



# Full year results presentation

Year ended 30 April 2021 (FY 2021)

27 July 2021

**FRP**

[frpadvisory.com](https://frpadvisory.com)

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# Presentation team



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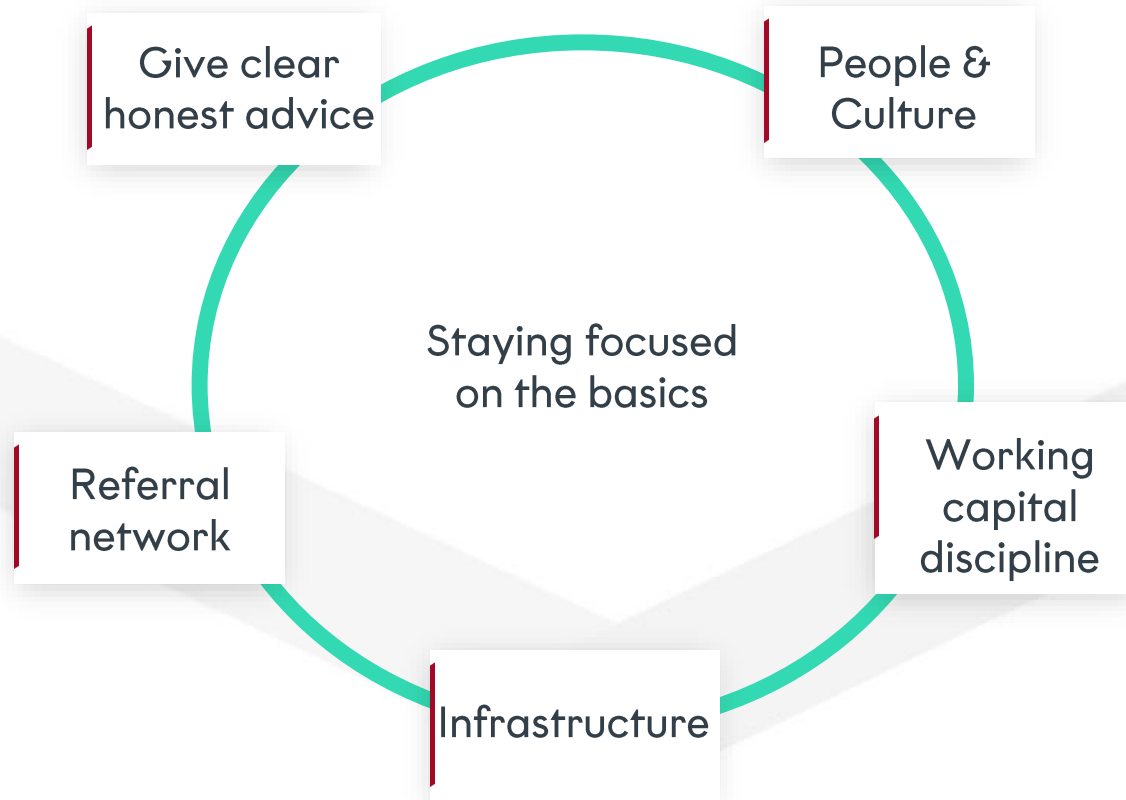
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# Strategy & Highlights

A woman with blonde hair and glasses, wearing a white lab coat, is seated at a desk in a dimly lit office. She is looking at a large computer monitor on the left, which displays a document with a table and a line graph. Her right hand is resting on her chin in a thoughtful pose. In the foreground on the left, there is a small potted plant. The overall atmosphere is professional and focused.

# Our Strategy

Organic growth supplemented by selective acquisitions



# Highlights

## FY 21

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Continued growth in a subdued restructuring market

Significantly bolstered Corporate Finance capabilities

Delivered dividend commitment

No applications for any Government support

## People

---

Seamless client service delivery inc remotely

Continued hiring through lockdown

Nobody furloughed

## Acquisitions

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4 acquisitions

- > Newcastle
- > Kent
- > JDC
- > Spectrum

Plus two International Alliances

- > 8 International
- > IACA

# Financial Highlights

25%

Revenue growth  
15% organic

FY21: £79.0m  
FY20: £63.2m

22%

Adjusted\* underlying  
EBITDA growth

FY21: £23.0m  
FY20: £18.8m

30%

Team growth  
(excluding consultants)

FY21: 457  
FY20: 351

£16.4m

Net cash  
after funding:  
£12.2m acquisitions  
£15.4m / 70% of IPO Liabilities

FY20: £21.3m

7.11p

Adjusted\*\* EPS

FY20: 1p (c. 2 months)

