The specialist integrated credit hire and legal services provider

Anexo

Annual Report 2021

Anexo

Anexo is a specialist integrated credit hire and legal services group.

We provide replacement vehicles and associated legal services to impecunious customers who have been involved in a non-fault accident.

These individuals typically do not have the financial means or access to a replacement vehicle. This allows the Group to charge credit hire rather than spot hire rates, recovering these charges from the at-fault insurer at no upfront cost to the individual.

Our purpose

We look after motorists involved in non-fault accidents, providing replacement vehicles and associated legal services.

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For further investor information:
www.anexo.com/investor-relations

Overview

2020 has been a year of both opportunity and challenge for the Group resulting from the development across the globe of COVID-19. Starting the year with the continued focus on developing our cash collection capabilities with recruitment across the legal services business, priorities very quickly shifted to management of the Group in unprecedented times and ensuring the safety of our staff whilst maintaining our service provision to those most at need. The Group's operations are, however, categorised as essential businesses and as such have been exempted throughout from Government restrictions.

The initial reaction to the pandemic and first national lockdown was an initial 75% reduction in credit hire activity levels, as the number of vehicles on the road declined sharply. However, with a significant element of our business supporting the courier market, the business model demonstrated its resilience by reaching record levels of vehicles on the road and encountering unforeseen opportunities in the summer/autumn periods as many of our competitors either furloughed staff or withdrew from the market. Investment has continued into the legal services business with the pandemic providing a perfect platform for recruitment. This has resulted in record cash collections towards the end of 2020 and this investment has been made in anticipation of a more normal 2021 and beyond.

With the Group remaining cash positive throughout 2020, while maintaining sufficient headroom within our working capital facilities we will continue to consider opportunities for growth in 2021 and post completion of the vaccination programme. We look to the future with optimism. We have provided certain data and statistics below and on the following pages to give further detail around the trading and operational performance of the Group. The measures presented are those which management consider provide the best reflection of performance.

Financial and operational highlights

Revenue
+10.5%

Profit margin
21.6%

Dividend
1.5p

Basic EPS
10.8p

Net assets
£110.4m

Operating profit
£18.1m

- Revenue increased by 10.5% to £86.8 million (2019: £78.5 million).
- Operating profit reported at £18.1 million (2019: £24.6 million) – a reduction of 26.6% in line with market expectations.
- Adjusted[1] operating profit before exceptional items in line with market expectations, declining by 25.9% to £18.7 million (2019: £25.3 million).
- Adjusted[1] operating profit margin reduced to 21.6% (2019: 32.2%).
- Profit before tax of £15.5 million (2019: £22.4 million) – a reduction of 30.8%.
- Adjusted[1] profit before tax and exceptional items reported at £16.1 million, (2019: £23.0 million) – a decline of 29.9% after £6.5 million of investment in staff, VW case acquisition costs and IT costs associated with the headcount increase.
- Adjusted[2] basic EPS at 11.4 pence (2019: 17.0 pence).
- Proposed final dividend of 1.0 pence per share giving a total dividend for the year of 1.5 pence per share (2019: 1.5 pence).
- Net assets reported at £110.4 million (2019: £91.7 million) representing an increase of 20.4%.
- Reduction in net cash outflows from operating activities reporting a net cash inflow of £0.2 million in 2020 (2019: net cash outflow: £0.8 million).
- Net debt balance at 31 December 2020 was £40.5 million (31 December 2019: £36.2 million).

Note:

The basis of preparation of the consolidated financial statements for the current and previous year is set out in the Financial Review on page 20.

1. Adjusted operating profit and profit before tax: excludes share-based payment charges in 2019 and 2020. A reconciliation to reported (IFRS) results is included in the Financial Review on page 24.
2. Adjusted EPS: adjusted PBT less tax at statutory rate divided by the weighted number of shares in issue during the year.

Financial and operational KPIs

During 2020 we saw the continued improvement in a number of key performance measures (detailed below). These have resulted in a transition from cash absorption to cash generation by the Group, notwithstanding the issues faced during 2020 from COVID-19. This trend is particularly pleasing with an increase in the number of new cases funded, rising from 6,959 to 7,535. This illustrates increased investment into our portfolio of cases and is supported by growth in cash collections, which rose by 16.4% in the year to reach £98.0m in 2020.

This improvement has been supported by investment in legal staff. In 2019, the number of senior fee earners grew by almost 43% to reach 127 at the year end. Further recruitment in 2020 has resulted in headcount growing by a further 18 (14%) to end the year at 145 senior fee earners.

£

Financial (£'000s unless otherwise stated)

Total revenues

£86,752 +10.5%

(2019: £78,510)

Gross profit

£67,952 +8.2%

(2019: £62,807)

Adjusted operating profit*

£18,708 -25.9%

(2019: £25,250)

Adjusted operating profit margin* (%)

21.6% -32.9%

(2019: 32.2%)

Cash collections from settled cases

£97,977 +16.4%

(2019: £84,140)

Operational

Vehicles on hire at the year-end (number)

1,613 +23.3%

(2019: 1,308)

Average vehicles on hire for the year (number)

1,515 +4.2%

(2019: 1,454)

Number of hire cases settled

5,236 +6.0%

(2019: 4,938)

New cases funded (number)

7,535 +8.3%

(2019: 6,959)

People

Senior fee earners at period end (number)

145 +14.2%

(2019: 127)

Average number of senior fee earners (number)

140 +26.1%

(2019: 111)

* Adjusted operating profit and profit before tax: excludes share-based payment charges in 2019 and 2020.

At a glance

Anexo is a specialist integrated credit hire and legal services group focused on providing replacement vehicles and associated legal services to impecunious customers who have been involved in a non-fault accident.

These individuals typically do not have the financial means or access to a replacement vehicle. This allows the Group to charge credit hire rather than spot hire rates, recovering these charges from the at-fault insurer at no upfront cost to the individual.

The Group currently comprises four business units under the two main reporting divisions:

Credit Hire (EDGE)

Our Credit Services division operates under the brands DAMS (cars and commercial vehicles), McAMS (motorcycles) and CAMS (bicycles). We have a network of around 1,150 introducer garages across England and Wales which are typically small independent operators. Following a recommendation from one of our garage partners, a customer claim is vetted by our experienced team and, if approved, a replacement vehicle is provided on the same or the following day from one of our four depots strategically located across England.

The garage is visited by an independent court-appointed engineer who assesses the damage to the vehicle and either authorises the repair or declares it a write-off. The client retains the hire vehicle until the repaired vehicle is returned or a cheque for the value of the write-off is received. Returned vehicles are valeted and checked for roadworthiness before being reallocated to a new customer.

5
depots

30
in our sales force

1,515
average vehicles on hire

1,150
introducer garages in our network

3
brands

600+ employees

8 locations

20,000+ cases in progress

Legal Services (Bond Turner)

Bond Turner is our wholly-owned firm of solicitors. We employ both qualified solicitors and paralegals to facilitate our claim work. In addition to our original office in Liverpool we opened an office in Bolton in December 2018. This has subsequently doubled in size and following this success we opened a third office in Leeds in early 2021.

Advocacy

In addition to the claims work which forms the majority of our caseload we are also involved in general advocacy, including professional and clinical negligence cases, complex medical claims, defamation and wills and estates disputes. We are acting for a number of clients in relation to the ongoing class action around the VW Emissions case.

PALS

PALS is a medical legal agency and arranges expert third-party reports to support the customer's claim from either a credit hire and/or personal injury perspective.

IGCA

IGCA administers ATE insurance policies for independent third-party insurers which have been obtained by customers to ensure that the customer's risk of any adverse costs associated with the claim are reduced or eliminated.

Been Let Down

Been Let Down are professional negligence specialists.

518 legal staff employed

145 senior fee earners

At a glance continued

The lifecycle of a claim

Once a customer has been introduced to us, we provide an end-to-end service, handling their replacement vehicle hire and subsequent recovery of all costs from the other side.

EDGE

provides replacement vehicles at commercial credit hire rates

RTA happens to no fault motorist

Individual put in touch with EDGE

Direct capture sources:

- Body shops
- Vehicle workshops
- Recovery agents + Anexo sales representatives

Vetting of claim
Three validation steps:

1. Establishment of Liability
2. Customer Statement
3. Witnesses

~50% of claims result in a vehicle being issued

Bond Turner

collects cash from the at fault insurer

Bond Turner contacts the at-fault insurer with credit hire and repairs claim

Most introduced RTA cases also include a personal injury claim

Should the at-fault insurer refuse to settle at an acceptable rate, Bond Turner issues court proceedings

5,236
hire cases settled

Issue of vehicle

Upfront settlement of repair and recovery charges

Client retains replacement vehicle until repair or receipt of write off cheque

EDGE refers claim to Bond Turner

PALS supports claims by arranging third party medical and legal reports

The majority of claims are settled by negotiation

If no settlement is agreed, the case proceeds to court, the cost being recoverable from the third party insurer

Settlement

Investment case

The Board is pleased to confirm that cash collections have continued to grow. We believe that our expanded platform provides the Group with excellent prospects for 2021 and beyond.

Unique Customer Proposition

Anexo provides a complete litigated claims process focused on the recovery of credit hire and repair costs. Much of our business is generated from the significant proportion of the population in England and Wales which is unable to access emergency liquidity in the event of unexpected financial demands. Our direct capture model enables us to deal with our customers directly without recourse to their insurance provider.

5,236
hire cases settled in 2021

Synergistic Integrated Divisions

We offer a complete service to our customers from the provision of a replacement vehicle following a non-fault accident, through the process of repair or write-off, to the recovery of the cost of repair or the value of the written-off vehicle. We maintain a close relationship with the customer throughout the process. By monitoring the repair process and progress of the litigation we are able to manage our fleet requirements in a timely and efficient manner.

