

Multi-disciplined, cashflow-generating growth

23 May 2025

Begbies Traynor has concluded FY25 with a very strong performance. 12% revenue growth in FY25, from its multi-disciplined suite of services, has led to 7% growth in Adj. PBT and £19.4m in FCF pre-acquisitions (above expectations). Moreover, the macro-economic environment is supportive, and the pipeline of potential acquisitions is encouraging. We raise our FY25-FY27E Adj. PBT estimates 2%-5% and believe the group is significantly under-valued.

Double-digit, consistent revenue growth and UK economic travails

Begbies' FY25 revenue growth of c.12% to £153m was c.1% above consensus expectations. An impressive c.11% organic growth in Business recovery and advisory services to c.£107m sales, reflects Begbies' ability to advise on larger corporate restructurings as well as recruit senior professionals. Meanwhile Property advisory and transactional services grew revenues 15% (including 7% organically) to c.£46m, also reflecting hires across multiple services. Despite cost headwinds, Begbies maintained its divisional margins of 26% and 17% in 2H25, leading to Adj EBITDA +10% to £31.3m, Adj PBT +7% to £23.5m and free cashflow of £19.4m pre-acquisitions. This was c.£5m better than expected, in part due to excellent working capital management. This cashflow funded £9.3m of acquisition payments, £6.3m dividends and led to c.£1m net cash at year end.

As corporates have absorbed higher employment costs and taxes resulting from the Autumn Budget, Begbies' 1Q25 Red Flag Alert showed a 13% yoy increase in UK businesses in "critical" financial distress (to 45,416) and a 5% yoy increase in those in "significant" financial distress (to 579,276). Meanwhile, total company insolvencies in April 2025 returned to more than 2,000 p/m.

An undervalued, highly profitable and cashflow generative company

Begbies trades at a c. 35% discount to its long-run average valuation multiples and a discount to peers. With highly profitable organic growth of 5%-6%, and free cashflow to fund both acquisitions and dividends, we see scope for a material rerating from only 8.6x cal 2026 PER. We lift our fair value / share from 145p to 150p, based on c.13.5x cal 2026 PER and 3% cal 2026 dividend yield.

Key financials & valuation metrics

| Year to 30 April (£m) | 2023 | 2024 | 2025E | 2026E | 2027E |
|--------------------------------------|-------|-------|-------|-------|-------|
| Revenue | 121.8 | 136.7 | 153.3 | 161.1 | 168.2 |
| Revenue growth (%) | 10.7 | 12.2 | 12.1 | 5.1 | 4.4 |
| Adj. PBT | 20.7 | 22.0 | 23.5 | 24.2 | 25.7 |
| Adj. PBT margin (%) | 17.0 | 16.1 | 15.3 | 15.0 | 15.3 |
| Adj. diluted EPS (p) | 10.1 | 9.9 | 10.5 | 10.8 | 11.4 |
| Dividend per share (p) | 3.8 | 4.0 | 4.2 | 4.3 | 4.6 |
| Free cashflow pre acquisitions | 14.1 | 12.4 | 19.4 | 17.8 | 19.0 |
| Free cashflow post acquisitions | | 3.9 | 10.1 | 12.1 | 14.1 |
| Net cash / (debt) * /Adj. EBITDA (x) | | (0.5) | (0.3) | (0.2) | (0.0) |
| EV / Sales (x, calendarised) | | 1.2 | 1.1 | 1.0 | 1.0 |
| PER (x, calendarised) | | 9.5 | 9.2 | 8.7 | 8.2 |
| Dividend yield (% , calendarised) | | 4.2 | 4.4 | 4.6 | 4.9 |
| Free cashflow* yield (%) | | 10.6 | 11.4 | 11.6 | 12.3 |

Note: * pre-acquisition payments, Source: Company data, Equity Development, Priced as at 22 / 5 / 25

Company data

| | |
|-------------------------|----------|
| EPIC | BEG |
| Price (last close) | 98p |
| 52 weeks Hi/Lo | 108p/84p |
| Market cap | £154m |
| ED Fair Value / share | 150p |
| Net cash / (debt) 2024A | (£1.4m) |
| Avg. daily volume (3m) | 225k |

Share price, p



Source: Investing.com

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 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

FY25 results 8 July 2025

Caroline Gulliver (Analyst)