Basic EPS 5.69  
FY20: 0.87p

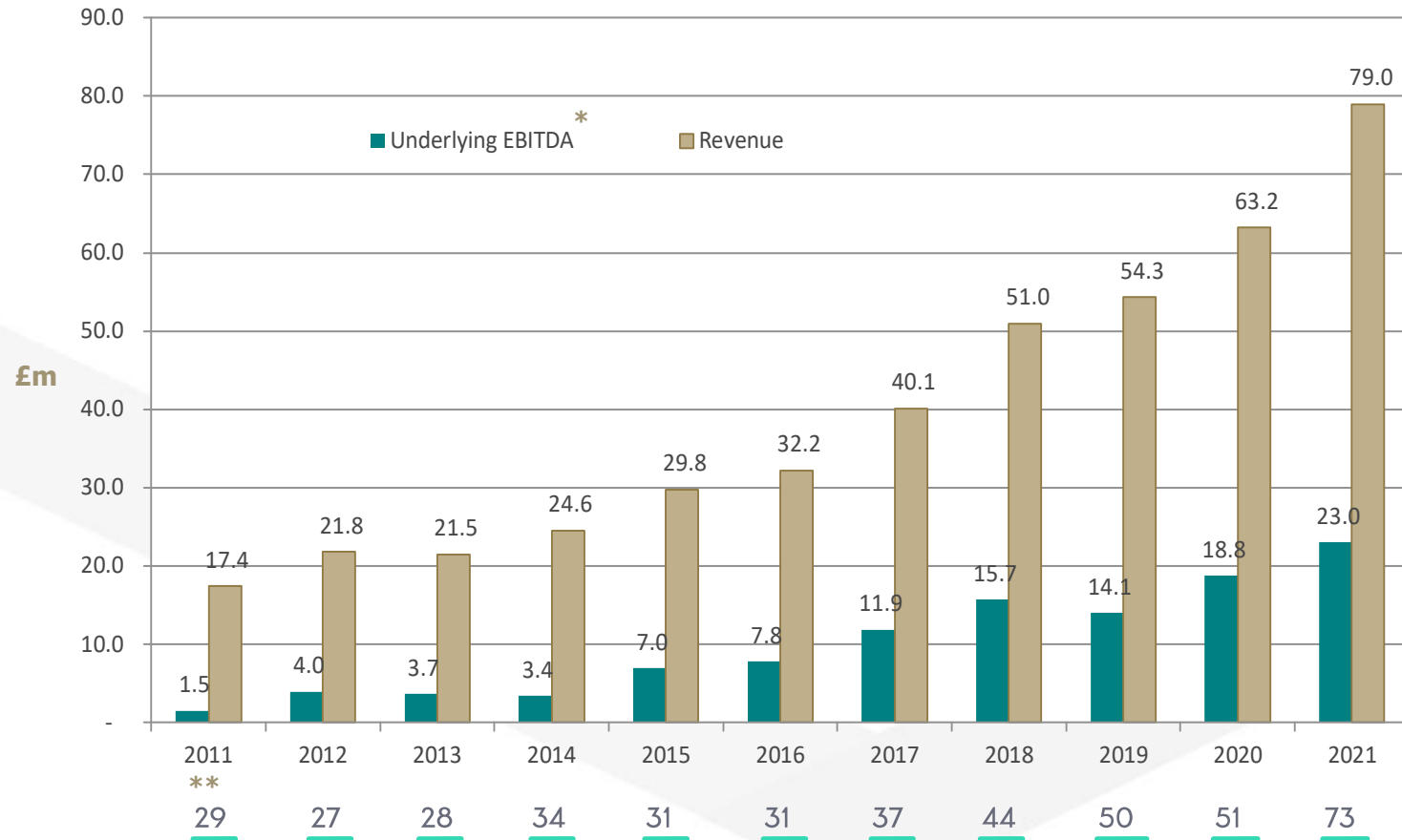
4.1p

Total DPS

Interim: H1 1.6p + Q3 0.8p  
Final recommended 1.7p

FY20: 0.66p (c. 2 month)

# Strong track record of resilient growth



**+14%**

CAGR over  
10 years

**Partners**

\* Adjusted for share based payments, including deemed remuneration and normalising historic partner compensation under the go forward (post IPO) model.

\*\* 2011 is 10 months.



# Market & Team growth

A woman with blonde hair and glasses, wearing a white lab coat, is seated at a desk in a dimly lit office. She is looking at a large computer monitor on the left, which displays a line graph. Her right hand is resting on her chin in a thoughtful pose. In the foreground on the left, there is a small potted plant. The overall atmosphere is professional and focused.

# Restructuring market

	Total market	FRP	FRP share
Total formal company insolvencies	10,946 (26% down)	586 (2% down)	5% (PY 4%)
Administrations	1,235 (31% down)	163 (14% down)	13% (PY 11%)

Source: London and Regional Gazette

Continued market share gains, despite subdued backdrop

# Corporate finance market

	Total market	FRP share
UK M&A transactions	5,598 (1% down)	Less than 1% (fragmented market)

- Initial slowdown of M&A activity during the national lockdown but a strong increase in Q4 2020 and in 2021 leading up to the UK Budget of 3 March 2021.
- JDC (Sept 2020) and Spectrum (Feb 2021) acquisitions
- Enlarged FRP Corporate Finance team in a strong position to grow in FY 2022

# Growing the team

Acquisitions and ongoing demand-led lateral hiring continued despite the pandemic

Team	30/04/2021	30/04/2020
Partners	73	51
Colleagues – fee earners	<u>288</u>	<u>230</u>
<b>Total fee earners</b>	<b>361</b>	<b>281</b>
Colleagues - support	96	70
<b>Total (exc Consultants)</b>	<b>457</b>	<b>351</b>