95%
of Bond Turner cases referred from EDGE

Established Geographic Presence and Fleet

We maintain five depots which cover the whole of England and Wales. Our Northern and original depot is based in Ormskirk. We have two smaller depots in Solihull and Frome, covering the Midlands and the West Country. Our largest depot is a purpose-built facility in Potters Bar which handles our South, East and London based customers. In early 2021 we opened a fifth depot in Newcastle-upon-Tyne to service our growing introducer network in the North East of England. Our fleet managers constantly monitor location and demand statistics to ensure that our customers can take delivery of the vehicle they need as quickly as possible.

5
vehicle depots across England

Active Network of Sales People and Introducers

Our team of 30 sales people are responsible for defined areas within England and Wales. They initiate and build relationships with our network of c.1,150 introducer garages, which are typically sole traders or small partnerships unaffiliated with main dealerships or specific car manufacturers. This independence allows us to approach each potential repair opportunity on an equal footing, without restrictions or obligations to large organisations. The large number of introducer garages allows us to minimise risk exposure to any one counterparty.

Experienced Senior Management Team

Our Executive Chairman, Alan Sellers, started the credit hire business in 1995. Several members of our staff who joined at inception continue to use their experience in senior roles within EDGE. The merger with Bond Turner, formerly known as Armstrongs Solicitors, in 1996 gave us access to a pool of experienced litigators. All our Executive Directors have many years' experience within the consolidated group and our Non-Executive Directors bring with them a wide range of specialised skills which offer tangible benefits to the Board.

Robust Financial Backing

Anexo maintains excellent relations with its bankers and finance providers. We have established distinct long-term financing arrangements covering EDGE and Bond Turner. Our revenue recognition policies are recognised as extremely conservative and our constant monitoring of the capacity and needs of both the credit hire and legal divisions means that we can apply financial leverage swiftly and effectively when required.

1,150
introducer garages in our network

30
in our sales force

Net cash generative for the whole of 2020

Executive Chairman's statement

On behalf of the Board, I am pleased to report a year of solid performance by the Group in the face of considerable nationwide challenges.

Despite the difficulties caused by the COVID-19 pandemic, the Group remained fully operational throughout both the year's national lockdowns and achieved the significant milestone of net cash generation. These results reflect our policy of increasing cash settlements through the expansion of our Legal Services division, while using our working capital to maximum effect to ensure growth in our Credit Hire division. The parallel investment in our advocacy practice will help this to become a major contributor to future revenues.

2020 also saw a significant change in the ownership structure of the Group with DBAY Advisors Limited ('DBAY') agreeing to acquire a minority stake of 29.0% of the issued share capital of the Group from myself, Samantha Moss and Valentina Slater at a price of 150 pence per share. Whilst the transaction will not result in any changes operationally, the Group plans to work closely with DBAY to continue the expansion of its Credit Hire and Legal Services divisions and is committed to the creation of value for all its shareholders.

DBAY is an international asset management firm with offices in the Isle of Man and London. It set up its first investment vehicle in 2008 and now manages investments on behalf of institutional investors, family offices, pension funds, trusts and foundations in various funds. DBAY is owned by members of the firm on a partnership basis.

With this development and continuing expansion of the core business in challenging times we believe that the Group is well positioned for robust growth in 2021 and beyond.

Group Performance

Anexo delivered a strong performance during a period of sustained investment in our infrastructure. Despite the initial disruption caused by the national lockdowns in March and November, trading recovered swiftly and levels of activity across our divisions remained high. As a result, Group revenues in 2020 increased by 10.5% to £86.8 million (2019: £78.5 million). Adjusted profit before tax fell 29.9% to £16.1 million (2019: £23.0 million), reflecting expenditure of £6.5 million on investment in staff, VW case acquisition and IT costs associated with the headcount increase. This adjusted figure is in line with market expectations.

The emphasis in early 2020 was on cash generation. During 2019, cash absorption reduced from £7.0 million in the first half of the year to £1.5 million in the second half. This trend continued over the first half of 2020 and at the interim stage the Group was able to report an overall net cash inflow of £2.4 million. This achievement was a milestone for the Group and one of which the Board remains very proud, particularly in light of the disruption caused by the COVID-19 pandemic.

The second half of the year saw a number of competitors withdrawing from the market and the Group took this opportunity to expand its network of introducer garages. At the same time the Group continued the expansion of staff numbers and the necessary supporting infrastructure. As a result of this ongoing investment in both divisions, the period was one of cash absorption rather than generation.

The Board is delighted to announce that, notwithstanding the impact of the two national lockdowns and the programme of investment expenditure, the Group achieved a net cash inflow for the year of £0.2 million (2019: net cash outflow: £0.8 million). This position was reached after investment in the VW Emissions case of £2.9 million (2019: £0.9 million). Excluding this expenditure, the Group's core business generated a net cash inflow from operations of £3.1 million in 2020 (2019: £0.1 million).

The Group took a series of prudent steps in the second half of the year to reinforce its balance sheet in the light of the pandemic. The placing of 6.0 million new shares at the end of June raised £6.9 million of new funds after expenses. In addition, the Group secured an investment of £2.1 million from a litigation funder to support its investment in the VW Emissions class action and a further £5.0 million was drawn down from Secure Trust Plc under the Government-backed CLBILS scheme. These transactions have resulted in a significant improvement in cash headroom for the Group.

Credit Hire division

The Group's Credit Hire division, EDGE, saw record performance in vehicle provision during the year. The number of new vehicle hires initially saw a sharp decline upon the implementation of the first national lockdown in March. However, a large number of EDGE customers are classed as key workers, including couriers (who have been extremely active throughout the pandemic) as well as health professionals, teachers, nursery staff, emergency workers and supermarket personnel. As a consequence, vehicle numbers recovered strongly and reached record levels prior to the announcement of the second national lockdown in October. The number of vehicles on hire at the end of 2020 rose 23.3% to 1,613 (2019: 1,308) and the average number of vehicles on hire throughout the financial year rose 4.2% to 1,515 (2019: 1,454).

Revenues within the Credit Hire division grew by 7.5% to £51.6 million (2019: £48.0 million).

The Group maintains its claims acceptance strategy of deploying its resources into the most valuable claims, thereby growing claims while preserving working capital. This policy, combined with increased costs incurred as a result of COVID-19 requirements, led to a reduction of 2.3% in gross profit to £33.5 million (2019: £34.3 million). The Group monitors its fleet size constantly, enabling it to respond quickly to changes in demand and strategic priorities by deploying its vehicles appropriately. Focus remains firmly on McAMS, the motorcycle division, reflecting the fact that, on average, a motorcycle claim has the same value as a car claim with a significantly lower take-on cost.

Legal Services division

The Group's Legal Services division, Bond Turner, has continued its focus on cash collections and corresponding investment in staff to drive increased case settlements. This strategy, coupled with our conservative recognition policies, has had a significant impact on financial performance. Revenues within the Legal Services division, which strongly converts to cash, increased by 15.2% to £35.2 million (2019: £30.5 million). The continued growth of the Bolton office, which opened in December 2018, and the opening of the Leeds office scheduled for the beginning of 2021 have provided considerable opportunities for recruitment. During the pandemic, the Group has seen a number of competitors withdrawing from the market and embarking on a run-off strategy; in addition, a number of high-quality staff at competitor firms were placed on furlough. Taking advantage of these recruitment opportunities means that staff numbers have risen at all levels. At the end of December staff numbers within Bond Turner stood at 518, a 17.2% increase on the 2019 figure of 442. Of these, a total of 145 were senior fee earners, up 14.2% (2019: 127).

1p
final dividend making 1.5p for 2020

10.5%
Group revenues up

Executive Chairman's statement continued

VW Emissions Case

The marketing campaign around the class action against Volkswagen AG ('VW') and its subsidiaries (the 'VW Emissions Case') has continued throughout 2020. A judgment announced in the High Court of Justice on 6 April 2020 found that VW had indeed subverted key air pollution tests. VW was subsequently refused permission to appeal that judgment.

Bond Turner is acting on behalf of a number of individuals who have registered claims against VW and is currently engaged on approximately 14,356 cases. The marketing campaign has been largely conducted via social media channels as well as via the use of internal customer records. The campaign is ongoing, with all marketing costs being written off as incurred.

The Board believes that, in the event of a settlement, the percentage of potential damages and associated costs accruing to Anexo would have a significant positive impact on the Group's expectations for profits and cash flow for the relevant accounting period. There is no certainty that a settlement in favour of Bond Turner's clients will be reached, nor is there any guarantee that such a settlement would include financial compensation. The timeline for progress towards a potential settlement is also unclear and no assumptions as to revenue have been included in the Board's internal forecasts for FY 2021.

Dividends

The Board is pleased to propose a final dividend of 1.0 pence per share which, if approved at the Annual General Meeting to be held on 16 June 2021, will be paid on 20 July 2021 to those shareholders on the register at the close of business on 25 June 2021. The shares will become ex-dividend on 24 June 2021. An interim dividend of 0.5 pence per share was paid on 23 September 2020 and that, combined with the final dividend, takes the total dividend for the year to 1.5 pence per share (2019: 1.5 pence per share).

Corporate Governance

Anexo values corporate governance highly and the Board believes that effective corporate governance is integral to the delivery of the Group's corporate strategy, the generation of shareholder value and the safeguarding of our shareholders' long-term interests.

As Chairman, I am responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role. The Board is responsible for the Group's strategic development, monitoring and achievement of its business objectives, oversight of risk and maintaining a system of effective corporate governance. I will continue to draw upon my experience to help ensure that the Board delivers maximum shareholder value.

Principal Risks and Uncertainties

The principal risk and uncertainties facing the Group are included within the Risk and Regulation Committee report on pages 25 to 29, which also includes details of the mitigating factors employed to minimise the effects to the Group.

Streamlined Energy and Carbon Reporting

Details of the Group's streamlined energy and carbon reporting are included on pages 30 to 31.

