

26th September 2022

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014

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

Interim Results

Frenkel Topping (AIM: FEN), a specialist financial and professional services firm operating within the personal injury and clinical negligence marketplace, announces its interim results for the six months ended 30 June 2022.

Financial Highlights

	H1 2022* (£m)	H1 2021* (£m)	% change	FY2021 Full year (£m)
Revenue	11.1	8.5	31%	18.4
Recurring revenue	5.4	4.3	26%	8.9
Gross profit	5.0	4.5	11%	9.0
EBITDA**	2.7	2.4	13%	4.6
Underlying EPS (basic)***	1.85 pence	1.75 pence	6%	3.84 pence
AUM	1,155	1,110	4%	1,174
Assets on a discretionary mandate	667	606	10%	676
Interim dividend	0.34 pence	0.34 pence	0%	-

*Unaudited

**EBITDA before share based compensation, M&A strategy and re-organisation costs

***Underlying EPS is calculated using profit attributable to shareholders adjusted for share based compensation, M&A strategy, re-organisation costs and unwinding of the discount factor relating to deferred consideration on acquisitions

Operational Highlights

- Results are in line with management expectations
- AUM resilient despite challenging market conditions demonstrating the differentiated and conservative way the Company manages its clients assets
- Client retention rate remains high at 99%
- Completion of milestone acquisition of Cardinal Management Limited
- Reaping benefits of long-established graduate and apprenticeship schemes and building on strong talent attraction and retention practices to combat economy-wide talent crisis
- Bidwell Henderson's successful digital training platform has paved the way for stronger training infrastructure across the Group
- A healthy pipeline of AUM for the second half of the year, a traditionally stronger half, to underpin full year outturn
- Groupwide rollout of employee engagement app to increase communication and flow of information

Delivery of strategy with a strong start to the second half

- Successful capital raise of £10m (gross)
- Completion of Somek and Associates Ltd and N-Able Service Ltd acquisitions
- Continued execution of acquisition strategy, showing positive results
- Acquisition strategy has built one of the largest players in the pre-settlement professional services market for Personal Injury ("PI") and Clinical Negligence ("Clin Neg")

- Integration of all acquisitions progressing well and to plan
- Continued delivery of the “Working in Partnership” programme – aligning with top law firms and signed JV with CFG Law, its 8th such arrangement

Richard Fraser, CEO of Frenkel Topping Group, statement:

Against a backdrop of economic turbulence, volatility in capital markets, supply chain issues and the ongoing conflict in Ukraine, we are very pleased to report results in line with management expectations, in no small part supported by the recent acquisition strategy which has diversified our income streams and strengthened our position in the market. Frenkel Topping is a market leader in its space.

We are particularly pleased with the performance of those of our investment portfolios which are managed by the Group’s in-house discretionary investment manager, Ascencia, which have continued to perform well. While not completely immune to the wider market downturns these funds have continued to deliver returns that have been consistently and notably ahead of world indices over the period. This demonstrates our ability to navigate volatile markets and the prudence with which we approach managing the assets of our underlying clients.

In a challenging investment environment, characterised by slowing economic growth and elevated inflation, Ascencia has delivered returns in line with its “smoother investment journey” investment philosophy. Ascencia’s client portfolio returns year to date, (as at 31/08/22), have been highly competitive on a risk adjusted basis, when compared to those of leading UK discretionary fund managers (DFM).

It is pleasing to report that year to date (as at 31/08/22), Ascencia’s investment flagship investment solutions *Safety First 4* and *FTIP Income & Growth 4* returned -3.2% and -6.3% respectively, a decent performance compared to other mainstream asset managers. The model portfolios are measured by Asset Risk Consultants (ARC), an independent DFM performance monitoring consultancy, and returns compare highly favourably against the equivalent ARC Balanced Asset index return of -8.3%. Ascencia’s relative outperformance in challenging markets, confirms the attractiveness of its specific investment philosophy of “delivering a smoother investment journey” for its unique client base. Pleasingly, in these uncertain times, the Ascencia approach is also gaining wider recognition from the professional introducer market. Overall, the Company is not entirely immune against the market challenges as some of its assets are externally managed, explaining why AUM as compared to FY21 has remained broadly flat. However, the Board is on target to add its expected £125m of new AUM by the end of the year. September alone has seen the Company secure £19m in mandate wins across 5 cases to contribute to this target.