# Four selective acquisitions

- > Criteria: Cultural fit, Strategic fit, Economic fit
- > Structured with retention, similar Lock-in to IPO partners

	Newcastle	East Anglia	Kent	Reading
Type + team	WIP, 2 Partners + 13	Share, 4 Partners +12	WIP, 1 Partner + 10	Share. 7 Partners + 20
Pillars	Restructuring	Corporate Finance & Forensics	Restructuring	Corporate Finance & Debt Advisory
Rationale	Combine 2 strongest teams dominate mid-market  Little team over-lap  Market expert Allan Kelly / CVA	Bolster 2 pillars  Target region / need EA presence to win local business	Target region / need Kent presence to win local business  Kent has European links (Brexit)	Lead Advisory UK mid-cap M&A Reading & South  Strong Private Equity relationships
Opportunities	Hub has critical mass to support the North and Scotland	Add EA restructuring  Help the team to grow faster (CF & Forensics)	Increase appointment takers. Director transferred to Sidcup.  Join FRP panel status	Gives FRP a stronger position in the UK mid cap transactional market, helping clients to address their strategic ambitions

# Financials

A woman with blonde hair and glasses, wearing a white button-down shirt, is seated at a desk in a dimly lit office. She is looking at a large computer monitor on the left, which displays a financial chart or spreadsheet. Her right hand is resting on her chin in a thoughtful pose. In the foreground on the left, there is a small potted plant. The overall atmosphere is professional and focused.

# Underlying Adjusted EBITDA +22%

£m	2021	2020
Reported profit before tax (PBT)	16.6	2.9
Add back depreciation, amortisation and interest	1.8	1.5
Add exceptional items (IPO)	-	2.0
Add full distribution partner compensation	-	23.0
Deduct post IPO partner compensation	-	(10.9)
Add share based payment expense relating to the Employee Incentive Plan (EIP)	3.7	0.3
Add share based payment expense - Deemed remuneration	0.9	-
<b>Underlying adjusted EBITDA</b>	<b>23.0</b>	<b>18.8</b>

## Adjusted for

- Employee Incentive Plan (plan) used to grant options that vest, 3 years after granting. Non-cash expense, scheme funded on IPO by the partners. Backed by shares that are held in a trust and part of the existing share capital. (IFRS 2)
- Deemed remuneration – non-cash item, arises on acquisitions due to shares subject to a lock-in period / continuing service (IFRS 3)

## Not adjusted for

- Transaction costs incurred during four acquisitions £0.4m
- Employers National Insurance due on the Employee Incentive Plan (EIP) awards when the options vest in 2023, £0.9m accrued

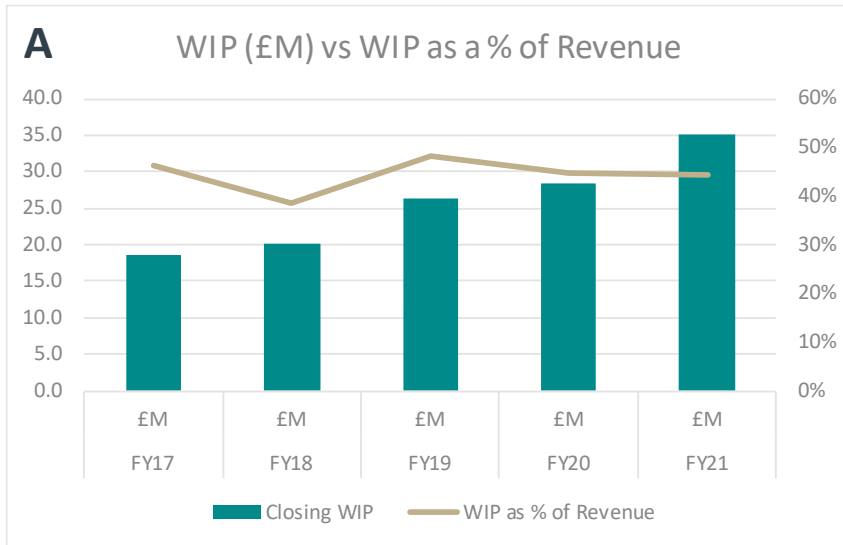
# Cash Conversion

	FY21
Net cash from operating activities	10,768
Net cash used in investing activities	(13,322)
Net cash used in financing activities	5,626
Net increase/(decrease) in cash and cash equivalents	3,072
Cash and cash equivalents at the beginning of the year	21,311
<b>Cash and cash equivalents at the end of the year</b>	<b>24,383</b>
Add back IPO liabilities paid to partners	15,412
<b>Net Cash after adding back IPO liabilities paid</b>	<b>39,795</b>
Operating Cash/Underlying EBITDA%	47%
Operating Cash (excluding partner repayments)/Underlying EBITDA%	114%

- Pre-admission profits owed to partners will disappear after FY 23. These payments have been added back in the above to show what cash generation will look like post FY 23.
- 70% of pre-admission profits owed to partners at IPO were paid in FY 21. Remainder left to pay = £5.4m in FY 22 and £1.1m in FY 23.