0207 065 2690
caroline.gulliver@equitydevelopment.co.uk

Andy Edmond

0207 065 2691
andy@equitydevelopment.co.uk

Overview of Investment Attractions

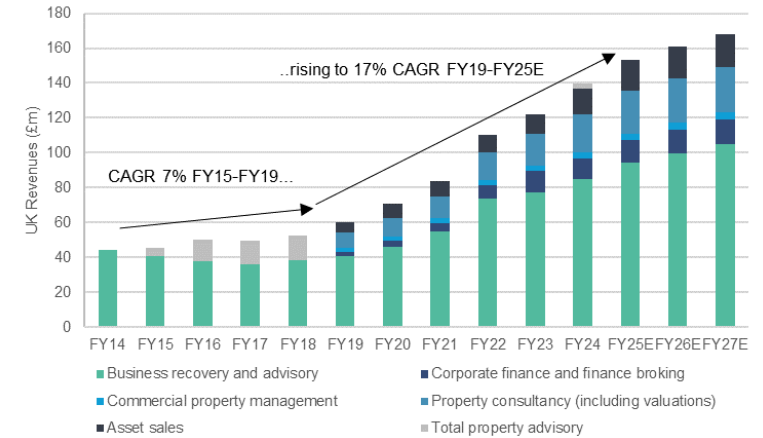
| Investment Highlights | Risk Factors |
|--|--|
| <ul style="list-style-type: none"> • An impressive track record of growth with revenues tripling in the past decade to £153m in FY25, driven by both organic growth and successful acquisitions. • This is testament to Begbies' resilience and growth through the economic cycle and the group's ability to attract highly qualified, trusted, professionals. • An increasingly diversified business with c.40% of FY25 revenues from Begbies' corporate finance advisory, property advisory and transactional services offer. • Adjusted PBT has increased six-fold to c.£23.5m in FY25E (21% CAGR) and adjusted PBT margin has risen to over 15%, driving cumulative free cashflow pre acquisitions of over £75m (FY21-FY25E). This ample free cashflow funds both value-accretive acquisitions and dividends (CAGR 7.5% since FY16). • 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 leverage). 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 c.5% organic revenue CAGR FY25-FY27E to reach £168m revenues in FY28E. 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 15% (despite national insurance increases impacting from FY26E) leading to c.5% organic Adj. PBT CAGR FY25-FY27E and free cashflow, pre acquisitions, of £14m-£20m p/a (FY25E-FY27E). | <ul style="list-style-type: none"> • Begbies is trading on only 1.0x EV/Revenues, 5.2x EV/Adj. EBITDA and c.9x PER (our forecasts, all Calendar 2026E – "cal 26E"). • 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 c.£1m of net financial cash as at 30 April 2025 and leases of c.£12m. We forecast net debt incl leases / Adj. EBITDA of only 0.2x for FY26E. We estimate that future contingent consideration payments will be c.£13m, satisfied by December 2027. • Our fair value of 150p equates to a cal 26 FCF yield, pre acquisitions, of c.7.5%, a c.3% dividend yield, a 13.5x PER, broadly 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

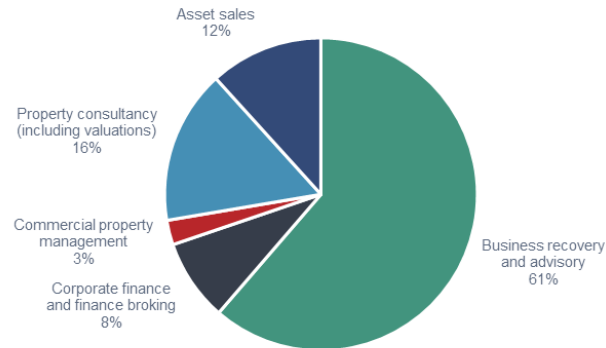
- Begbies Traynor is a leading business recovery, financial advisory and property services consultancy with specialist expertise in business recovery, advisory and corporate finance, valuations, asset sales and property transactions.
- As a people-led advisory business the company has doubled its (FTE) colleagues from c.550 in FY19 to over 1,100 by 1H25, driving revenue growth of 13% CAGR in the past decade to c.£153m in FY25.
- Moreover, as Begbies has invested in an increasingly diversified business, revenue growth has accelerated to 17% CAGR FY19-FY25.
- Its multi-disciplinary professional teams include insolvency practitioners, accountants, lawyers, financing professionals and chartered surveyors.

Revenues tripled in a decade to £153m, on track to £200m



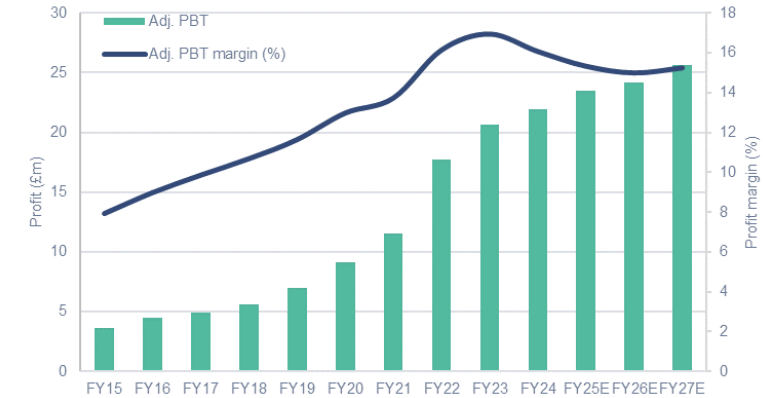
Source: Company data, Equity Development

c.40% of FY25E Revenues are services beyond insolvency



Source: Company data, Equity Development

6-fold increase in Adj. PBT to £23.5m, with high margins



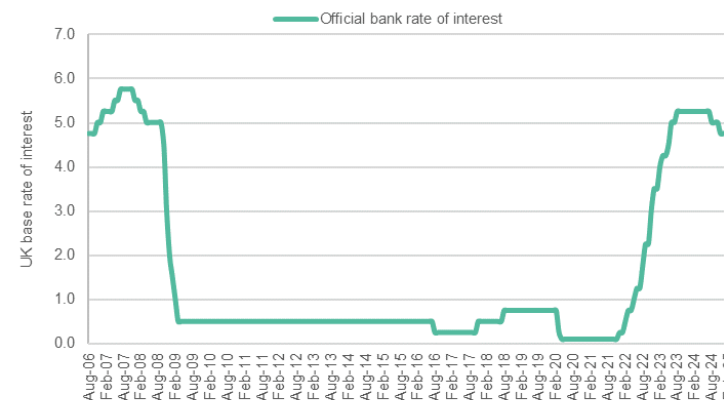
Source: Company data, Equity Development

