



Anexo

Anexo Group plc 2023 Full Year Results May 2024

“Effective management leading to increased revenue, margins and case settlements without increasing debt”

Anexo Group – Combined Credit Hire and Legal Services Model

• Credit Hire

- Act for the impecunious non-fault accident motorist by providing replacement vehicle
- Vehicle fleet includes cars, motorcycles and taxis
- Sources of work - network of independent introducer garages
- Covering both repairable and written-off vehicles
- Motorcycles make up the majority of the fleet
- Large numbers of delivery riders (fast food, documents etc)

• Legal Services

- Recovery of costs and compensation from at-fault motorist's insurance company
- Associated personal injury and belongings claims
- Housing Disrepair division dealing with sub-standard housing claims including damp and mould
- Emissions division – dealing with claims against motor manufacturers around harmful vehicle emissions
- Large loss and negligence claims in other fields are ongoing

Investment Rationale – Credit Hire

- Assisting and providing access to justice for the “impecunious” market: cars, motorcycles (couriers) and cycles – much higher rates
- 11m adults do not have a credit card (without which it is impossible to hire a car)¹
- 16m adults do not have the reserves to meet an unexpected bill of £300¹
- 8m adults are in need of professional advice on their debts ²
- 12m people “on the edge” of serious debt problems²
- The Gig Economy: 7.2m gig workers of which 3.7m are involved in driving and forecast to grow 7% pa³
- Effective screening and in-house databases; less than 2% failure rate at trial of cases where litigation commenced
- Vast majority of cases settle before court appearance

Source:

1. House of Commons Library, April 2024
2. Money and Pensions Service, February 2024
3. HM Government, 2023

Investment Rationale – Other Segments

- Housing Disrepair – significant market generating high return on sales and high return on capital Housing Disrepair revenues up by over 36%
- Emissions litigation – up to 11m vehicles impacted in the UK (Source: Fleet News)
- Agreement reached with VW in June 2023 resulting in a net cash position of £7.2m
- Ongoing action against Mercedes, with 12,000 confirmed claims
- Further actions against Vauxhall, BMW/Mini, Peugeot/Citroen and Renault/Nissan with c22,000 confirmed claims
- Litigation expected to progress during FY2024 with several hearings timetabled
- All costs of acquisition and legal costs of all emissions cases are expensed as incurred

Huge Growth Potential in all areas

Credit Hire

- Licenced vehicles in UK Q4 2022 – 33.2m cars and 1.36m motorcycles
- Personal injury accidents 2022: 136,000 (statistics only when reported to the police)
- MoJ estimates 2018: 700,000 road accidents in total
- CMA Review estimates 2014: 300,000 credit hire accidents p.a.
- Anexo has estimated 2-3% market share

Legal Services

Housing Disrepair

- 24m homes in England and Wales
- 4.4m private rental; 4m socially rented
- 1.44m rental homes fail to meet the Decent Homes Standard
- 728,000 homes with damp and mould

Large Loss and Negligence

- Emissions: global issue with litigation worldwide
- Specialist actions for clinical and/or professional negligence
- Thirlwall Inquiry
- Covid Negligence Action

Financial Highlights FY 2023

	FY 2023	FY 2022	Movement
Revenue	£149.3 million	£138.3 million	+8.0%
Gross profit	£116.1 million	£105.7 million	+9.8%
Operating profit	£39.8 million	£30.4 million	+30.8%
Profit before tax	£23.0 million	£24.1 million	-4.4%
Adjusted profit margin (%)	26.6%	21.9%	+21.4%
Cash Collections	£163.5 million	£146.1 million	+11.9%
Basic EPS	12.8 pence	16.6 pence	-22.9%

- Net debt balance (including lease liabilities) at period end was £67.9 million (31 December 2022: £73.1 million)
- Dividend of 1.5p for the year (FY2022: 1.5p)

KPIs

for the year ended 31 December 2023

	FY 2023	FY 2022	Movement
Credit Hire			
Revenues (£'000s)	60,778	74,681	-18.6%
Vehicles on hire at the year-end (no)	2,409	1,730	+39.2%
Average vehicles on hire for the year (no)	1,904	1,892	+0.6%
Number of hire cases settled	8,967	7,922	+13.2%
New cases funded (no)	11,724	9,986	+17.4%