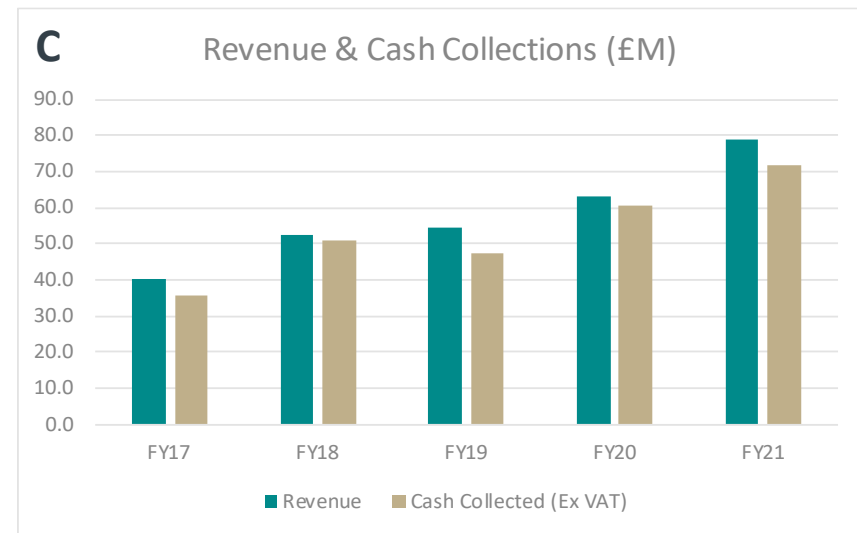
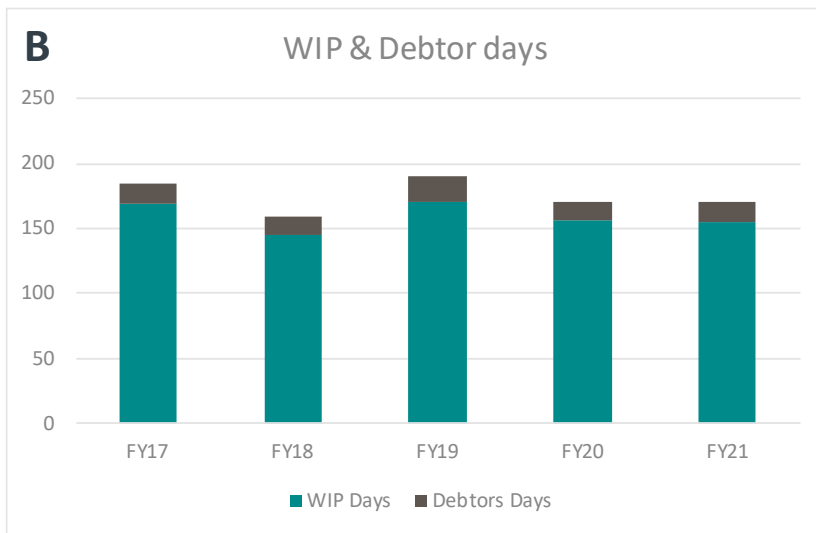
# Work in Progress (WIP, unbilled)



FRP provides services on credit and mandates take on average five to seven months to complete, leading to a large unbilled revenue (work in progress) balances.

Larger, more complex administration appointments are more remunerative but can also extend the working capital cycle.

- **A.** Despite significant revenue growth, WIP as a percentage of sales has remained consistent.
- **B.** Debtor days are small, once creditors approve fees invoices are settled quickly.
- **C.** FRP have a history of appropriate WIP valuations as evidenced by the strong correlation of revenue with cash collections (net of VAT, prudently assumed all 20%)



# Comprehensive income

	Year Ended 30 April 2021 £'000	Year Ended 30 April 2020 £'000
<b>Revenue</b>	<b>78,987</b>	<b>63,187</b>
Personnel Costs	(46,572)	(42,692)
Depreciation and amortisation	(1,551)	(1,359)
Other operating expenses	(14,027)	(14,086)
Exceptional costs	-	(1,974)
<b>Operating profit</b>	<b>16,836</b>	<b>3,076</b>
Finance income	-	7
Finance costs	(233)	(177)
Net finance costs	(233)	(170)
<b>Profit before tax</b>	<b>16,604</b>	<b>2,906</b>
Taxation	(2,993)	(829)
<b>Profit for the year</b>	<b>13,611</b>	<b>2,077</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>13,611</b>	<b>2,077</b>
<b>Earnings per share (in pence)</b>		
<b>Basic and diluted</b>	<b>5.69</b>	<b>0.87</b>