Our employees and stakeholders

The strong performance of the Group reflects the dedication and quality of the Group's employees. We rely on the skills, experience and commitment of our team to drive the business forward. Their enthusiasm, innovation and performance remain key assets of the Group and are vital to its future success. On behalf of the Board, I would like to thank all of our employees, customers, suppliers, business partners and shareholders for their continued support over the last year.

S172 Statement

A Director of a company must act in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors listed in section 172 of the Companies Act 2006.

Engagement with our shareholders and wider stakeholder groups plays an essential role throughout Anexo's business. We are aware that each stakeholder group requires a tailored engagement approach in order to foster effective and mutually beneficial relationships. Our understanding of stakeholders is then factored into boardroom discussions, regarding the potential long-term impacts of our strategic decisions on each group, and how we might best address their needs and concerns.

In addition, effective engagement with stakeholders at Board level and throughout our business is crucial to fulfilling Anexo's purpose. While the importance of giving due consideration to our stakeholders is not new, we are taking the opportunity this year to explain in more detail how the Board engages with our stakeholders. We keep in close contact with investors, employees, customers, suppliers and local communities so we are aware of their views. This ensures we can appropriately consider their interests in decision making. We also engage with a number of different regulatory bodies in the course of our operations, such as the FCA (Financial Conduct Authority) and the SRA (Solicitors Regulation Authority).

Throughout this Annual Report, we provide examples of how we:

- Take into account the likely consequences of long-term decisions;
- Foster relationships with stakeholders;
- Develop business relationships;
- Understand the importance of engaging with our employees;
- Understand our impact on our local community and the environment; and
- Demonstrate the importance of behaving responsibly.

This section serves as our section 172 statement and should be read in conjunction with the rest of the Strategic Report and the Company's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

Executive Chairman's statement continued

S172 Statement continued

The table below acts as our s172(1) statement by setting out the key stakeholder groups, their interests and how Anexo has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

Stakeholder	Their interests	How we engage
Our employees	• Training, development and career prospects • Health and Safety • Working conditions • Diversity and Inclusion • Human Rights and modern slavery • Fair pay, employee benefits	• Workforce posters and communications • Ongoing training and development opportunities • Whistleblowing procedures • Publication of Modern Slavery Statement • Employee benefits packages • Staff intranet
Our suppliers	• Workers' rights • Supplier engagement and management to prevent modern slavery • Fair trading and payment terms • Sustainability and environmental impact • Collaboration • Long-term partnerships	• Initial meetings and negotiations • KPIs and Feedback • Board approval on significant changes to suppliers • Direct engagement between suppliers and specified company contact
Our investors	• Comprehensive review of financial performance of the business • Business sustainability • High standard of governance • Success of the business • Ethical behaviour • Awareness of long-term strategy and direction	• Regular reports and analysis for investors and shareholders • Investor roadshows • Annual Report • Company website • Shareholder circulars • AGM • Stock exchange announcements • Press releases • Dedicated investor relations team for shareholder liaison
Our clients	• Timely and informative end to end service • Ease of access to information • Legal expertise • Timeliness • Safety • Data security	• Customer support service • Company reports • Press engagement • Marketing and communications • Customer feedback • Annual Report • AGM • Company Website
Regulatory bodies	• Compliance with regulations • Worker pay and conditions • Gender Pay • Health and Safety • Treatment of Suppliers • Brand reputation • Waste and environment • Insurance	• Company website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk review
Community and environment	• Sustainability • Road Safety • Human Rights • Energy usage • Recycling • Waste Management • Community outreach and CSR	• Philanthropy • Oversight of corporate responsibility plans • Introduction of CSR initiatives • Workplace recycling policies and processes

COVID-19 Update

The advent of the COVID-19 pandemic inevitably caused some disruption to the Group's operations. The Group's operations are, however, categorised as essential businesses and as such have been exempted throughout from Government restrictions. Its businesses supply and service a broad range of customers who are involved in a non-fault accident and who would otherwise be unable to access the mobility they need. Among these, the Group provides replacement vehicles to many key workers, including couriers (who are increasingly active during the current circumstances) and other customers such as doctors, nurses, schoolteachers, nursery staff, emergency workers and supermarket personnel.

The Group's core businesses have continued to be fully operational following the reintroduction of a national lockdown. Activity levels in the Credit Hire Division (EDGE) continue to be high. The COVID-19 pandemic has led to a number of the Group's competitors withdrawing from the market and, as a result, Anexo has been approached by a number of high-quality introducer garages looking for new partnerships. The Group has taken advantage of this unprecedented opportunity to expand its introducer network. Vehicles continue to be delivered and collected by staff who are protected in line with Government guidelines. All returned vehicles are valeted as a matter of course before being allocated to a new customer and comprehensive cleaning procedures are being rigorously enforced.

The courts remain open, as they have done throughout the year, and notwithstanding a decline in court listings as a result of COVID-19, the Group's Legal Services division, Bond Turner, has continued to reach case settlements via telephone and online hearings where necessary. The progression and settlement of cases has been aided by moves from the Ministry of Justice (MoJ), supported by the Judiciary, to allow the remote operation of courts through online and telephone hearings. Many staff have returned to office working while observing social distancing guidelines and extensive COVID-19 safety measures have been implemented. The Bond Turner offices have remained accessible 24 hours a day during recent months and the division has remained fully operational at all times.

EDGE, the Group's Credit Hire division, has also remained fully operational throughout 2020. Following the lifting of the first lockdown, the majority of the Group's introducer garages returned to normal working practices and any existing backlog of repair work was cleared. Some introducer garages have once again suspended work as a result of the second lockdown but fewer delays to repair work are being experienced.

Due to the unprecedented global impacts of COVID-19, the Company has continually re-assessed and analysed its business strategy with the key focus being minimising the impact on critical work streams, ensuring business continuity and conserving cash flows. As such, increased stakeholder engagement and open communication have become increasingly important in decision making for the Board.

While the COVID-19 crisis has interrupted our regular physical face to face interactions with various stakeholders internally and externally, we do consider them to be important in maintaining open communications and team cohesion and will be reintroducing these gradually provided it is safe to do so in line with Government guidelines and the needs of individual attendees. In the meantime, we have taken advantage of various video conferencing platforms where appropriate.

The impact of the continued engagement with suppliers, employees, investors and regulatory bodies has allowed the Board to ensure all viewpoints are taken account of when taking strategic and operational decisions.

Current Trading and Outlook

As our financial performance and KPIs have demonstrated, the Group has continued to perform throughout a period of significant uncertainly, improving vehicle numbers and cash collections to record levels during 2020, demonstrating the strength and resilience of the Group during the current COVID-19 crisis. Whilst others have made redundancies, furloughed staff and withdrawn from the credit hire market, we have continued recruitment. This has impacted our reported financial performance in 2020 but these investments have been made to support continued growth into 2021 and beyond.

As a Board we developed a plan for managing the Group during this ever-changing year and continue to react to take advantage of opportunities as they arise. The expansion of the national vaccination programme and the relaxation of national lockdown from April 2021 has resulted in an increase in opportunities and vehicles on the road, consistent with the trends seen in 2020. While uncertainties remain given the current environment, I continue to have great confidence in the strategy post COVID-19 and look to the future with continued optimism.

Annual General Meeting

The Group's Annual General Meeting will be held on 16 June 2021. The notice of the Meeting accompanies this Annual Report and Accounts.

Alan Sellers

Executive Chairman

26 April 2021

Market overview

We operate in the Road Traffic Accident credit hire and claims market and differentiate ourselves with our integrated offering and focus on impecunious customers.

Anexo is established as a provider of an end-to-end litigated claims service to predominantly impecunious non-fault motorists. These customers typically do not have the means to provide themselves with a replacement means of transport when they are deprived of their existing vehicle through the action of another party. These replacement vehicle hires are charged at commercial credit hire rates.

Our business model is underpinned by UK case law which has affirmed the legal right of an impecunious claimant to recover credit hire costs.

Credit hire and the law

Our business model is based on legal precedents in common law and is validated by a number of Supreme Court decisions. Case law from 1994 to 2015 has specifically established, among other things, that we can charge and seek to recover commercial credit hire rates; that such rates are reasonable and not excessive; and that there is no time limit on the provision of a hire vehicle for the duration of a claim.

Judgments upheld include the principle that an impecunious motorist with no choice but to hire a replacement vehicle on a credit hire basis is entitled to the full cost of such a hire; and that claimants are entitled to a like-for-like vehicle.

The Competition and Markets Authority (CMA) carried out a review in 2014 which included the credit hire market. They found that the provision of credit hire vehicles was not detrimental to the consumer.

Advocacy

Bond Turner operates a separate in-house advocacy division. The division deals with complex professional and clinical negligence claims, including high value and high-profile cases, some of which have been ongoing for many years. It also handles data protection and defamation actions, as well as large or catastrophic loss cases arising from road traffic accidents and employers' liability cases. Some of these actions involve potential claims for damages in excess of ten million pounds.

Our strategy

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through the Company's growth strategy.

The legal services division has continued to grow, with investment driving settlement capacity and increased cash collections, while fleet numbers recovered strongly from initial lockdown-related declines to show an average increase over the year. Our three strategic pillars are:

1 Maximising fleet utilisation

Despite initial declines in fleet numbers following the two lockdowns in 2020, average vehicle number for the year rose 4.2% to 1,515. Credit Hire revenue increased by 47.5%, while gross profit declined by a marginal 2.3% due to COVID-19-related increased costs. The Group continues to monitor its fleet size and retains the capacity to respond quickly and deploy additional vehicles according to the Group's strategic priorities.

2 Increasing number of litigators

Following the success of our Bolton office, which doubled in size during 2019, we opened a third office in Leeds in early 2021. The number of senior fee earners grew 14.2% during the course of 2021 and we continue to recruit high quality staff.

