

# Full year results presentation

Year ended 30 April 2023 (FY 2023)

July 2023



**FRP**

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

# Agenda

- > Presentation team
- > Value Proposition
- > Highlights and strategy
- > Market and team growth
- > Financials
- > Outlook
- > Q&A
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# Presentation team



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# Value proposition

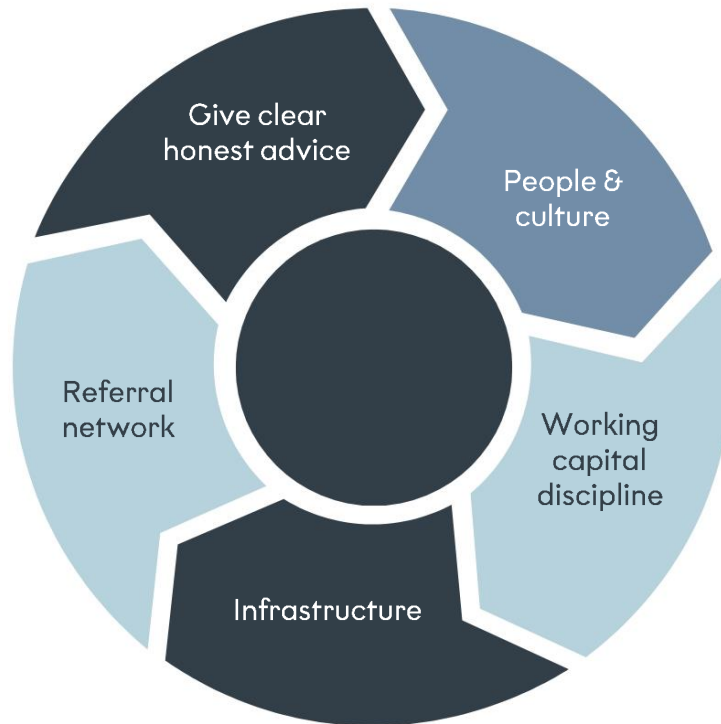
A specialist advisory firm delivering services through five core pillars with a strong track record of profitable growth

- › Organic growth focus supported by selective acquisitions
- › Collaborative, entrepreneurial and meritocratic culture
- › Increasing market activity and demand for advice
- › Diversified and growing referral client base, both geographically and sector
- › Experienced management team and growing reputation/brand
- › Profitability and cash generation supports the quarterly dividend policy



# Staying focused on the basics

Sustainable profitable growth, with a focus on organic growth and supplemented by selective acquisitions



## Our 5 pillars

Corporate Finance

Debt Advisory

Financial Advisory

Forensic Services

Restructuring Advisory



A man with a beard and mustache, wearing a dark blue suit jacket over a white shirt, is shown in profile from the chest up. He is holding a black mobile phone to his ear with his right hand and looking out a window with a bright, slightly blurred view of the outdoors. The lighting is soft and natural, coming from the window.

# Highlights & strategy

# FY 2023 financial highlights

9%

Revenue growth  
8% organic

FY 23: £104.0 million

5%

Adjusted\* EBITDA  
growth

FY 23: £27.0m (26% margin)

9%

Team growth YOY  
(excluding consultants)

FY 23: 551

£22.9m

Net cash FY 23

Undrawn RCF £10m  
Bank facilities refinanced  
on better terms in July  
2023 for 3 years

3%

Adjusted total EPS  
increase

FY 23: 7.83p

7%

Dividend growth

Proposed final dividend 2.05p

Dividends relating to FY 23:  
4.6p

# FY 2023 Operational highlights



## Achievements

Restructuring team again the most active in the administration appointment market. Improved market share to 14%

13th most active Corporate Finance adviser in the UK (including debt transactions)

Successful audit and recommendation to receive ISO 27001

Sector campaigns on travel, manufacturing, retail and fintech



## People

Continued growth of colleagues YOY of 9%

Learning and development investment

12 internal Partner promotions post year end, spanning multiple locations and service pillars in line with long term succession planning



## Acquisitions

One acquisition: Restructuring Advisory and Audit firm, based in Cyprus, acquired December 22. In line with company's stated acquisition criteria

Further strengthens FRP's international presence and supports work with global advisory organisation Eight International, enabling FRP to better support clients on international matters

Continued active dialogue on other opportunities

# FRP's connected specialist services

## Restructuring Advisory

59 Partners

- > Corporate restructuring
- > Corporate advisory
- > Contentious insolvency
- > Personal insolvency
- > Solvent restructuring
- > Creditor services
- > Property Asset Management

## Corporate Finance

12 Partners

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

## Debt Advisory

5 Partners

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

## Financial Advisory

7 Partners

- > Board and C-suite advisory
- > Transaction services (VDD, FDD)
- > Lender services
- > Financial modelling
- > Valuations
- > Pension advisory

## Forensic Services

4 Partners

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



# National coverage local contacts

87

Partners

580

Team  
members  
(inc Partners &  
consultants)

27

Locations

26 UK &  
Cyprus

Members of:



FRP

As at July 2023



# Continued growth in cross pillar collaboration



Corporate Finance & Debt Advisory

## Stonbury

Revenue of £44.7 million

Adviser to LDC, the UK's leading mid-market private equity firm, on its investment in water and environmental sustainability specialist Stonbury.



