

*The information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

## **Frenkel Topping Group plc**

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

**Trading Update for the year ended 31 December 2023**

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### **New Debt Facility**

Frenkel Topping (AIM: FEN), a specialist financial and professional services firm operating within the personal injury and clinical negligence marketplace, provides the following trading update for the financial year ended 31 December 2023 ("FY2023") and an outlook for the current financial year ("FY2024").

- Revenue increased by 32% in FY2023, driven by acquisition and organic growth
- In light of the challenging market conditions during the year, revenue is expected to be £32.8m in FY2023 and adjusted EBITDA is expected to be £8.0m\*
- Assets Under Management (AUM) up 12% to £1,335m (2022: £1,187m)
- Assets on a discretionary mandate up 15% to £820m (2022: £715m)
- New Money Market Solution launched in June 2023 attracting investment of £39m
- Acquisition strategy continues to deliver with non-recurring revenue up in excess of 50%
- Two new Major Trauma Centres and three Working-in-Partnership JVs added during the year
- Cash generation from operations continues to improve, up over 150% from 2022
- The Company had £2.4m of net cash at the year end
- Client retention rate remains high at 99%
- FY2024 has started strongly with a number of AUM opportunities in the pipeline
- Post period end the Company has signed a new £7.5m Revolving Credit Facility with Santander

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

*"Volatile market conditions have seen clients channelling funds into high interest savings accounts and led to a general reluctance to invest in equities which unsurprisingly has meant high margin recurring revenue being impacted, with a consequential impact on both revenue and EBITDA for FY2023 being slightly below expectations by c6-7%.*

*However, we have grown our AUM, in no small part thanks to Ascencia, which has again beaten its benchmark and shown agility in launching the new Money Market Solution in response to market dynamics and client demand and overall demonstrated resilience in a challenging environment.*

*We are seeing the benefits of our acquisition strategy coming to fruition. We continue our focus on data and are seeing the growth in transactional revenue channelling into future growth opportunities in AUM.*

*We continue to be optimistic about our long-term goal to grow to 15% market share in each of our business units.”*

### **Non-recurring revenue**

The strong growth of 50% in non-recurring revenue has been very pleasing, demonstrating the success of the Company’s acquisition strategy over recent years, and with a better than expected gross margin profile, especially for Bidwell Henderson and Forths.

Forth Associates Ltd (acquired 2020) and Bidwell Henderson (acquired 2021) closed the year with record numbers of active files. Meanwhile Somek & Associates (acquired 2022) has grown their number of expert witnesses by 19% during the year which further increases capacity to accept new instructions. The onboarding of expert witnesses remains a key area of focus for 2024 and we expect to achieve similar levels of growth throughout the year ahead.

### **Recurring Revenue**

It is reassuring that our recurring revenue has continued to grow, and that the year-end AUM has increased. However, growth in AUM was moderately impacted by market conditions, which remained challenging and the Company has not been entirely immune from it.

The performance of our discretionary fund management business Ascencia Investment Management has again been strong. With global economic uncertainty, Ascencia’s conservative multi-asset investment approach continues to deliver a smoother client investment experience and has continued to outperform its key benchmarks.

High interest rates have meant many potential new Court of Protection clients were inclined to hold funds within the Government’s Court Funds Office accounts rather than to invest. In June 2023 and in response to this, Ascencia launched a ‘Money Market Solution’ which provides clients with an investment solution that benefits from the higher interest rate environment. This product, assisted by the hard work and tenacity of our sales team, has attracted investment from both new and existing clients with £39m of assets added by the year end. Whilst funds in this Money Market Solution’ product do earn a lower fee than those invested in our other investment solutions, which has moderately impacted the overall full year outturn, we are confident that they will be redeployed to higher fee products across our proposition as financial markets turn.

### **Outlook**

The Company continues to deliver on its growth strategy, in particular the transactional businesses are thriving, a clear indicator that the Group is adding value through its acquisition strategy. We remain committed to continuing our acquisition path and are advancing further opportunities.

For the recurring revenue businesses, the market backdrop continues to be uncertain. The success of the Money Market Solution means that funds are waiting to be deployed into higher yield funds, however the timing is unclear and prudently we anticipate a similar impact on this current financial year from this headwind and revise our expectations accordingly.

January 2024 has been positive with a strong pipeline of new AUM opportunities being pursued which provides confidence for the start of the new financial year.

We remain focused on our strategic course and the Board’s view on the longer term is unchanged notwithstanding the tough market conditions which are impacting AUM and our recurring revenues. The growth strategy continues to mature, and we are seeing an increase in opportunities across the

Group. Consequently, we are confident that we can continue to deliver growth in shareholder value in the years ahead.

### **New Debt Facility**

The Company is pleased to have entered into a £7.5m revolving credit facility (RCF) at 2.95% over SONIA with high street lender Santander on standard commercial terms to support its growth and acquisition strategy.

*\* The financial expectations noted above are preliminary, and subject to year-end financial close and audit review processes. Adj. EBITDA defined as before share based compensation, M&A strategy and re-organisation costs.*

### **For further information:**

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#### **Cavendish Capital Markets Ltd (Nominated Advisor & Broker)**

Tel: 020 7220 0500

Carl Holmes/Abigail Kelly/Fergus Sullivan (Corporate Finance)

Tim Redfern (ECM)

### **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](http://www.frenkeltoppinggroup.co.uk)