# Financial position

	Year Ended 30 April 2021 £'000	Year Ended 30 April 2020 £'000
<b>Non-current assets</b>		
Goodwill	9,600	750
Other intangible assets	794	-
Property, plant and equipment	2,241	1,994
Right of use asset	3,527	3,995
Deferred tax asset	925	-
<b>Total non-current assets</b>	<b>17,087</b>	<b>6,739</b>
<b>Current assets</b>		
Trade and other receivables	42,373	33,576
Cash and cash equivalents	24,383	21,311
<b>Total current assets</b>	<b>66,756</b>	<b>54,887</b>
<b>Total assets</b>	<b>83,843</b>	<b>61,626</b>
<b>Current liabilities</b>		
Trade and other payables	34,684	27,276
Loans and borrowings	1,600	-
Leases liability	872	925
<b>Total current liabilities</b>	<b>37,156</b>	<b>28,201</b>
<b>Non-current liabilities</b>		
Other creditors	5,531	9,528
Loans and borrowings	6,400	-
Lease liability	2,768	3,271
Deferred tax liabilities	-	124
<b>Total non-current liabilities</b>	<b>14,698</b>	<b>12,923</b>
<b>Total liabilities</b>	<b>51,855</b>	<b>41,124</b>
<b>Net assets</b>	<b>31,988</b>	<b>20,502</b>
<b>Equity</b>		
Share capital	243	238
Share premium	23,730	18,975
Treasury shares reserve	(19)	(19)
Share based payment reserve	(4,135)	361
Merger reserve	1,287	(90)
Retained earnings	10,882	1,037
<b>Shareholders equity</b>	<b>31,988</b>	<b>20,502</b>

# Cashflow

	Year Ended 30 April 2021 £'000	Year Ended 30 April 2020 £'000
<b>Cash flows from operating activities</b>		
Profit before taxation	16,604	2,906
Depreciation, amortisation and impairment (non cash)	1,551	1,359
Share based payments (non cash)	4,643	361
Net finance expenses	232	170
Increase in trade and other receivables	(2,833)	(2,510)
(Decrease)/increase in trade and other payables	(4,982)	360
Tax paid	(4,447)	(18)
<b>Net cash from operating activities</b>	<b>10,768</b>	<b>2,628</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(1,114)	(707)
Acquisition of subsidiaries less cash acquired	(10,599)	-
Acquisition of trade and assets	(1,610)	-
Interest received	0	7
<b>Net cash used in investing activities</b>	<b>(13,322)</b>	<b>(700)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share sales	3,760	20,106
Less issues costs	-	(1,000)
Dividend	(4,990)	-
Principal elements of lease payments	(911)	(850)
Drawdown of new loans	8,000	-
Repayment of loans and borrowings	-	(3,642)
Interest paid	(233)	(177)
<b>Net cash used in financing activities</b>	<b>5,626</b>	<b>14,437</b>
Net increase in cash and cash equivalents	3,072	16,365
Cash and cash equivalents at the beginning of the year	21,311	4,946
<b>Cash and cash equivalents at the end of the year</b>	<b>24,383</b>	<b>21,311</b>

# Five specialist advisory pillars

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# Notable assignments



Corporate Finance and  
Restructuring Advisory

## Spire Payments Limited

Deal - undisclosed

FRP completes the successful sale of EFTPOS specialists Spire Payments Ltd to Castles Technology.



Restructuring Advisory

## OM Realisations 2020 Ltd

Deal - £0.6 million

FRP team achieves accelerated sale in administration for fire and security specialists Onwatch Multifire.



Corporate Finance and  
Restructuring Advisory

## Curious Drinks Brewery

Deal - £7 million

FRP secures the sale of Curious Drinks Brewery to Risk Capital Partners.



Restructuring Advisory

## Edinburgh Woollen Mill

Debt - £140 million

Administration for major national retailer with 400 stores across the UK. Traded the business until a sale was successfully achieved.



Restructuring Advisory

## Peacocks Stores Ltd

Debt - £140 million

Administration of major fashion retailer with 440 stores across UK and Ireland. Traded the business until a sale was achieved.



Forensic Services

## Project Fuel

Claim - undisclosed

Quantum expert in LCIA international arbitration involving alleged breach of contract relating to machinery used in production of alternative fuels.



Corporate Finance

## FM Mattsson Mora

Deal - £15.3 million

Full buy-side support for a bathroom specialist looking to acquire their Dutch and Italian counterparts.



Restructuring Advisory

## Foodco UK LLP

Deal - £0.2 million

FRP leads on the sale of the Muffin Break chain which secures future for 60 cafés and 700 jobs.

# Notable assignments




Restructuring Advisory

## Formaplex Limited

Debt – undisclosed

Accelerated M&A of a leading materials technology business. Includes cash flow management and debt advisory.




Forensic Services

## Project Patron

Claim – undisclosed

Expert in a dispute between two companies in the FMCG industry. Assessed quantum of lost profits suffered and settled case pre-trial.




Restructuring Advisory

## Gymbox

Debt – undisclosed

Options analysis and landlord negotiation support for a London based gym business achieving rental concessions across the estate.



Corporate Finance

## Project Butterfly

Deal – undisclosed

Our Corporate Finance team's short deadline valuation report enables leading fast-food chain to secure a CVA.

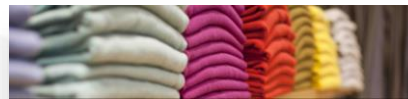


Debt Advisory

## Aurelius Equity Opportunities

Debt – undisclosed

FRP's Debt Advisory team worked with Aurelius Equity Opportunities and secured funding for acquisition of GKN Wheels and Structures.



Debt Advisory

## The Original Factory Shop

Debt – £12 million

FRP's Debt Advisory team secured a new £12 million lending facility from Aurelius Finance for The Original Factory Shop.




Pensions Advisory

## Project Aero

£20 million scheme assets

Covenant advice assisting trustees in negotiating a new schedule of contributions after the employer was negatively impacted by COVID-19.