Restructuring Advisory

## Arena Coventry Limited

1,000 jobs secured

FRP's Restructuring Advisory team completed the sale of Coventry Building Society Arena to Frasers Group plc.



Corporate Finance & Debt Advisory

## Blueback

Cross-border deal

Adviser to global expansion leader Blueback Global, on its sale to TopSource Worldwide.



Restructuring Advisory & Corporate Finance

## Truphone

Undisclosed

Adviser on the pre-pack sale of the business and assets of Truphone Limited to TP Global Operations Limited.



Forensic Services

## Project Squeeze

240,000 documents

FRP engaged to carry out a fast-moving financial investigation of a tech business following a whistle blower report.



Financial Advisory

## The Lifeways Group

Revenue of £270 million

Independent valuation of the UK's leading supported living provider to support the implementation of a court-driven financial restructuring process.



Restructuring Advisory & Financial Advisory

## Prezzo Investco Limited

Court ruling

FRP's Restructuring Advisory team secures landmark restructuring ruling in Prezzo case.



Corporate Finance & Financial Advisory

## Cambriox

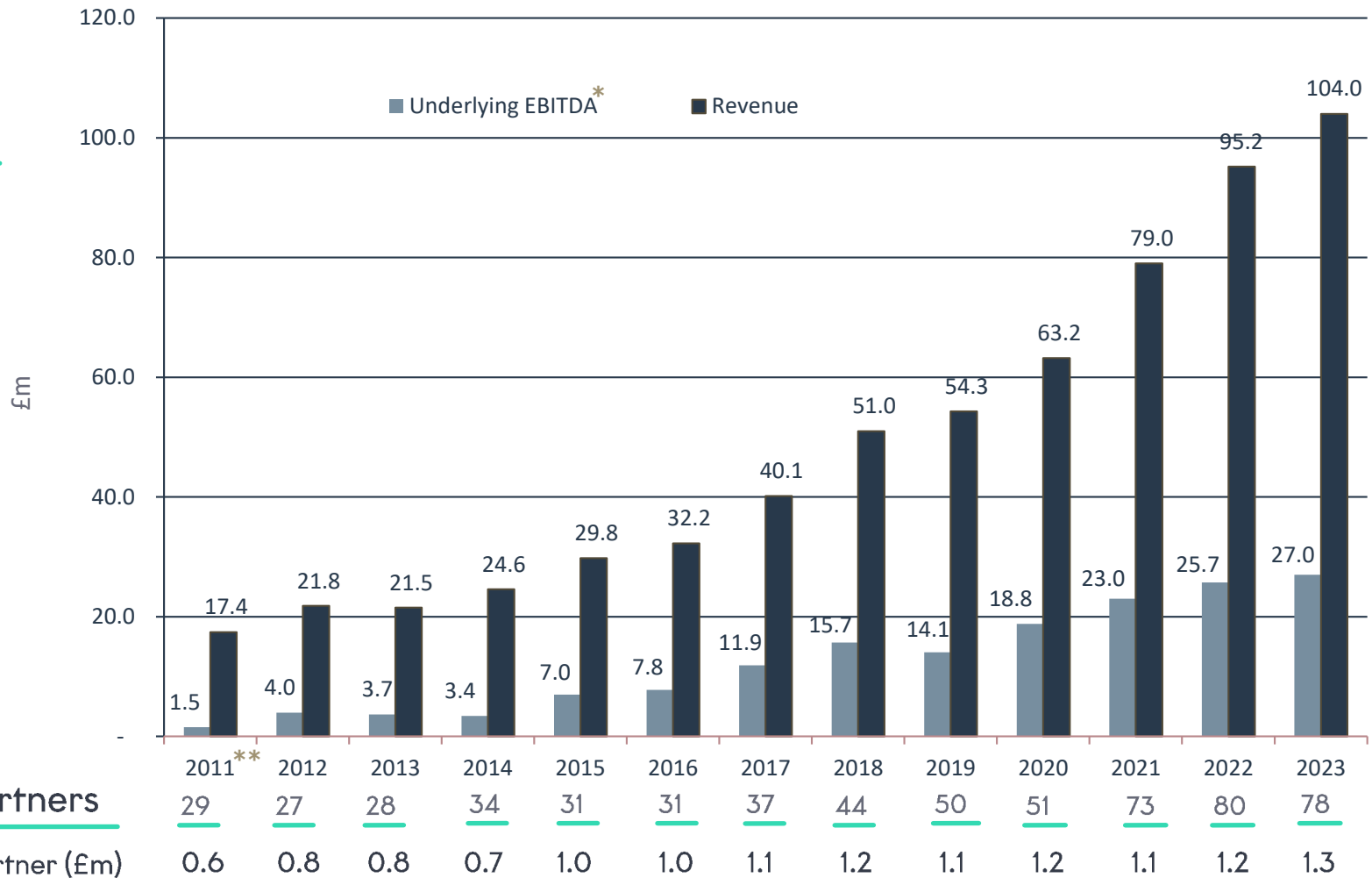
Undisclosed

Adviser to Private Equity and infrastructure investor Foresight Group on its investment into Cambriox.

# Strong track record of resilient, profitable growth

**+15%**

Revenue  
CAGR over  
12 years



# Market and team growth

A woman with long dark hair, wearing a light blue blazer, is shown in profile from the waist up. She is smiling and looking towards the right, holding a white tablet computer. The background is a blurred, modern office interior with large windows and warm, glowing lights. The overall atmosphere is professional and optimistic.





