

## **Frenkel Topping Group plc**

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

### **Acquisition of Cardinal Management Limited**

*"A highly strategic acquisition which fits perfectly within, and which will materially compliment, the overall strategy and platform of the Group and consolidates Frenkel Topping's market leading position in the Personal Injury & Clinical Negligence sector"*

Frenkel Topping (AIM: FEN), a specialist professional and financial services firm focused on asset protection for clients, is delighted to announce that it has acquired the entire issued share capital of Cardinal Management Limited ("Cardinal") (the "Acquisition"). Cardinal works in close partnership with a number of key NHS Major Trauma Centres ("MTCs") to provide a Major Trauma Signposting Partnership ("MTSP") support service.

The total maximum possible consideration for the Acquisition is £10.0 million in cash, of which an initial £5.0m (which is subject to adjustment following a completion accounts process) will be paid on completion. The additional consideration of up to £5.0m may become due to the sellers of Cardinal on an earn-out basis linked to certain challenging financial performance targets relating to future growth and profitability of Cardinal between completion and 31 December 2025. Further details on the financial terms of the Acquisition are set out below.

#### **Transaction Rationale**

The Acquisition is firmly in line with the Company's strategy to pursue quality opportunities in, and to drive consolidation of, the pre-settlement professional services marketplace in the Personal Injury (PI) and Clinical Negligence (CN) space.

Cardinal fits perfectly alongside the Group's recent acquisitions of Forths Associates, A&M Bacon, Partners in Costs and Bidwell Henderson and allows the consolidation of the space further, positioning Frenkel Topping as a market leader in its sector.

Cardinal is the sole commercial organisation operating in its space and has a 5-year track record of contracts with the NHS with a 100% contract renewal rate. Cardinal is also in high demand from PI legal providers seeking quality multi-track cases and provides a clear opportunity to expand the Major Trauma Signposting Partnership (as further explained below) into additional Major Trauma Centres within the NHS.

Through its core business, Frenkel Topping Limited, it 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.

The Acquisition provides a clear and direct link to claimants, and their professional representatives, at the earliest stage possible after injury or illness, introducing the portfolio of Frenkel Topping Group services in a relevant and timely way to its clients in the PI and CN litigation space as well as claimants themselves. It is also expected that the Acquisition will drive future growth in the Group's Assets Under Management as successful claims and cases come to settlement.

At each of the MTSP sites, Cardinal has selected a legal panel which comprises law firms who provide the highest quality of care and service to patients, providing significant opportunity for the Group to further strengthen its relationships with PI and CN departments within law firms nationally.

### **Further detail on Cardinal Management Limited**

Cardinal Management Ltd was established in 2015 by Andrew Pemberton (Managing Director and majority shareholder). It is an independent organisation providing trauma patients and their families with much needed help and support whilst in hospital. The core of Cardinal's work is within the NHS, where Cardinal is integral to helping Major Trauma Centres improve levels of care and long-term outcomes for patients by facilitating early access to welfare, legal, rehabilitation and financial support.

Cardinal currently has a presence in 7 NHS Major Trauma Centres, of which there are 27 across the country, giving significant scope to grow and expand.

The Major Trauma Signposting Partnership is a scheme initially developed by Cardinal and St George's University Hospitals NHS Foundation Trust. MTSP went live in January 2016 with the aim of testing the impact of early advice and guidance from Citizens Advice (formally the "CAB") and Rehabilitation Advisers on the quality of care and longer-term outcomes for patients, the NHS and our wider society, which has been adopted by 7 other MTCs.

The MTSP provides advice on a range of issues including employment, finance, education, housing, and compensation. A Cardinal-employed Major Trauma Advisor (MTA) works within the MTC to meet with patients at their bedside to provide free advice and support to patients and their families.

Cardinal has a strong team of 19 people, 14 directly employed and all led by Andrew Pemberton, who will remain in place as Managing Director following completion of the Acquisition.

As set out in the Company's strategy, the focus is to ensure the Company has as many touch points as possible in the PI and CN space. The Acquisition provides this on the basis that the Company will have an ability to help clients and patients as soon as they have suffered severe trauma and serious injury when they arrive at hospitals and can assist them at the initial stages of assessment with a view to ensuring the best possible outcome, care and financial compensation. This drives a number of key revenue opportunities for the Company as the Acquisition is expected to link into the wider buy and build strategy and the Company's previous acquisitions and existing product offering and ultimately driving growth in AUM.