3 Targeting net cash generation

The number of cases settled increased during 2020 as our investment in legal staff started to bear fruit. Cases settled rose by 6% during 2021, reaching a total for the year of 5,236. Despite the impact of the pandemic, growth in case settlement led to a 16.4% increase in cash collections and we are delighted to report a net cash inflow of £0.2m for FY 2020.

Strategic outlook

Anexo invested heavily in the legal services business in 2020 and will continue to do so in 2021. We have a number of opportunities to grow our market share significantly and the Board is confident that the Group strategy will result in increasing claims generation and an expanding market share for our Credit Hire division.

Our business model

The Group has created a unique business model by combining a direct capture credit hire business with a wholly owned legal services firm.

What we do

We provide replacement vehicles and associated legal assistance to consumers who have been involved in non-fault motor accidents. The Group comprises two synergistic business divisions: Credit Hire and Legal Services.

Credit Hire (EDGE)

The business provides vehicles to individuals who have been involved in a non-fault accident, allowing the recovery of costs from the at-fault insurer at no upfront cost to the customer. Sales activities are focused mainly on the impecunious market, allowing the Group to charge commercial credit hire rates which are typically higher than the spot rate or the rates agreed by the ABI under the GTA.

Features

- 24/7 roadside recovery and storage.
- Like-for-like replacement vehicle.
- Garage of your choice.
- >80% delivered within 24 hours.

Legal Services (Bond Turner)

Bond Turner specialises in road traffic accident claims that typically involve an element of credit hire. Bond Turner has been able to achieve improved recovery rates and periods compared to external law firms. This impact has been particularly marked in respect of credit hire recovery. As a result, Bond Turner has been responsible for acting on all new Edge cases since late 2011 and currently processes all claims generated by EDGE.

Key areas

- Credit hire – 95% of work.
- Personal injury.
- Other professional disciplines including professional/clinical negligence and commercial litigation.

95%
of Bond Turner work comes from EDGE

The Group's business model is underpinned by legal precedent supporting the ability of impecunious customers to recover higher credit hire rates from at-fault insurers

Key differentiators

We are different from other businesses in the wider RTA credit hire and claims market.

Complementary divisions providing end-to-end service

Convenient geographic reach

No upfront cost forhire and repair charges

Quality and capacity of fleet ensuring like-for-like vehicle replacement

Processing of any associated personal injury claim

Value creation

We were established to meet a clear market need, and our unique model creates value for all of our key stakeholder groups.

For Customers

Our customers receive swift and efficient service. We provide them with a replacement vehicle in a timely manner, allowing them to return to their normal routine without delay. The customer retains the vehicle throughout the repair and/or litigation process. We also take care of any associated personal injury or equipment claims which may arise as the result of a non-fault accident.

For Partners

Our introducer garages know that they will receive payment in full and on time, which is especially important for the smaller independent operator. The use of a court-appointed engineer to assess vehicle damage means that the estimate or valuation process is accepted by both sides and the garage is not put at any risk. We have excellent relationships with our fleet providers and are well-respected within the legal community.

For Employees

We offer our employees rewarding careers with multiple opportunities for personal development, including specialist training where required. We value the opportunity to nurture and incentivise talent and consequently our staff retention rates are very high. Our geographic spread of office locations allows our staff to maximise work/life balance.

For Investors

We have consistently outperformed analyst forecasts, with five earnings upgrades since listing. We operate a progressive dividend policy to provide a regular return to our shareholders. Our management team has proven its ability to deliver on its promises and we maintain excellent relationships within the investment community.

Financial review

On behalf of the Board, I am pleased to announce that the Group has been net cash generative over the full year for the first time, an achievement underpinned by strong growth in cash collections and resilient vehicle hire numbers.

Basis of Preparation

As previously reported, Anexo Group Plc was incorporated on 27 March 2018, acquired its subsidiaries on 15 June 2018, and was admitted to AIM on 20 June 2018 (the 'IPO'). Further details are included within the accounting policies.

To provide comparability across reporting periods, the results within this Financial Review are presented on an 'underlying' basis, adjusting for the £0.7 million charge recorded for share-based payments in 2019 and the £0.7m charge for share-based payments in 2020.

A reconciliation between underlying and reported results is provided at the end of this Financial Review. This Financial Review forms part of the Strategic Report of the Group.

New Accounting Standards

As reported on page 62 there have been a number of new UK IFRS accounting standards applicable from 1 January 2020, none of which has resulted in adjustment to the way in with the Group accounts or presents its financial information.

Revenue

In 2020 Anexo successfully increased revenues across both its divisions, Credit Hire and Legal Services, resulting in Group revenues of £86.8 million, representing a 10.5% increase over the prior year (2019: £78.5 million). This growth is particularly pleasing given the fact that we have all been operating under restrictions imposed by the Government to limit the impact of the COVID-19 pandemic.

During 2020 EDGE, the Credit Hire division, provided vehicles to 7,230 individuals (2019: 7,182) a slight increase on that seen in the prior year. This constitutes a strong performance given the restrictions imposed during the year. As part of our continued investment in the motorcycle community, our sponsorship of the McAMS Yamaha team in the British Superbike Championship continued into 2020. The season was curtailed but our engagement with the team was buoyed with an outstanding second place for Jason O'Halloran in the Championship. Our strategy remains, as previously reported, to focus investment within the McAMS business. This reflects the fact that, on average, a motorcycle claim has a similar value to that of a car with a take-on cost significantly less, allowing the Group to deploy its resources into the most valuable claims, thereby growing revenues whilst preserving working capital.

Whilst the number of claims rose only slightly in 2020, the strategy of deploying capital into the most valuable claims to the Group resulted in revenues for the Credit Hire division increasing to £51.6 million in 2020, an increase of 7.5% over 2019 (£48.0 million).

As a result of spending the majority of 2020 operating within the ongoing COVID-19 restrictions, we have again been focused on cash collections and maintaining headroom within our working capital facilities, whilst maintaining investment for growth in 2021. Given our conservative income recognition policies, investment within the Legal Services division in senior staff and property has had a significant impact on the financial performance of the division. Revenue growth within the Legal Services division in 2020 reached 15.2%, with revenues rising from £30.5 million in 2019 to £35.2 million.

Expansion of headcount in Bond Turner has been critical to increasing both revenues and cash settlements within the Group and the continued growth of the Bolton office, supported by expansion into Leeds, has provided a crucial platform for growth in both factors. During 2020, the Group continued its recruitment campaign, seeing some high-quality staff in the market as a result of competitor firms either entering a run-off plan or simply furloughing staff to remain viable. We have taken advantage of these opportunities, taking the decision to continue to recruit throughout the year, thereby investing in the future settlement capacity of the Group and consequently driving cash collections and the number of new cases we can fund without the need for additional working capital facilities. By the end of December 2020, we employed 518 staff in Bond Turner (December 2019: 442), of which 145 (December 2019: 127) were senior fee earners, an increase of 14.2%. With the signing of the lease for the Leeds office, recruitment and associated training has commenced and as at 14 April 2021 we had secured 14 staff, of which nine are senior fee earners. Recruitment is scheduled to continue throughout 2021 across all of our three office locations.

Gross Profits

Gross profits are reported at £68.0 million (at a margin of 78.3%) in 2020, increasing from £62.8 million in 2019 (at a margin of 80.4%). It should be noted, furthermore, that staffing costs within Bond Turner are reported within Administrative Expenses. Consequently, gross profit within Bond Turner is in effect being reported at 100%.

Gross profits for the Credit Hire division reached £33.5 million in 2020 (at a margin of 64.9%) falling from £34.3 million in 2019 (at a margin of 71.4%). The reduction reflects both our strategy for claims acceptance which seeks to maximise value from our available working capital facilities, as well as certain additional costs which were incurred as COVID-19 impacted utilisation within the fleet.

Operating Costs

Administrative expenses before exceptional items increased year-on-year, reaching £42.6 million in 2020 (2019: £31.0 million), an increase of £11.6 million (37.4%). This reflects the continued investment in staffing costs within Bond Turner to drive settlement of cases and cash collections. Staffing costs for Bond Turner increased to £16.6 million (2019: £13.5 million), an increase of £3.2 million (23.5%). Investment in the VW Emissions class action (£2.9 million) has been expensed against Group profits in the year (2019: £0.9 million), much of this expenditure being marketing costs. Further details around this particular claim are set out on page 12. The balance of the increase reflects the investment in marketing, staff and infrastructure to allow the Group to meet its growth aspirations, as well as its requirements and responsibilities as a Plc.

EBITDA

Adjusted EBITDA reached £25.4 million in 2020, reduced from £31.8 million in 2019 (20.0%). To provide a better guide to underlying business performance, adjusted EBITDA excludes share-based payments charged to profit and loss along with depreciation, amortisation, interest and tax from the measure of profit.

The GAAP measure of the profit before interest and tax was £18.1 million (2019: £24.6 million) reflecting the non-cash share-based payment charge of £0.7 million (2019: £0.7 million). Where we have provided adjusted figures, they are after the add-back of this item and a reconciliation of the underlying and reported results is included on page 24 of the Annual Report.

£66.1m
Gross profits in 2020

22%
operating profit margin

Financial review continued

EPS and Dividend

Statutory basic EPS is 10.8 pence (2019: 16.4 pence). Statutory diluted EPS is 10.6 pence (2019: 16.0 pence). The adjusted EPS is 11.4 pence (2019: 17.0 pence). The adjusted diluted EPS is 11.2 pence (2019: 16.6 pence). The adjusted figures exclude the effect of share-based payments. The detailed calculation in support of the EPS data provided above is included within note 12 of the financial statements of the Annual Report.

A final dividend of 1.0 pence per share has been recommended by the Board (2019: 0.5 pence) giving a total dividend for 2020 of 1.5 pence, having paid a dividend of 0.5 pence on 23 September 2020. This dividend, if approved at the Annual General Meeting to be held on 16 June 2021, will be paid on 20 July 2021 to those shareholders on the Register at the close of business on 25 June 2021.