# Restructuring market overview

UK businesses are facing disruption and headwinds due to:

- › Input cost increases (interest rates, energy, raw materials, wage inflation)
- › Weakening consumer demand
- › Supply chain issues
- › Labour shortages
- › Brexit impacts / removal of pandemic related government support

Pressures not yet fully impacting UK businesses

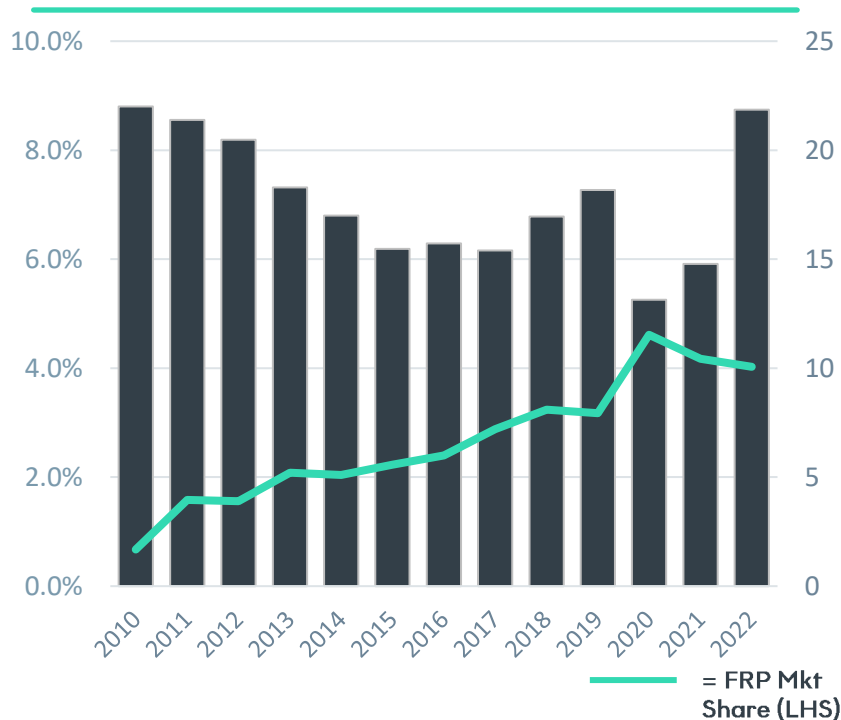
- › Many institutional lenders and investors are more cautious on giving additional financial support without comfort around future viability
- › Early engagement of FRP can enable innovative turnaround and restructuring solutions, to seek to avoid formal insolvency

Administration market is increasing against prior year and the Group is seeing an increase in the level of enquiries for restructuring services