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

Macro-economic backdrop still tough for companies

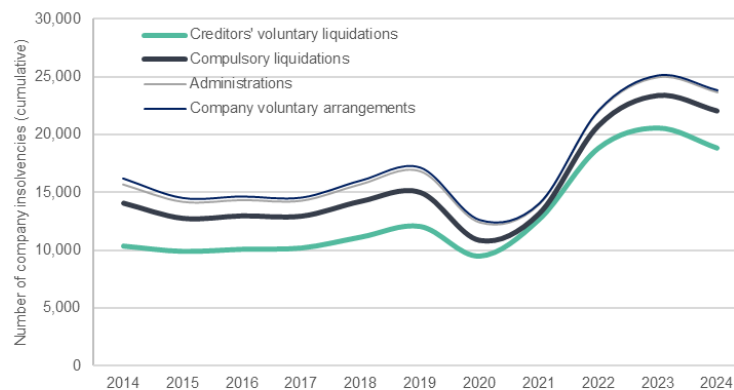
- After a record 25,000 corporate insolvencies in 2023 and 24,000 in 2024, c.60% above the average c.15,000 a year in 2014-2021, corporate insolvencies have risen again to over 2,000 per month in the 3 months ended April 2025, reflecting the challenges businesses face from the increase in inflation and the end of the 13-year period of very low interest rates.
- Moreover, levels of corporate distress remain at high levels, as evidenced in Begbies' 4Q24 Red Flag Alert report which shows c.655,000 UK businesses in "significant" financial distress, up 21% on 4Q23, with all 22 sectors experiencing greater distress.
- The number of businesses in "critical" financial distress rose by 50% to 47,000, with consumer facing sectors in particular highlighting the concerning state of the UK economy.

A decade+ of "free money" has come to an end (rate 4.25%)



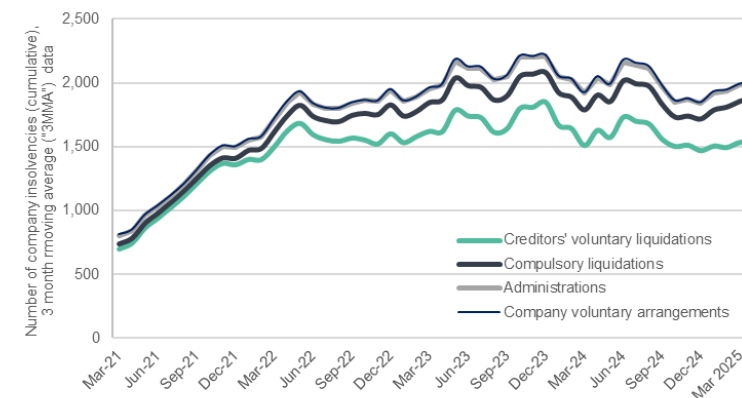
Source: Bank of England, Equity Development

...leading to a c.60% surge in insolvencies in 2023-2024



Source: ONS, The Insolvency Service, Equity Development

...and a rising trend into 1Q 2025

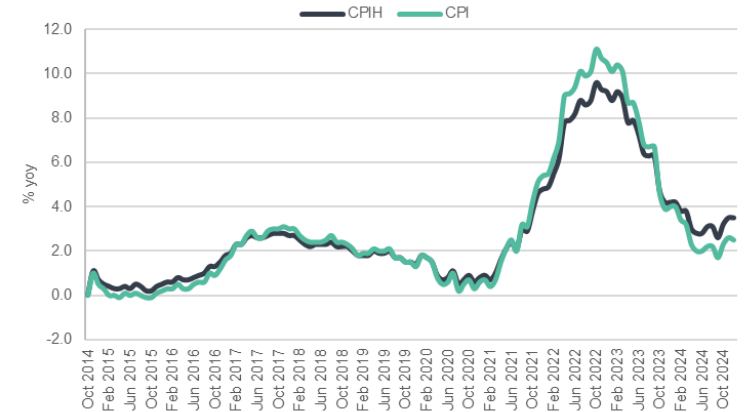


Source: ONS, The Insolvency Service, Equity Development

The Autumn 2024 Budget has caused further pressure

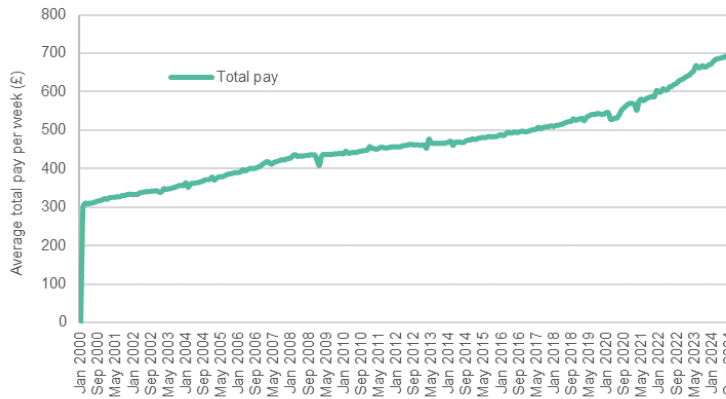
- Corporates bore the brunt of the planned tax rises in the Autumn Budget, with the 1.2% increase in employers' National Insurance contributions and the reduction in the employer threshold for NI reducing from £10,000 to £5,000 anticipated to raise £25bn.
- In addition, the National Living Wage for over 21s and the National Minimum Wage for 18 to 20-year-olds increased a further 6.7% and 16.3% respectively in April 2025.
- These measures are increasing labour costs and leading to overall inflation accelerating from a low of 2.6% in September 2024 to 4.1% in April 2025 and rising unemployment (4.5% in March 2025).
- Consequently, consumer confidence has deteriorated to -23 in April 2025 and many companies are facing significant increased financial distress.

