



# Interim results presentation

First half to 31 October 2021 (H1 2022)

16 December 2021

**FRP**

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

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# Presentation team



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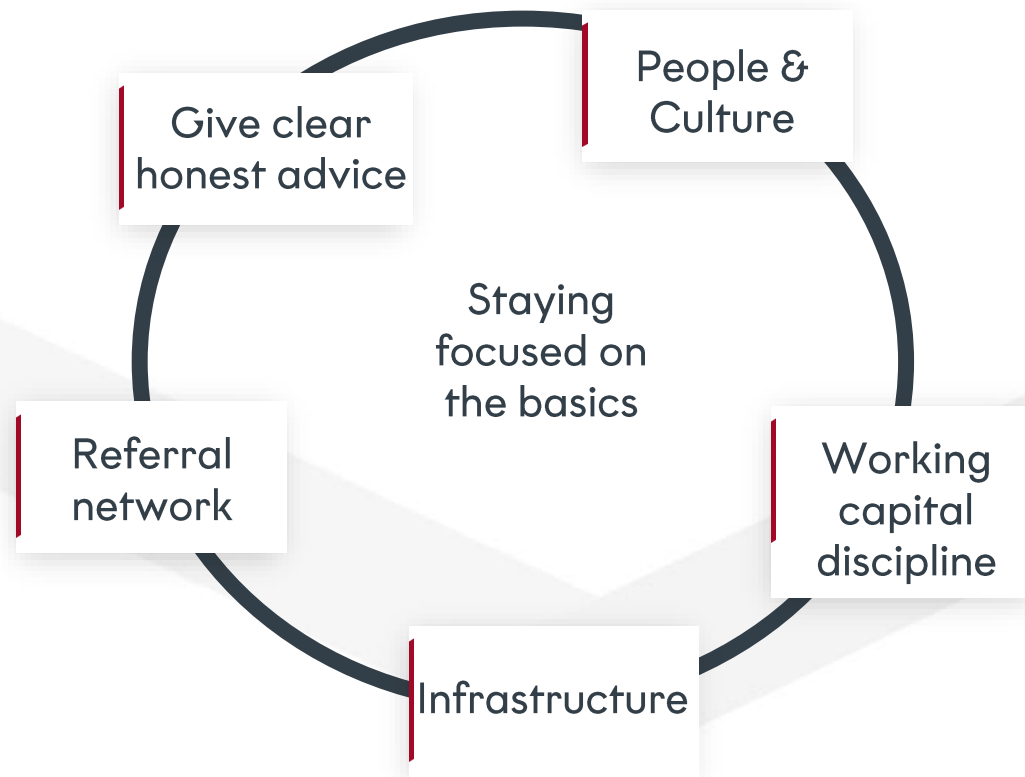
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# Strategy & Highlights

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

## H1 22

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Significant contribution from our Corporate Finance acquisitions

New offices opened in Cambridge (October) and Glasgow (November)

Restructuring Advisory grew market share within an overall subdued administration appointment market

## People

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Continued lateral hiring to help in new situations and add capabilities to new regions:

- Government projects
- Valuation Services
- Forensic Services (Birmingham)

Building relationships with our new 8 International alliance

## Operations

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Commenced investments to improve operational efficiency:

- New CRM system
- Time recording & billing
- Document Management System (DMS)
- HR system upgrade

Ongoing development of an ESG framework including a Carbon neutral target by 2030

# Financial Highlights

25%

Revenue growth  
8% organic

H1 22: £44.7m  
H1 21: £35.9m

14%

Adjusted\* underlying  
EBITDA growth

H1 22: £11.1m  
H1 21: £9.7m

18%

Team growth yoy  
(excluding consultants)

H1 22: 485  
H1 21: 412

£9.2m

Net cash

H1 21: £15.4m

3.24p

Adjusted\* EPS

H1 21 2.96p

Basic EPS H1 22: 1.84p  
H1 21: 2.48p

0.8p

Q2 Interim dividend

H1 22: 1.6p (Q1 0.8p + 0.8p)  
H1 21: 1.6p

# Market and Team growth

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# Restructuring market (H1 2022)

	Total market	FRP	FRP share
Total formal company insolvencies (including Administrations)	8,409 (43% up)	274 (flat)	3% (H1 2021: 5%)
Administrations	390 (49% down)	56 (34% down)	14% (H1 2021: 11%)

Source: London and Regional Gazettes

Continued market share gains, despite subdued administration backdrop (support measures in response to the pandemic).