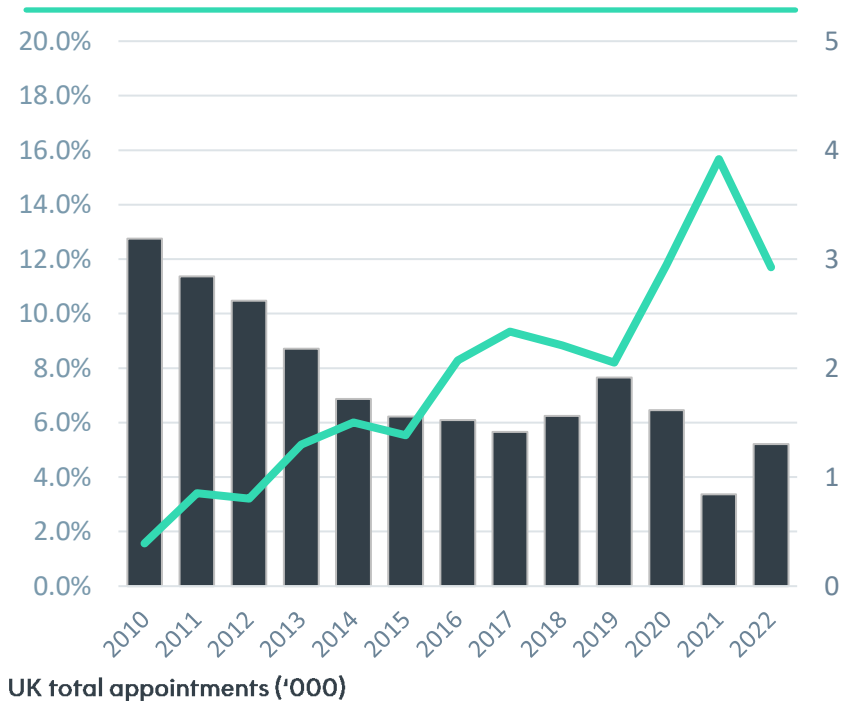
# Gaining market share trend

Administration market starting to show growth

## Insolvency Appointments<sup>1</sup>



## Administration Only Appointments



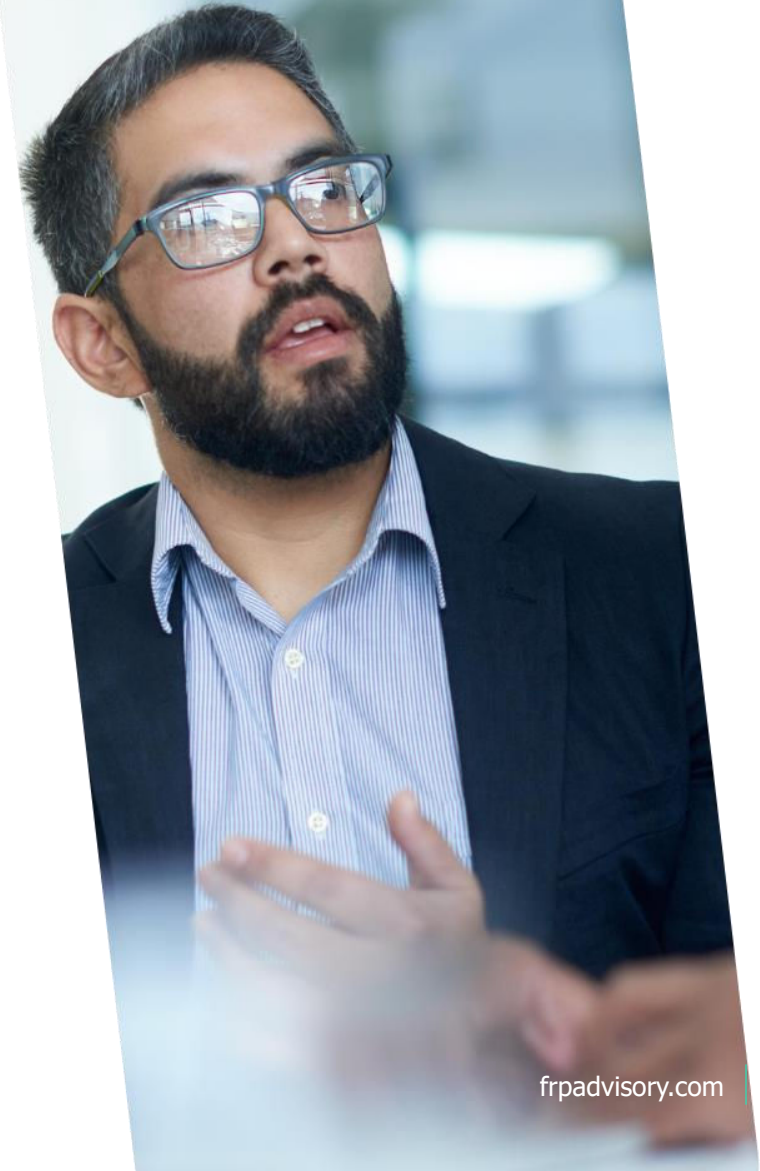
Calendar year 2022 Administration market share was 12%. In financial year to 30 April 2023 this grew to 14%.



# FRP Corporate Finance

## Growing reputation and credentials

- In FY 23 this contributed c. 15% of FRP revenue (Corporate Finance and Debt Advisory combined). 73 successful transactions with an aggregate deal value of £1.8 billion and £0.8 billion of debt raised
- Named “UK Corporate Finance House of the Year” at the Real Deals PE Awards
- During the year to 30 April 2023 the market has seen demand for more pre-deal due diligence and debt advice, with completion timelines extending
- 13th most active adviser in the UK (including debt advisory transactions)
- Commitment to the PE community (c. half of our deals involve PE)
- Deal size of typically £3 million - £150 million, average deal size c. £25 million



# Launch of Financial Advisory pillar

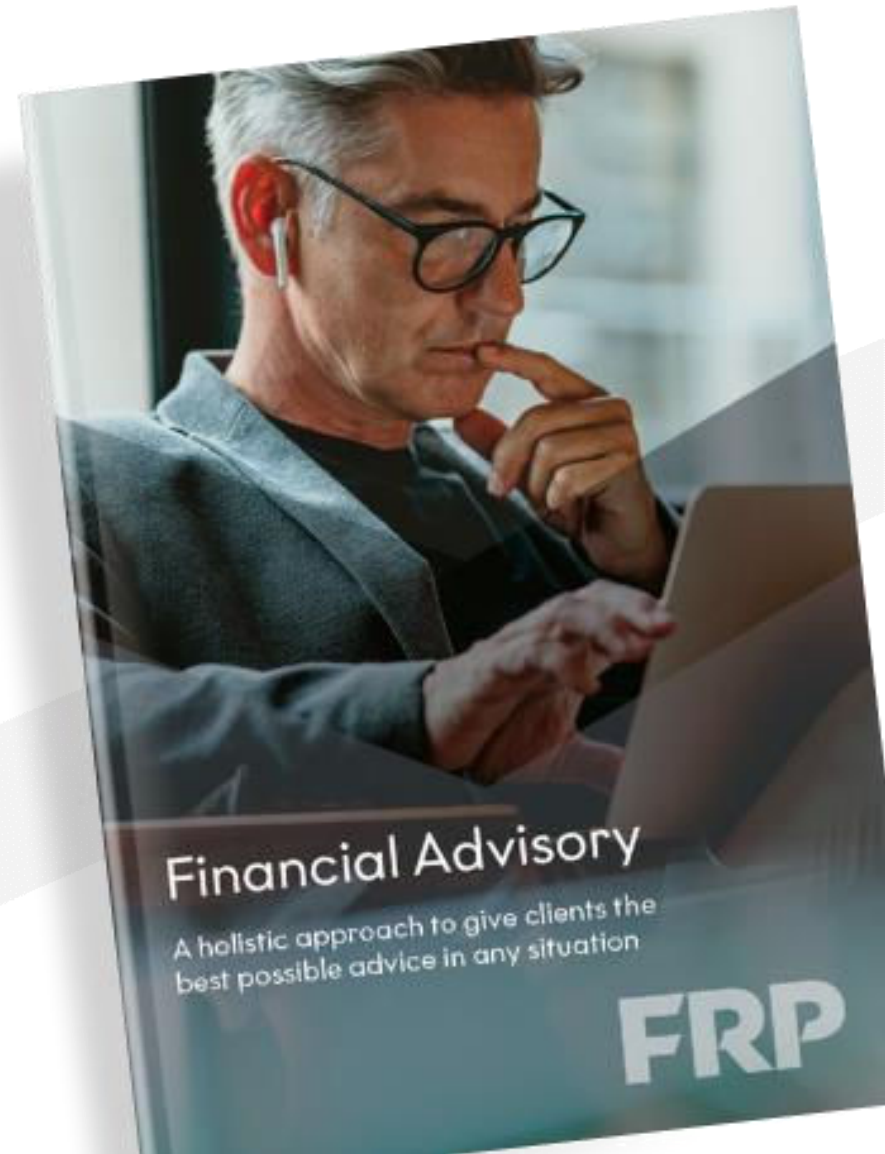
Straightforward advice based on robust analysis from experts you can trust

