Jun-19 Unaudited £'000 | Year ended 31-Dec- 19 Audited £'000 |
|--|---|---|--|
| Profit before tax | 495 | 596 | 1,232 |
| <i>Adjustments to reconcile profit for the period to cash generated from operating activities:</i> | | | |
| Fair value (gains)/losses on investments | (23) | (53) | (76) |
| IFRS 16 interest | 11 | 3 | 5 |
| Share based compensation | 222 | 270 | 350 |
| Depreciation | 148 | 90 | 198 |
| (Increase)/decrease in accrued income, trade and other receivables | (368) | (495) | (269) |
| (Decrease)/increase in trade and other payables | 200 | (16) | 199 |
| Cash generated from operations | 685 | 395 | 1,639 |
| Income Tax paid | (151) | (202) | (333) |
| Cash generated from operating activities | 534 | 193 | 1,306 |
| Investing Activities | | | |
| Acquisition of plant, property and equipment | (17) | (143) | (170) |
| Investment disposals | 728 | 438 | 438 |
| Loans advanced | - | - | (100) |
| Cash (used) / generated in investing activities | 711 | 295 | 168 |
| Financing activities | | | |
| Own shares purchased | - | - | (11) |
| Dividend paid | (810) | (668) | (889) |
| IFRS 16 interest | (11) | (3) | (5) |
| IFRS 16 implementation | (80) | (45) | (88) |
| Cash used in financing | (901) | (716) | (993) |
| (Decrease)/ increase in cash | 344 | (228) | 481 |
| Opening cash | 1,329 | 848 | 848 |
| Closing cash | 1,673 | 620 | 1,329 |
| Closing Cash and Cash Equivalents | | | |
| Cash | 1,673 | 620 | 1,329 |
| Cash equivalents | 68 | 751 | 774 |
| Closing cash and cash equivalents | 1,741 | 1,371 | 2,103 |

Cash is held at National Westminster Bank Plc.
Cash equivalents are held in liquid investments.

Notes to the Interim Financial Statements

1. Alternative Performance Measures

During 2019 the Group adopted the Alternative Performance Measure of Underlying Profit from Operations which was defined as profit from operations, adding back share based compensation, reorganisation costs, investment in developing business, the cost of contract write offs and the costs associated with the Group's acquisitions strategy.

During 2020 the Group reviewed this policy and took the decision to redefine Underlying Profit from Operations to profit from operations, adding back share based compensation, reorganisation costs, the cost of contract write offs and the costs associated with the Group's acquisitions strategy.

The Underlying Profit from Operations for the year ended 2019 shown in the interim financial statements is reconciled back to the Annual Report for 2019 as below:

| | |
|---|-----------|
| | £ |
| Underlying profit from operations YE 2019 (interim 2020): | 1,774,131 |
| Investment in developing business: | 733,163 |
| Underlying profit from operations YE 2019 (Annual Report 2019): | 2,507,294 |

Costs related to investment in developing business have been reclassified to other administrative expenses in the Statement of Comprehensive Income.

2. Events after the Reporting Date

Capital Raise

On 22nd July 2020 the Group announced a placing to raise £13m (before expenses) by way of a conditional placing of 32,500,000 new ordinary shares of 0.5p each at a price of 40 pence per new Ordinary Share. The placing was successful and approved at an Extraordinary General Meeting on 18th August 2020.

Acquisition of Forth Associates Limited

Additionally, on 22nd July 2020 the Group completed the acquisition of 99.99% of the share capital of Forth Associates Limited, an owner managed forensic accountancy firm.