Over the first half of 2022 we have continued to see the cumulative positive impact of our recent acquisitions and the effectiveness of integrating the new Group businesses in close succession, maximising the clear synergies that exist in cross-sell opportunities, shared data, resource and marketing opportunities at Group level.

The continued successful implementation of the Group’s Strategy, to consolidate the fragmented and niche sector of Personal Injury and Clinical Negligence, has highlighted further opportunities for growth and the effective integration of acquisitions in recent years has provided the blueprint for similar acquisitions to join the group in a seamless and positive way.

Frenkel Topping continues to strengthen its reputation as a full-service provider with multiple touch points across the space that allow us to scale routes into growing AUM mandates from successful claims.

The acquisition of Cardinal Management Limited in January 2022 marked a truly transformational deal for the Group. Cardinal works in close partnership with a number of key NHS Major Trauma Centres to provide a Major Trauma Signposting Partnership support service. It is the sole commercial organisation operating in

its space and has a 6-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 into additional Major Trauma Centres within the NHS. Cardinal is currently in 7 NHS Major Trauma Centres and are in discussions to enter more in the near future. There are a total of 28 such Major Trauma Centres around the country.

We are focused on consolidating ownership of the full supply chain in the PI and CN space because we are confident that we can deliver the very best service levels to clients from immediately after injury or illness and for the rest of their lives.

The Cardinal acquisition, along with the continued integration of acquisitions made in previous years, have added to the Company's momentum in 2022, strengthening an already compelling and market leading proposition.

Throughout 2022 we have developed greater access to clients – both directly to the injured party and via their legal representatives – and extended the customisation of their care. Frenkel Topping Group now delivers an end-to-end service to its client base under a tried and trusted umbrella group, making us a stand out player in our space.

Our client retention rate remains exceptionally high at 99%, reflecting resilient performance of Ascencia's portfolios and our relentless focus on excellent customer service.

During a time when no industry has been shielded from a talent crisis, the Group's longstanding focus on training and development has been highlighted. The Group's Graduate Academy is something we have invested in heavily over the last five years and will continue to do so as part of the Group's growth strategy.

We annually attract the brightest talent who are switched on and eager to progress and we are proud of the success rate in cohorts completing the scheme and taking up full-time roles across the business.

They have honed their skills in a structured environment, understood the theory with guidance from the most experienced team players and applied it in practice to real-life scenarios. They have developed at pace, defined their skillsets and refined the softer skills that only on-the-job experience can bring.

Frenkel Topping Group apprentices have been recognised in regional award ceremonies. The accolades demonstrate why we decided to invest in our apprenticeship scheme, to highlight the importance of the alternative routes into a career in our sector and to encourage talent from a wider and more diverse pool.

The Group's talent mapping scheme was bolstered with the acquisition of Bidwell Henderson in 2021 – who had developed their own digital training platform to train cost drafts people. Bringing BH's years of experience in training into the group has allowed us to professionalise our training division further and extend its reach across all departments inside the group businesses.

Collaboration across the group businesses in the last 18 months has identified areas of opportunity for the benefit of all divisions. The Group has begun and will continue to invest in its digital infrastructure project not only to harness technology to maximise efficiencies and streamline processes but to take advantage of opportunities that exist in creating a sophisticated online presence in a very traditional sector.

Outlook

The second half of the year has begun positively, with some excellent mandate wins contributing £19m of AUM, and trading (in what is a traditionally a second half weighted business) remains in line with management's expectations for the full year. 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 clear strategy and become the market leader in providing a full service offering to clients and claimants in PI and Clin Neg.

We were delighted with the support in the recent £10m capital raise where we had strong support from existing and new investors alike and gives the Company the ability to execute on its strategy of consolidation in the PI and CN space.

Following the capital raise, the Group's most recent acquisitions, Somek and Associates Ltd and N-Able Services Ltd both operate in the Care and Case management sector and significantly enhances the groups position in this space and complement the expertise and scope of Keystone incredibly well.