In February 2023, we launched our new Financial Advisory pillar following increased client demand, bringing together our existing transaction related services including financial due diligence, independent business reviews, financial modelling, and valuation services, alongside our pensions and company-side advisory services.

The move brings together more than 20 of our experienced advisers to support boards, lenders and investors on mid-market transactions and advisory assignments.

The development of a dedicated transaction services team within the Financial Advisory pillar will complement our existing Corporate Finance and Debt Advisory business in terms of financial due diligence, financial modelling and vendor assist work.

We will look to make strategic hires into the Financial Advisory team to further build its capabilities and enhance the services in key markets, such as private equity.



# Forensic Services

## Demand for investigation work is increasing

FY 2023 was another year of growth and expansion for the Forensic Services team.

The team received further accreditations, which saw them gain recognition for their industry expertise and experience in Chambers and Who's Who Legal.

An enhanced eDiscovery tool, RelativityOne, was also launched: the transition to this has improved the Forensic Services team's performance when processing data, with access to new enhanced analytics and features.

The team launched a new global Forensics and Dispute Resolution network in partnership with Eight International which has increased FRP's brand presence, market profile and showcased combined cross-border and international collaboration capabilities across all of the countries in which the Eight International network operates.

Our Forensic Services team has seen an increase in investigation work in the first part of 2023, across both forensic accounting and forensic technology. Notable recent assignments include independent investigations at WANdisco plc, Braemar plc and Inland Homes plc.



# Growing the team

In a competitive environment, FRP continues to attract talented lateral hires into the group

Team	FY 2023	FY 2022
Partners	78	80
Colleagues – fee earners	361	317
<b>Total fee earners</b>	<b>439</b>	<b>397</b>
Colleagues - support	112	107
<b>Total (exc Consultants)</b>	<b>551</b>	<b>504</b>

# Selective acquisition

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

Six acquisitions since IPO, which in aggregate contributed 19% to FY 2023 revenue

	APP Cyprus
Type + team	Share, 2 Partners + 14 fee earners/Colleagues
Pillar	Restructuring Advisory
Rationale	Enables us to better support our clients on international matters
Opportunities	Further strengthens our international presence



The background features a dark grid with glowing orange and red lines. Overlaid on this are several colorful, wavy lines in shades of blue, purple, and yellow. Scattered across the grid are various numerical values in a glowing orange font, including 28,355, 27,554, 24,405, and 23,785. Some numbers are grouped together, suggesting a data table or financial report.

# Financials

# Underlying adjusted EBITDA +5%

£m	2023	2022
Reported profit before tax (PBT)	15.6	15.1
Add back depreciation, amortisation and interest	2.9	2.6
<b>Reported EBITDA</b>	<b>18.5</b>	<b>17.7</b>
Add share based payment expense relating to the Employee Incentive Plan (EIP)	6.3	5.4
Add share based payment expense - Deemed remuneration	2.1	2.6
Add exceptional items	0.1	-
<b>Adjusted underlying EBITDA</b>	<b>27.0</b>	<b>25.7</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). In March 23 these options started to vest
- Deemed remuneration – non-cash item, arises on acquisitions due to shares subject to a lock-in period / continuing service (IFRS 3)
- Exceptional costs arising due to the managed share sale in June 2022 of £0.1m

## Not adjusted for

- Employers National Insurance due on the Employee Incentive Plan (EIP) awards when the options vest. £0.5m expense in FY23
- Acquisition costs



# Income Statement

	Year Ended 30 April 2023 £'million	Year Ended 30 April 2022 £'million
<b>Revenue</b>	<b>104.0</b>	<b>95.2</b>
Personnel costs	(64.3)	(58.8)
Depreciation and amortisation	(2.5)	(2.1)
Other operating expenses	(21.1)	(18.6)
Exceptional costs	(0.1)	-
<b>Operating profit</b>	<b>16.0</b>	<b>15.6</b>
Finance income	0.2	-
Finance costs	(0.6)	(0.5)
Net finance costs	(0.4)	(0.5)
<b>Profit before tax</b>	<b>15.6</b>	<b>15.1</b>
Taxation	(2.9)	(3.2)
<b>Profit after Tax</b>	<b>12.7</b>	<b>11.9</b>
<b>Earnings per share (in pence)</b>		
<b>Total</b>	<b>5.13</b>	<b>4.90</b>
<b>Basic</b>	<b>5.58</b>	<b>5.35</b>
<b>Diluted</b>	<b>5.33</b>	<b>5.04</b>

**Revenue growth**  
9%, of which 8% organic.

**Personnel Costs**  
Growth through salary increases (promotions and pay rises), acquired colleagues and new lateral hires.