Group Statement of Financial Position

The Group's net assets position is dominated by the balances held within trade and other receivables. These balances include credit hire and credit repair debtors, together with disbursements paid in advance which support the portfolio of ongoing claims. The gross value of the receivables totalled £262.6 million in 2020, rising from £220.5 million in 2019. In accordance with our income recognition policies, provision is made to reduce the carrying value to recoverable amounts reflecting an initial settlement adjustment, being £126.4 million and £100.8 million respectively, an increase of 25.4%. This increase reflects the recent trading activity and strategy of the Group and is in line with management expectations given that throughout the majority of 2020 the legal services teams have been operating within COVID-19 restrictions and there have been periods when capacity within the court system has been significantly hampered. The increase has been primarily funded from the significant increase in cash collections seen year on year.

In addition, the Group has a total of £27.1 million reported as accrued income (2019: £24.4 million) which represents the value attributed to those ongoing hires and claims.

Whilst activity levels have risen and fallen in line with the local and national lockdowns, impacting the number of vehicles on the road and hence opportunities for new claims for the Group, further investment has been required and made in 2020 into the motorcycle fleet so as to meet the demand from our significant pool of introducers. Total fixed asset additions totalled £11.2 million in 2020 (2019: £15.1 million), the fleet continues to be largely leased.

Trade and other payables, including tax and social security increased to £9.5 million compared to £7.9 million at 31 December 2019, an increase of 20.0%, reflecting the timing of certain payments to HMRC in line with the provisions associated with COVID-19.

Net assets at 31 December 2020 reached £110.4 million (2019: £91.7 million).

Cash Flow

During 2018, the Group utilised the funds raised from the AIM listing, alongside increases in debt facilities, to take advantage of the opportunities in the market and increase the number of vehicles on the road. 2019 saw a shift in focus to cash generation, as the Group held back on growth within the Credit Hire division and focused investment on the Legal Services division where we saw a significant investment in the number of senior staff engaged to settle cases and recover cash for the Group. This trend continued into 2020, notwithstanding the impact of COVID-19 on the business (further details provided earlier). The number of senior fee earners increased from 127 to 145 during 2020 (an increase of 14.2%) and continues to rise across each of our offices, the third of which opened in Leeds in February 2021. The Group's success in recruiting high quality staff continues, particularly while other firms are seen to be reducing headcount and utilising the Government's Furlough Scheme. Recruitment has continued throughout 2020 and into 2021, thereby investing in case settlement for the future.

Cash collections for the Group (and excluding settlements for our clients), a key metric for the Group, increased from £84.1 million in 2019 to £98.0 million in 2020, an increase of 16.4%. This is a significant improvement, given the fact that many of the new recruits will not reach settlement maturity until late 2021/early 2022. Furthermore, with settlements impacted by the capacity within the court system arising from the impact of COVID-19, this growth is testament to the quality of staff within the Group.

Having strategically managed vehicle numbers during 2019 so as to preserve working capital, and with the focus being on securing the most attractive and profitable claims for the Group whilst minimising take-on costs, the number of vehicles on the road fell during 2019 from 1,531 to 1,308. During 2020, we have seen a number of competitors furlough staff and withdraw from the market leading to increases in market opportunities; we have sought to take advantage of this and increase market share. Despite the noticeable decline in road traffic, with the overall number of vehicles on the road visibly lower than in a typical year and many people working from home, we have actually seen the average number of vehicles on the road rise in 2020, reaching 1,515 (2019: 1,454). This contributed to the strong revenue performance of the Credit Hire division. This growth correspondingly impacted cash flows in the second half of the year. As we came out of the national lockdown in the summer of 2020, vehicle numbers on the road peaked in excess of 1,900, before dropping back to 1,613 at the end of the year as further restrictions were imposed at a regional and subsequently a national level.

Whilst conscious of investing for the future in 2020, the requirement to monitor our cash position and the headroom within our working capital facilities meant that focus remained on driving settlements and cash collections. This balance assures that growth within the core business is not at such a level as to impact headroom significantly. Moreover, investment in the generation of claims within the VW Emissions class action case has been made in the context of the specific facility drawn down during the year (contributing funds of £2.1 million) alongside the overall capacity within our facilities.

The Group reported a further improvement in the conversion of profits to cash flows from operating activities, reducing a cash outflow of £0.8 million in 2019 to a cash inflow of £0.2 million in 2020. This position was reached after investment in the VW Emissions case of £2.9 million (2019: £0.9 million). Excluding this expenditure, the Group's core business generated a net cash inflow from operations of £3.1 million in 2020 (2019: £0.1 million). Notwithstanding a decline in case settlements as a result of COVID-19, we have continued to invest in new cases and increase market share across both the Credit Hire and Legal Services divisions. This investment absorbed a net £20.7 million of funds in 2020 (2019: £26.3 million); however, this year on year increase has been countered by the increased level of cash collections.

With a net cash inflow of £4.9 million resulting from financing activities, reflecting the fund raise in May 2020 where £6.9 million was raised after expenses, (2019: net cash outflow of £1.8 million), the Group reported a net cash inflow in 2020 of £6.0 million (2019: net cash outflow of £3.3 million). This constitutes a significant improvement on that seen in 2019, particularly given the challenging operating circumstances in 2020.

Net Debt, Cash and Financing

Cash balances improved during 2020 and at 31 December 2020 reached £8.2 million (2019: £2.3 million). This figure reflects the funds raised from the placing in May 2020 (£6.9 million after expenses) as well as the improvement in cash collections year on year. These increased by £13.8 million (16.4%) although they were countered by the continued investment into the Group case portfolio and settlement capacity.

Borrowings increased during the year to fund the additional working capital investment in the Group's portfolio of claims, support the investment by the Group in the VW Emissions claim and expansion of the vehicle fleet. The total balance rose from £38.5 million in 2019 to £48.7 million at the end of 2020. The Group has a number of funding relationships and facilities to support its working capital and investment requirements, including an invoice discounting facility within Direct Accident Management Limited (secured on the credit hire and repair receivables), lease facilities to support the acquisition of the fleet and a revolving credit facility within Bond Turner Limited.

In addition, during 2020 the Group secured £2.1 million of additional funding from a litigation funder to support the Group's own investment into the VW Emissions litigation as well as an additional £5.0 million of funding from Secure Trust Bank Plc under the Government-backed CLBILS scheme to further enhance headroom.

Having weathered what is hoped to be the worst of the COVID-19 pandemic the Group now has a significant increase in the availability of capital to deploy and drive growth across both the core business and other niche opportunities that may arise.

Having considered the Group's current trading performance, cash flows and headroom within our current debt facilities, maturity of those facilities, the Directors have concluded that it is appropriate to prepare the Group and the Company's financial statements on a going concern basis.

Further details are included on page 61 of the financial statements.

Financial review continued

Reconciliation of Underlying and Reported IFRS Results

In establishing the underlying operating profit, the costs adjusted include £0.7 million of costs related to share-based payments (2019: £0.7 million).

A reconciliation between underlying and reported results is provided below:

	Year to December 2020		
	Underlying £'000s	Share-based payment £'000s	Reported £'000s
Revenue	86,752	–	86,752
Gross profit	67,952	–	67,952
Other operating costs (net)	(49,244)	(658)	(49,902)
Operating profit	18,708	(658)	18,050
Finance costs (net)	(2,562)	–	(2,562)
Profit before tax	16,146	(658)	15,488
Depreciation & Amortisation	6,663	–	6,663

	Year to December 2019		
	Underlying £'000s	Share-based payment £'000s	Reported £'000s
Revenue	78,510	–	78,510
Gross profit	62,807	–	62,807
Other operating costs (net)	(37,557)	(657)	(38,214)
Operating profit	25,250	(657)	24,593
Finance costs (net)	(2,202)	–	(2,202)
Profit before tax	23,048	(657)	22,391
Depreciation & Amortisation	6,582	–	6,582

By order of the Board

Mark Bringloe
Chief Financial Officer
26 April 2021

Risk management

The Board recognises the need for an effective and well-defined risk management framework. The Board is responsible for overseeing and regularly reviewing the current risk management and internal control mechanisms.

The Board

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and retains ultimate responsibility for them.

CFO

The Board receives regular reports from the CFO through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

Finance Team

The Board has delegated the authority for designing and operating processes that ensure the effective implementation of the risk management objectives and policies to the Company's finance function.

Risk and Regulation Committee

The Risk and Regulation Committee ensures there is a robust process in place for identifying, managing, and monitoring risks to the Group.

The Risk Committee will assess the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management.

Audit Committee

The Audit Committee also has delegated responsibility to review the Company's internal financial controls and monitor the integrity of the Financial Statements of the Company (including Annual and Interim Accounts and results announcements).

Principal risks and uncertainties

The Board recognises the need for an effective and well-defined risk management framework.

The Board is responsible for overseeing and regularly reviewing the current risk management and internal control mechanisms. Anexo conducts a full risk assessment matrix, categorising all its key risks and outlining the mitigating actions that are in place.

Statutory Risk

Principal Risk	Risk Description	Mitigation
Potential reduction in fee income from potential introduction of changes to legislation (case law or statutory changes).	Any reduction in fee income will directly affect profit levels.	Education of key staff members regarding risks and the need to perform. Keep abreast of changes in case law and statute.
Government actions and legal developments leading to decrease in costs/damage recovery and negative impact on turnover/profit.	The credit hire aspect of the Group is reliant on the House of Lords ruling that non-fault accident victims deemed impecunious have the right to recover credit hire rates from third party insurers. It cannot be predicted with certainty what future legal and regulatory changes may occur or the resultant effect that they may have upon the credit hire aspect of business.	The Group keeps abreast of developments.