UK Businesses are facing:

- Supply chain issues
- Input cost increases (energy, raw materials)
- Wage inflation pressures
- Brexit impacts
- Other disruptive forces (i.e. pace of technological change, pandemic impacts on operations)

# Corporate Finance market

Activity in the 6 months to 31 Oct 2021	Total market	FRP share
UK M&A transactions / credits	2,686 (+11%)	Grew from 0.3% to 0.5% (fragmented market)

Source: Experian

- The UK M&A market is more active this year as pent-up capital continues to be deployed
- Our Corporate Finance and Debt Advisory colleagues had a strong H1 2022, advising on 50 transactions in the 6 month period, with a combined deal value of £1.28bn and £0.5bn of debt raised
- Colleagues are currently actively engaged on many projects have a strong pipeline
- Our Corporate Finance pillar re-branded following the two prior year acquisitions of JDC and Spectrum to FRP Corporate Finance. Acquisition integration is complete

# Growing the team

Targeted demand-led lateral hiring continued

Team	31/10/2021	30/04/2021	31/10/2020
Partners	76	73	61
Colleagues – fee earners	310	288	270
<b>Total fee earners</b>	<b>386</b>	<b>361</b>	<b>331</b>
Colleagues - support	99	96	81
<b>Total (exc Consultants)</b>	<b>485</b>	<b>457</b>	<b>412</b>

# 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 +14%

£m		H1 2022	H1 2021
	Reported profit before tax (PBT)	5.7	7.1
	Add interest, depreciation, amortisation	1.1	0.9
	<b>Reported EBITDA</b>	<b>6.8</b>	<b>8.0</b>
Non cash items - £2.6 million increase	Add share based payment expense relating to the Employee Incentive Plan (EIP)	2.9	1.6
	Add share based payment expense - deemed remuneration	1.4	0.1
	<b>Underlying adjusted EBITDA</b>	<b>11.1</b>	<b>9.7</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

- > Employers National Insurance due on the Employee Incentive Plan (EIP) awards when the options vest in 2023, £0.6m accrued in H1 2022

# Comprehensive income

	Unaudited 6 months ended 31 Oct 21 £'000	Unaudited 6 months ended 31 Oct 20 £'000	Audited Year Ended 30 Apr 21 £'000
Revenue	44,670	35,874	78,987
Personnel costs	(28,944)	(21,226)	(46,572)
Depreciation and amortisation	(969)	(764)	(1,551)
Other operating expenses	(8,932)	(6,625)	(14,027)
<b>Operating profit</b>	<b>5,825</b>	<b>7,260</b>	<b>16,836</b>
Finance costs	(175)	(129)	(233)
<b>Profit before tax</b>	<b>5,650</b>	<b>7,131</b>	<b>16,604</b>
Taxation	(1,183)	(1,187)	(2,993)
<b>Total comprehensive income for the period</b>	<b>4,467</b>	<b>5,944</b>	<b>13,611</b>
<b>Basic and diluted earnings per share (in pence)</b>	<b>1.84</b>	<b>2.48</b>	<b>5.69</b>
Adjustment for share based payments	4,330	1,694	4,643
Adjustment for deferred tax	(878)	(549)	(1,201)
<b>Adjusted profit after tax</b>	<b>7,919</b>	<b>7,089</b>	<b>17,053</b>
<b>Adjusted earnings per share (in pence)</b>	<b>3.24</b>	<b>2.96</b>	<b>7.11</b>