**Operating Expenses**  
Increase as a result of investment in IT, business development, new office leases and general supplier inflation.

**Earnings Per Share**  
The firm issued 5m shares in June 2022. The cash is still available for investment.

# Balance Sheet

	As at 30 April 2023 £'million	As at 30 April 2022 £'million
<b>Non-current assets</b>		
Goodwill	10.8	10.2
Other intangible assets	0.6	0.7
Property, plant and equipment	2.5	2.8
Right of use asset	6.5	6.3
Deferred tax asset	2.5	2.4
<b>Total non-current assets</b>	<b>22.9</b>	<b>22.5</b>
<b>Current assets</b>		
Trade and other receivables	58.3	46.1
Cash and cash equivalents	27.7	24.9
<b>Total current assets</b>	<b>86.0</b>	<b>71.0</b>
<b>Total assets</b>	<b>108.9</b>	<b>93.5</b>
<b>Current liabilities</b>		
Trade and other payables	29.7	30.2
Loans and borrowings	1.6	2.0
Lease liabilities	1.2	1.4
<b>Total current liabilities</b>	<b>32.5</b>	<b>33.5</b>
<b>Non-current liabilities</b>		
Other creditors	4.8	5.7
Loans and borrowings	3.2	4.8
Lease liabilities	5.3	4.9
<b>Total non-current liabilities</b>	<b>13.3</b>	<b>15.4</b>
<b>Total liabilities</b>	<b>45.8</b>	<b>49.0</b>
<b>Net assets</b>	<b>63.1</b>	<b>44.5</b>
<b>Equity</b>		
Share capital	0.2	0.2
Share premium	32.0	23.7
Own shares (EBT) reserve	(0.0)	(0.0)
Share based payment reserve	1.3	(1.1)
Merger reserve	1.3	1.3
Retained earnings	28.3	20.4
<b>Shareholders equity</b>	<b>63.1</b>	<b>44.5</b>

## Current assets

Strong financial position with net cash of £22.9 million.

Trade and other receivables (primarily unbilled revenue/work in progress (WIP) increased year on year due to new and large complex existing cases, including where settlement is contingent on asset realisation i.e. property sales extending completion timeline.

## Liabilities

Consist primarily of ongoing profit share owed to partners, property lease liabilities, taxes and accruals.

## Shares Issue

5 million shares issued as a result of a £7.5m raise (gross). Bridgeshield and APP share issue on acquisitions.

# Cashflow

	Year Ended 30 April 2023 £'million	Year Ended 30 April 2022 £'million
<b>Cash flows from operating activities</b>		
Profit before taxation	15.6	15.1
Depreciation, amortisation and impairment (non cash)	2.5	2.1
Share based payments: employee options	6.3	5.4
Share based payments: deemed remuneration	2.1	2.6
Net finance expenses	0.4	0.5
Increase in trade and other receivables	(11.6)	(3.6)
(Decrease) / increase in trade and other payables	(2.2)	1.6
Tax paid	(2.0)	(5.5)
<b>Net cash from operating activities</b>	<b>11.1</b>	<b>18.3</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(0.6)	(1.4)
Acquisition of subsidiaries less cash acquired	(1.6)	(4.4)
Interest received	0.2	-
<b>Net cash used in investing activities</b>	<b>(2.0)</b>	<b>(5.8)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share sales	7.5	-
Dividends paid	(9.8)	(9.2)
Principal elements of lease payments	(1.4)	(1.2)
Repayment of loans and borrowings	(2.0)	(1.2)
Interest paid	(0.6)	(0.4)
<b>Net cash used in financing activities</b>	<b>(6.3)</b>	<b>(12.0)</b>
Net increase in cash and cash equivalents	2.8	0.5
Cash and cash equivalents at the beginning of the year	24.9	24.4
<b>Cash and cash equivalents at the end of the year</b>	<b>27.7</b>	<b>24.9</b>

## Increase in Receivables

Growth in receivables a result of WIP build on large existing cases which are more complex and therefore have greater WIP days and new cases that are too early in the cycle to be billed. WIP days 157 at FY 23 (Prior year 136).

## Decrease in Payables

Repayment of balances owed to partners including final payment of IPO cessation profits. Reduction in accruals, most notable NI provision on EBT after a large number of shares exercised in March 2023.

## Tax

FY 23 included a large deduction as a result of share options exercised and a Corporation tax timing difference.

## Proceeds from share sales

£7.5 million share sale proceeds as a result of a primary raise.



# Outlook



# Outlook

FRP's five connected service pillars now include Financial Advisory

Our Restructuring team are being engaged on projects due to a range of pressures on UK Corporates

- › Cost of financing increase, debts owed to HMRC, supply chain issues, labour shortages, impact of inflation and weakening consumer demand.
- › Institutional lenders and Investors are more cautious on providing additional support.
- › Where early engagement of FRP happens, innovative turnaround and restructuring solutions might avoid a formal insolvency.

