



Begbies Traynor Group

Diversification and track record merit higher ratings

10th December 2024

Diversification and track record merits higher rating

Begbies' 1H25 revenue growth of 16%, including 11% organic growth, is testament to management's strategy of broadening its professional service offer, increasing the group's resilience and expansion opportunities. Having delivered a six-fold increase in Adj. PBT over the past decade, and an impressive 16% in 1H25, we believe Begbies' c.35% valuation derating is unwarranted. Trading on only c.9x cal 25 PER, the shares are well below our 145p Fair Value.

1H25 results illustrate the strength of increasingly diversified services

Begbies delivered another all-round admirable performance in 1H25 with its business recovery and advisory services achieving 12% organic growth, augmented by its property advisory services expanding 24% (8% organically and 16% from the consolidation of SDL Property Auctions and Andrew Forbes valuations practice). This led to a 30bps improvement in group operating margin to a high 16.5%. The group increased free cashflow, pre-acquisition payments, by 8% to £4.3m and ended 1H25 with a robust balance sheet. Net debt was only £3.8m (before leases), after paying £4.1m of acquisition earn-outs, £2m of dividends and £0.8m for share buy-backs.

A resilient, growth business with a positive outlook

In this report we take a deep dive into Begbies' increasingly diversified service offer following c.£64m+ of investment in the past five years. We consider Begbies to be well positioned for growth as insolvencies and financial distress remain elevated and its property services have excellent momentum.

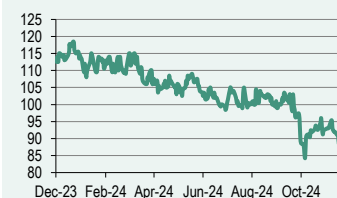
An undervalued, highly profitable and cashflow generative company

In contrast to the strong 1H25 performance, Begbies' share price has fallen c.20% in the past 12 months and trades at a c.35% discount to its long-run average valuation multiples. Offering highly profitable, resilient, organic growth of 5%-6%, and free cashflow to fund both acquisitions and dividends, we see scope for a significant rerating, to 14x cal 25 PER and a 3% dividend yield.

Company Data

| | |
|---------------------------|----------|
| EPIC | BEG |
| Price (last close) | 94.4p |
| 52 weeks Hi/Lo | 120p/83p |
| Market cap | £153m |
| ED Fair Value / share | 145p |
| Net financial debt, FY25E | £3m |

Share Price, p



Source: ADVFN

Description

Begbies Traynor Group ("Begbies") is a leading UK business recovery, financial advisory and property services consultancy.

A multi-disciplinary national team of over 1,100 Full-time Equivalent (FTE) professionals from over 45 local offices handle the largest number of corporate insolvency and restructuring appointments in the UK as well as providing market-leading services in corporate finance, financial advisory, valuations and property consultancy.

Next event: 3Q25 trading update, late February 2025 (tbc)

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Key Financials & Valuation multiples

| Year to 30 April (£m) | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|--------------|--------------|--------------|--------------|--------------|
| Revenue | 121.8 | 136.7 | 152.2 | 159.9 | 167.0 |
| Revenue growth (%) | 10.7 | 12.2 | 11.3 | 5.1 | 4.4 |
| Adj. PBT* | 20.7 | 22.0 | 23.0 | 23.3 | 24.6 |
| Adj. PBT* margin (%) | 17.0 | 16.1 | 15.1 | 14.6 | 14.7 |
| Adj. diluted EPS (p) | 10.1 | 9.9 | 10.3 | 10.4 | 11.0 |
| Adj. EPS growth (%) | 14.3 | -1.4 | 3.6 | 1.3 | 5.5 |
| Dividend per share (p) | 3.8 | 4.0 | 4.1 | 4.2 | 4.4 |
| Free cashflow pre acquisitions | 14.1 | 12.4 | 13.4 | 16.7 | 17.9 |
| Free cashflow post acquisitions | 3.5 | 3.9 | 5.4 | 11.0 | 13.0 |
| Net debt/(cash) incl leases /Adj. EBITDA (x) | 0.2 | 0.5 | 0.5 | 0.4 | 0.1 |
| EV / Sales (x, calendarised) | | 1.1 | 1.1 | 1.0 | 1.0 |
| EV / Adj. EBITDA (x, calendarised) | | 5.7 | 5.5 | 5.3 | 5.0 |
| PER (x, calendarised) | | 9.3 | 9.1 | 8.7 | 8.3 |
| Dividend yield (% , calendarised) | | 4.3 | 4.4 | 4.6 | 4.9 |
| Free cashflow* yield (% , calendarised) | | 8.5 | 10.1 | 11.3 | 12.0 |

Note: * pre-acquisition payments; Source: ED analysis; Share price at COB 9/12/24

Contents

| | |
|---|----|
| Overview of Investment Attractions | 3 |
| An increasingly diversified, proven track record of growth | 4 |
| An undervalued, profitable, cashflow generating growth story | 5 |
| Why invest? | 6 |
| 1) A highly successful and efficient people business | 7 |
| 2) A diversified service offer and client base..... | 9 |
| 3) Property consultancy services is a resilient, consistent, growth business | 11 |
| 4) Business recovery to remain elevated for a prolonged period as inflationary pressures build .. | 12 |
| 5) Ample cashflow generation driving high-quality growth and dividends | 15 |
| 6) An impressive track-record for value-accretive acquisitions..... | 16 |
| Interim results 2025 highlights..... | 18 |
| Financials and forecasts | 19 |
| Valuation considerations – highly profitable and cashflow generating | 21 |
| Financial Forecast tables | 24 |

Overview of Investment Attractions

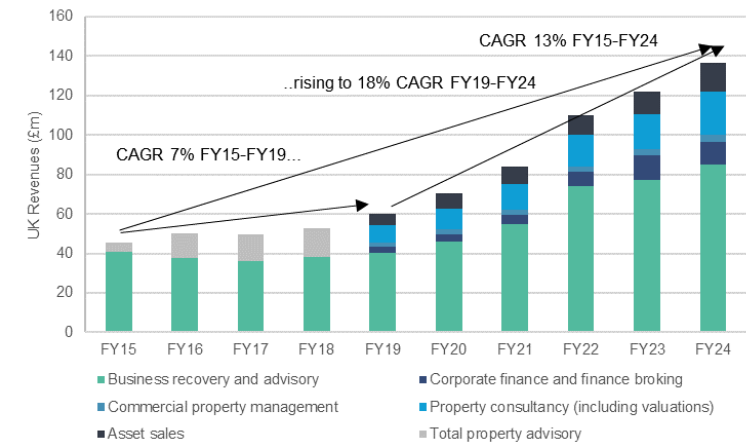
| Investment Highlights | Risk Factors |
|--|--|
| <ul style="list-style-type: none"> An impressive track record of growth with revenues tripling in the past decade to £137m in FY24, driven by both organic growth and successful acquisitions. This is testament to Begbies' resilience and growth through the economic cycle and the group's ability to attract highly qualified, trusted, professionals. An increasingly diversified business with c.40% of FY24 revenues from Begbies' corporate finance advisory, property advisory and transactional services offer. Adjusted PBT has increased six-fold to £22m (22% CAGR) and adjusted PBT margin has risen to over 16%; driving cumulative free cashflow pre acquisitions of over £56m (FY21-FY24). This ample free cashflow funds both value-accretive acquisitions and dividends (10 years CAGR 7%). An experienced, incentivised, founder-led management team at the helm. | <ul style="list-style-type: none"> Although the group is more diversified than ever before, c.60% of revenues are from business recovery and advisory. If corporate insolvencies were to drop significantly from current levels, this would impact our organic revenue growth and profit margin assumptions (given operating deleverage). This would be partly offset by an anticipated cyclical increase in M&A and corporate finance advisory and finance broking activity. As a people-led business, recruitment and retention of high-quality staff is key. Begbies invests in its staff packages and training and for its 1,100+ Full-time Equivalent (FTE) employees. Liquidity risk if asset realisations were impacted, however Begbies has £35m of bank facilities, extendable until 2029. Integration risk for any future acquisitions, though Begbies' excellent track record provides reassurance. |
| Forecast Drivers | Valuation Overview |
| <ul style="list-style-type: none"> Management's ambition is to grow mid-term revenues to £200m from its existing service offer through organic growth and acquisitions, with further possible growth from acquisitions of complementary professional services businesses. We expect inflationary pressures, particularly the cost of labour following the Autumn Budget, to keep levels of corporate distress and insolvency elevated. We forecast a 3% contribution from acquisitions in FY25E (5% in 1H25) and c.6% organic revenue CAGR FY24-FY27E to reach £167m revenues in FY27E. We do not forecast any further acquisitions but estimate that a 6% p/a revenue contribution from acquisitions would lead to c.£200m of revenues in FY28E. We forecast Adj. PBT margins remaining above 14.5% (despite national insurance increases impacting from FY26E) leading to c.4% organic Adj. PBT CAGR FY24-FY27E and free cashflow, pre acquisitions, of £13m-£18m p/a (FY25E-FY27E). | <ul style="list-style-type: none"> Begbies is trading on only 1.1x EV/Revenues, 5.5x EV/Adj. EBITDA and c.9x PER (our forecasts, all Calendar 2025E – "cal 25E"). This is a c.35% discount to the group's average multiples over the past nine years of 1.6x EV/Revenues, c.9x EV/Adj EBITDA and c.14x PER. It is also a significant discount to our comparable valuation peers, despite offering similar, if not better, revenue and profit growth and similar high profit margins. Begbies' balance sheet is also strong with only £3.8m of net financial debt as at 31 October 2024 and leases of c.£11m. We forecast net debt incl leases / Adj. EBITDA of only 0.4x for FY25E. Management estimates that future contingent consideration payments will be £15.2m, satisfied by December 2027. Our fair value of 145p equates to a cal 25 FCF yield, pre acquisitions, of 6.6%, a c.3% dividend yield, a 14x PER, in-line with long-run averages, with potential for a premium to these averages. |

An increasingly diversified, proven track record of growth

A people-driven, expanding service business

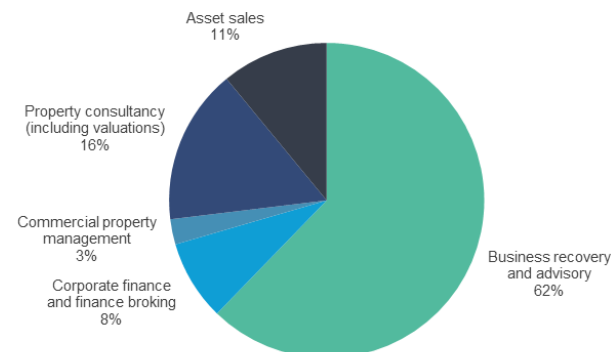
- Begbies Traynor is a leading business recovery, financial advisory and property services consultancy with specialist expertise in business recovery, advisory and corporate finance, valuations, asset sales and property transactions.
- As a people-led advisory business the company has doubled its (FTE) colleagues from c.550 in FY19 to over 1,100 by 1H25, driving revenue growth of 13% CAGR in the past decade to £137m in FY24.
- Moreover, as Begbies has invested in an increasingly diversified business, revenue growth has accelerated to 18% CAGR FY19-FY24.
- Its multi-disciplinary professional teams include insolvency practitioners, accountants, lawyers, financing professionals and chartered surveyors.