Overall inflation has reduced but macro-pressures remain



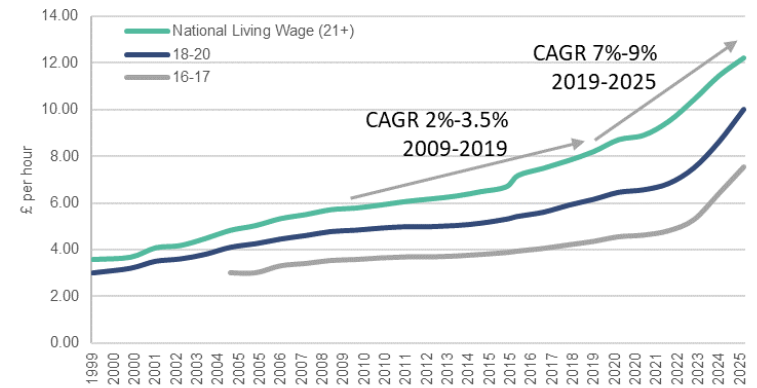
Source: ONS, Equity Development

Employee costs continue to rise



Source: : ONS, Equity Development

Above inflation growth in National Living Wage



Source: Low Pay Commission, www.gov.uk, Equity Development

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 c.£46m in FY25E and 471 staff (+7% in FY25).
- 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 c.£8m in FY25E with profit margins having been maintained at 16%-23% throughout (c.17% in FY25E).
- This is particularly impressive given the number of acquired businesses Begbies has successfully integrated into the division.

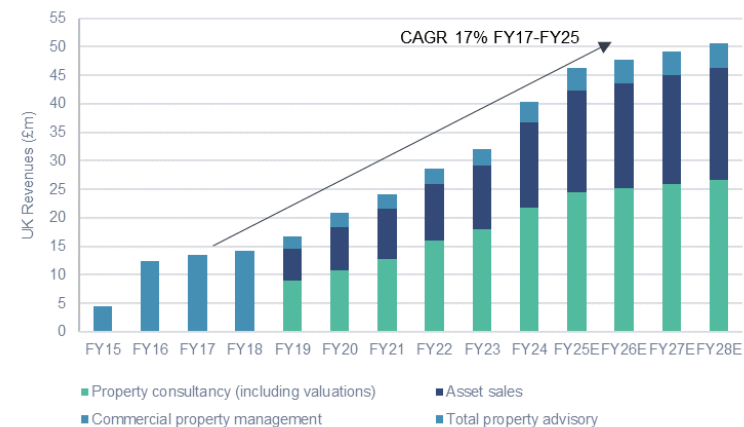
Source: Company data, Equity Development

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).

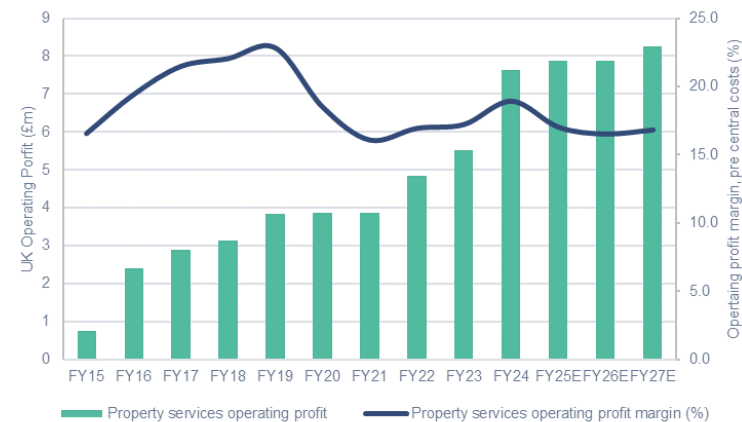
Source: Company data, Equity Development

Consistent growth: 17% CAGR since FY17



Source: Company data, Equity Development

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



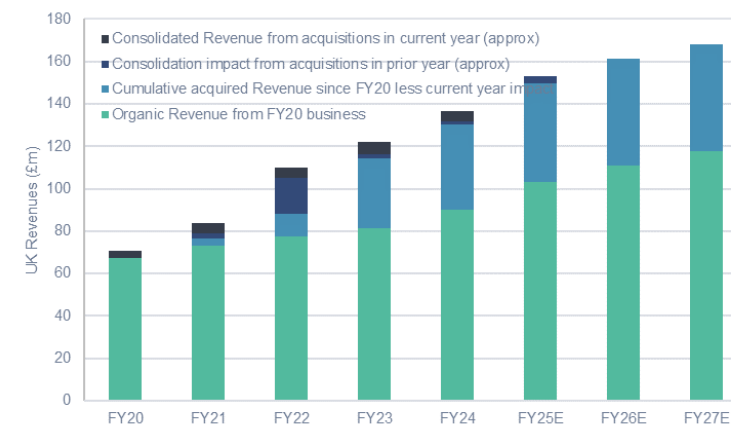
Source: Company data, Equity Development