Operational Risk

Principal Risk	Risk Description	Mitigation
New costs within the business due to the need to maintain business levels.	A rise in payment of issue fees (quantum due to legislative changes and increase in volume issued) and hearing fees to litigate cases would directly affect profit levels.	Closely monitor costs and review monthly. Commercial decision by management to increase settlement and drive cases to conclusion.
Retention of lawyers.	The Group is heavily reliant on its lawyers to manage and settle the Group's claims. If the Group were to lose the services of key lawyers with high settlement rates, or cease to be able to attract new lawyers, this could significantly impair the strategy, operations and financial condition of the Group.	Maintenance of staff satisfaction levels to help the Group monitor the risk of losing key members of staff. The Group adopts an ongoing recruitment policy. The Group trains staff from a junior level and supports staff in training, education and development to ensure retention. Key lawyers are incentivised and the firm offers competitive packages within the market to ensure staff retention.
Reliance on senior management.	The current senior management team have been heavily involved in the Group's success. The Group cannot guarantee that it will be able to recruit suitably qualified staff on a timely basis to replace those individuals in the event of the departure of any of the senior management team. A failure to do so could have a materially adverse impact on the Group's operations and financial condition.	The Group adopts an ongoing recruitment policy. The opening of the Bolton office has opened up recruitment opportunities for excellent specialised staff which was previously restricted due to logistical restraints. The firm trains staff from a junior level and supports staff in training, education and development to ensure staff retention. Key lawyers are incentivised and the firm offers competitive packages within the market to ensure staff retention.

Operational Risk continued

Losing cases.	The Group invests heavily in cases that are reliant on a successful outcome for recovery of money. Bond Turner works on a no win no fee basis, DAMS operate on credit hire and PALS and IGCA 2013 receive no monies up front. Money is only received upon successful conclusion of any claim. If the claim is lost, no money will be received.	Review of circumstances around those cases that are lost. Consideration of factors that may attribute to unsuccessful outcomes and pre-exempt any unusually high areas of risk in any new business. Conduct risk/benefit analysis on any potentially new risky claims. Consideration of merits of appealing cases and benefit weighed against wide scale potential negative consequences. Ensure that potential claims are properly vetted and we proceed with cases that are likely to succeed. Train and employ staff with excellent technical skills to increase chance of successful outcome and use specialised counsel. Feedback to sales representatives. Fraud indicators, ongoing dialogue through sales team and garages.
Weaknesses in IT Systems & Cyber Security.	Disruption to operations impeding work and risking damage to reputation and customer relationships.	Ongoing, regular extensive reviews and testing.
Health & Safety Issues.	The activities of certain parts of the Group involve a range of Health & Safety risks.	All Group subsidiaries operate Health & Safety management systems appropriate to the nature and scale of their risks.

Market Risk

Principal Risk	Risk Description	Mitigation
Competition.	The Group could face competition from other companies that offer similar products and services in the broader credit hire and PI sector. Any direct competitor offering the same service and scale would have to be a new entrant to the market or a change in existing business model, which would be unlikely given very high set up costs.	Monitor the market and continue to offer competitive product. Continue to invest in development of the service and ensure a growing established team of effective lawyers is constantly maintained.
Retention of garages and sources of work.	Garages that advertise DAMS services could be enticed by other deals from competitors. Some competitors are offering enhanced deals that are not LASPO compliant and some lay individuals can be enticed with the offer of extra cash.	Nurture garages through education, offer competitive deals, and train them into understanding compliance with LASPO, Code of Conduct and FCA rules.

Principal risks and uncertainties continued

Regulatory Risk

Principal Risk	Risk Description	Mitigation
Regulatory compliance.	Compliance with Code of Conduct, Solicitors Accounts Rules, any applicable FCA rules, GDPR, Statute (LASPO) etc.	Ensuring regulatory compliance is monitored through updated policies, staff training, spot checks and audits. Conduct risk assessments to identify any areas of weakness or potential breach. Monitor and record any complaints/ feedback.

GDPR/ Personal Data Risk

Principal Risk	Risk Description	Mitigation
Introduction of stringent new laws regarding the treatment of personal data, damages are payable if breaches occur.	The Group holds and processes a large volume of sensitive personal data which is inherent in the Group's day-to-day practices. If breaches of personal data occur, damages can be claimed and large fines are payable. This has an obvious negative effect on the Group's financials as well as causing potential reputational damage to the firm.	Regular staff training on the GDPR legislation. Random spot checking of processes and staff practices. Regular review of processes. Risk assessment on implementation of new processes. Ongoing reviews of systems relating to any complaints.

Litigation Risk

Principal Risk	Risk Description	Mitigation
Adverse costs arising from litigation.	The Group is a highly litigious firm. Adverse costs arising from litigation will negatively impact the Group's financials as well as cause potential reputational damage from losing cases.	This risk is extensively and continuously discussed with management and fee earners to ensure awareness. Management is satisfied that costs will be kept to a minimum through maintaining review levels of adverse costs. Despite the mitigation, the Group recognises that some adverse costs cannot be avoided in entirety due to clients' inability to reply fully and in a timely fashion, draconian court orders and the hostile nature of litigation.

Financial Risk

Principal Risk	Risk Description	Mitigation
Bank covenants.	Importance of understanding processes and requirements for bank covenants. Covenants may not be properly complied with.	Daily, weekly and monthly checks are carried out by the Group. Staff awareness training is regularly provided. Constant review and reporting to the bank on covenants to ensure that business performance remains within the expected criteria.
General expenditure increase.	If the Group's costs are not effectively monitored, there could be a general increase in expenditure, with excess costs causing financial difficulty.	Costs are closely monitored by the CFO and the Finance team and reviewed monthly. Overview of costs is discussed at each Board meeting.
Cash spend.	The Group must ensure that cash spend is within facilities and that expenditure is monitored, eg. monitoring of tax liabilities, large project spends etc. Excess spend would cause the Group financial difficulty and may mean the Group is unable to achieve its objectives.	Cash spend and costs are reviewed by the CFO and management regularly to ensure there is a healthy balance between the Group's vehicle fleet and the conservation of financial resources. New financing options are considered and reviewed where necessary. Review the current case load and need for issuing as case expenditure is front loaded.

Operational Risk

Principal Risk	Risk Description	Mitigation
COVID-19 – health and safety of clients, employees and third parties.	The health and safety of our staff and clients is paramount. The business has made operational adjustments to comply with Government guidelines, which are constantly updating.	Regular risk assessments are undertaken to ensure that the business is operating within Government guidelines and to ensure that staff, clients and third parties with whom the business engages, are protected.

Financial Risk

Principal Risk	Risk Description	Mitigation
Potential for a significant impact on both new credit hire business and cash collections from the legal services team.	As with many businesses, the Group has faced uncertainty in trading as a result of the impact of the COVID-19 pandemic from both a credit hire and legal services perspective, the latter of which may well impact cash collections and headroom.	In the ordinary course of business, the Group monitors the level of new business taken on and the quantum of cash receipts from at fault insurers on a daily basis and as such the Board has been able to manage the financial impact on the Group from both a credit hire and legal services perspective. Whilst the Group saw a sharp fall in new business activity within the credit hire initially, post first lockdown, levels subsequently increased to a level not significantly less than those seen pre-lockdown. Within the legal services team, the Group has seen a general reduction in cash receipts against our initial forecast, as we, the defendant law firms, at fault insurers and the courts continue to work with COVID-19 adaptations and restrictions in place. Changes to working practices such as home working and remote court hearings inevitably impact efficiencies from all sides. The business has taken appropriate steps to keep our staff safe in an office environment, and the necessary COVID-19 adaptations have become a new way of working which over time has resulted in a continual improvement in case settlements and cash collections.

Streamlined Energy and Carbon Reporting

Anexo Group Plc has reported Scope 1 and 2 (and associated Scope 3) greenhouse gas (GHG) emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting (SECR). This includes emissions for the first mandatory reporting year – the 12 months started 1st January 2020 and ending 31st December 2020.

Responsibilities of Anexo Group Plc and Green Element

Anexo Group Plc were responsible for the internal management controls governing the data collection process. Green Element was responsible for the data aggregation, any estimations and/or extrapolations, GHG calculations and the emissions statements. Emissions were calculated according to the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard.

Scope and Subject Matter

The report includes sources of environmental impacts under the operational control of Anexo Group Plc. This includes the two active subsidiary companies in 2020 being Direct Accident Management Limited (EDGE) and Bond Turner Ltd.

GHG sources included in the process

Scope 1: Diesel and petrol for travel fuel of owned vehicles, and natural gas.

Scope 2: Purchased electricity (location-based method for 2020)

Scope 3: Indirect emissions associated with the production, processing and delivery of any fuel used, and losses due to the transmission and distribution of electricity.

Types of GHG included, as applicable: CO_2, N_2O, CH_4, HFCs, PFCs, SF_6 and NF_3. The figures were calculated using DEFRA conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Energy efficiency action

Taken (2020): Due to the impact of COVID-19, Anexo Group Plc made no direct energy efficient actions in 2020. However, the impact of COVID-19 did result in reduced energy requirements in Anexo Group Plc office spaces as a result of a move to remote working.

Planned (2021): In 2021, Anexo Group Plc are planning the following to enhance energy efficiency within the Group:

- Ensure that when employees return to work within the office, energy-saving activities are adopted, including switching appliances/lights off when not in use.
- Consider a switch to 100% renewable electricity tariffs for some of the office spaces.