Revenues tripled in a decade to £137m



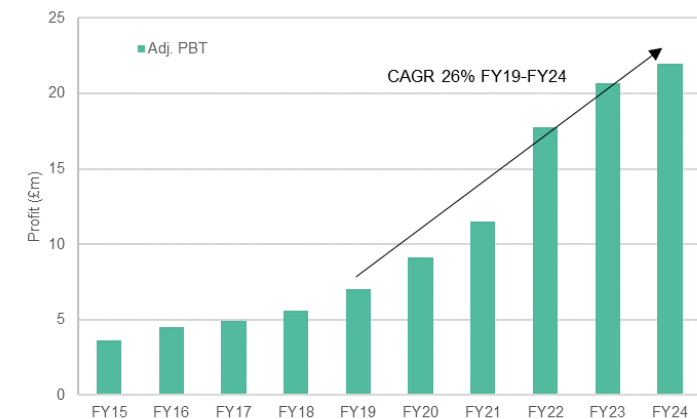
Source: Company historic data, ED forecasts and analysis

38% of FY24 Revenues are from services beyond insolvency



Source: Company historic data, ED forecasts and analysis

6-fold increase in Adjusted PBT to £22m



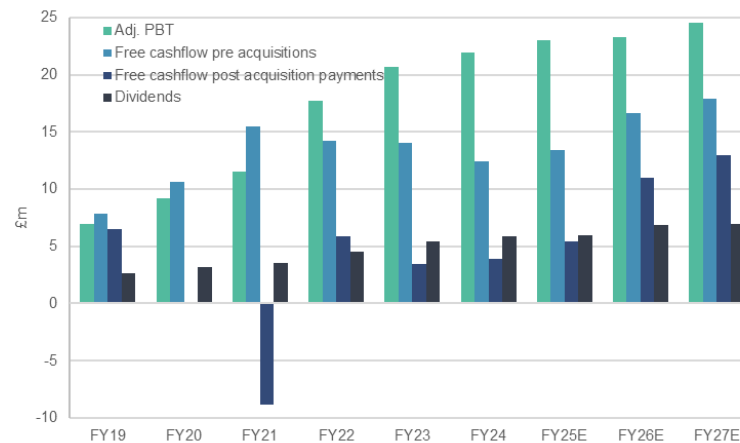
Source: Company historic data, ED forecasts and analysis

An undervalued, profitable, cashflow generating growth story

Professional services consolidator at a c.35% discount

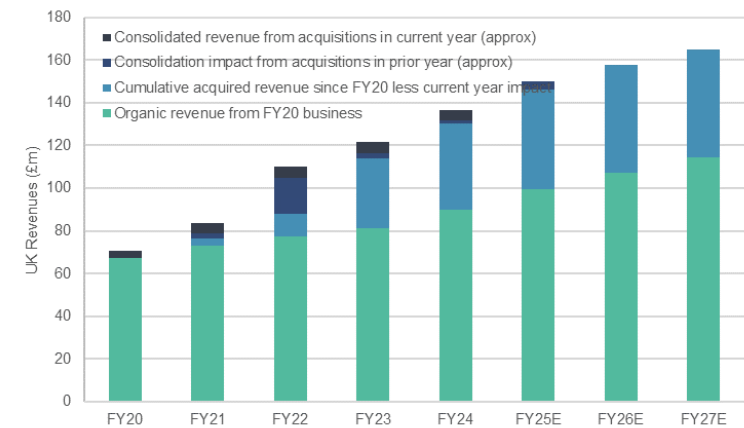
- Begbies' vision is to extend the scale and quality of its chosen professional services by continuing to build the offer organically and through acquisitions.
- Begbies' acquisition success is admirable, investing c.£64m FY20-FY24 for revenues of c.£50m and pre-tax profits of c.£12.5m, with a further £34m of potential earn-out payments (management estimates only £15m will be paid).
- Its financial discipline leads to a high c.16% Adj. PBT margin (FY24) and typically this converts into ample free cashflow to invest in further acquisitions and return to shareholders through generous dividends.
- We forecast nearly £50m of free cashflow pre-acquisitions FY25E-FY27E (over 30% of the current market cap) and we do not believe this attraction is reflected in Begbies' current 9x cal 25 PER and 4.4% dividend yield.

Free-cashflow supports acquisitions and dividend growth



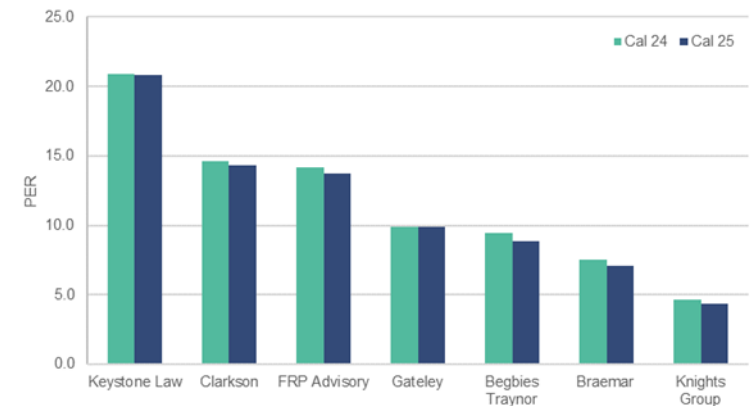
Source: Company historic data, ED forecasts and analysis

Diversified growth, boosted by acquisitions



Source: Company historic data, ED forecasts and analysis

Begbies' lowly PER of c.9x cal 25 undervalues its prospects



Source: Koyfin for consensus forecasts, ED analysis

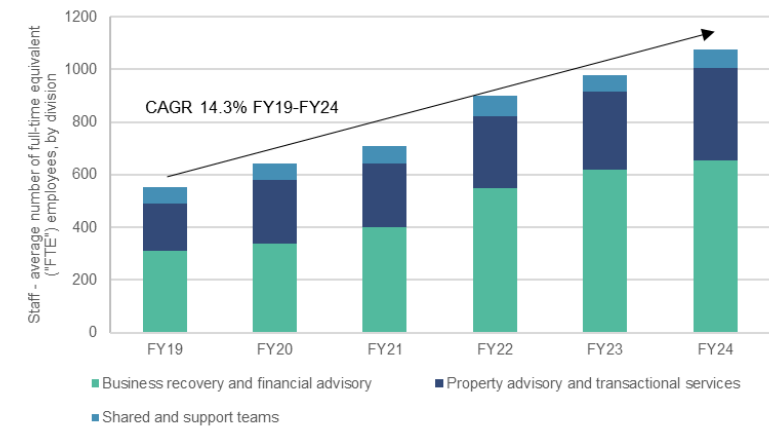
Why invest?

1) A highly successful and efficient people business

Revenue growth driven by 14% CAGR in staff

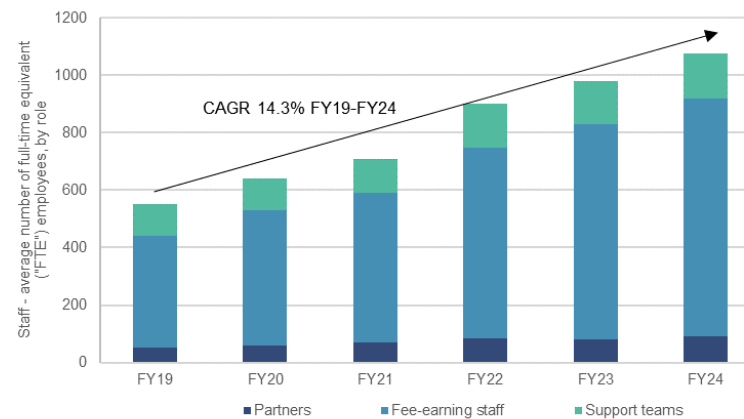
- Begbies is a people business, with a national team of over 1,100 (FTE) locally based, highly experienced and qualified, professionals providing advice and transactional support across a range of specialisms.
- Teams include insolvency practitioners, accountants, lawyers, financing professionals and chartered surveyors. The number of full-time-equivalent ("FTE") employees has nearly doubled FY19-FY24 to 1,074 (CAGR 14%).
- Just over 60% of the FTE employees work in the business recovery and financial advisory specialisms, whilst 33% work in property advisory and transactional services, with just 6% in shared support roles.
- Across the group, fee-earners (including 90 partners) make up 86% of the workforce and support team staff comprise 14% (down from 20% in FY19).

Staff have nearly doubled to over 1,000 FTE since FY19



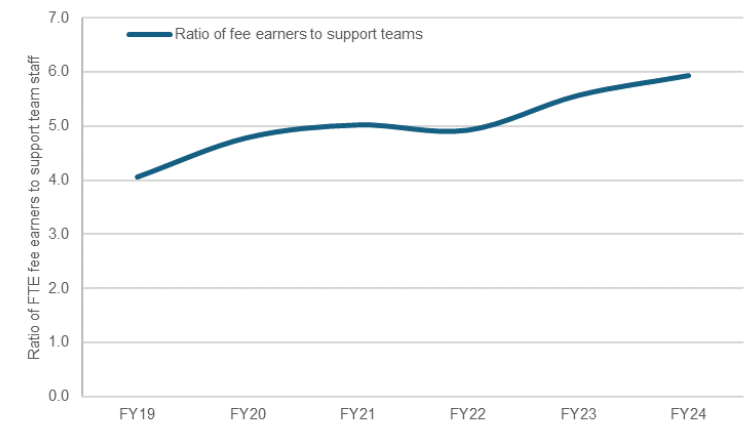
Source: Company historic data, ED forecasts and analysis

Begbies has leveraged its partners and fee-earning staff...



Source: Company historic data, ED forecasts and analysis

...with the ratio of fee-earners to support teams rising to 5.9x

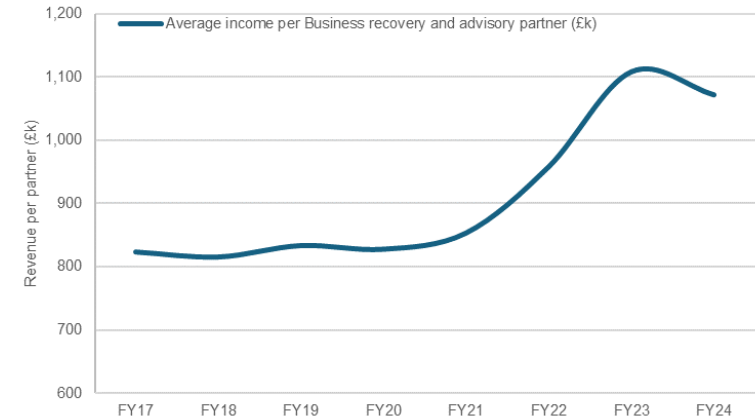


Source: Company historic data, ED forecasts and analysis

Disciplined growth as Begbies can attract the best

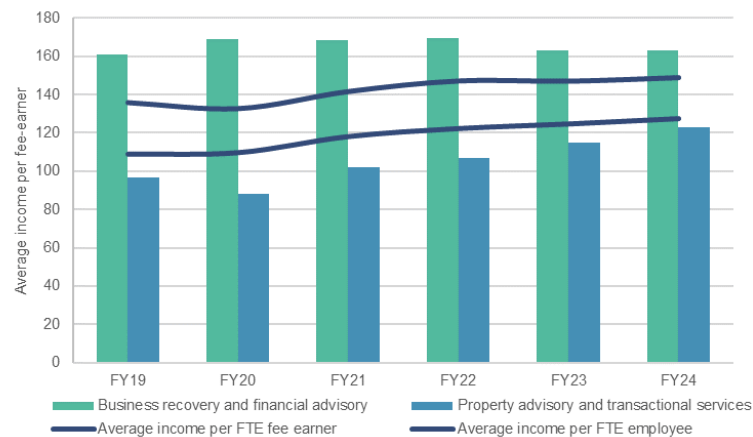
- Impressively, Begbies has grown its staff base organically and through acquisition whilst also raising revenue per partner.
- Business recovery and financial advisory income has risen from £800k pre-COVID to over £1m in FY23 and FY24 as the business has leveraged its support staff. The ratio of group support staff to fee earners has increased consistently and impressively from 4.1x in FY19 to 5.9x in FY24.
- Meanwhile average income per fee earner in property advisory and transactional services has risen at a CAGR of 5% (FY19-FY24) to £123k, narrowing the gap with average income per fee earner in business recovery.
- Hence despite significant investment in new joiners every year, staff costs have fallen from a peak of 62.4% of revenues in FY21 to 59.7% in FY24.

Average income per partner has risen to over £1m in FY24...



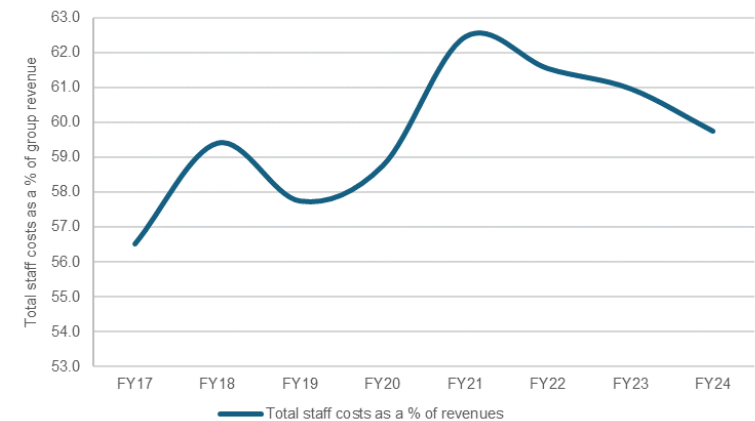
Source: Company historic data, ED forecasts and analysis

...and average income per employee has risen to £127k...