# Financial position

	Unaudited 6 months ended 31 Oct 21 £'000	Restated Unaudited 6 months ended 31 Oct 20 £'000	Audited Year Ended 30 Apr 21 £'000
<b>Non-current assets</b>			
Goodwill	9,600	3,960	9,600
Other intangible assets	761	828	794
Property, plant and equipment	2,473	2,188	2,241
Right of use asset	3,890	4,162	3,527
Deferred tax asset	1,809	-	925
<b>Total non-current assets</b>	<b>18,533</b>	<b>11,138</b>	<b>17,087</b>
<b>Current assets</b>			
Trade and other receivables	46,171	39,861	42,373
Cash and cash equivalents	16,797	15,361	24,383
<b>Total current assets</b>	<b>62,968</b>	<b>55,222</b>	<b>66,756</b>
<b>Total assets</b>	<b>81,501</b>	<b>66,359</b>	<b>83,843</b>
<b>Current liabilities</b>			
Trade and other payables	28,472	25,580	34,684
Loans and borrowings	2,000	-	1,600
Lease liabilities	436	479	872
<b>Total current liabilities</b>	<b>30,908</b>	<b>26,059</b>	<b>37,156</b>
<b>Non-current liabilities</b>			
Trade and other payables	6,333	8,549	5,531
Loans and borrowings	5,600	-	6,400
Lease liabilities	3,536	3,871	2,768
Deferred tax liabilities	-	(278)	-
<b>Total non-current liabilities</b>	<b>15,469</b>	<b>12,142</b>	<b>14,699</b>
<b>Total liabilities</b>	<b>46,377</b>	<b>38,201</b>	<b>51,855</b>
<b>Net assets</b>	<b>35,124</b>	<b>28,159</b>	<b>31,988</b>
<b>Equity</b>			
Share capital	243	240	243
Share premium	23,730	19,973	23,730
Treasury shares reserve	(19)	(19)	(19)
Share based payment reserve	140	(324)	(4,135)
Merger reserve	1,287	1,289	1,287
Retained earnings	9,743	7,000	10,882
<b>Shareholders equity</b>	<b>35,124</b>	<b>28,159</b>	<b>31,988</b>

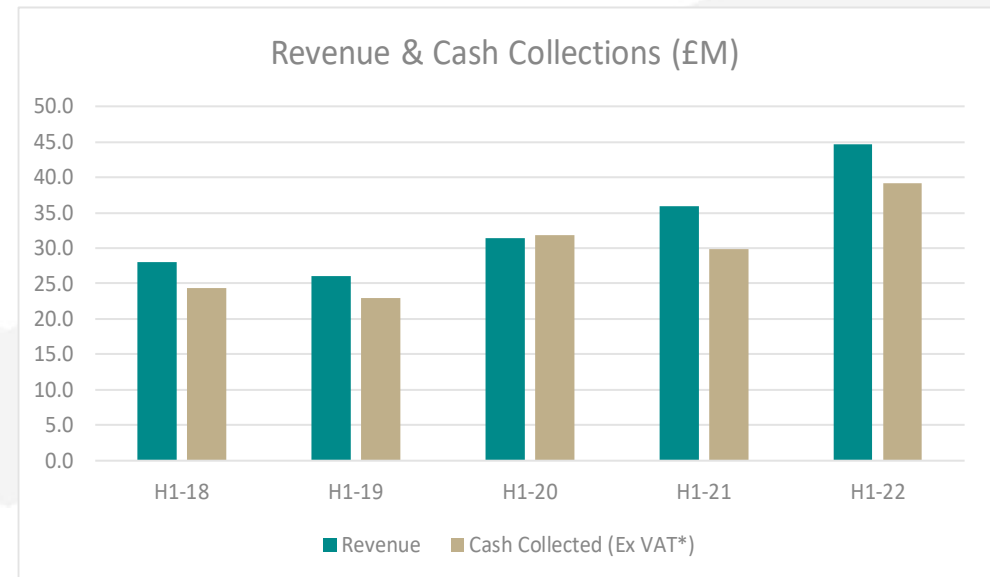
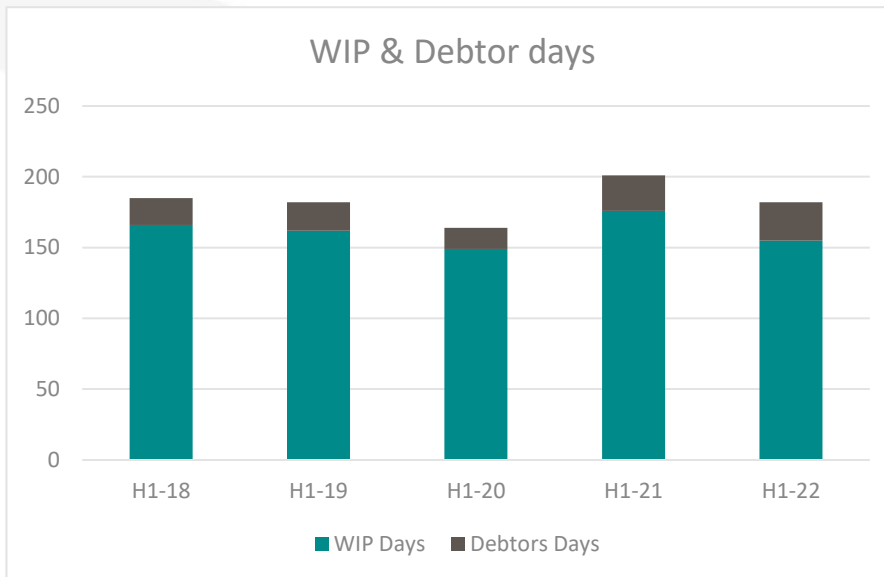
The H1 2021 restatement related to the accounting for deemed remuneration that arose upon acquisition.