The Streamlined Energy and Carbon Reporting (SECR) 2020 mandatory reporting (in tCO_2e) for the Group is, as follows:

Streamlined Energy and Carbon Reporting (SECR)	UK 2020
Energy consumption used: (kWh)	
Electricity (kWh)*	723,160
Gas (kWh)	3,743
Transport fuel (kWh)	750,553
Other energy sources (kWh)	–
TOTAL	**1,477,456**
Emissions (tCO_2e)	
Scope 1	
Emissions from combustion of gas	0.69
Emissions from combustion of fuel for transport purposes	178.92
Scope 2	
Emissions from purchased electricity – location-based**	168.60
Scope 1 & 2	
Total Scope 1 & 2 emissions – location-based	348.20
Scope 3	
Emissions from upstream transport and distribution losses and excavation and transport of fuels – location-based	83.70
Total location-based tCO_2e	**431.90**
Intensity Ratios:	
Number of full-time employees within financial year (FTE)	698
Intensity ratio: tCO_2e from Scope 1, 2 and 3 / FTE – location-based	**0.619**
Total m^2 of owned & leased office space	12,065
Intensity ratio: tCO_2e from Scope 1, 2 and 3 / m^2 – location-based	**0.036**
Methodology	GHG Protocol Corporate Accounting and Reporting Standard
Certification and External Verification	Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

* Electricity consumption (kWh) was not available for two EDGE offices (Unit 2 Potter's Bar & Unit 13 Frome). Electricity for these two sites was estimated by calculating kWh / m^2 from electricity consumption data available for the other EDGE offices.

* Some consumption data fell outsiplcde the reporting period (i.e: an invoice crossed over the 2020 financial year either into 2019 or 2021). This was apportioned to 2020 only by calculating a daily kWh consumption and apportioning for the days that fell within 1st January 2020–31st December 2020 only.

** Location-based electricity (Scope 2) emissions use the average grid fuel mix in the region/country where the electricity was purchased and consumed. For SECR, location-based is mandatory.

Board of Directors

The current Board members of Anexo Group Plc, all of whom served throughout the year, with the exception of Dawn O'Brien and Saki Riffner who were appointed on 21 July 2020 and 21 January 2021 respectively, are presented below.

	Alan Sellers **Executive Chairman**	Mark Bringloe **Chief Financial Officer**	Samantha Moss **Director**	Dawn O'Brien **Director**
Committee membership				
Experience & qualifications	Alan was appointed Executive Chairman of Anexo Group Plc in March 2018 and was one of the founders of the business and has been instrumental in forming the Group as it operates today. Alan was called to the Bar in 1991 at the Gray's Inn Bar and alongside his duties as Executive Chairman continues to practise as one of Anexo's in-house team of barristers. Alan is an expert in civil litigation, personal injury and credit hire claims and clinical and professional negligence, and he is recognised as a leading figure in these fields.	Mark is a qualified Chartered Accountant and was appointed as Chief Financial Officer in May 2018, originally joining the Group as Finance Director in 2009. Mark has previously worked at Ernst & Young, Robson Rhodes and most recently BDO where he was a Director within the Corporate Finance team. For the last 15 years of his career in professional practice Mark specialised in the provision of due diligence and associated services for private equity and other stakeholders as well as supporting a number of listings to AIM.	Samantha was appointed as a Director of Anexo Group Plc in March 2018. She graduated from the University of Manchester with a degree in law and accountancy in 2003 and was subsequently admitted as a solicitor in 2008. Samantha has worked at Bond Turner since 2004 and is currently Managing Director. Samantha is a specialist in clinical and professional negligence and civil litigation, including personal injury and credit hire claims. Samantha also maintains managerial responsibility for Bond Turner and overseas regulatory compliance, client care, complex claim, staff supervision, account and complaints handling. Samantha is married to Alan Sellers.	Dawn was appointed as a Director of Anexo Group Plc in July 2020. After graduating with a Law degree from the University of Liverpool in 2004, Dawn was called to the Bar at Middle Temple in 2006. Dawn joined Bond Turner in the same year and she was appointed CEO of Bond Turner Limited in 2009, and later Director in 2018. Dawn specialises in RTA/Credit hire and costs litigation and advocacy. As well as her supervision of fee earning staff, Dawn oversees banking, HR, payroll, compliance and the supervision of finance staff. Dawn is the compliance officer for finance and administration.

Committee membership key:

Audit Committee

Remuneration Committee

Risk and Regulation Committee

Christopher Houghton

Senior Non-Executive Director

Christopher joined the Group in May 2018 on listing and is a fellow of the Chartered Institute of Management Accountants. He joined Park Group Plc in 1986 in a finance role rising to Finance Director in 2001. After taking on operational responsibilities he became Chief Executive in 2012 retiring from the Group in 2018.

Roger Barlow

Non-Executive Director

Roger is a Chartered Accountant and was a partner with KPMG until 2000. Since then he has held a number of Directorships and is currently Senior Independent Non-Executive Director and Chair of Audit at a challenger bank, Bank & Clients Plc and a Non-Executive Director of Loughborough Building Society. He is the independent member of the Audit Committee at the Information Commissioner's Office. He has also been CFO and Chairman of two AIM listed companies. Roger joined the Anexo Group Plc Board in June 2018.

Richard Pratt

Non-Executive Director

Richard was called to the Bar in 1980 and has practised in Liverpool, specialising in criminal law. He was appointed a QC in 2006 and has been the head of his chambers since 2012 and leader of the Northern Circuit between 2011 and 2013. Richard is also a recorder of the Crown Court and joined the Group in May 2018.

Elizabeth Sands

Non-Executive Director

Elizabeth joined the Group in June 2018 and is currently Chairman of Great Bowery, a New York based fashion agency backed by Private Equity. She has also provided independent advice to a number of both private and public companies including a FTSE100 utilities company and an international investment bank. She was previously Head of Organisation and Transformation UK at AT Kearney following which she was Vice Chair of the Finance and Investment, and Workforce committees at the Devon Partnership NHS Trust.

Saki Riffner

Independent Non-Executive Director

Saki Riffner is Chief Investment Officer and Co-Founder of DBAY Advisors Ltd. where he is focusing on small cap investments in the UK and Continental Europe. He previously worked at Laxey Partners and Rothschild. Saki joined the Board of Anexo Group Plc as Non-Executive Director in January 2021.

Corporate Governance

Chairman's Statement on Corporate Governance

Dear shareholder,

I am pleased to present the Corporate Governance Statement of the Board of Directors of Anexo Group Plc for the financial year ended 31 December 2020. As Chairman, it is my responsibility to ensure that Anexo practises sound corporate governance. The Company has therefore adopted the Quoted Companies Alliance Corporate Governance Code ('QCA Code'). The QCA Code is a widely recognised benchmark for corporate governance of smaller quoted companies to which the UK Corporate Governance Code is not considered applicable, due to company size.

The Board considers that Anexo complies with the QCA Code so far as is practicable, having regard to the Company's current stage of evolution. A statement detailing both how the Company complies with the QCA Code, and explanation of its areas of non-compliance, is outlined below.

QCA Principles

1 Establish a strategy and business model which promotes long-term value for shareholders

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through the Company's growth strategy.

As a specialist integrated credit hire and legal services group, Anexo provides replacement vehicles and associated legal assistance to consumers who have been involved in non-fault motor accidents. The Group provides an integrated end-to-end service to impecunious customers including the provision of a credit hire vehicle, upfront settlement of repair and recovery charges through to the management and recovery of costs, and the processing of any associated personal injury claim. The Group comprises four business units under two reporting divisions; Credit Hire and Legal Services.

A key proposition for customers is that there is no upfront cost to the customer (including hire and repair charges), with Bond Turner seeking to recover costs from the at-fault insurer, typically through a litigated claims process on behalf of the customer. The Group's business model is underpinned by legal precedent supporting the ability of impecunious customers to recover higher credit hire rates from at-fault insurers.

Anexo intends to deliver long-term value to its shareholders through its growth strategy. The Group's plans for growth have been centred on increasing the number of solicitors and legal assistants to process the Group's existing case load and enabling the Group to take on more cases. In addition, the Group is also actively seeking to expand the geographic reach of the Group's legal operations. Anexo's strategy also includes increasing the vehicles available for hire and the number of sales staff employed, as well as bringing more barristers in-house.

At the year ended 31 December 2020, Anexo's strategy achievements included the rapid growth and success of the new regional office for Bond Turner, which became operational on 3 December 2018. Located in Bolton, as of 31 December 2020 the office houses a team of 145 senior fee earners including qualified solicitors, qualified legal executives and litigation specialists. Bolton continues to be an abundant recruitment location for high calibre, experienced legal professionals.

In 2021, the Group intends to continue its strategy through maintaining staffing levels and continuing to recruit as necessary in Bolton. The Group has secured serviced office accommodation for the Leeds office for which recruitment is ongoing at pace and the office opened in February 2021. In addition, the Group is considering further potential regional expansion, and will seek to take advantage of opportunities which may arise following the anticipated introduction of the Civil Liability Bill.

Challenges to delivering the Company's strategy include changes to legislation that the credit-hire aspect of the Group relies upon, retention of advertisements in key garages, retention of key lawyers and adverse costs arising from litigation. These key challenges, as well as mitigating actions, are outlined in the Risk Report section of the Strategic Report on pages 25 to 29.

2 Seek to understand and meet shareholder needs and expectations

Anexo places a great deal of importance on communication with its stakeholders and is committed to the development and maintenance of constructive relationships with current and potential investors to develop an understanding of their views. The Company is open to receiving feedback from key stakeholders and will take action where appropriate, recognising its wider stakeholder and social responsibilities and their implications for long-term success.

The key contact for shareholder liaison is Nick Dashwood Brown, the Company's Head of Investor Relations.

The Company seeks to provide effective communication through Interim and Annual Reports, Regulatory News Service announcements and information on the Company website. Shareholders can also sign up to the Company's investor alert service to ensure that they receive all press releases, financial results and other key shareholder messages directly from the Company as soon as they become available.