Source: Company historic data, ED forecasts and analysis

...leading to staff costs falling to < 60% of revenues



Source: Company historic data, ED forecasts and analysis

2) A diversified service offer and client base

As Begbies' service offer has grown, so has its client base

- Being a trusted, local advisor is key to Begbies' brand and part of Begbies' success in driving profitable growth is in hiring professionals that have strong relationships with their clients.
- Begbies serves a diverse range of clients including businesses, individuals, financial institutions, public sector bodies and the investment community. Management estimates that c.75% of its revenues come from recurring referrals across its professional network, whilst c.10% of revenues are driven from direct digital marketing.
- Having local community knowledge and growing, in part, through acquisition, allows Begbies to conduct substantial operational and commercial due diligence to ensure new joiners add value. Perhaps counter-intuitively, growing staff through acquisition can come with more certainty over future revenue streams than growing organically.

| Business recovery and advisory | | Property advisory | | |
|---|-----------------------------------|-------------------|------------------------------|--------------------------------|
| Business recovery | Advisory and corporate finance | Valuations | Asset sales | Property consultancy |
| Corporate and personal insolvency consultancy | Debt advisory and finance broking | Property | Property auctions | Building consultancy |
| Business restructuring and turnaround | Corporate finance | Assets | Plant and machinery auctions | Transport planning |
| Contentious insolvency | Special situations M&A | Businesses | Commercial property agency | Commercial property management |
| Creditor services | Financial advisory | Loan security | Business sales agency | Insurance and protection |

Source: Company data

A network of 45 offices

- Begbies has a true national reach with teams of professionals across 45 offices and four offshore locations.



Source: Company data

An overview of Begbies' diverse range of services and eight operating brands

- Begbies Traynor - the market leader in business rescue and recovery with 625 staff from 45 offices nationwide.
- BTG Advisory - a specialist advisory boutique providing commercial, and strategic advice to companies, investors, lenders and other stakeholders.
- Springboard Corporate Finance - for sales, acquisitions and raising finance.
- maf Finance Group - a leading nationwide finance broker across all sectors (acquired 2021).
- Eddisons - a leading mid-market property consultancy with over 500 staff from over 30 offices nationwide, working across sectors and services (acquired 2014).
- Pugh & Co - national online property auctions, selling all types of property.
- Ernest Wilson - a leading Business Transfer Agent in the North of England (acquired 2019).
- Mantra - a debt and insurance broker for corporates and individuals (acquired 2022).



Source: Company data

3) Property consultancy services is a resilient, consistent, growth business

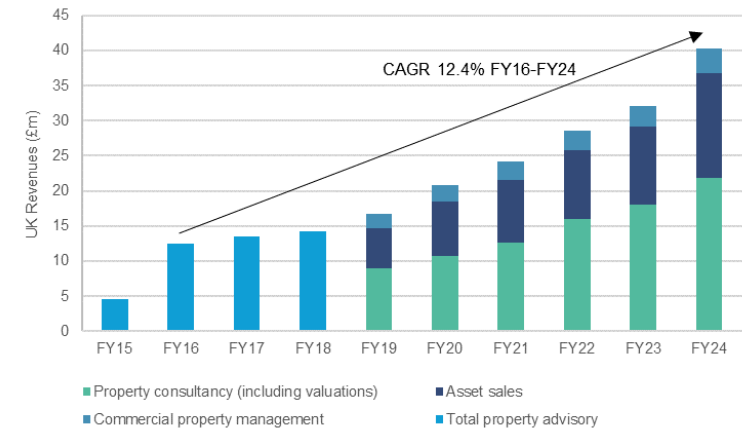
10 years of property experience and growth

- A decade after the acquisition of Yorkshire-based property consultancy, Eddisons, Begbies' strategic and geographic expansion of its property consultancy business, particularly in the last three years, has led to revenues tripling to £40m in FY24 and 442 staff.
- Under the Eddisons brand, Begbies has now become a well-regarded mid-tier national property consultancy.
- Operating profits have followed a similarly impressive trajectory and grown at a CAGR of 15.5% to reach £7.6m in FY24 with profit margins having been maintained at 16%-23% throughout (18.9% in FY24).
- This is particularly impressive given the number of acquired businesses Begbies has successfully integrated into the division.

Expansion potential to build on recent acquisitions

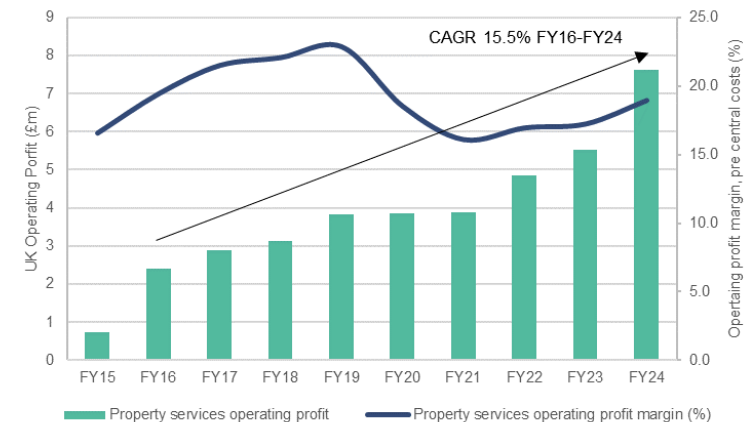
- Management believes the market remains fragmented and there is still great scope to make further acquisitions at attractive valuations to build out its geographic presence and range of services.
- To recap, in property consultancy Begbies acquired London-based Hargreaves Newberry Gyngell in 2021 for just under £1m (13 staff), Yorkshire-based Fernie Greaves in 2021, South-coast based Daniells Harrison in 2022 for max £3.5m (27 staff), Northampton-based Budworth Hardcastle in 2022 for max £2.7m (18 staff), and Lincolnshire-based Banks, Long & Co in 2023 for max £4.1m (38 staff with a strong agency team).
- In property auctions, Begbies acquired Nottingham-based firm SDL Auctions in 2023 for £3m (46 staff) and Mark Jenkinson in 2023 and in valuations the group acquired Andrew Forbes Limited in 2023 for £1m (18 staff).

Consistent growth for a decade; 12% CAGR since FY16



Source: Company historic data, ED forecasts and analysis

Resilient rather than cyclical; 16%-23% profit margins



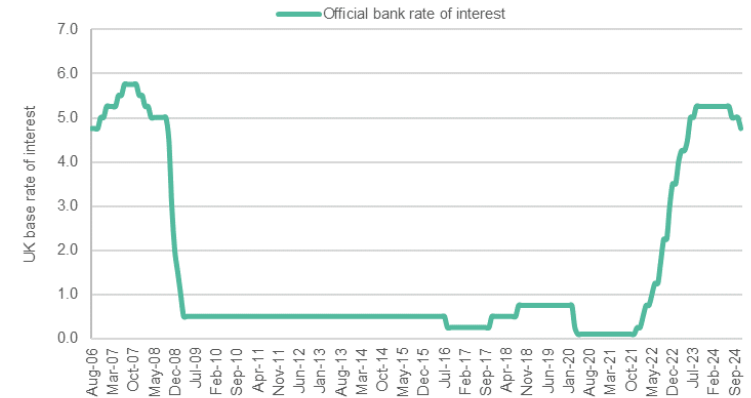
Source: Company historic data, ED forecasts and analysis

4) Business recovery to remain elevated for a prolonged period as inflationary pressures build

Macro-economic backdrop still tough for companies

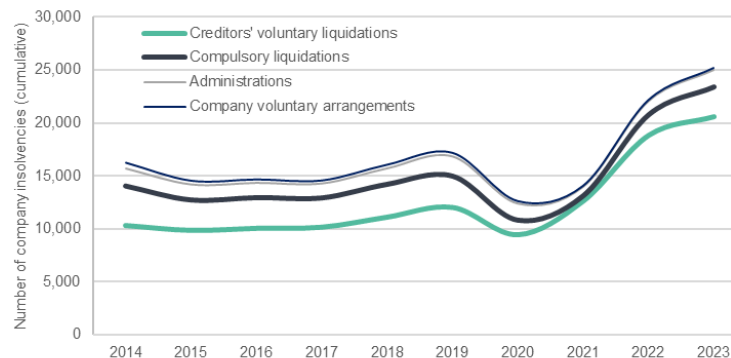
- Corporate insolvencies increased 12% to over 25,000 in the 12 months to end April 24, a significant 67% above the average c.15,000 a year in 2014-2021. This is due to liquidations significantly exceeding pre-pandemic levels and administrations (typically larger cases) approaching pre-pandemic levels, although still well below previous peaks.
- The increase reflects the corporate distress from the increase in inflation and interest rates and the end of the 13-year period of very low interest rates.
- Monthly liquidations remain at significantly elevated levels of c.2,000 a month through 2024 to date. Moreover, levels of corporate distress remain at high levels, as evidenced in Begbies' 3Q24 Red Flag Alert report which shows over 630k UK businesses in "significant" financial distress, up 5% on 2Q24 (30,000) and 32% on 3Q23.

13 years of "free money" has come to an end...



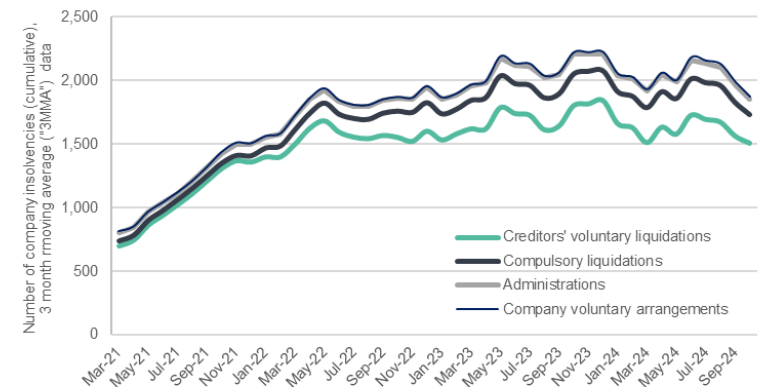
Source: Bank of England

...leading to a c.67% surge in corporate insolvencies



Source: ONS, The Insolvency Service, ED analysis

...which is expected to remain elevated into 2025

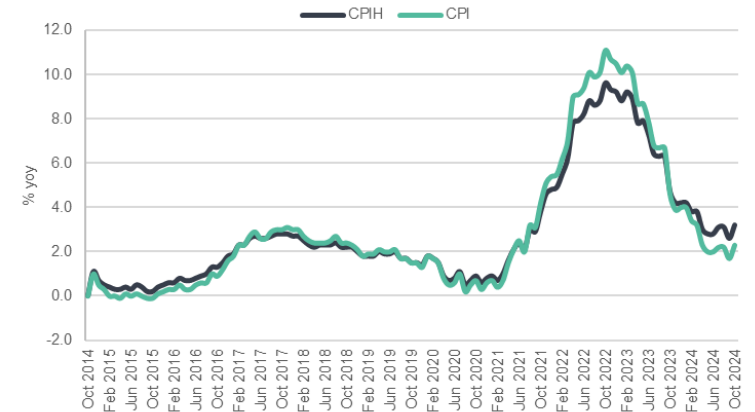


Source: ONS, The Insolvency Service, ED analysis

The Autumn 2024 Budget introduced further pressure

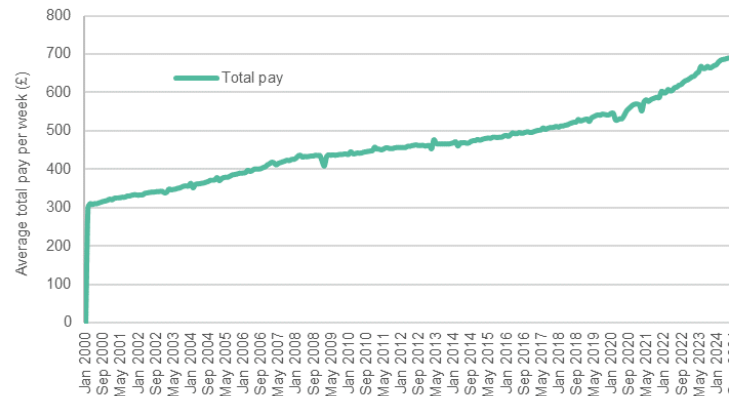
- This level of distress was evident even before the further inflationary impact of the Autumn 2024 Budget (just as inflation had reduced to 2%).
- Corporates bore the brunt of the planned tax rises, with the 1.2% increase in employers' National Insurance contributions and the reduction in the employer threshold for NI reducing from £10,000 to £5,000 anticipated to raise £25bn.
- In addition, the National Living Wage for over 21s and the National Minimum Wage for 18 to 20-year-olds are set to increase a further 6.7% and 16.3% respectively from April 2025.
- For companies that are already struggling with low profit margins and weak balance sheets, this could lead to rescue and recovery.