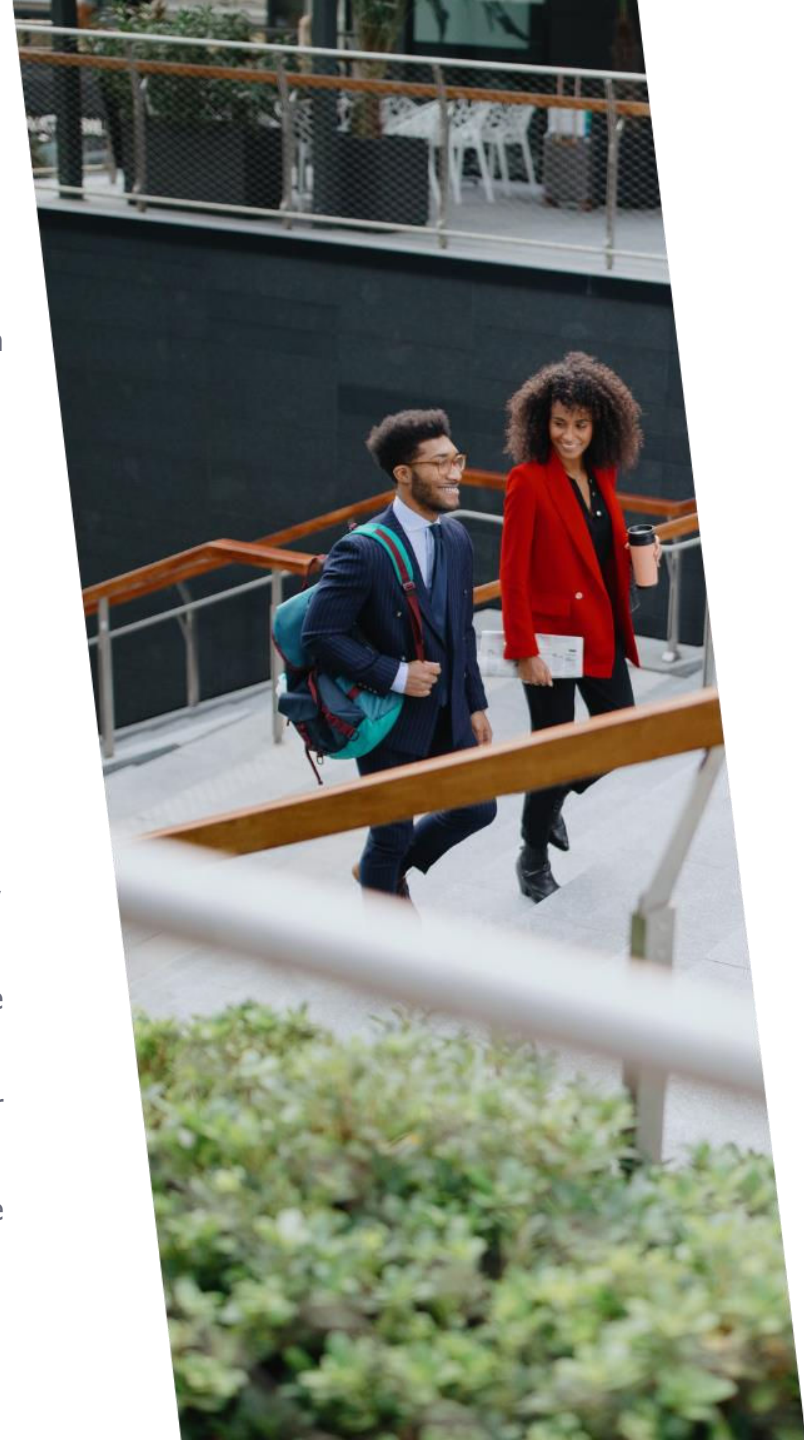
Our Corporate Finance team have a strong pipeline

- › Increased demand for more pre-deal due diligence and debt advice, with completion timelines extending.
- › The team are continuing to grow their reputation and credentials and were named 'UK Corporate Finance House of the Year' at the National Real Deals Private Equity Awards 2023.

Our Forensic services team have been very active on investigations, which include some high-profile plc mandates.

The Group has a strong balance sheet and refinanced their bank facilities on better terms in July 2023, for 3 years.

In the current financial year, trading to date is in line with Board expectation and we are confident of making further progress in the year.