This was previously disclosed as an asset within receivables but has subsequently been reclassified to the share based payment reserve within shareholders equity.

A further restatement related to expanding the liabilities, to show liabilities to Partners (including tax due to HMRC on their behalf) on both the go forward basis and owed to them on IPO.

# 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.
- Debtor days are relatively small (vs WIP days), once creditors approve fees invoices are settled quickly.
- 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%)





# Cashflow

	Unaudited 6 months ended 31 Oct 21 £'000	Restated Unaudited 6 months ended 31 Oct 20 £'000	Audited Year Ended 30 Apr 21 £'000
<b>Cash flows from operating activities</b>			
Profit before taxation	5,650	7,131	16,604
Depreciation, amortisation and impairment (non cash)	969	764	1,551
Share based payments (non cash)	4,330	1,694	4,643
Net finance expenses	175	129	232
Increase in trade and other receivables	(3,799)	(6,284)	(2,833)
Decrease in trade and other payables	(2,221)	(4,193)	(4,982)
Tax paid	(1,703)	(1,708)	(4,447)
<b>Net cash from operating activities</b>	<b>3,401</b>	<b>(2,467)</b>	<b>10,768</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets	(640)	(519)	(1,114)
Acquisition of subsidiaries less cash acquired	(3,576)	(2,382)	(10,599)
Acquisition of trade and assets	-	-	(1,610)
Interest received	-	-	-
<b>Net cash used in investing activities</b>	<b>(4,216)</b>	<b>(2,901)</b>	<b>(13,322)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share sales	-	-	3,760
Less issues costs	-	-	-
Dividend	(5,611)	-	(4,990)
Principal elements of lease payments	(585)	(453)	(911)
Drawdown of new loans	-	-	8,000
Repayment of loans and borrowings	(400)	-	-
Interest paid	(175)	(129)	(233)
<b>Net cash used in financing activities</b>	<b>(6,771)</b>	<b>(582)</b>	<b>5,626</b>
Net (decrease)/increase in cash and cash equivalents	(7,586)	(5,950)	3,072
Cash and cash equivalents at the beginning of the period	24,383	21,311	21,311
<b>Cash and cash equivalents at the end of the period</b>	<b>16,797</b>	<b>15,361</b>	<b>24,383</b>



# Outlook

A man with a beard and glasses, wearing a light blue button-down shirt, is sitting at a desk in an office. He is looking thoughtfully to the left, with his hand resting on his chin. He is holding a tablet computer in front of him. The background shows a blurred office environment with bookshelves and windows.