Pensions Advisory

## Project Auto

£22 million scheme assets

Assisted trustees through a financial restructuring of the corporate sponsor agreeing a balanced settlement between two schemes.

# National coverage local contacts

75

Partners  
nationwide

500

Team  
members  
(inc Partners &  
consultants)

22

UK  
locations

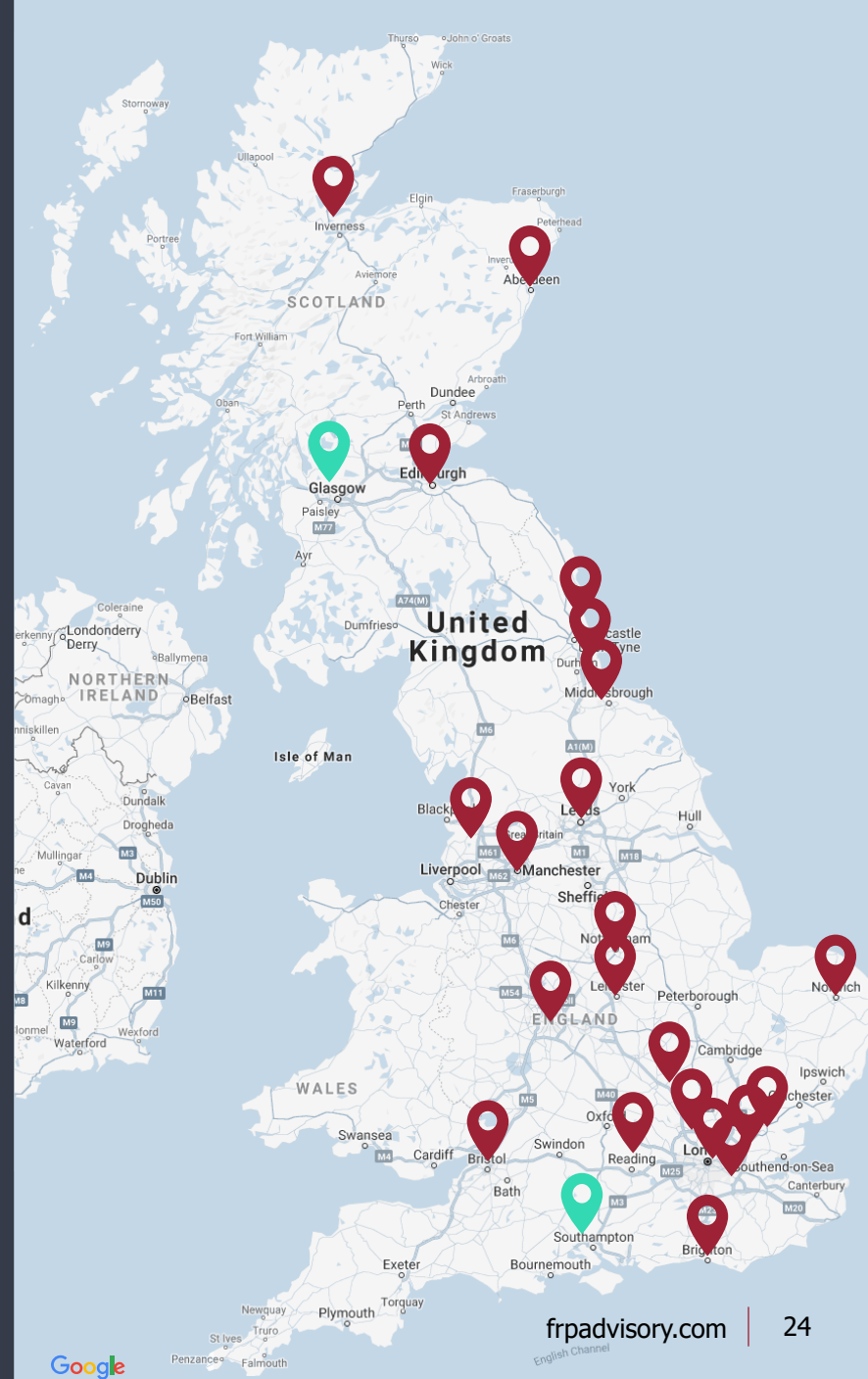
- > Member of the International Association of Corporate Advisers (IACA)
- > Corporate member of the IFT
- > 8 International member



8 EIGHT INTERNATIONAL

FRP

Updated July 2021





# Outlook



# Outlook

- Strong and resilient business, with a track record of growth, strong balance sheet and teams/offices across the UK able to support each other, according to demand
- Outperformed the market and grew market share whilst simultaneously strengthening our offering and growing our team organically and through M&A in FY2021
- Uncertainties about the shape and scale of the UK's Economic recovery remain
- Well positioned for an increase in demand for our services and available to help clients post Covid-19 through their entire business cycle
- Strengthened Corporate Finance offering gives FRP a key position in the UK mid-cap transactional advisory market. FRP is able to support clients in addressing their strategic ambitions, as pent up capital is deployed or being available to support as challenges arise
- Trading since 1 May 2021 is in line with the Board's expectations

# Q&A



# Appendices

# Why invest in FRP?

## FRP Advisory Group plc

Consistent, profitable growth; highly cash generative with a strong balance sheet and planned high dividend payout ratio.