	FY 2023	FY 2022	Movement
Legal Services			
Revenues (£'000s)	88,556	63,648	+39.1%
Legal staff at the period end (no)	702	678	+3.5%
Average number of legal staff (no)	696	646	+7.7%
Total senior fee earners at period end (no)	283	253	+11.9%
Average senior fee earners (no)	257	240	+7.1%

Source: Anexo Group plc – Historical Financial Information

Current Trading

- Strong trading within Credit Hire – split now 90:10 in favour of motorcycles
- As of 30 April 2023, total vehicle numbers stood at 2,030
- Housing Disrepair team continues to expand
- Notable incidences of repeat claims following failures in landlord compliance
- Emissions hearing scheduled for October 2024 with negotiations ongoing

Income Statement

for the period ended 31 December 2023

	FY 2023 (£000)	FY 2022 (£000)
Revenue	149,334	138,329
Cost of sales	(30,883)	(32,553)
Gross profit	118,451	105,776
Depreciation & profit/(loss) on disposal	(9,439)	(10,436)
Amortisation	(69)	(117)
Administrative expenses	(78,678)	(75,535)
Operating profit before share based payments	39,773	30,241
Share based payment credit	-	175
Operating profit	39,773	30,416
Finance costs	(16,733)	(6,323)
Profit before tax	23,040	24,093
Taxation	(7,919)	(4,616)
Profit and total comprehensive income for the year attributable to the owners of the company	15,121	19,477
Earnings per share		
Basic earnings per share (pence)	12.8	16.6
Diluted earnings per share (pence)	12.8	16.6

Balance Sheet

for the period ended 31 December 2023

	FY 2023 (£000)	FY 2022 (£000)
Non-current assets		
Property, plant and equipment	1,813	2,072
Right of use assets	13,886	12,657
Intangible assets	34	71
Deferred tax assets	112	112
	15,845	14,912
Current assets		
Trade and other receivables	234,409	222,272
Corporation tax receivable	-	606
Cash and cash equivalents	8,443	9,049
	242,852	231,927
Total assets	258,697	246,839
Equity and liabilities		
Equity		
Share capital	59	59
Share premium	16,161	16,161
Share based payments reserve	-	-
Retained earnings	143,479	130,127
Equity attributable to the owners of the Company	159,699	146,347
Non-current liabilities		
Other interest-bearing loans and borrowings	15,000	25,000
Lease liabilities	7,968	7,176
Deferred tax liabilities	32	32
	23,000	32,208
Current liabilities		
Other interest-bearing loans and borrowings	47,070	43,594
Lease liabilities	6,347	6,403
Trade and other payables	14,811	13,225
Corporation tax liability	7,770	5,062
	75,998	68,284
Total liabilities	98,998	100,492
Total equity and liabilities	258,697	246,839

▼ Cashflow

for the period ended 31 December 2023

	FY 2023 (£000)	FY 2022 (£000)
Cash flows from operating activities		
Profit for the year	15,121	19,477
Adjustments for:		
Depreciation and profit / loss on disposal	9,439	10,436
Amortisation	69	117
Financial expense	16,733	6,323
Share based payment charge	-	(175)
Taxation	7,919	4,616
	49,281	40,794
Working capital adjustments		
Increase (decrease) in trade and other receivables	(12,138)	(34,138)
Increase (decrease) in trade and other payables	1,586	590
Cash generated from operations	38,729	7,246
Interest paid	(16,733)	(5,722)
Tax paid	(4,605)	(4,656)
Net cash from operating activities	17,391	(3,132)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	757	1,579
Acquisition of property, plant and equipment	(1,277)	(1,186)
Investment in intangible fixed assets	(32)	-
	(552)	393
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from new loans	20,409	24,430
Dividends paid	(1,769)	(1,180)
Repayment of borrowings	(26,932)	(8,749)
Lease payments	(9,153)	(10,275)
Net cash from financing activities	(17,445)	4,226
Net increase/(decrease) in cash and cash equivalents	(606)	1,487
Cash and cash equivalents at 1 January	9,049	7,562
Cash and cash equivalents period end	8,443	9,049



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