# Outlook

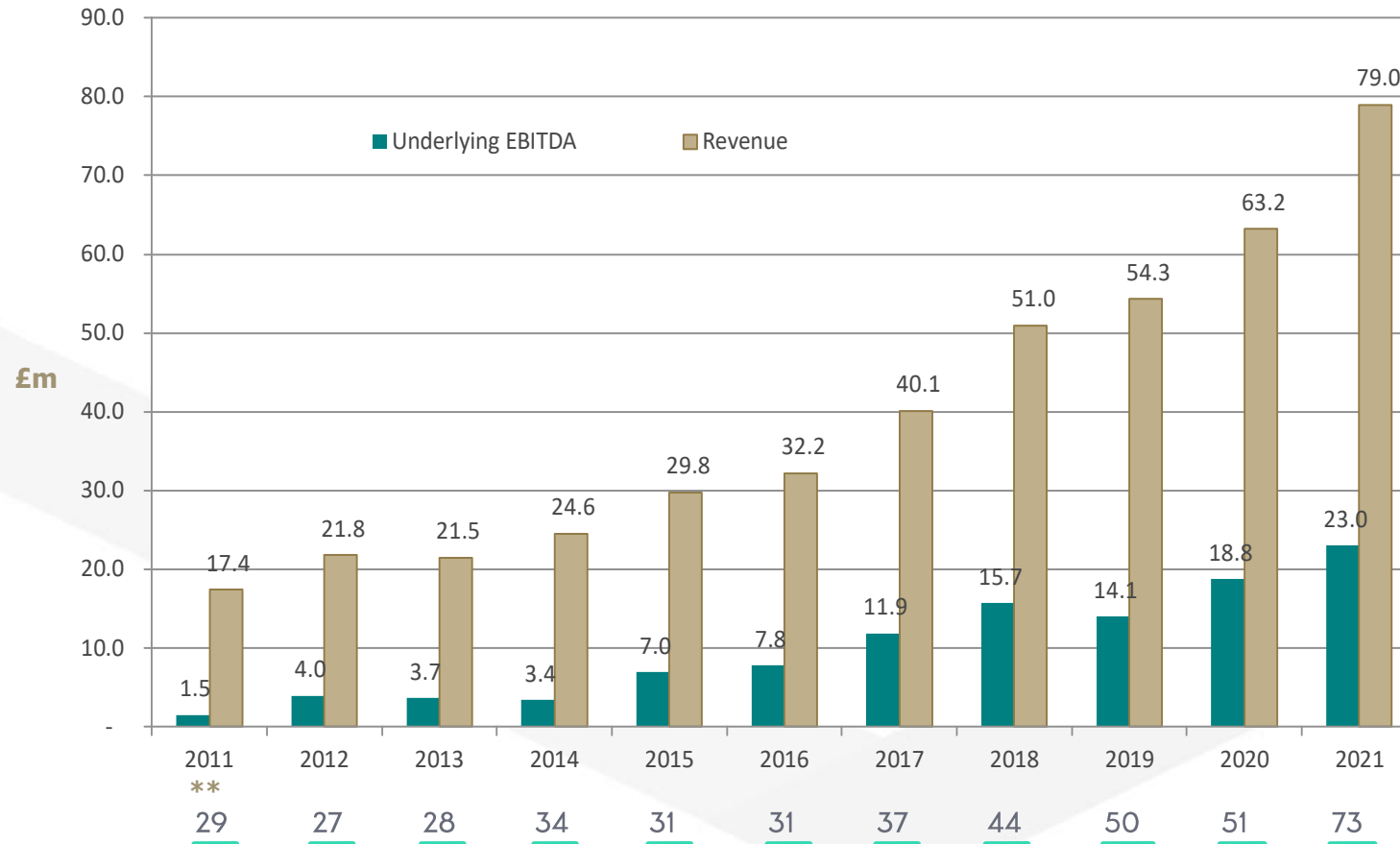
- Many UK businesses are suffering pressures from disruptive forces while others are realising their strategic ambitions
- The withdrawal of Government support will impact many firms, although uncertainties still remain on the timing and scale
- FRP is a resilient business, with a track record of growth and strong balance sheet
- Our teams across the UK are able to support each other to service an expected increase in demand for FRP's broad range of specialist services
- The medium-term outlook for all of the Group's markets is positive and the Board remains confident of making further progress in the current financial year.