An undervalued, profitable, cashflow generating growth story

Professional services consolidator at a c.35% discount

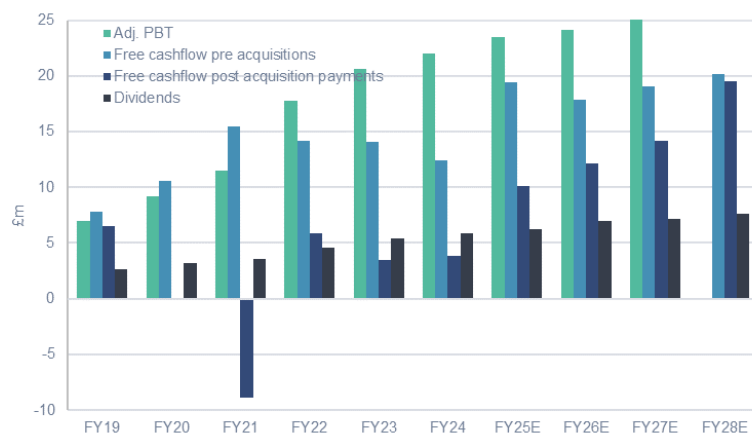
- Begbies' vision is to extend the scale and quality of its chosen professional services by continuing to build the offer organically and through acquisitions.
- Begbies' acquisition success is admirable, investing c.£64m FY20-FY24 for revenues of c.£50m and pre-tax profits of c.£12.5m, with a further £34m of potential earn-out payments (management estimates only £15m will be paid).
- Its financial discipline leads to a high c.15% Adj. PBT margin (FY25E) and typically this converts into ample free cashflow.
- We forecast over £55m of free cashflow pre-acquisitions FY26E-FY28E (c.35% of the current market cap), of which we estimate c.£13m will be paid out as deferred compensation, and we do not believe this attraction is reflected in Begbies' current 8.7x cal 26 PER and 4.6% dividend yield.

Diversified growth, boosted by acquisitions



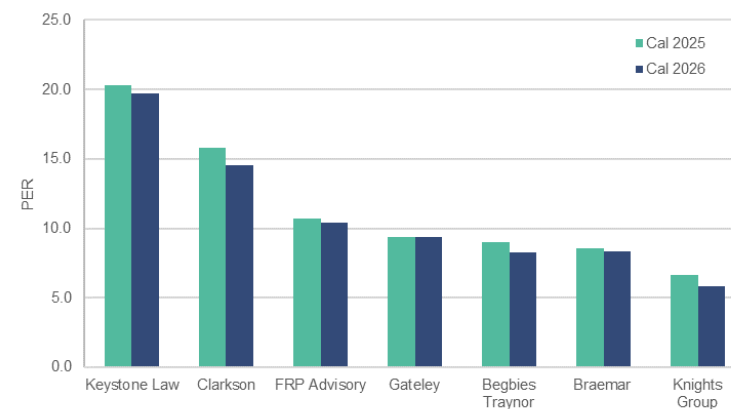
Source: Company data, Equity Development