The Acquisition is expected to be immediately earnings enhancing contributing to the FY 2022 financial year outturn.

### **Further details of the Acquisition**

The Company has agreed to acquire Cardinal from Andrew Pemberton and Sarah Pemberton (the "Sellers") for a total consideration of up to £10.0 million in cash as follows:

- £5.0m paid in cash on completion of the Acquisition (subject to a post-completion adjustment following a completion accounts process); and
- up to £5.0 million paid in cash based on the EBITDA of Cardinal for the financial years ending 31 December 2023 and 31 December 2025.

The earn-out payments are subject to the continued profitability and growth of Cardinal along agreed performance criteria.

For the year ended 31<sup>st</sup> March 2021, Cardinal generated revenues of £0.9m, reported a £0.3m profit before tax and with £1m net assets on the balance sheet as at 31<sup>st</sup> March 2021.

## Trading Update

The Company is pleased to confirm that it will report results for the year ended 31 December 2021 in line with management's expectations and will provide a more detailed update in the coming weeks.

### **Richard Fraser, Chief Executive Officer of Frenkel Topping Group, said:**

*"The acquisition of Cardinal fits exactly into our strategy of acquiring high-quality businesses in the personal injury and clinical negligence market which provide established opportunities for us to extend our reach into the sector and expand our client base.*

*The timely support provided by Cardinal inside hospitals immediately after injury is absolutely crucial for injured parties to receive the best possible outcomes and we are delighted to be working with Andrew to grow that level of support to more of the Major Trauma Centres across the country.*

*Andrew cares deeply about supporting patients and NHS teams inside trauma centres and I have been greatly impressed by his approach to developing the MTSPs. I very much look forward to welcoming Andrew and Cardinal into the enlarged business and continuing the outstanding work they do.*

### **Andrew Pemberton, Managing Director of Cardinal Management Limited, said:**

*"I am exceptionally proud of the work the MTSP does both in terms of the patients it helps and the assistance it brings to front line NHS staff. Over the last five years we have provided bedside advice and support to more than 5,000 trauma patients and facilitated more than £120m in personal injury compensation awards. Our existing relationship with the Frenkel Topping Charitable Foundation demonstrates how the two organisations can, by working together, ensure the long-term stability of the service and provide a home from which the service can develop longer term to help even more patients turn what has been a very bad day, into a better one."*

### **Further information Frenkel Topping, Cardinal & the Frenkel Topping Charitable Foundation**

In November 2021, the Frenkel Topping Charitable Foundation made a charitable donation to create a fund for Major Trauma Advisors inside MTCs to spend on practical and emotional support for patients immediately after traumatic injury.

Funded by Frenkel Topping Plc and Cardinal Management, the charitable fund gives MTSP advisers access to 'same-day' cash to provide immediate assistance to the patients most in need.

With assistance from NHS and Citizens Advice colleagues, Major Trauma Advisers at Addenbrooke's Hospital, Cambridge, King's College and St George's in London, Royal Sussex County Hospital in Brighton, University Hospital, Coventry, the Manchester Royal Infirmary and Royal Manchester Children's Hospital, will identify patients who have suffered serious injury and need urgent help to manage the practical daily challenges that come with the recovery from a serious injury.

### **For further information:**

**Frenkel Topping Group plc**

[www.frenkeltoppinggroup.co.uk](http://www.frenkeltoppinggroup.co.uk)

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*This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (596/2014/EU) as it forms part of UK domestic law by virtue of the European Union (withdrawal) act 2018 ("MAR").*

**About Frenkel Topping Group:**

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

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.

Earlier 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.

Later in 2021, costs consultants, Bidwell Henderson. joined the Frenkel Topping Group of businesses. One of the UK's largest professional legal services companies specialising in both legal aid and inter partes law costs drafting, legal cashing and costs training services, Bidwell Henderson are the go-to legal aid costs agency for drafting cost case plans where significant high-costs are involved in large scale and complex legal cases.

For more information visit: [www.frenkeltoppinggroup.co.uk](http://www.frenkeltoppinggroup.co.uk) \_