Post period end the Group extended its 'Working in Partnership' programme with a 50:50 joint venture (JV) between its IFA arm and law firm, CFG Law, taking its joint ventures to eight in the Personal Injury and Clinical Negligence space. CFG is the latest in Frenkel Topping's strategy to strengthen relationships with likeminded firms in the Personal Injury and Clinical Negligence space. The Group's seven other JVs have added c.£68.5m of AUM to the Company to date and represented 16% of AUM added in the last financial year.

Through the combination of a disciplined buy and build strategy and our continued efforts to grow our core business and deliver high-quality services to our clients, we are building a substantial business with considerable scale.

Whilst not being immune to external market conditions, the Group continues to show resilience through its diversification of revenue streams, alongside its 99% retention rates has a solid pipeline of new business opportunities.

For further information:

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Frenkel Topping Group plc		6 Months ended 30-Jun-22	6 Months ended 30-Jun-21	Year ended 31-Dec- 21
Group income statement for the period:		Unaudited	Unaudited	Audited
	Notes	£'000	£'000	£'000
REVENUE		11,110	8,459	18,366
Direct staff costs		(6,068)	(3,974)	(9,349)
Gross Profit		5,042	4,485	9,017
ADMINISTRATIVE EXPENSES				
Share based compensation		(349)	(137)	(430)
M&A strategy and re-organisation costs		(575)	(641)	(972)
Other administrative expenses	1	(2,620)	(2,244)	(4,771)
TOTAL ADMINISTRATIVE EXPENSES		(3,544)	(3,022)	(6,173)
Other Operating Income				24
Underlying profit from operations		2,422	2,241	4,270
- share based compensation		(349)	(137)	(430)
- M&A strategy and re-organisation costs		(575)	(641)	(972)
PROFIT FROM OPERATIONS		1,498	1,463	2,868
Finance and other income/(fair value losses on investments)		(9)	9	146
Finance costs	2	(205)	(144)	(319)
PROFIT BEFORE TAX		1,284	1,328	2,695
Income tax expense		(309)	(354)	(219)
PROFIT FOR THE PERIOD		975	974	2,476
Gains on property revaluation arising net of tax		-	-	125
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		975	974	2,601
PROFIT ATTRIBUTABLE TO:				
Owners of parent undertakings		881	902	2,337
Non-controlling interest		94	72	139
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		881	902	2,462
Non-controlling interest		94	72	139
Earnings per share – basic (pence)		0.82	0.87	2.23
Earnings per share – diluted (pence)		0.78	0.82	2.11
Underlying earnings per share – basic (pence)		1.85	1.75	3.84
Underlying earnings per share – diluted (pence)		1.75	1.64	3.63

The results for the period are derived from continuing activities.

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

	30-Jun-22	30-Jun-21	31-Dec-21
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
ASSETS			
NON CURRENT ASSETS			
Goodwill and other intangibles	24,088	15,260	16,256
Plant, property and equipment	2,457	1,917	1,994
Loans receivable	166	100	128
Deferred tax	-	105	433
	<hr/> 26,711	<hr/> 17,382	<hr/> 18,811
CURRENT ASSETS			
Accrued income	3,102	2,531	3,314
Trade receivables	7,693	4,810	6,350
Other receivables	858	1,007	610
Investments	99	1,237	109
Cash at bank and in hand	1,761	6,860	8,618
	<hr/> 13,513	<hr/> 16,445	<hr/> 19,001
TOTAL ASSETS	<hr/> 40,224	<hr/> 33,827	<hr/> 37,812
EQUITY AND LIABILITIES			
EQUITY			
Share capital	566	566	566
Share premium	13,140	12,697	13,140
Merger reserve	6,245	6,245	6,245
Revaluation reserve	352	227	352
Own share reserve	(2,315)	(4,128)	(2,315)
Other reserve	(341)	(341)	(341)
Retained earnings	12,965	10,700	11,716
Equity attributable to owners of the parent company	<hr/> 30,612	<hr/> 25,966	<hr/> 29,363
Non-controlling interests	180	130	196
TOTAL EQUITY	<hr/> 30,792	<hr/> 26,096	<hr/> 29,559
CURRENT LIABILITIES			
Current taxation	871	668	669
Trade and other payables	4,508	5,275	5,201
	<hr/> 5,379	<hr/> 5,943	<hr/> 5,870
LONG TERM LIABILITIES			
	4,052	1,788	2,384
TOTAL LIABILITIES	<hr/> 9,431	<hr/> 7,731	<hr/> 8,254
TOTAL EQUITY AND LIABILITIES	<hr/> 40,223	<hr/> 33,827	<hr/> 37,812