Overall inflation has reduced but macro-pressures remain



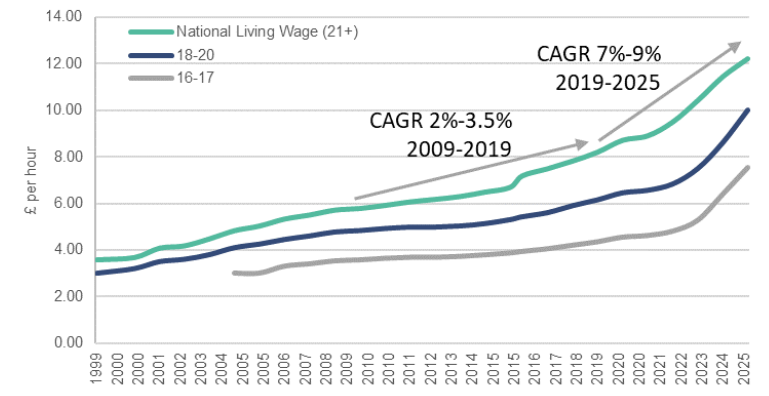
Source: ONS

Employee costs continue to rise



Source: ONS, ED analysis

Accelerating, above inflation, growth in National Living Wage

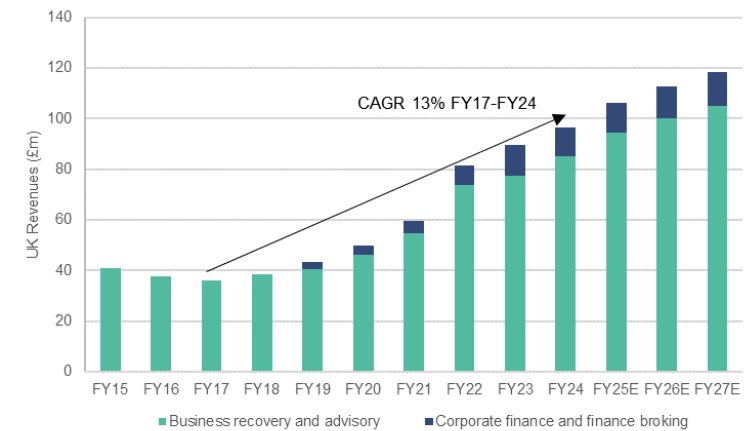


Source: Low Pay Commission, www.gov.uk, ED analysis

A supportive outlook for further growth

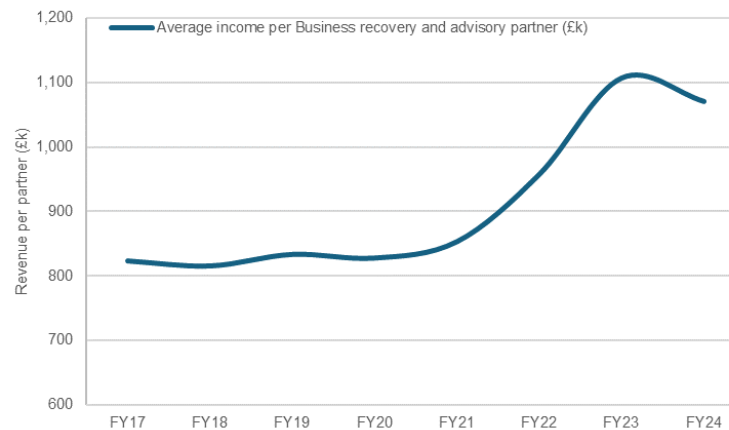
- We believe the macro-economic environment will support continued impressive growth in Begbies' business recovery and advisory practice.
- From FY17-FY24 this division grew revenues at CAGR of 13%, reflecting both organic and acquired growth, particularly c.£20m of additional revenues from the 2021 acquisitions of CVR Global and David Rubin & Partners.
- Meanwhile corporate finance advisory and finance broking has seen revenues grow to £11m, equating to 12% of this division, and whilst revenues fell c.10% in FY24 due to the slowdown in M&A activity, revenues have grown in 1H25.
- Adding corporate finance builds resilience, as it can balance the direction of insolvency trends, as well as higher profit margin business (typically 40%).

Corporate finance advisory brings greater balance



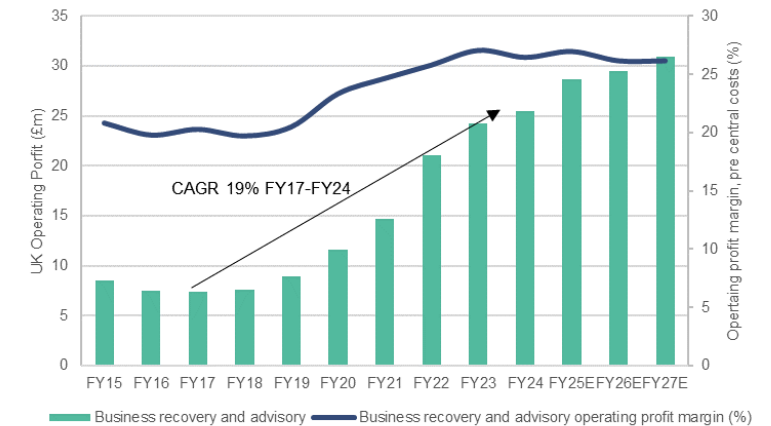
Source: Company historic data, ED forecasts and analysis

Revenue per partner + 30% FY21-FY23 and remains high...



Source: Company historic data, ED analysis

...leading to impressive 26.5% operating margins



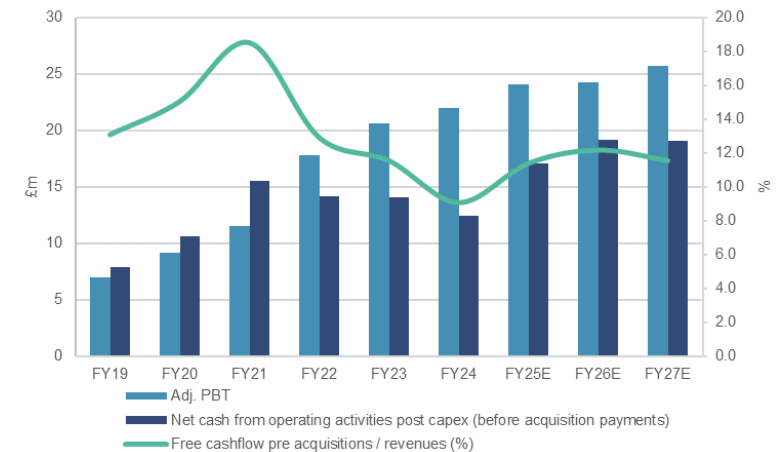
Source: Company historic data, ED forecasts and analysis

5) Ample cashflow generation driving high-quality growth and dividends

High profit margins convert to 11% free cashflow/revenues

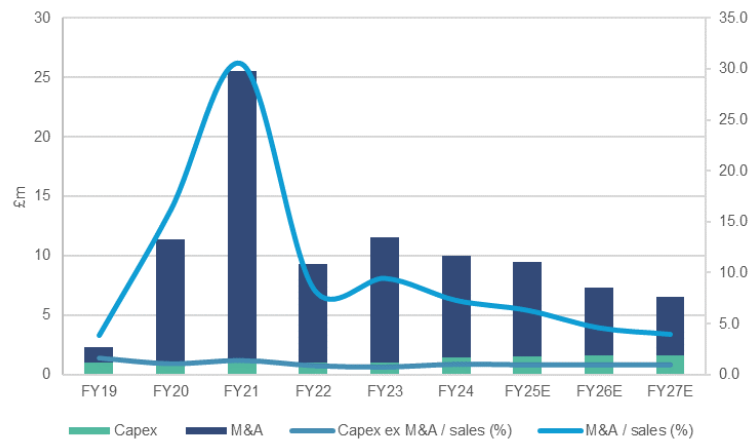
- As a people-led professional services business, Begbies is capital light with the majority of its net assets being goodwill on acquisitions.
- Net financial debt was only £3.8m as at 31 October and the group has c.£11m of ROUA leases (£10m on office properties).
- The group recently renewed its £25m RCF and £10m accordion loan with HSBC and extended the term to February 2027, with extensions to 2029.
- Annual capex of c.1% of revenues ensures the business continues to invest in technology, but also allows for most (we estimate 70%+) of PBT to convert into free cashflow, pre acquisitions (c. 11.4% of revenues in FY25E).
- We assume dividends continue to follow EPS (2.5x cover) but estimated cashflow allows for higher growth if not invested in acquisitions.

70%+ high profit conversion to cashflow



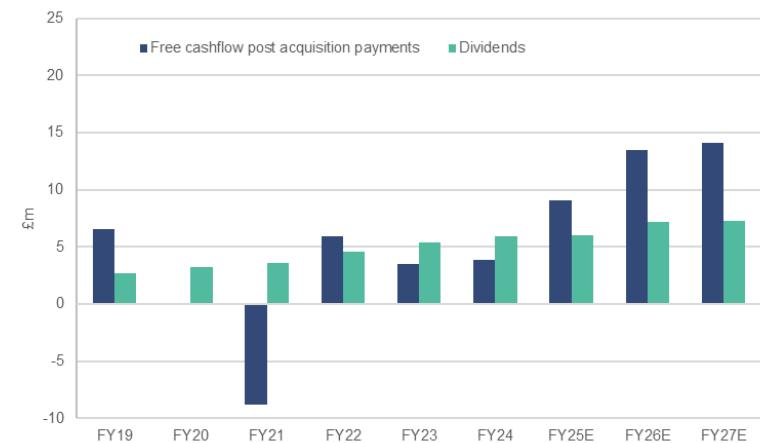
Source: Company historic data, ED forecasts and analysis

A capex light people business leaves cash for acquisitions...



Source: Company historic data, ED forecasts and analysis

...and dividends



Source: Company historic data, ED forecasts and analysis

6) An impressive track-record for value-accretive acquisitions

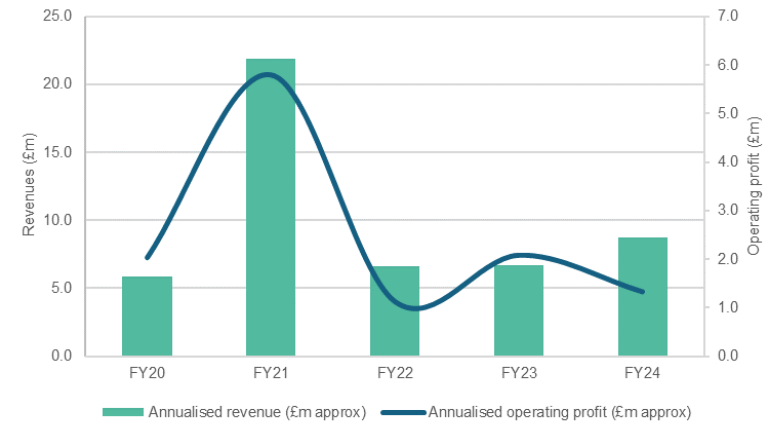
A selective approach in a fragmented market

- Begbies operates in a fragmented professional services market and as a leading business recovery service provider, and the largest appointment-taker in the UK, it actively targets earnings-accretive acquisitions that either:
- 1) enhance its existing services, particularly in complementary geographic locations; or 2) add complementary professional services businesses.
- Over the last four years Begbies has made 13 acquisitions (FY21-FY24) and 17 since FY20. These have added over 350 staff.
- These acquisitions generated c.£50m revenue and c.£12m operating profit, a high operating margin of 25%, at the time of acquisition.
- This reflects Begbies' discerning and rigorous approach to acquisitions as it applies its well-defined and established process for value-accretion.

Begbies' tried and tested structure for acquisitions

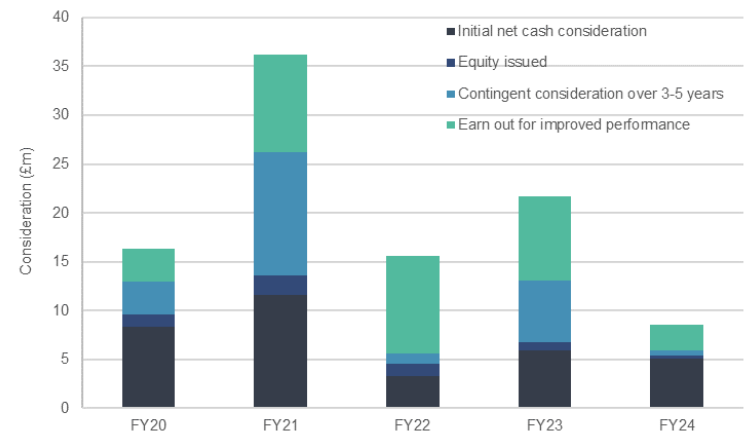
- Once Begbies has decided a potential target is the right fit strategically and culturally management will agree an appropriate price based on current revenue and profit trends.
- Typically, Begbies will pay 40-60% of the value upfront as an initial cash payment, possibly offer some equity (not usually more than 10%) and then the balance of 40%-60% is normally contingent consideration.
- This contingent value is usually dependent upon the senior management of the acquired firm staying with the business for 3-5 years and revenues and profits being maintained at current levels.
- Begbies may then offer an additional earn-out based on improved financial performance (some of which have been highly stretching).