# Q&A



# Appendices



# Cash conversion (FY 2023)

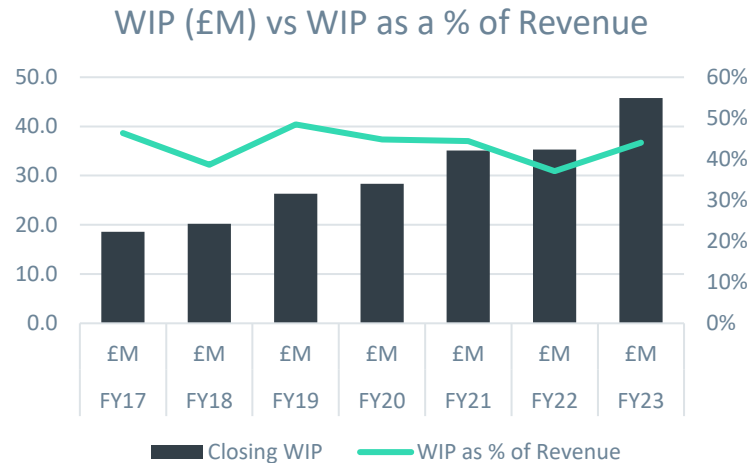
	Year Ended 30 April 2023 £'million
<b>Net cash from operating activities</b>	<b>11.1</b>
<b>Net cash used in investing activities</b>	<b>(2.0)</b>
<b>Net cash (used in) / generated from financing activities</b>	<b>(6.3)*</b>
Net increase in cash and cash equivalents	<b>2.8</b>
Cash and cash equivalents at the beginning of the year	<b>24.9</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>27.7</b>
Add back IPO liabilities paid to partners	1.3
<b>Net cash after adding back IPO liabilities paid</b>	<b>29.0</b>
Operating cash/Underlying EBITDA %	41%
Operating cash (excluding partner repayments)/Underlying EBITDA %	46%

➤ Cessation profits on IPO owed to partners have been fully repaid as of May 2022, after a final payment of £1.3M.

➤ \* Includes £9.8 million of dividends paid

# Work in Progress (WIP, unbilled)

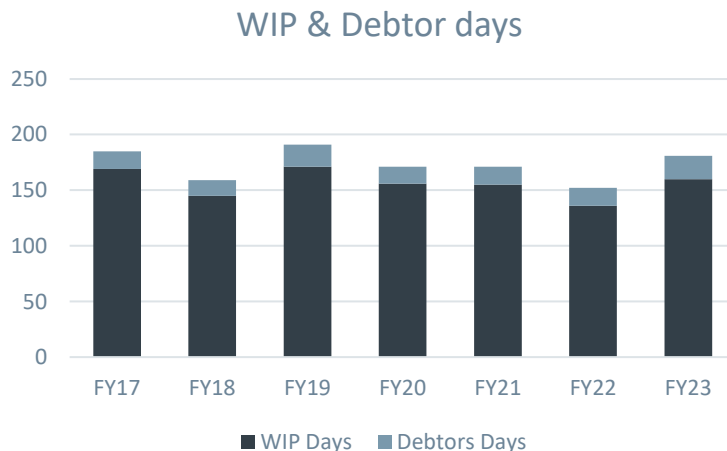
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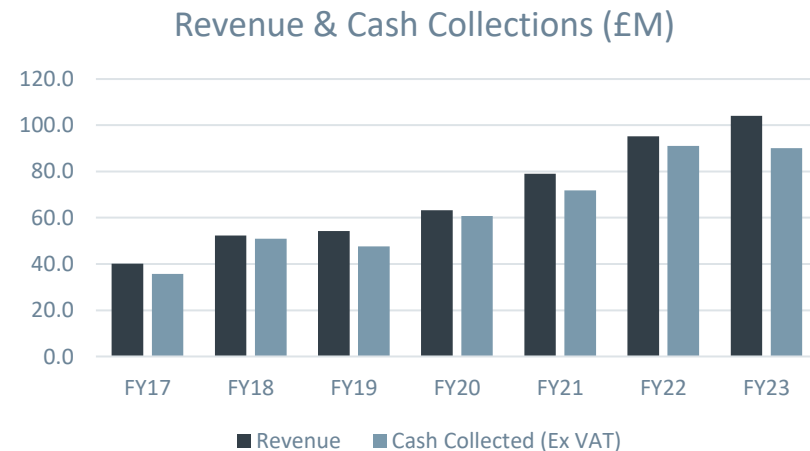
FRP provides services on credit and mandates take on average five to seven months to complete, leading to a large unbilled revenue (work in progress) balances. Larger, more complex administration appointments are more remunerative but can also extend the working capital cycle.

- A. Despite significant revenue growth, WIP as a percentage of sales remains constant
- 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%)

B



C



# Acquisitions since IPO March 2020

- Contributed 19% of FY 23 revenue
- Criteria: Cultural fit, Strategic fit, Economic fit
- Structured with retention, similar Lock-in to IPO partners

Location	Type and team	Pillars	Rationale	Opportunities
<b>Newcastle</b>	WIP, 2 Partners + 13	Restructuring	Combine 2 strongest teams dominate mid-market  Little team over-lap  Market expert Allan Kelly / CVA	Hub has critical mass to support the North and Scotland
<b>East Anglia</b>	Share, 4 Partners +12	Corporate Finance & Forensics	Bolster 2 pillars  Target region / need EA presence to win local business	Add EA restructuring  Help the team to grow faster (CF & Forensics)
<b>Kent</b>	WIP, 1 Partner + 10	Restructuring	Target region / need Kent presence to win local business  Kent has European links (Brexit)	Increase appointment takers. Director transferred to Sidcup.  Join FRP panel status
<b>Reading</b>	Share. 7 Partners + 20	Corporate Finance & Debt Advisory	Lead Advisory UK mid-cap M&A Reading & South  Strong Private Equity relationships	Gives FRP a stronger position in the UK mid cap transactional market, helping clients to address their strategic ambitions
<b>Leigh-on-Sea</b>	Share, 2 Partners + 5	Restructuring	Broaden our service offering to cover property asset management services to specialist lenders	Expanded relationships and additional property services
<b>Cyprus</b>	Share, 2 Partners + 14	Restructuring	Enable us to better support our clients on international matters	Further strengthens our international presence

**FRP**

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