Free-cashflow supports acquisitions and dividend growth



Source: Company data, Equity Development

Begbies' low PER of c.8.5x cal 26 undervalues its prospects



Source: Koyfin for consensus estimates, Equity Development

Financial Forecast tables

| Changes to forecasts | | | | | | | | | | |
|---|-------------|---------------|-------------|-------------|---------------|-------------|-------------|----------|-------|-------|
| | | New forecasts | | | Old forecasts | | | % change | | |
| Year-end 30 April (£m) | 2024A | 2025E | 2026E | 2027E | 2025E | 2026E | 2027E | 2025E | 2026E | 2027E |
| Group Revenue | 136.7 | 153.3 | 161.1 | 168.2 | 152.2 | 159.9 | 167.0 | 0.7 | 0.8 | 0.7 |
| <i>Revenue growth (%)</i> | <i>12.2</i> | <i>12.1</i> | <i>5.1</i> | <i>4.4</i> | <i>11.3</i> | <i>5.1</i> | <i>4.4</i> | | | |
| Adj. EBITDA | 28.5 | 31.3 | 32.1 | 33.6 | 30.2 | 30.9 | 32.4 | 3.8 | 3.9 | 3.9 |
| <i>Adj. EBITDA margin (%)</i> | <i>20.9</i> | <i>20.4</i> | <i>19.9</i> | <i>20.0</i> | <i>19.8</i> | <i>19.3</i> | <i>19.4</i> | | | |
| Adj. PBT | 22.0 | 23.5 | 24.2 | 25.7 | 23.0 | 23.3 | 24.6 | 2.3 | 3.9 | 4.5 |
| <i>Adj. PBT margin (%)</i> | <i>16.1</i> | <i>15.3</i> | <i>15.0</i> | <i>15.3</i> | <i>15.1</i> | <i>14.6</i> | <i>14.7</i> | | | |
| Adjusted diluted EPS (p) | 9.9 | 10.5 | 10.8 | 11.4 | 10.3 | 10.4 | 11.0 | 2.0 | 3.5 | 4.2 |
| <i>Adj. EPS growth (%)</i> | <i>-1.4</i> | <i>5.7</i> | <i>2.8</i> | <i>6.2</i> | <i>3.6</i> | <i>1.3</i> | <i>5.5</i> | | | |
| DPS (p) | 4.0 | 4.2 | 4.3 | 4.6 | 4.1 | 4.2 | 4.4 | 2.0 | 3.5 | 4.2 |
| Capex | 1.5 | 1.5 | 1.6 | 1.7 | 2.0 | 2.1 | 2.2 | -25.0 | -25.0 | -25.0 |
| Free cashflow pre acquisitions | 12.4 | 19.4 | 17.8 | 19.0 | 13.4 | 16.7 | 17.9 | 44.5 | 6.9 | 6.6 |
| Free cashflow post acquisitions | 3.9 | 10.1 | 12.1 | 14.1 | 5.4 | 11.0 | 13.0 | 86.1 | 10.5 | 9.0 |
| Net financial cash / (debt) | (1.4) | 0.9 | 4.6 | 10.9 | (3.3) | 0.8 | 6.9 | | | |
| Total net cash /(debt) incl leases | (13.1) | (10.7) | (7.0) | (0.8) | (15.0) | (10.8) | (4.8) | | | |
| Net financial cash / (debt) / Adj. EBITDA (x) | -0.1 | 0.0 | 0.1 | 0.3 | 0.1 | 0.0 | -0.2 | | | |
| Total net cash / (debt) / Adj. EBITDA (x) | -0.5 | -0.3 | -0.2 | 0.0 | 0.5 | 0.4 | 0.1 | | | |

Source: Company data, Equity Development

Key group growth and margin metrics

| Year-end 30 April | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue growth (%) | 17.4 | 18.9 | 31.2 | 10.7 | 12.2 | 12.1 | 5.1 | 4.4 |
| Gross profit growth (%) | 16.9 | 17.8 | 34.6 | 13.1 | 8.8 | 11.6 | 5.1 | 4.4 |
| Adj. EBITDA growth (%) | 23.1 | 22.4 | 19.8 | 10.5 | 7.4 | 9.8 | 2.4 | 4.9 |
| Adj. Operating profit (%) | 26.5 | 22.5 | 50.0 | 17.4 | 9.6 | 8.5 | 2.5 | 5.6 |
| Adj. PBT growth (%) | 30.9 | 25.8 | 54.3 | 16.3 | 6.4 | 7.0 | 2.8 | 6.2 |
| Adj. EPS growth (%) | 21.4 | 17.7 | 31.9 | 14.3 | -1.4 | 5.7 | 2.8 | 6.2 |
| DPS growth (%) | 7.7 | 7.1 | 16.7 | 8.6 | 5.3 | 5.7 | 2.8 | 6.2 |
| 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 | 20.4 | 19.9 | 20.0 |
| Adj. Operating margin (%) | 14.4 | 14.8 | 16.9 | 17.9 | 17.5 | 16.9 | 16.5 | 16.7 |
| Adj. PBT margin (%) | 13.0 | 13.7 | 16.1 | 17.0 | 16.1 | 15.3 | 15.0 | 15.3 |
| Op costs excl D&A /sales (%) | 20.1 | 18.7 | 21.8 | 22.8 | 22.6 | 22.8 | 23.3 | 23.2 |
| Tax rate (adj.) (%) | 21.1 | 20.3 | 20.4 | 20.9 | 26.0 | 26.0 | 26.0 | 26.0 |

Source: Company data, Equity Development

| Divisional revenue analysis | | | | | | | | |
|---|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Year-end 30 April (£m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| Business recovery and advisory | 46.0 | 54.6 | 73.9 | 77.2 | 85.1 | 94 | 100 | 105 |
| 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 | 107.0 | 113.4 | 119.1 |
| Commercial property management | 2.4 | 2.6 | 2.8 | 3.0 | 3.5 | 3.9 | 4.0 | 4.1 |
| Property consultancy (including valuations) | 10.7 | 12.7 | 16.0 | 18.0 | 21.8 | 24.4 | 25.2 | 25.9 |
| Asset sales | 7.7 | 8.9 | 9.9 | 11.1 | 15.0 | 18.0 | 18.5 | 19.1 |
| Property advisory | 20.9 | 24.1 | 28.6 | 32.1 | 40.3 | 46.3 | 47.7 | 49.1 |
| Total UK revenue | 70.5 | 83.8 | 110.0 | 121.8 | 136.7 | 153.3 | 161.1 | 168.2 |
| Business recovery and advisory | 13.6 | 18.8 | 35.2 | 4.5 | 10.2 | 10.5 | 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 | 11.0 | 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 | 12.0 | 3.0 | 3.0 |
| Asset sales | 34.8 | 15.1 | 11.1 | 12.9 | 34.6 | 20.0 | 3.0 | 3.0 |
| Property advisory | 24.7 | 15.6 | 18.6 | 12.3 | 25.6 | 14.8 | 3.0 | 3.0 |
| Total UK revenue growth (%) | 17.4 | 18.9 | 31.2 | 10.7 | 12.2 | 12.1 | 5.1 | 4.4 |
| Business recovery and advisory | 65 | 65 | 67 | 63 | 62 | 61 | 62 | 62 |
| Corporate finance and finance broking | 5 | 6 | 7 | 10 | 8 | 8 | 9 | 9 |
| Business recovery and advisory | 70 | 71 | 74 | 74 | 70 | 70 | 70 | 71 |
| Commercial property management | 3 | 3 | 3 | 2 | 3 | 3 | 2 | 2 |
| Property consultancy (including valuations) | 15 | 15 | 15 | 15 | 16 | 16 | 16 | 15 |
| Asset sales | 11 | 11 | 9 | 9 | 11 | 12 | 11 | 11 |
| Property advisory | 30 | 29 | 26 | 26 | 30 | 30 | 30 | 29 |
| Contribution to UK revenue | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Company data, Equity Development