Acquired c.£50m revenues and c.£12.5m profit FY20-FY24



Source: Company data, ED analysis

An investment of £64m FY20-FY24; £98m incl earn-outs



Source: Company data, ED analysis

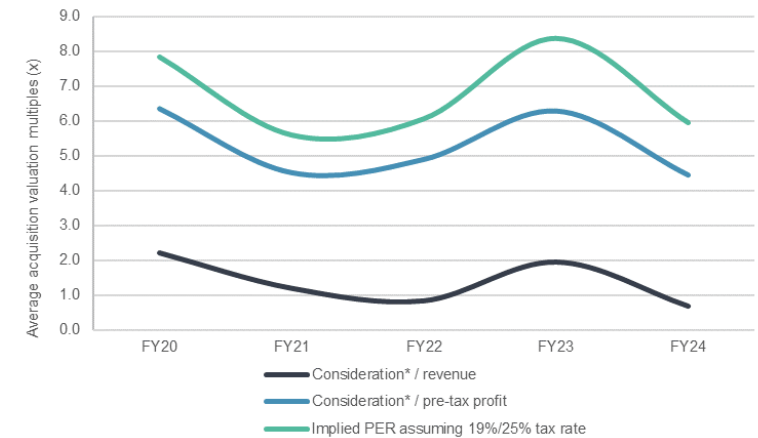
Businesses acquired at very good valuation multiples

- For FY20-FY24, Begbies has bought businesses for a total of c.£64m consideration (including contingent payments but excluding earn-outs, net debt and cash free), equivalent to an average 1.3x EV / Revenues, 5.2x EV / pre-tax profit and an inferred c.6.5x PER for maintaining current trading.
- Including the c.£34m possible additional earn-out payments for improved performance, Begbies has offered £98m, equivalent to c.2.0x EV / Revenues, c.8% EV / pre-tax profit and an inferred c.10x PER – but for future growth.
- Every deal to date has been earnings-enhancing and this strategy has generated an impressive and consistent mid-teens return on investment, before accounting for any synergies or growth.

Acquisition have added 9% average revenue growth p/a

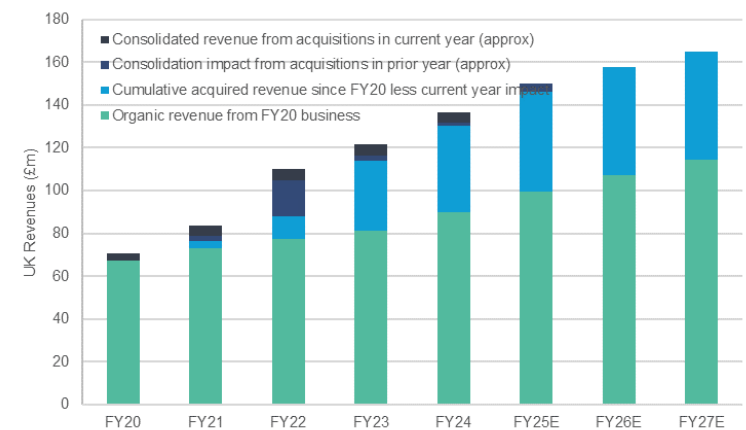
- Since FY20 acquisitions have driven c. two-thirds of group revenue growth.
- We estimate that organic growth has averaged 9% p/a FY20-FY24 and that in-year acquisitions, plus the consolidation impact from prior year acquisitions, have added another 9% p/a on average FY20-FY24.
- This 9% average is boosted by the large acquisitions of David Rubin & Partners and CVR Global in 2021 (together c.£20m revenues) driving 22% growth from acquisitions in FY22 but Begbies has consistently derived 6%-7% revenue growth from acquisitions FY21, FY23 and FY24.
- We assume the consolidation impact of acquisitions made in FY24 will contribute c.3% to FY25E revenue growth and thereafter we do not model further acquisitions; but acquisitions are a key part of Begbies' growth strategy.

Begbies paying only c.6.5x PER on average



Note * includes contingent payments but not earn outs; Source: Company data, ED analysis

An attractive mix of organic and acquired growth



Source: Company historic data, ED analysis

Interim results 2025 highlights

An admirable 1H25 performance underpins guidance and our FY25E forecasts

- Begbies continued its excellent track record in 1H25 with 11% organic growth and 5% growth from acquisitions (all in the property services division).
- By division, business recovery and advisory accomplished 12% organic revenue growth and 17% operating profit growth as margins expanded 110bps to 25.8%.
- Property advisory and transactions achieved 24% growth with 8% organic growth. Profit margins normalised to 16.6% (-190bps) after exceptional fees in 1H24.
- Our 2H25E forecasts are for a similar outcome to 1H25 (i.e. c.£76m revenue and c.£11.5m Adj. PBT) and are prudently set and at the low end of the guidance range.

| 1H25 results and 2H25E forecasts | | | | | | | % change | | |
|---|--------------|-------------|---------------|---------------|-------------|---------------|-------------|-------------|-------------|
| Year-end 30 April, £m | 1H24 | 2H24E | FY24 | 1H25 | 2H25E | FY25E | 1H25 | 2H25E | FY25E |
| Business recovery and financial advisory | 47.0 | 49.4 | 96.4 | 52.8 | 52.1 | 104.9 | 12.3 | 5.5 | 8.8 |
| Property advisory and transactions | 18.9 | 21.4 | 40.3 | 23.5 | 23.8 | 47.3 | 24.3 | 11.1 | 17.3 |
| Revenue | 65.9 | 70.8 | 136.7 | 76.3 | 75.9 | 152.2 | 15.8 | 7.2 | 11.3 |
| <i>Revenue growth (%)</i> | 12.6 | 11.8 | 12.2 | 15.8 | 7.2 | 11.3 | | | |
| Adj EBITDA | 12.7 | 15.8 | 28.5 | 15.3 | 14.9 | 30.2 | 19.7 | -5.4 | 5.8 |
| <i>Adj. EBITDA margin (%)</i> | 19.3 | 22.3 | 20.9 | 20.0 | 19.7 | 19.8 | | | |
| Adj. PBT | 9.9 | 12.1 | 22.0 | 11.5 | 11.4 | 23.0 | 16.6 | -5.3 | 4.6 |
| <i>Adj. PBT margin (%)</i> | 15.0 | 17.1 | 16.1 | 15.1 | 15.1 | 15.1 | | | |
| Adjusted diluted EPS (p) | 4.6 | 5.3 | 9.9 | 5.2 | 5.1 | 10.3 | 12.5 | -4.1 | 3.6 |
| <i>Adj. EPS growth (%)</i> | 4.3 | -5.8 | -1.4 | 12.5 | -4.1 | 3.6 | | | |
| DPS (p) | 1.3 | 2.7 | 4.0 | 1.4 | 2.7 | 4.1 | 7.7 | 1.6 | 3.6 |
| Capex | 0.8 | 0.7 | 1.5 | 1.0 | 1.0 | 2.0 | | | |
| Free cashflow pre acquisitions | 3.8 | 8.6 | 12.4 | 4.3 | 9.2 | 13.4 | | | |
| Free cashflow post acquisitions | 4.1 | (0.2) | 3.9 | 0.2 | 5.3 | 5.4 | | | |
| Net financial (debt) / cash | 1.1 | | (1.4) | (3.8) | | (3.3) | | | |
| Total net (debt) / cash incl. leases | (9.4) | | (13.1) | (15.2) | | (15.0) | | | |

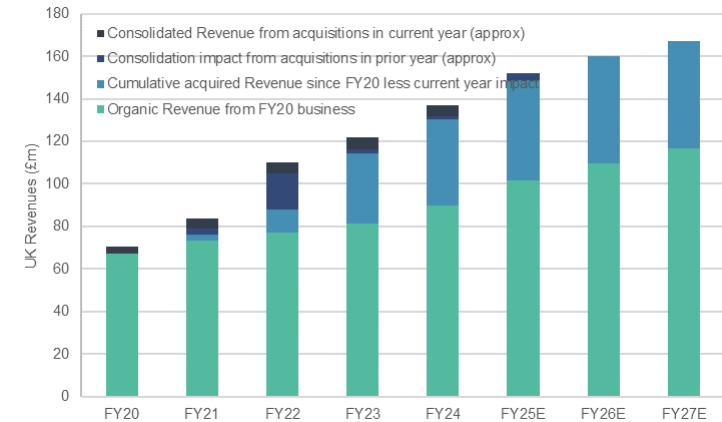
Source: Company historic data, ED forecasts and analysis

Financials and forecasts

Diversified organic revenue growth

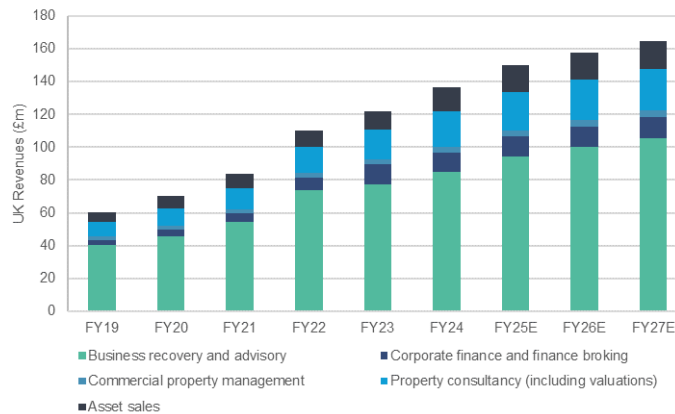
- 1H25 organic revenue growth of 11% reflects the 10% expansion of the staff base since 1H24 and the elevated level of insolvencies.
- Looking ahead although we do not forecast further acquisitions (beyond the 3% consolidation impact), we do anticipate insolvencies will remain at elevated levels and the property advisory consultancy will continue to leverage its recent expansion of people and services. Hence, we forecast organic revenue growth c.7% (CAGR FY24-FY27E) to £167m in FY27E.
- Management reiterates their medium-term target of £200m revenues and we estimate that a 6% revenue contribution from acquisitions p/a would lead to FY28E revenues above £200m.
- We forecast a £1.25m, c.80bps, hit to FY26E margins from national insurance increases, though the group may be able to mitigate some of this.

We forecast organic 6.4% Revenue CAGR FY24-FY27E...



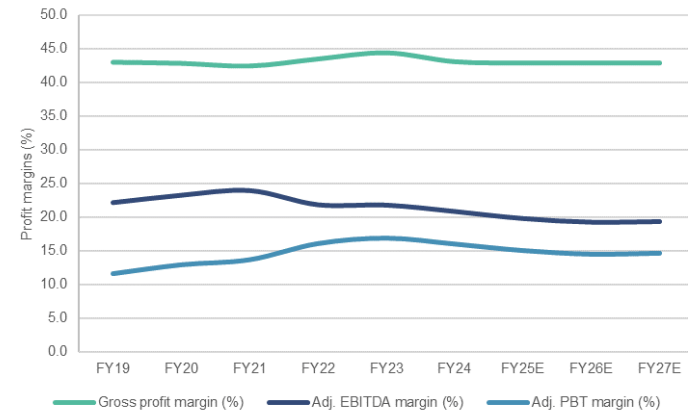
Source: Company historic data, ED forecasts and analysis

...driven by all parts of the multi-service offer...



Source: Company historic data, ED forecasts and analysis

...at broadly stable high margins, despite NI increases

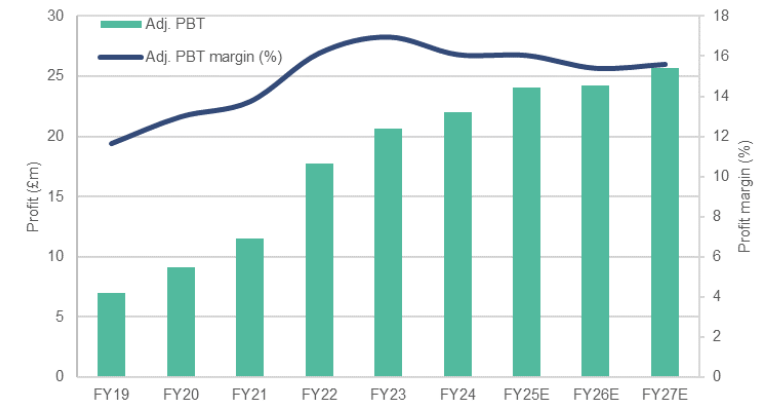


Source: Company historic data, ED forecasts and analysis

Profit growth drives cashflow and flexibility for acquisitions

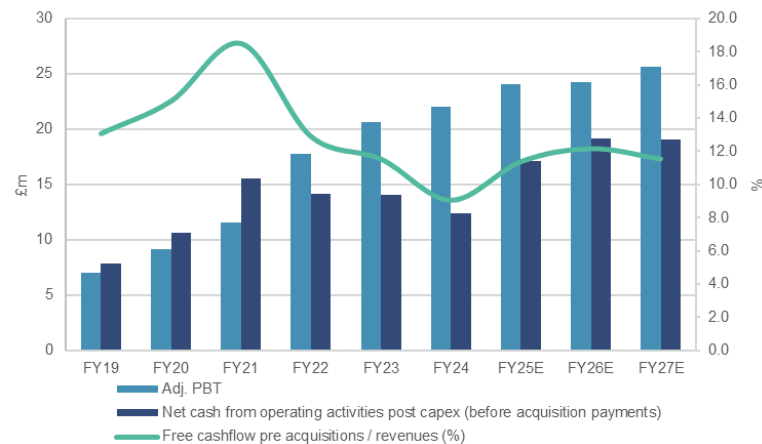
- Although the increase in national insurance contributions hits profit growth in FY26E we forecast still high Adj. PBT margins above 14.5% and 4%-6% Adj PBT growth (pre acquisitions) in FY25E and FY27E, leading to a CAGR in Adj. PBT of c.4%.
- We estimate c.60%-70% of Adj. PBT converts into free-cashflow pre acquisitions of over £13m in FY25E, rising to £17m in FY26E and beyond.
- Management estimates that only c.£15m of the potential acquisition earn-outs are likely to be earned, by December 2027, thus leaving plenty of flexibility for dividends and future acquisitions to complement organic growth, as has been the group's strategy over the previous decade.