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

	6 Months ended 30-Jun-22 Unaudited £'000	6 Months ended 30-Jun-21 Unaudited £'000	Year ended 31-Dec- 21 Audited £'000
Profit before tax	1,284	1,328	2,695
<i>Adjustments to reconcile profit for the period to cash generated from operating activities:</i>			
Finance income/loss	9	(5)	(142)
Finance costs	205	144	319
Share based compensation	349	102	291
Depreciation	238	162	334
(Increase)/decrease in accrued income, trade and other receivables	(1,015)	(941)	(1,709)
(Decrease)/increase in trade and other payables	(101)	(250)	(164)
Cash generated from operations	969	540	1,624
Income Tax paid	(323)	(250)	(884)
Cash generated from operating activities	646	290	740
Investing Activities			
Acquisition of plant, property and equipment	(163)	(36)	(100)
Acquisition of subsidiaries	(8,084)	(4,632)	(6,119)
Cash acquired on acquisition of subsidiaries	1,033	222	519
Investment disposals	-	12	1,278
Loans advanced	(21)	-	(28)
Cash (used) / generated in investing activities	(7,235)	(4,434)	(4,450)
Financing activities			
Exercise of share options	-	-	84
Own shares (purchased)/sold	-	367	2,256
Dividend paid	(110)	(1,192)	(1,558)
Repayment of borrowing	-	(64)	(235)
Interest element of lease payments	(17)	(10)	(19)
Principal element of lease payments	(141)	(94)	(188)
Other interest paid and FX losses	-	-	(9)
Cash used in financing	(268)	(993)	331
(Decrease)/ increase in cash	(6,857)	(5,137)	(3,379)
Opening cash	8,618	11,997	11,997
Closing cash	1,761	6,860	8,618
Closing Cash and Cash Equivalents			
Cash	1,761	6,860	8,618
Cash equivalents	99	1,237	109
Closing cash and cash equivalents	1,860	8,097	8,727

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

Notes to the Interim Financial Statements

1. Administrative Expenses

The following table analyses the nature of expenses:

	6 Months ended 30-Jun-22 £'000	6 Months ended 30-Jun-21 £'000	Year ended 31-Dec- 21 £'000
Depreciation	238	162	334
Other administrative expenses	2,382	2,082	4,437
Total Other administrative expenses	2,620	2,244	4,771

2. Interest and similar items

	6 Months ended 30-Jun-22 £'000	6 Months ended 30-Jun-21 £'000	Year ended 31-Dec- 21 £'000
Interest on lease liabilities	17	10	19
Loan and other interest charges	-	-	6
FX Losses	-	-	3
Unwinding discount – deferred consideration	188	134	291
Total finance costs	205	144	319

3. Events after the Reporting Date

Capital raise

On 5th July 2022, the Group announced a proposed placing of 14,285,715 shares at 70 pence per share raising £10 million before expenses.

On 6th July 2022, the Group announced that the placing had been successful.

8,627,915 of the new shares were subject to shareholder approval at an extraordinary general meeting which took place on 29th July and all resolutions were passed.

Acquisitions

On 13th September 2022, the Group announced the acquisition of Somek and Associates Limited (total consideration capped at £7m) and N-Able Services Limited (total consideration capped at £1.1m).

About Frenkel Topping Group

The Frenkel Topping 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 (PI) and clinical negligence (CN).

For more than 30 years the Group has worked with legal professionals and injured clients themselves to provide pre-settlement, at-settlement and post-settlement services to help achieve the best long-term outcomes for clients after injury. It boasts a client retention rate of 99%.

Frenkel Topping Group is focused on consolidating the fragmented PI and CN space in order to provide the most comprehensive suite of services to clients and deliver a best-in-class service offering from immediately after injury or illness and for the rest of their lives.

The group's services include the Major Trauma Signposting Partnership service inside NHS Major Trauma Centres, expert witness, costs, tax and forensic accountancy, independent financial advice, investment management, and care and case management.

The Group's discretionary fund manager, Ascencia, manages financial portfolios for clients in unique circumstances, often who have received a financial settlement after litigation. 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).

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.

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