| Divisional profit and return analysis | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Year-end 30 April (£m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| Business recovery and advisory services | 11.6 | 14.7 | 21.0 | 24.3 | 25.5 | 27.8 | 28.6 | 30.0 |
| Property advisory and transactional services | 3.9 | 3.9 | 4.8 | 5.5 | 7.6 | 7.9 | 7.9 | 8.3 |
| Unallocated corporate amounts | (5.3) | (6.2) | (7.2) | (8.0) | (9.2) | (9.7) | (9.9) | (10.2) |
| Operating profit* | 10.1 | 12.4 | 18.6 | 21.8 | 23.9 | 25.9 | 26.6 | 28.1 |
| Business recovery and advisory services | 23.3 | 24.7 | 25.8 | 27.1 | 26.5 | 26.0 | 25.2 | 25.2 |
| Property advisory and transactional services | 18.5 | 16.1 | 16.9 | 17.2 | 18.9 | 17.0 | 16.5 | 16.8 |
| Unallocated corporate amounts | (7.6) | (7.4) | (6.6) | (6.5) | (6.7) | (6.4) | (6.1) | (6.0) |
| Operating profit* margin (%) | 14.4 | 14.8 | 16.9 | 17.9 | 17.5 | 16.9 | 16.5 | 16.7 |
| Business recovery and advisory services | 30.4 | 27.0 | 42.7 | 15.6 | 5.1 | 9.1 | 2.7 | 5.0 |
| Property advisory and transactional services | 0.9 | 0.4 | 24.9 | 14.2 | 38.1 | 3.1 | 0.0 | 4.9 |
| Unallocated corporate amounts | 13.0 | 16.4 | 16.9 | 10.1 | 15.7 | 5.6 | 1.1 | 3.3 |
| Operating profit* growth yoy (%) | 26.5 | 22.5 | 50.0 | 17.4 | 9.6 | 8.5 | 2.5 | 5.6 |
| 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 data, Equity Development

| Income statement: Revenue to Adjusted PBT | | | | | | | | |
|---|-------------|-------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Year-end 30 April (£m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| Group revenue | 70.5 | 83.8 | 110.0 | 121.8 | 136.7 | 153.3 | 161.1 | 168.2 |
| Direct costs | (40.3) | (48.3) | (62.2) | (67.7) | (77.8) | (87.6) | (92.1) | (96.1) |
| Gross profit | 30.2 | 35.6 | 47.8 | 54.1 | 58.9 | 65.7 | 69.1 | 72.1 |
| 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) | (34.9) | (37.5) | (39.0) |
| Adj. EBITDA, pre SBP | 16.4 | 20.1 | 24.0 | 26.6 | 28.5 | 31.3 | 32.1 | 33.6 |
| 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) | (1.2) | (1.4) | (1.5) |
| Depreciation of ROUA | (2.1) | (2.6) | (2.6) | (2.1) | (2.7) | (2.8) | (2.8) | (2.8) |
| Amortisation | (3.3) | (3.2) | (0.2) | (0.2) | (0.2) | (0.1) | (0.1) | (0.0) |
| Depreciation & amortisation | (6.2) | (6.6) | (3.9) | (3.4) | (4.0) | (4.2) | (4.3) | (4.3) |
| Adj. Operating profit | 10.1 | 12.4 | 18.6 | 21.8 | 23.9 | 25.9 | 26.6 | 28.1 |
| 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) | (1.0) | (1.0) | (1.0) |
| 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) | (2.4) | (2.4) | (2.4) |
| Adj. PBT | 9.2 | 11.5 | 17.8 | 20.7 | 22.0 | 23.5 | 24.2 | 25.7 |

Note: * before non-underlying (amortisation and transaction) costs, Source: Company data, Equity Development

Income statement: Adjusted PBT to EPS

| Year-end 30 April (£m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Adj. PBT | 9.2 | 11.5 | 17.8 | 20.7 | 22.0 | 23.5 | 24.2 | 25.7 |
| 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 | 11.3 | 13.9 | 20.5 |
| Adj tax | (1.9) | (2.3) | (3.6) | (4.3) | (5.7) | (6.1) | (6.3) | (6.7) |
| 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) | (2.9) | (3.6) | (5.3) |
| Adj. PAT | 7.2 | 9.2 | 14.1 | 16.3 | 16.3 | 17.4 | 17.9 | 19.0 |
| Reported PAT | 0.9 | 0.2 | -0.5 | 2.9 | 1.5 | 8.4 | 10.3 | 15.1 |
| No of f/d shares (m) | 127.3 | 137.4 | 160.5 | 162.3 | 163.9 | 165.9 | 165.9 | 165.9 |
| Adjusted diluted EPS (p) | 5.7 | 6.7 | 8.8 | 10.1 | 9.9 | 10.5 | 10.8 | 11.4 |
| DPS (p) | 2.8 | 3.0 | 3.5 | 3.8 | 4.0 | 4.2 | 4.3 | 4.6 |