We forecast a c.4% CAGR in Adj. PBT which...



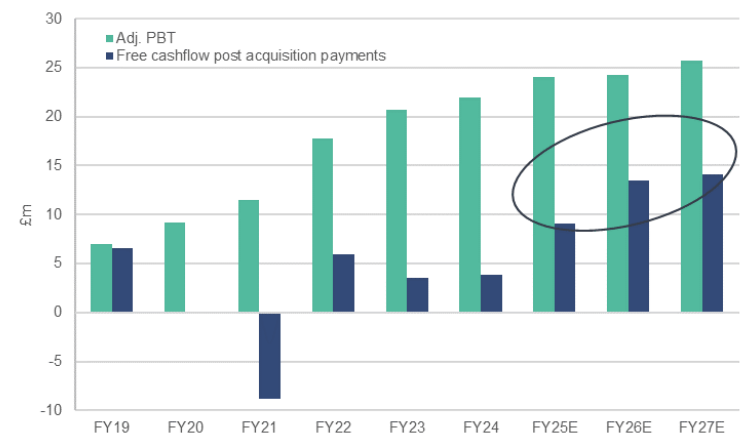
Source: Company historic data, ED forecasts and analysis

...converts to £15m+ p/a free cashflow pre-acquisitions...



Source: Company historic data, ED forecasts and analysis

...and growing cashflow post acquisitions and dividends



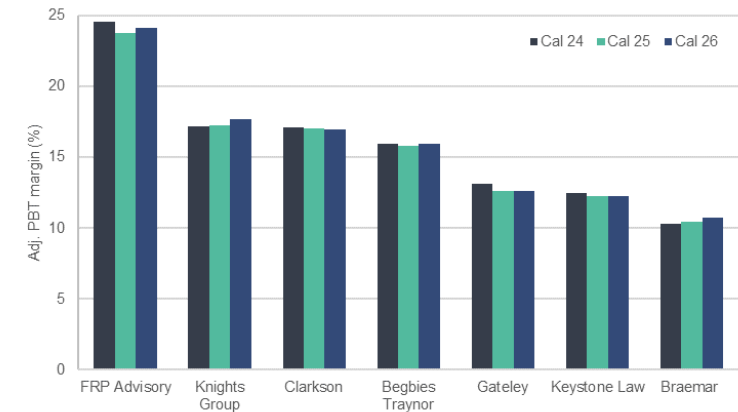
Source: Company historic data, ED forecasts and analysis

Valuation considerations – highly profitable and cashflow generating

Comparable companies – professional services and more

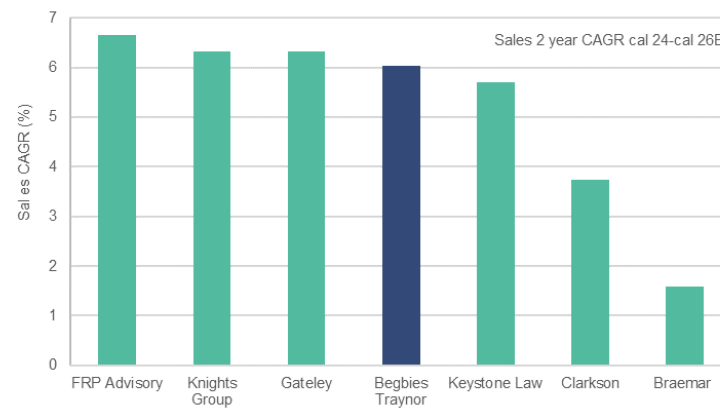
- In our view, investors often value stocks on peer group multiples looking out 18-24 months to account for different growth rates and margin trajectories.
- However, peer group valuations move around through an economic cycle, as do DCF valuations which are sensitive to the assumed discount rate.
- Whilst there are few direct peers to Begbies, our frame of reference includes professional services companies (and others) chosen for their high margins (average cal 2024 Adj. PBT margin 16.1%) and mid-single digit revenue growth (average 2-year CAGR 5%) leading to 5% average Adj PBT CAGR.
- Begbies fits this peer group, offering Adj. PBT 2-year CAGR of 6% on revenue CAGR of 6% (consensus forecasts).

Valuation comparables all offer high PBT margins > 10%...



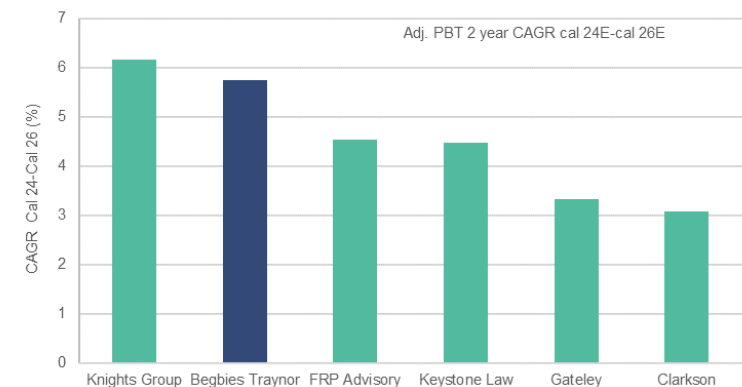
Source: Koyfin for consensus forecasts, ED analysis

... and steady revenue growth, an average of 5% p/a...



Source: Koyfin for consensus forecasts, ED analysis

... leading to an average 5% Adjusted PBT growth

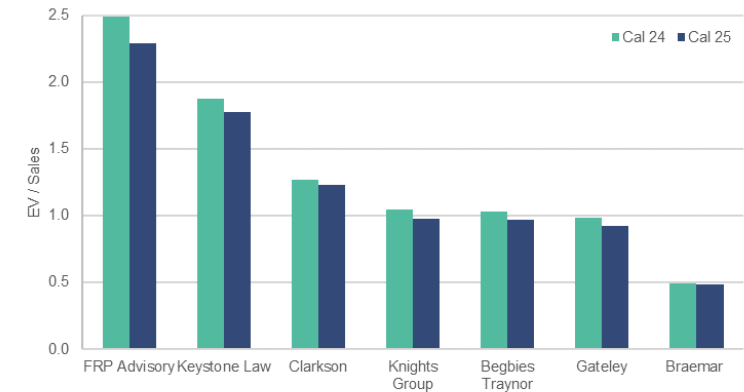


Source: Koyfin for consensus forecasts, ED analysis

Begbies' derating is unwarranted and low valuation appeals

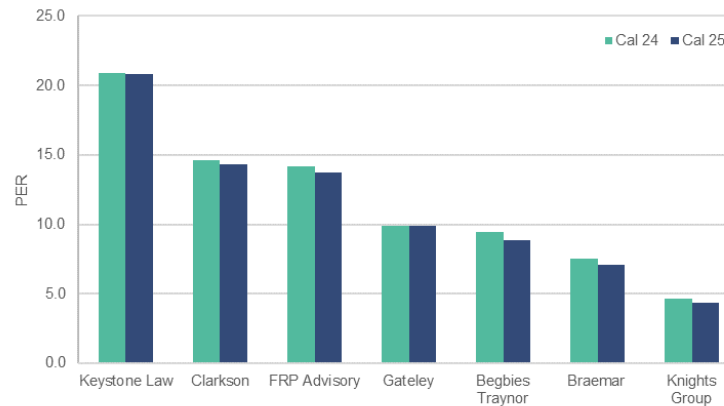
- Despite increasing revenues, profits and cashflow in the past two years, Begbies' share price has fallen c.40% from highs approaching 150p two years ago and c.20% in the past 12 months.
- As a result, Begbies' share price has de-rated c.35% from its 9-year average of 1.6x EV/Revenues, 9x EV/EBITDA and c.14x PER to only 1x EV/Revenues, c.5x EV/EBITA and c.9x PER; whilst its dividend yield has increased from the 9-year average of 3.4% to 4.2% (all calendar 2025 consensus).
- This is unwarranted in our view as the business is more diversified, resilient and profitable now and corporate insolvencies are likely to remain elevated.
- Hence, whilst we could argue for a premium to historic averages, we at least value the group at its average 14x cal 25 PER and a 3% dividend yield.

Begbies trades on c.1x EV/Sales...



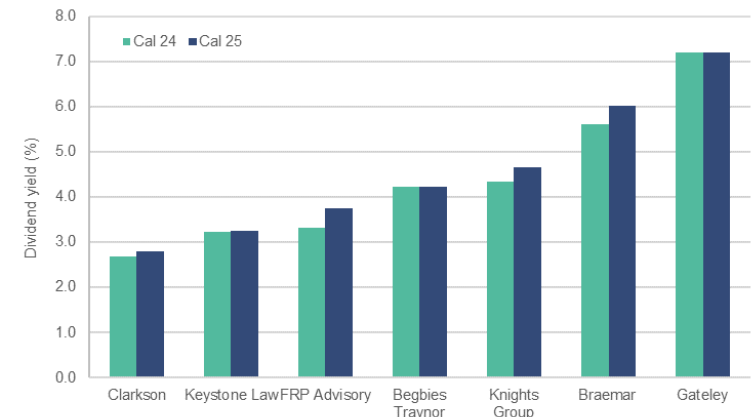
Source: Koyfin for consensus forecasts, ED analysis

...and only 9x cal 2025 PER...



Source: Koyfin for consensus forecasts, ED analysis

...and offers a 4.2% dividend yield



Source: Koyfin for consensus forecasts, ED analysis

Comparable Company Growth and Margin Metrics

| Company | Share price p | Market cap £m | Enterprise Value £m | 2-year CAGR Cal 2024-Cal 2026E | | | | EBITDA margin Cal 24, % | PBT margin Cal 24, % | Net debt / EBITDA Cal 24, x |
|------------------------|------------------|------------------|------------------------|--------------------------------|------------|------------|------------|----------------------------|-------------------------|--------------------------------|
| | | | | Sales | EBITDA | PBT | EPS | | | |
| Braemar | 246 | 78 | 75 | 1.6 | 3.3 | 3.1 | 3.8 | 13.8 | 10.3 | -0.1 |
| Clarkson | 4005 | 1,232 | 826 | 3.7 | 4.1 | 3.3 | 2.3 | 18.2 | 17.1 | -3.4 |
| FRP Advisory | 151 | 373 | 351 | 6.6 | 5.2 | 5.8 | 4.6 | 27.6 | 24.5 | -0.6 |
| Gateley | 139 | 186 | 178 | 6.3 | 5.5 | 4.5 | 0.0 | 14.7 | 13.1 | -0.3 |
| Keystone Law | 584 | 185 | 176 | 5.7 | 5.9 | 4.5 | 3.4 | 12.3 | 12.5 | -0.8 |
| Knights Group | 107.5 | 92 | 168 | 6.3 | 5.3 | 7.9 | 8.3 | 26.1 | 17.2 | 1.7 |
| Average | | | | 5.1 | 4.7 | 4.7 | 3.7 | 18.8 | 15.8 | -0.6 |
| Begbies Traynor | 94.4 | 149 | 149 | 6.0 | 5.1 | 6.2 | 8.0 | 20.7 | 15.8 | 0.0 |

Note: All profits are adjusted for exceptionals; all estimates are calendarised to a December year-end

Source: KoyFin, ED analysis (share prices at 9th December 2024)