Resilient business; a strong track record of growth regardless of the macro-economic conditions. In addition, multiple panel statuses secured, including pension protection funds and banks; barriers to entry for smaller firms.

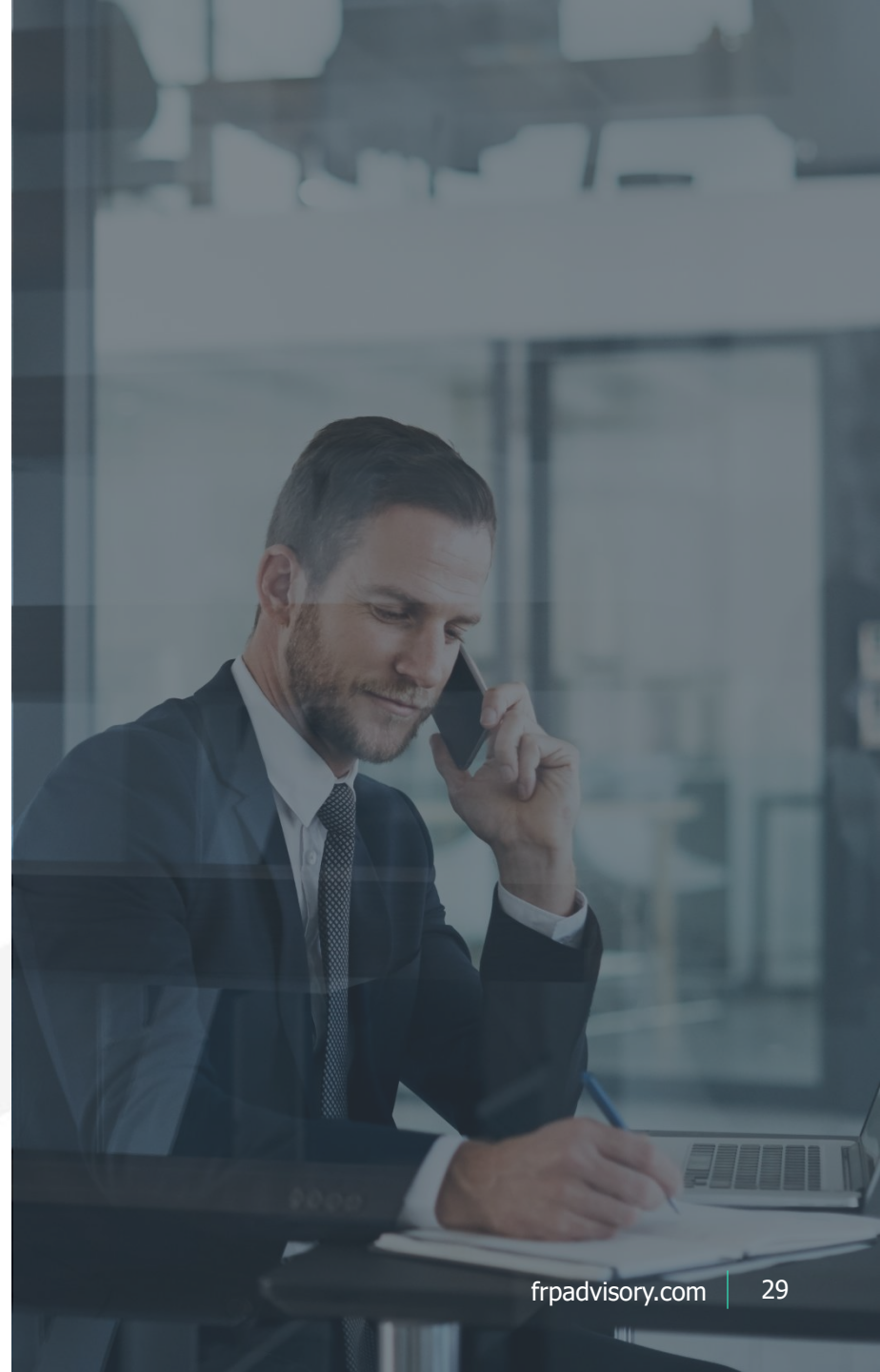
Established network; longstanding and growing referral network giving access to a diverse client base. Mid-market focus, with volume of high-profile appointments steadily increasing.

Strong brand; reputation built upon providing solutions to create, preserve and recover value across a range of complex situations, securing the best possible outcome for all stakeholders.

Entrepreneurial-spirited; Partners and colleagues are highly motivated. Internal ownership via shares (Partners c.50%) and colleague options (c.8%) respectively in addition to performance related pay structure.

Collaborative, collegiate culture; five complementary pillars allow our specialists to work together, providing support for clients throughout their corporate lifecycle.

Strategic national footprint; UK office network offers national coverage and local expertise, with fewer conflicts of interest than full-service 'Big Six' firms.