# Q&A



# Appendices

# Strong track record of resilient growth



**+14%**

CAGR over  
10 years

**Partners**

# 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.

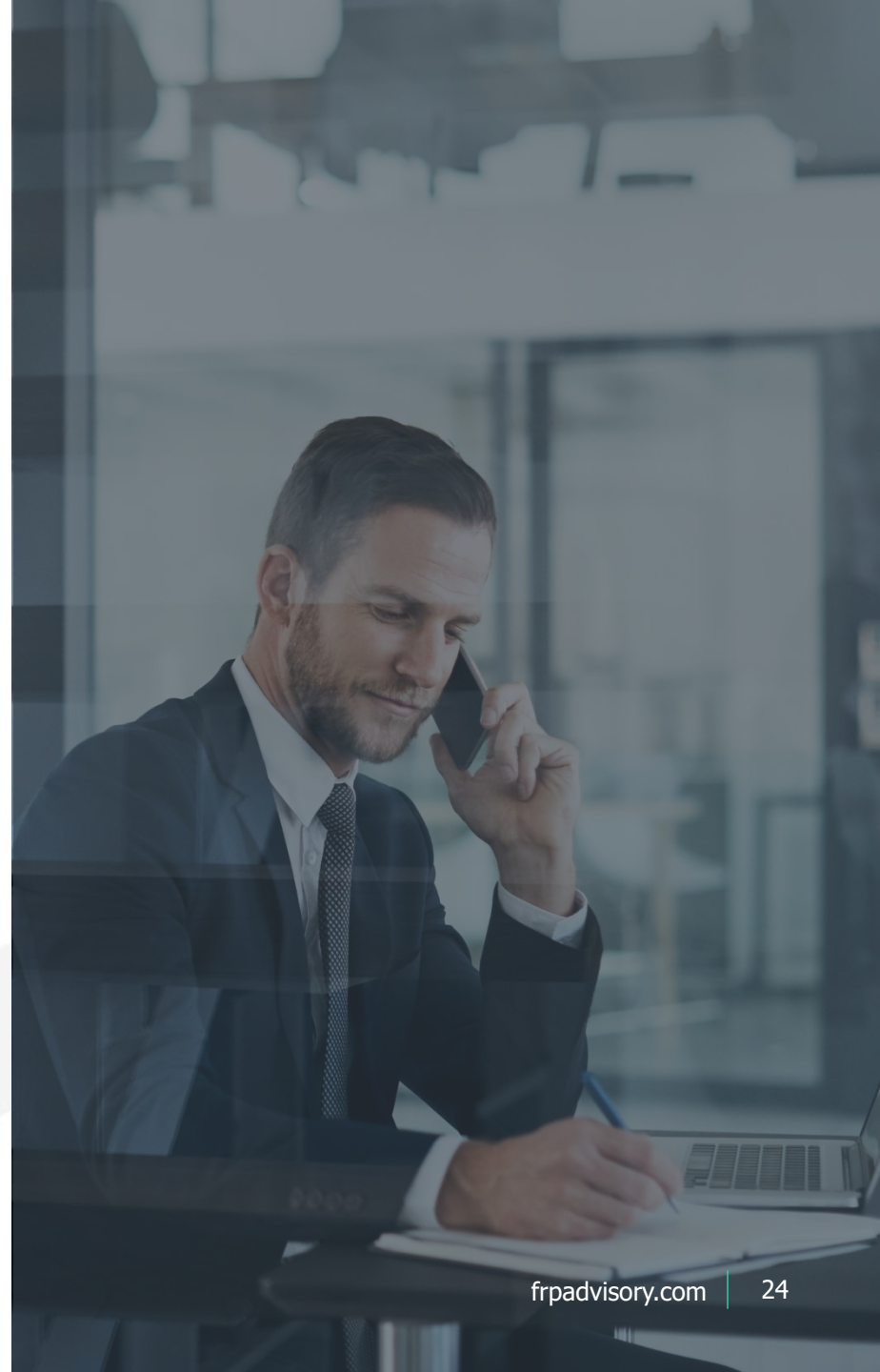
Established network; longstanding and growing referral network giving access to a diverse client base. Mid-market focus, with volume of high-profile appointments steadily increasing.

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

14 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

4 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