Comparable Company Valuation Metrics

| Company | EV/Sales (x) | | EV/ EBITDA (x) | | Mkt cap / PBT (x) | | PER (x) | | DPS yield (%) | | FCF yield (%) | |
|------------------------|--------------|------------|----------------|------------|-------------------|------------|-------------|-------------|---------------|------------|---------------|-------------|
| | Cal 2024 | Cal 2025 | Cal 2024 | Cal 2025 | Cal 2024 | Cal 2025 | Cal 2024 | Cal 2025 | Cal 2024 | Cal 2025 | Cal 2024 | Cal 2025 |
| Braemar | 0.5 | 0.5 | 3.6 | 3.4 | 5.0 | 4.8 | 7.6 | 7.1 | 5.6 | 6.0 | 16.1 | 19.6 |
| Clarkson | 1.3 | 1.2 | 7.0 | 6.7 | 11.1 | 10.7 | 14.6 | 14.4 | 2.7 | 2.8 | 6.8 | 7.5 |
| FRP Advisory | 2.5 | 2.3 | 9.0 | 8.5 | 10.8 | 10.3 | 14.2 | 13.7 | 3.3 | 3.8 | 5.6 | 5.8 |
| Gateley | 1.0 | 0.9 | 6.7 | 6.4 | 7.9 | 7.7 | 9.9 | 9.9 | 7.2 | 7.2 | 7.6 | 7.7 |
| Keystone Law | 1.9 | 1.8 | 15.3 | 14.5 | 15.8 | 15.3 | 20.9 | 20.9 | 3.2 | 3.3 | 3.6 | 4.6 |
| Knights Group | 1.0 | 1.0 | 4.0 | 3.8 | 3.4 | 3.1 | 4.7 | 4.4 | 4.3 | 4.7 | 14.1 | 21.1 |
| Average | 1.4 | 1.3 | 7.6 | 7.2 | 9.0 | 8.6 | 12.0 | 11.7 | 4.4 | 4.6 | 9.0 | 11.0 |
| Begbies Traynor | 1.0 | 1.0 | 5.0 | 4.8 | 6.5 | 6.1 | 9.4 | 8.9 | 4.2 | 4.2 | 6.4 | 8.5 |

Note: All profits are adjusted for exceptionals; all estimates are calendarised to a December year-end

Source: KoyFin, ED analysis (share prices at COB 9th December 2024)

Financial Forecast tables

| Key group growth and margin metrics | | | | | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Year-end 31 Mar, £m | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E | FY27E |
| Revenue growth (%) | 17.4 | 18.9 | 31.2 | 10.7 | 12.2 | 11.3 | 5.1 | 4.4 |
| Gross profit growth (%) | 16.9 | 17.8 | 34.6 | 13.1 | 8.8 | 10.8 | 5.1 | 4.4 |
| Adj. EBITDA growth (%) | 23.1 | 22.4 | 19.8 | 10.5 | 7.4 | 5.8 | 2.2 | 4.9 |
| Adj. Operating profit (%) | 26.5 | 22.5 | 50.0 | 17.4 | 9.6 | 5.2 | 1.1 | 5.0 |
| Adj. PBT growth (%) | 30.9 | 25.8 | 54.3 | 16.3 | 6.4 | 4.6 | 1.3 | 5.5 |
| Adj. EPS growth (%) | 21.4 | 17.7 | 31.9 | 14.3 | -1.4 | 3.6 | 1.3 | 5.5 |
| DPS growth (%) | 7.7 | 7.1 | 16.7 | 8.6 | 5.3 | 3.6 | 1.3 | 5.5 |
| Gross profit margin (%) | 42.8 | 42.4 | 43.5 | 44.4 | 43.1 | 42.9 | 42.9 | 42.9 |
| Adj. EBITDA margin (%) | 23.2 | 23.9 | 21.8 | 21.8 | 20.9 | 19.8 | 19.3 | 19.4 |
| Adj. Operating margin (%) | 14.4 | 14.8 | 16.9 | 17.9 | 17.5 | 16.5 | 15.9 | 16.0 |
| Adj. PBT margin (%) | 13.0 | 13.7 | 16.1 | 17.0 | 16.1 | 15.1 | 14.6 | 14.7 |
| Op costs excl D&A /sales (%) | 20.1 | 18.7 | 21.8 | 22.8 | 22.6 | 23.4 | 23.9 | 23.8 |
| Tax rate (adj.) (%) | 21.1 | 20.3 | 20.4 | 20.9 | 26.0 | 26.0 | 26.0 | 26.0 |

Source: Company historic data, ED forecasts and analysis

| Divisional revenue analysis | | | | | | | | |
|---|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Year-end 30 April, £m | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Business recovery and advisory | 46.0 | 54.6 | 73.9 | 77.2 | 85.1 | 92 | 97 | 102 |
| Corporate finance and finance broking | 3.7 | 5.1 | 7.5 | 12.5 | 11.3 | 13 | 14 | 14 |
| Business recovery and advisory | 49.6 | 59.7 | 81.4 | 89.7 | 96.4 | 104.9 | 111.2 | 116.7 |
| Commercial property management | 2.4 | 2.6 | 2.8 | 3.0 | 3.5 | 4 | 4 | 4 |
| Property consultancy (including valuations) | 10.7 | 12.7 | 16.0 | 18.0 | 21.8 | 24 | 25 | 25 |
| Asset sales | 7.7 | 8.9 | 9.9 | 11.1 | 15.0 | 19 | 20 | 21 |
| Property advisory | 20.9 | 24.1 | 28.6 | 32.1 | 40.3 | 47.3 | 48.8 | 50.3 |
| Total UK revenue | 70.5 | 83.8 | 110.0 | 121.8 | 136.7 | 152.2 | 159.9 | 167.0 |
| Business recovery and advisory | 13.6 | 18.8 | 35.2 | 4.5 | 10.2 | 8.0 | 6.0 | 5.0 |
| Corporate finance and finance broking | 28.0 | 39.2 | 48.0 | 66.0 | (9.7) | 15.0 | 6.0 | 5.0 |
| Business recovery and advisory | 14.6 | 20.3 | 36.3 | 10.2 | 7.5 | 8.8 | 6.0 | 5.0 |
| Commercial property management | 16.3 | 5.3 | 8.1 | 7.6 | 18.6 | 10.0 | 3.0 | 3.0 |
| Property consultancy (including valuations) | 20.1 | 18.3 | 26.0 | 12.7 | 21.1 | 30.0 | 3.0 | 3.0 |
| Asset sales | 34.8 | 15.1 | 11.1 | 12.9 | 34.6 | 30.0 | 3.0 | 3.0 |
| Property advisory | 24.7 | 15.6 | 18.6 | 12.3 | 25.6 | 17.3 | 3.0 | 3.2 |
| Total UK revenue growth (%) | 17.4 | 18.9 | 31.2 | 10.7 | 12.2 | 11.3 | 5.1 | 4.4 |
| Business recovery and advisory | 65 | 65 | 67 | 63 | 62 | 60 | 61 | 61 |
| Corporate finance and finance broking | 5 | 6 | 7 | 10 | 8 | 9 | 9 | 9 |
| Business recovery and advisory | 70 | 71 | 74 | 74 | 70 | 69 | 70 | 70 |
| Commercial property management | 3 | 3 | 3 | 2 | 3 | 3 | 2 | 2 |
| Property consultancy (including valuations) | 15 | 15 | 15 | 15 | 16 | 16 | 15 | 15 |
| Asset sales | 11 | 11 | 9 | 9 | 11 | 13 | 13 | 12 |
| Property advisory | 30 | 29 | 26 | 26 | 30 | 31 | 30 | 30 |
| Contribution to UK revenue | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Company historic data, ED forecasts and analysis

Divisional profit and return analysis

| Year-end 30 April, £m | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Business recovery and advisory services | 11.6 | 14.7 | 21.0 | 24.3 | 25.5 | 27.5 | 28.2 | 29.7 |
| Property advisory and transactional services | 3.9 | 3.9 | 4.8 | 5.5 | 7.6 | 8.1 | 8.1 | 8.6 |
| Unallocated corporate amounts | (5.3) | (6.2) | (7.2) | (8.0) | (9.2) | (10.5) | (10.9) | (11.5) |
| Operating profit* | 10.1 | 12.4 | 18.6 | 21.8 | 23.9 | 25.2 | 25.4 | 26.7 |
| Business recovery and advisory services | 23.3 | 24.7 | 25.8 | 27.1 | 26.5 | 26.2 | 25.4 | 25.4 |
| Property advisory and transactional services | 18.5 | 16.1 | 16.9 | 17.2 | 18.9 | 17.2 | 16.7 | 17.0 |
| Unallocated corporate amounts | (7.6) | (7.4) | (6.6) | (6.5) | (6.7) | (6.9) | (6.8) | (6.9) |
| Operating profit* margin (%) | 14.4 | 14.8 | 16.9 | 17.9 | 17.5 | 16.5 | 15.9 | 16.0 |
| Business recovery and advisory services | 30.4 | 27.0 | 42.7 | 15.6 | 5.1 | 7.7 | 2.8 | 5.0 |
| Property advisory and transactional services | 0.9 | 0.4 | 24.9 | 14.2 | 38.1 | 6.7 | 0.0 | 5.0 |
| Unallocated corporate amounts | 13.0 | 16.4 | 16.9 | 10.1 | 15.7 | 13.4 | 4.5 | 4.9 |
| Operating profit* growth yoy (%) | 26.5 | 22.5 | 50.0 | 17.4 | 9.6 | 5.2 | 1.1 | 5.0 |
| Business recovery and advisory services | 60.0 | 80.5 | 76.6 | 79.5 | 70.9 | | | |
| Property advisory and transactional services | 11.1 | 5.4 | 5.0 | 3.0 | 8.6 | | | |
| Unallocated corporate amounts | -5.5 | 0.4 | 2.9 | 1.9 | (1.1) | | | |
| Consolidated net assets | 65.6 | 86.3 | 84.5 | 84.3 | 78.4 | | | |
| Business recovery and advisory services | 19.3 | 18.3 | 27.4 | 30.5 | 36.0 | | | |
| Property advisory and transactional services | 34.8 | 72.3 | 97.2 | 184.6 | 88.6 | | | |
| Operating profit* / y/e net assets (%) | 15.4 | 14.4 | 22.0 | 25.9 | 30.5 | | | |

Note: * before non-underlying (amortisation and transaction) costs; Source: Company historic data, ED forecasts and analysis

Profit & Loss Summary: Revenue to Adjusted PBT

| Year-end 30 April, £m | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E | FY27E |
|-------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Group revenue | 70.5 | 83.8 | 110.0 | 121.8 | 136.7 | 152.2 | 159.9 | 167.0 |
| Direct costs | (40.3) | (48.3) | (62.2) | (67.7) | (77.8) | (87.0) | (91.4) | (95.4) |
| Gross profit | 30.2 | 35.6 | 47.8 | 54.1 | 58.9 | 65.3 | 68.6 | 71.6 |
| Other income | 0.4 | 0.2 | 0.2 | 0.2 | 0.5 | 0.5 | 0.5 | 0.5 |
| Operating costs, Adj. ex D&A | (14.2) | (15.7) | (24.0) | (27.8) | (30.8) | (35.5) | (38.2) | (39.7) |
| Adj. EBITDA, pre SBP | 16.4 | 20.1 | 24.0 | 26.6 | 28.5 | 30.2 | 30.9 | 32.4 |
| Share based payments | (0.1) | (1.0) | (1.6) | (1.3) | (0.6) | (1.2) | (1.2) | (1.2) |
| Depreciation of PPE | (0.7) | (0.8) | (1.0) | (1.1) | (1.1) | (1.1) | (1.6) | (1.8) |
| Depreciation of ROUA | (2.1) | (2.6) | (2.6) | (2.1) | (2.7) | (2.6) | (2.6) | (2.6) |
| Amortisation | (3.3) | (3.2) | (0.2) | (0.2) | (0.2) | (0.1) | (0.1) | (0.1) |
| Depreciation & amortisation | (6.2) | (6.6) | (3.9) | (3.4) | (4.0) | (3.8) | (4.2) | (4.4) |
| Adj. Operating profit | 10.1 | 12.4 | 18.6 | 21.8 | 23.9 | 25.2 | 25.4 | 26.7 |
| Interest on financial debt | (0.5) | (0.4) | (0.4) | (0.8) | (1.2) | (1.4) | (1.4) | (1.4) |
| Interest on lease liabilities | (0.5) | (0.4) | (0.4) | (0.3) | (0.7) | (0.7) | (0.7) | (0.7) |
| Other finance costs | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) |
| Interest receivable & other | | | | | | | | |
| Finance costs | (1.0) | (0.9) | (0.8) | (1.2) | (1.9) | (2.2) | (2.2) | (2.2) |
| Adj. PBT | 9.2 | 11.5 | 17.8 | 20.7 | 22.0 | 23.0 | 23.3 | 24.6 |