Note:: * deemed remuneration under IFRS 3, Source: Company data, Equity Development

| Cashflow statement | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Year-end 30 April (£m) | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| Adj. EBITDA, pre SBP | 20.1 | 24.0 | 26.6 | 28.5 | 31.3 | 32.1 | 33.6 |
| Change in trade receivables* | (2.7) | (3.9) | (4.7) | (7.9) | (5.5) | (3.7) | (3.3) |
| Change in trade payables* | 5.4 | 2.3 | 2.5 | 4.1 | 5.3 | 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) | (1.1) | (1.1) | (1.0) |
| Tax paid | (2.3) | (3.6) | (5.3) | (6.7) | (4.1) | (6.3) | (6.7) |
| Net cash from operating activities (pre-releases, capex) | 20.2 | 19.2 | 18.5 | 17.7 | 26.2 | 24.6 | 25.9 |
| 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) | (1.0) | (1.0) | (1.0) |
| Lease payments (principal) | (2.7) | (3.2) | (2.4) | (1.9) | (2.8) | (2.8) | (2.8) |
| Capex | (1.2) | (1.0) | (1.0) | (1.5) | (1.5) | (1.6) | (1.7) |
| Net cashflow pre acquisitions | 15.5 | 14.2 | 14.1 | 12.4 | 19.4 | 17.8 | 19.0 |
| 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) | (9.3) | (5.7) | (4.9) |
| Free cashflow post acquisitions | (8.8) | 5.9 | 3.5 | 3.9 | 10.1 | 12.1 | 14.1 |
| Dividends | (3.6) | (4.6) | (5.4) | (5.9) | (6.3) | (7.0) | (7.2) |
| Share buy backs / equity issues | 20.9 | 0.5 | 0.2 | (2.4) | (1.5) | (1.4) | (0.7) |
| Other | | | | | | | |
| Net cashflow | 8.5 | 1.8 | (1.7) | (4.4) | 2.4 | 3.7 | 6.2 |

Note: * excluding deemed remuneration liabilities, Source: Company data, Equity Development

| Net debt metrics | | | | | | | | |
|---|---------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|
| Year-end 30 April (£m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| 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 | 7.9 | 11.6 | 17.9 |
| Net financial cash / (debt) | (2.8) | 3.0 | 4.7 | 3.0 | (1.4) | 0.9 | 4.6 | 10.9 |
| Leases | (8.4) | (8.8) | (6.3) | (8.2) | (11.7) | (11.7) | (11.7) | (11.7) |
| Total net cash /(debt) incl leases | (11.1) | (5.8) | (1.7) | (5.2) | (13.1) | (10.7) | (7.0) | (0.8) |
| Net financial cash / (debt) / Adj. EBITDA (x) | 0.2 | (0.1) | (0.2) | (0.1) | 0.1 | 0.0 | 0.1 | 0.3 |
| Total net cash / (debt) / Adj. EBITDA (x) | 0.7 | 0.3 | 0.1 | 0.2 | 0.5 | (0.3) | (0.2) | (0.0) |

Source: Company data, Equity Development

| Balance sheet: Assets | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Year-end 30 April (£m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| Property, plant and equipment | 1.8 | 2.1 | 2.0 | 2.0 | 2.2 | 2.5 | 2.7 | 2.9 |
| 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 | 3.5 | 3.7 | 3.8 |
| Non-current assets | 72.8 | 91.4 | 86.9 | 88.3 | 88.6 | 86.1 | 83.7 | 82.7 |
| Trade and other receivables | 36.5 | 44.9 | 49.7 | 55.6 | 63.3 | 68.2 | 71.7 | 74.8 |
| 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 | 7.9 | 11.6 | 17.9 |
| Current assets | 43.7 | 52.8 | 59.4 | 63.6 | 69.2 | 76.4 | 83.6 | 93.0 |

Source: Company data, Equity Development

| Balance sheet: Liabilities | | | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Year-end 30 April (£m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| Bank overdraft & s/t loans | | | | | | | | |
| Trade payables and other liabilities | (22.2) | (32.9) | (37.2) | (42.6) | (50.0) | (55.3) | (57.8) | (60.1) |
| 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) | (57.4) | (60.0) | (62.2) |
| Capital employed | 89.3 | 105.2 | 104.1 | 105.6 | 104.8 | 105.1 | 107.3 | 113.4 |
| 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) | (5.8) | (3.1) | (1.8) |
| 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) | (25.2) | (22.6) | (21.2) |
| Net assets | 65.6 | 86.3 | 84.5 | 84.3 | 78.4 | 79.8 | 84.8 | 92.2 |
| Shareholders' funds | 65.6 | 86.3 | 84.5 | 84.3 | 78.4 | 79.8 | 84.8 | 92.2 |

Source: Company data, Equity Development

Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website www.equitydevelopment.co.uk

Contact: info@equitydevelopment.co.uk | 020 7065 2690