# FRP's specialist services

## Restructuring Advisory

51 Partners

- > Corporate restructuring
- > Corporate advisory
- > Contentious insolvency
- > Personal insolvency
- > Solvent restructuring
- > Creditor services

## Corporate Finance

13 Partners

- > M&A Advisory
- > Strategic advisory and valuations
- > Raising capital
- > Special situations M&A
- > Partial exit
- > Finance due diligence

## Debt Advisory

6 Partners

- > Raising and refinancing debt
- > Debt amendments and extensions
- > Restructuring debt
- > Corporate and leveraged debt advisory
- > Asset based lending

## Forensic Services

3 Partners

- > Forensic investigations
- > Dispute services
- > Compliance and risk advisory
- > Forensic technology

## Pensions Advisory

2 Partners

- > Covenant advisory
- > Corporate governance
- > Pension scheme transaction advisory
- > Pension scheme restructuring advisory

# Corporate lifecycle



Our integrated advisory services allow us to provide creative solutions throughout the entire corporate lifecycle.



# COVID-19 support timeline

March 2020

## First national lockdown

The government begins to roll out support schemes.

April 2020

## Job retention scheme (CJRS)

Employers can begin to claim 80 per cent of employers wage.

April 2020

## Rates holidays

Financial support is granted with business rates holidays.

June 2020

## CIGA 2020 amends

Temporary and permanent changes to insolvency framework.

August 2020

## Changes to furlough

Furlough payments start to reduce for UK employers.

January 2021

## Third national lockdown

CBILS, CLBLS, BBLS schemes all extended until March 2021.

November 2020

## Second national lockdown

National lockdown imposed and CJRS extended to April 2021.

October 2020

## LRSG introduced

Authorities to pay grants to businesses in local lockdown.

September 2020

## BBLS/CBILS extended

Financial support schemes for smaller businesses extended.

March 2021

## Deferral of VAT & CJRS

Deferred payments due over 11 months. CJRS extended to Sept 2021.

July 2021

## Domestic rates restart

Scheme repayments and non-domestic rates start. Prohibitions extended.

September 2021

## End of Prohibitions (1)

Restrictions on the issue of statutory demands and petitions end.

October 2021

## Payroll run due

First monthly payroll due after the end of CJRS furlough payments.

March 2022

## End of Prohibitions (2)

Restrictions on CRAR and lease forfeiture ends for landlords.



# Restructuring Advisory

When businesses face challenges, we unravel the complexities, solve problems and aim to protect value.

Our Partner-led team gives clear and honest advice. It's what we're known for. Our highly skilled experts have hands-on experience handling the difficulties you face. So, whatever the situation, we can address issues efficiently and sensitively.

Wherever you are in the restructuring process, our team-approach draws on our breadth of services to manage risk, preserve and recover value. With a range of expertise at hand, we have the right people for every step and see matters through from start to finish.



→ Corporate restructuring

→ Contentious insolvency

→ Accelerated M&A

→ Corporate advisory

→ Personal insolvency

→ Solvent restructuring

→ Creditor services

# Corporate Finance

Our advice creates value. Whatever opportunities and challenges lay ahead, our independence and objectivity build solutions and gets results.

Your business evolves over time. As you grow and become more established, your aims, strategies and challenges change. You need advice that can guide you through every stage of your journey.

Whatever your business goals, FRP has the corporate finance expertise to help you. Every business is unique, and so is our approach to helping each of our clients execute strategic change. Our advice is always independent, objective and based on your needs. We bring expertise, experience and insight to help you unlock opportunities and drive value.



→ M&A Advisory

→ Strategic advisory and valuations

→ Raising capital

→ Special situations M&A

→ Financial due diligence

→ Partial exit

# Debt Advisory

No matter how complex the situation, our experience and expertise delivers straight answers and clear strategies.

At FRP, our partner-led approach helps private companies and private equity-backed businesses raise and refinance the debt capital they need. Our broad-based advisory services underpins our exceptional track record of success across all debt types and structures.

Our lender network spans the entire market, covering corporate and leveraged debt as well as asset-based lending. We provide mezzanine, unitranche and senior debt financing solutions to asset-based lending and special situations across banks, institutional funds and private capital providers.



→ Raising and financing debt

→ Debt amendments and extensions

→ Restructuring debt

# Forensic Services

You can't plan for every event, but we can help you react to the unexpected.

Very few businesses operate without having to deal with some unexpected and potentially disruptive events at some point. The right advice can help you minimise disruption and start moving forward.

FRP's forensic accounting expertise and innovative forensic technology solutions create constructive resolutions. We've worked on a wide range of disputes, investigations and advisory assignments across multiple industries. FRP's team includes members of the Academy of Experts, Chartered Institute of Arbitrators and RCA qualified forensic technology specialists.



→ Forensic investigations

→ Dispute services

→ Compliance and risk advisory

→ Forensic technology

# Pensions Advisory

We take a straightforward approach to providing solutions that preserve and improve the strength of support for a company's pension scheme.

We don't overcomplicate matters or overwhelm you with bulky reports. Instead, we give you advice tailored to your pension scheme and your situation. So you have all the information you need to make decisions with confidence.

We use our financial review, restructuring and corporate finance experience to recommend and implement practical solutions. Our flexible approach means you decide how involved we are – from fitting seamlessly into your current team of advisers or leading a project on your behalf.



→ Covenant advisory

→ Corporate governance

→ Pension scheme transaction advisory

→ Pension scheme restructuring advisory