Source: Company historic data, ED forecasts and analysis

Profit & Loss Summary: Adjusted PBT to EPS

| Year-end 30 April, £m | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E | FY27E |
|--|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Adj. PBT | 9.2 | 11.5 | 17.8 | 20.7 | 22.0 | 23.0 | 23.3 | 24.6 |
| Acquisition consideration | (3.9) | (5.4) | (10.0) | (12.3) | (11.1) | (8.9) | (7.6) | (3.9) |
| Negative goodwill | 2.2 | 0.2 | 2.0 | 4.3 | 0.8 | | | |
| Acquisition costs | (0.6) | (0.4) | (0.2) | (0.4) | (0.3) | | | |
| Charge arising under Begbies put & call option | (0.9) | (0.9) | | | | | | |
| Transaction costs | (3.2) | (6.5) | (8.2) | (8.4) | (10.6) | (8.9) | (7.6) | (3.9) |
| Amortisation of intangible assets on acquisition | (3.1) | (3.1) | (5.5) | (6.2) | (5.6) | (3.3) | (2.7) | (1.3) |
| Non-underlying costs | (6.3) | (9.6) | (13.7) | (14.7) | (16.2) | (12.2) | (10.3) | (5.2) |
| PBT | 2.9 | 1.9 | 4.0 | 6.0 | 5.8 | 10.8 | 13.0 | 19.4 |
| Adj tax | (1.9) | (2.3) | (3.6) | (4.3) | (5.7) | (6.0) | (6.0) | (6.4) |
| Non-underlying tax | (0.0) | 0.6 | (0.9) | 1.2 | 1.4 | 3.2 | 2.7 | 1.4 |
| Tax | (2.0) | (1.8) | (4.5) | (3.1) | (4.3) | (2.8) | (3.4) | (5.0) |
| Adj. PAT | 7.2 | 9.2 | 14.1 | 16.3 | 16.3 | 17.0 | 17.2 | 18.2 |
| Reported PAT | 0.9 | 0.2 | -0.5 | 2.9 | 1.5 | 8.0 | 9.6 | 14.3 |
| No of f/d shares (m) | 127.3 | 137.4 | 160.5 | 162.3 | 163.9 | 165.4 | 165.4 | 165.4 |
| Adjusted diluted EPS (p) | 5.7 | 6.7 | 8.8 | 10.1 | 9.9 | 10.3 | 10.4 | 11.0 |
| DPS (p) | 2.8 | 3.0 | 3.5 | 3.8 | 4.0 | 4.1 | 4.2 | 4.4 |

Note: * deemed remuneration under IFRS 3; Source: Company historic data, ED forecasts and analysis

| Cashflow | | | | | | | |
|---|--------------|-------------|--------------|--------------|--------------|-------------|-------------|
| Year-end 30 April, £m | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Adj. EBITDA, pre SBP | 20.1 | 24.0 | 26.6 | 28.5 | 30.2 | 30.9 | 32.4 |
| Change in trade receivables* | (2.7) | (3.9) | (4.7) | (7.9) | (8.1) | (3.8) | (3.5) |
| Change in trade payables* | 5.4 | 2.3 | 2.5 | 4.1 | 5.0 | 2.5 | 2.3 |
| Change in provisions | (0.3) | 0.4 | (0.6) | (0.3) | (0.9) | 0.0 | 0.0 |
| Working capital movement | 2.4 | (1.2) | (2.7) | (4.1) | (4.0) | (1.3) | (1.2) |
| Tax paid | (2.3) | (3.6) | (5.3) | (6.7) | (6.0) | (6.0) | (6.4) |
| Net cash from operating activities (pre-leases, capex) | 20.2 | 19.2 | 18.5 | 17.7 | 20.2 | 23.5 | 24.8 |
| Net financial interest paid | (0.3) | (0.3) | (0.7) | (1.3) | (1.5) | (1.5) | (1.5) |
| Interest paid on lease liabilities | (0.5) | (0.5) | (0.4) | (0.8) | (0.7) | (0.7) | (0.7) |
| Lease payments (principal) | (2.7) | (3.2) | (2.4) | (1.9) | (2.6) | (2.6) | (2.6) |
| Capex | (1.2) | (1.0) | (1.0) | (1.5) | (2.0) | (2.1) | (2.2) |
| Net cashflow pre acquisitions | 15.5 | 14.2 | 14.1 | 12.4 | 13.4 | 16.7 | 17.9 |
| Acquisition costs | (0.4) | (0.2) | (0.4) | (0.3) | | | |
| Acquisition consideration payments net of cash acquired | (23.9) | (8.1) | (10.1) | (8.2) | (8.0) | (5.7) | (4.9) |
| Free cashflow post acquisitions | (8.8) | 5.9 | 3.5 | 3.9 | 5.4 | 11.0 | 13.0 |
| Dividends | (3.6) | (4.6) | (5.4) | (5.9) | (6.0) | (6.9) | (6.9) |
| Share buy backs / equity issues | 20.9 | 0.5 | 0.2 | (2.4) | (1.3) | | |
| Other | | | | | | | |
| Net cashflow | 8.5 | 1.8 | (1.7) | (4.4) | (1.9) | 4.1 | 6.0 |

Note: * excluding deemed remuneration liabilities; Source: Company historic data, ED forecasts and analysis

Net debt metrics

| Year-end 30 April, £m | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|--|---------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|
| Gross financial debt | (10.0) | (5.0) | (5.0) | (5.0) | (7.0) | (7.0) | (7.0) | (7.0) |
| Net cash | 7.2 | 8.0 | 9.7 | 8.0 | 5.6 | 3.7 | 7.8 | 13.9 |
| Net financial (debt) / cash | (2.8) | 3.0 | 4.7 | 3.0 | (1.4) | (3.3) | 0.8 | 6.9 |
| Leases | (8.4) | (8.8) | (6.3) | (8.2) | (11.7) | (11.7) | (11.7) | (11.7) |
| Net (debt) / cash incl leases | (11.1) | (5.8) | (1.7) | (5.2) | (13.1) | (15.0) | (10.8) | (4.8) |
| Net financial debt (cash) / Adj. EBITDA (x) | 0.2 | (0.1) | (0.2) | (0.1) | 0.1 | 0.1 | (0.0) | (0.2) |
| Total net debt / (cash) / Adj. EBITDA (x) | 0.7 | 0.3 | 0.1 | 0.2 | 0.5 | 0.5 | 0.4 | 0.1 |

Source: Company historic data, ED forecasts and analysis

Balance Sheet: Assets

| Year-end 30 April, £m | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Property, plant and equipment | 1.8 | 2.1 | 2.0 | 2.0 | 2.2 | 3.1 | 3.7 | 4.0 |
| Right of use assets | 7.0 | 7.5 | 5.5 | 7.8 | 11.2 | 11.2 | 11.2 | 11.2 |
| Intangible assets incl goodwill | 59.4 | 77.9 | 75.3 | 73.4 | 72.4 | 69.0 | 66.2 | 64.8 |
| Trade and other receivables (deemed remuneration) | 4.6 | 4.0 | 4.2 | 5.2 | 2.8 | 0.0 | 0.0 | 0.0 |
| Other financial assets | | | | | | 3.8 | 4.0 | 4.1 |
| Deferred tax assets | | | | | | 0.0 | 0.0 | 0.0 |
| Non-current assets | 72.8 | 91.4 | 86.9 | 88.3 | 88.6 | 87.0 | 85.0 | 84.2 |
| Trade and other receivables | 36.5 | 44.9 | 49.7 | 55.6 | 63.3 | 70.5 | 74.1 | 77.4 |
| Current tax assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 |
| Cash & cash equivalents | 7.2 | 8.0 | 9.7 | 8.0 | 5.6 | 3.7 | 7.8 | 13.9 |
| Current assets | 43.7 | 52.8 | 59.4 | 63.6 | 69.2 | 74.5 | 82.2 | 91.5 |

Source: Company historic data, ED forecasts and analysis

Balance Sheet: Liabilities

| Year-end 30 April, £m | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Bank overdraft & s/t loans | | | | | | 0.0 | 0.0 | 0.0 |
| Trade payables and other liabilities | (22.2) | (32.9) | (37.2) | (42.6) | (50.0) | (55.0) | (57.4) | (59.7) |
| Lease liabilities | (2.2) | (3.0) | (1.7) | (1.6) | (2.1) | (2.1) | (2.1) | (2.1) |
| Current tax liabilities | (1.9) | (2.6) | (1.8) | (1.1) | 0.0 | | | |
| Provisions | (0.9) | (0.6) | (1.5) | (1.0) | (0.9) | (0.0) | (0.0) | (0.0) |
| Other financial liabilities | | | | | | | | |
| Current liabilities | (27.2) | (39.0) | (42.2) | (46.3) | (53.0) | (57.1) | (59.6) | (61.9) |
| Capital employed | 89.3 | 105.2 | 104.1 | 105.6 | 104.8 | 104.4 | 107.6 | 113.8 |
| Bank borrowings | (10.0) | (5.0) | (5.0) | (5.0) | (7.0) | (7.0) | (7.0) | (7.0) |
| Lease liabilities | (6.1) | (5.8) | (4.6) | (6.7) | (9.6) | (9.6) | (9.6) | (9.6) |
| Deferred tax liabilities | (5.7) | (5.5) | (8.0) | (7.4) | (7.0) | (3.8) | (1.1) | 0.2 |
| Provisions | (1.9) | (2.6) | (2.0) | (2.1) | (2.9) | (2.9) | (2.9) | (2.9) |
| Trade and other payables | | | | | | | | |
| Other financial liabilities | | | | | | | | |
| Non-current liabilities | (23.8) | (19.0) | (19.6) | (21.2) | (26.4) | (23.2) | (20.6) | (19.2) |
| Net assets | 65.6 | 86.3 | 84.5 | 84.3 | 78.4 | 81.2 | 87.0 | 94.6 |
| Shareholders' funds | 65.6 | 86.3 | 84.5 | 84.3 | 78.4 | 81.2 | 87.0 | 94.6 |

Source: Company historic data, ED forecasts and analysis

| Employee analysis | | | | | | |
|---|------------|------------|------------|------------|------------|--------------|
| Year-end 30 April, £m | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
| Partners | 52 | 60 | 70 | 85 | 81 | 90 |
| Staff | 217 | 234 | 285 | 395 | 469 | 501 |
| Fee earners | 269 | 294 | 355 | 480 | 550 | 591 |
| Support teams | 43 | 44 | 45 | 68 | 70 | 63 |
| Business recovery and financial advisory | 312 | 338 | 400 | 548 | 620 | 654 |
| Fee earners | 173 | 237 | 237 | 268 | 279 | 328 |
| Support teams | 6 | 6 | 5 | 7 | 18 | 25 |
| Property advisory and transactional services | 179 | 243 | 242 | 275 | 297 | 353 |
| Shared and support teams | 60 | 61 | 68 | 77 | 61 | 67 |
| Partners | 52 | 60 | 70 | 85 | 81 | 90 |
| Fee-earning staff | 390 | 471 | 522 | 663 | 748 | 829 |
| Fee earners | 442 | 531 | 592 | 748 | 829 | 919 |
| Support teams | 109 | 111 | 118 | 152 | 149 | 155 |
| Group total average FTE employees | 551 | 642 | 710 | 900 | 978 | 1,074 |
| Increase yoy (%) | | 17 | 11 | 27 | 9 | 10 |
| Partners | 9 | 9 | 10 | 9 | 8 | 8 |
| Fee-earning staff | 71 | 73 | 74 | 74 | 76 | 77 |
| Fee-earners | 80 | 83 | 83 | 83 | 85 | 86 |
| Support teams | 20 | 17 | 17 | 17 | 15 | 14 |
| % of group average FTE employees | 100 | 100 | 100 | 100 | 100 | 100 |
| Ratio of fee earners to support teams | 4.1 | 4.8 | 5.0 | 4.9 | 5.6 | 5.9 |

Source: Company historic data, ED analysis

| Employee analysis continued | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Year-end 30 April, £m | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
| Average income per Business recovery and advisory partner (£k) | 833 | 827 | 853 | 957 | 1,107 | 1,071 |
| Business recovery and financial advisory | 161,015 | 168,810 | 168,161 | 169,548 | 163,084 | 163,086 |
| Property advisory and transactional services | 96,792 | 88,072 | 101,831 | 106,787 | 115,158 | 123,000 |
| Average income per FTE fee earner | 135,878 | 132,774 | 141,606 | 147,061 | 146,954 | 148,779 |
| Average income per FTE employee | 108,998 | 109,818 | 118,072 | 122,224 | 124,565 | 127,307 |
| Difference between property income per fee earner and business advisory (%) | 66 | 92 | 65 | 59 | 42 | 33 |
| Total staff costs | 34.7 | 41.4 | 52.3 | 67.7 | 74.3 | 81.7 |
| Total staff costs as a % of revenues | 57.7 | 58.7 | 62.4 | 61.5 | 61.0 | 59.7 |
| Average staff cost £ per employee | 55,973 | 57,122 | 59,080 | 66,258 | 68,576 | 69,267 |
| % change | 2.1 | 3.4 | 12.2 | 3.5 | 1.0 | (1.7) |

Source: Company historic data, ED analysis



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