The Company's Annual General Meeting provides an opportunity for the Board to meet shareholders. The Chairman of the Board, each of the Committee Chairmen and Directors (both Executive and Non-Executive) will be available to respond to any shareholder questions regarding Board or Committee activities. All 2020 AGM resolutions were passed comfortably. Although shareholder attendance was restricted at the 2020 AGM due to COVID-19, shareholders were given the opportunity to submit questions to the Board via email so that engagement between the Board and its stakeholders was not impeded by the ongoing outbreak and subsequent changes to AGM arrangements. Shareholders were encouraged to appoint the Chair of the AGM as proxy to enable them to exercise their voting rights.

The Company also engages the services of an independent Research Analyst, Progressive Equity Research, who publish regular research on the Company. This research is made available to shareholders free of charge on the Company's website.

3 Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees, regulators and other key stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company prepares an annual strategic plan and detailed budget which takes into account a wide range of key resources including solicitors, sales staff and barristers.

All employees within the Group are valued members of the team, and the Company seeks to implement provisions to retain and incentivise its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Board recognises the importance of ensuring that the management of the Group are effectively motivated and their interests are aligned with those of the Group. The Group ensures that employees are given ample opportunity to provide feedback on the atmosphere and support provided and all feedback received from employees is taken into account to ensure that the Group can provide an optimum working environment for its employees.

The Company has a Whistle Blowing Policy in place in order to discourage unethical business conduct, thus ensuring its employees are protected.

Anexo believes that it has no significant environmental or community impact, but will continue to monitor and will take action if this changes in the future.

Corporate Governance continued

QCA Principles

4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms. Principal Risks and Uncertainties are outlined in the Risk and Regulation Committee Report section on pages 25 to 29.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the risk management objectives and policies to the Company's finance function. By identifying and managing existing and emerging risks, the Board can focus on long-term business opportunities. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes and policies put in place and the appropriateness of the objectives it sets. The overall objective of the Board is to set policies that reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Anexo also has a Risk and Regulation Committee to ensure that there is a robust process in place for identifying, managing, and monitoring risks to the Group. The Risk Committee continually assesses the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management.

Furthermore, the Company's Audit Committee also has delegated responsibility to review the Company's internal financial controls and monitor the integrity of the financial statements of the Company and the Group (including annual and interim accounts and results announcements).

The Company maintains a full risk assessment matrix and categorises all its key risks and outlines the mitigating actions that are in place. This matrix is updated as changes arise in the nature of risks or the mitigating actions are implemented or amended. The matrix is distributed regularly to all Board members and the Board reviews risks on a frequent basis.

An internal audit function is not yet considered necessary as day-to-day control is sufficiently exercised by the Company's Executive Directors. However, the Board will continue to monitor the need for an internal audit function as the Company and Group grows and evolves.

5 Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises four Executive Directors, Alan Sellers, Mark Bringloe, Samantha Moss and Dawn O'Brien, and five Independent Non-Executives, Christopher Houghton, Richard Pratt, Roger Barlow, Elizabeth Sands, and Saki Riffner who was appointed on 21 January 2021. Alan Sellers is the Company's Chair. Alan Sellers is not considered Independent due to his Executive position however the Board considers Alan's role to be appropriate as he has driven, and continues to drive the strategy of the Group. In light of this, a Senior Independent Non-Executive Director ('SID'), Christopher Houghton, has been appointed to deal with matters including third party shareholder communication and situations where the Chairman is deemed to be conflicted. The SID, alongside the other Independent Non-Executives also plays an important role in challenging and scrutinising the Executive Board. Overall, the Directors feel that the Board is well functioning and balanced.

Board meetings are open and constructive, with every Director participating fully. Senior management can also be invited to meetings, providing the Board with a thorough overview of the Company. The Board aims to meet at least six times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board Pack, and circulated with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings.

During the financial year ended in 31 December 2020, the Board met on six occasions.

Joanne Allen, who was appointed as Company Secretary in July 2020, also attended three Board meetings. Nick Dashwood Brown, the Company's Head of Investor Relations, attended six meetings.

The Company has three Committees, an Audit Committee, a Remuneration Committee and a Risk and Regulation Committee. The Board believes that the Committees have the necessary skills and knowledge to discharge their duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee with sufficient time before the meeting.

All Directors of the Board have sufficient time, availability, skills and expertise to perform their roles and this is regularly reviewed by the Board.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Director	Position	Board Meetings / Attended in 2020
Alan Sellers	Executive Chairman	6
Mark Bringloe	Chief Financial Officer	6
Samantha Moss	Bond Turner Managing Director	6
Dawn O'Brien*	Director	6
Christopher Houghton	Senior Independent Non-Executive Director	6
Richard Pratt	Non-Executive Director	6
Roger Barlow	Non-Executive Director	5
Elizabeth Sands	Non-Executive Director	6

* Dawn O'Brien had previously attended meetings as Company Secretary, was formally appointed to the Board in July 2020 and resigned as Company Secretary.

Corporate Governance continued

6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Non-Executive Directors have a breadth and depth of skills and experience across many different sectors, from finance to fashion and from private to public companies, enabling them to provide the necessary guidance, oversight and advice for the Board to operate effectively. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, providing the ability to deliver the Company's strategy for the benefit of shareholders over the medium and long-term. The Board is not dominated by any person or group of people. The Non-Executive Directors meet without the presence of the Executive Directors during the year, and also maintain ongoing communications with Executives between formal Board meetings.

Biographical details of the Directors can be found on pages 32 to 33.

Joanne Allen is Anexo's Company Secretary and Anexo also engages the services of ONE Advisory Limited to assist with ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. ONE Advisory also provides additional Company Secretarial support and assistance with MAR compliance and shareholder meetings.

Christopher Houghton is the Company's Senior Independent Non-Executive Director and assists the Chair, particularly in relation to dealing with shareholder related matters.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal. All the Directors have had recent AIM Rules and Directors Responsibilities training as part of the IPO process and are encouraged to undertake any ongoing training they feel they require to assist with the commission of their role on the Board. Relevant regulatory and compliance updates are provided at Board and Committee meetings by ONE Advisory Limited.

The Remuneration Committee is responsible for reviewing the composition of the Board, including evaluating the skills, knowledge and experience of Board members. The Committee will seek to take into account any Board imbalances for future nominations.

7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Remuneration Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

The Chairman annually assesses the individual contributions of each of the members of the team to ensure that:

- Their contribution is relevant and effective.
- They are committed.
- Where relevant, they have maintained their independence.

The Chairman is in regular contact with each Board member to ensure that any concerns they have are identified and acted upon promptly. The Senior Independent Non-Executive Director reviews the performance of the Chairman against the same objectives as above. Due to the success of the Board Evaluation at the end of 2019, the Company regularly conducts in-depth reviews and evaluations of the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient manner, as well as reviewing the effectiveness of each Committee. The areas covered are structure and skills, operating effectiveness and efficiency, quality of information and ongoing development.

At the time of printing, the Board was undergoing another Board Evaluation, facilitated by ONE Advisory Limited, which will allow the Board to further understand its effectiveness, the impact it has had since the last review and how it can enhance its performance. Any areas for improvement arising from the current evaluation will be addressed during 2021.

Succession planning is designed to consider the planned process of transition to new leadership over time and also the potential for unforeseen change over a shorter timeframe. Board and Senior Management succession planning was discussed at Board meetings and a focus of attention for the Company in 2020 following the outcomes of a Board evaluation. The Remuneration Committee regularly reviews the succession plan to ensure that when seeking to recommend new members to the Board, consideration of a range of relevant matters such as wealth and breadth of experience as well as the diversity of its composition is given. One third of the Anexo Board is female, and further diversity considerations will be taken into consideration regarding future hires as and when the Board considers new appointments are required. The Board is committed to ensuring effective succession and will continue to proactively engage with senior management to assess the executive talent pool. These discussions will ensure that the Non-Executive Directors can develop a deeper understanding of the strength of the management team.

Corporate Governance continued

8 Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon an open and respectful dialogue with employees, consumers and other key stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. An example of this is the Company's Whistle Blowing Policy, aimed to prevent illegal activity and unethical business conduct through encouraging Directors, officers and employees to report any wrongdoing or suspected violations. The Company also has an Anti-Bribery Policy in place to ensure the highest standards of personal and professional ethical behaviour are adhered to.

Moreover, Bond Turner, the Group's legal services division, promotes nine core values which shape the firm's corporate culture, approach to client service and professional standards. The values are entrenched and are considered at every stage of the employee lifecycle, from recruitment to training.

The Company has also adopted a Share Dealing Policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation (EU) No 596/2014). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that Share Dealing Policy.

9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. The Board reviews the Company's corporate governance arrangements regularly and expects to evolve these over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, creates the right Board dynamic and ensures that all important matters, particularly strategic decisions, receive adequate time and attention at Board meetings.

The day-to-day management of the Company's two key divisions is carried out by the management board, which reports to the Anexo Board.

The Independent Non-Executives are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

All Directors participate in the key areas of decision-making, including the following matters:

- Review, formulate and approve the Company's strategy;
- Review, formulate and approve the Company's budgets;
- Review, formulate and approve the Company's corporate actions; and
- Oversee the Company's progress towards its goals.

The Board delegates authority to three Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.

Audit Committee

The Audit Committee has three members, Roger Barlow (Chair), Christopher Houghton and Richard Pratt. The Audit Committee is responsible for:

- ensuring that the financial performance of the Company is properly reported on and reviewed;
- monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements);
- reviewing internal control and risk management systems;
- reviewing any changes to accounting policies;
- reviewing and monitoring the extent of the non-audit services undertaken by external auditors; and
- advising on the appointment of external auditors.

The Audit Committee is expected to meet formally at least two times a year and otherwise as required.

Risk and Regulation Committee

The Risk and Regulation Committee has four members, Richard Pratt (Chair), Christopher Houghton, Roger Barlow and Elizabeth Sands. The Risk and Regulation Committee is responsible for:

- ensuring that there is a robust process in place for identifying, managing, and monitoring risks to the Group;
- assessing the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management; and
- the business of the Group is regulated by the SRA and it also offers credit hire products which the Risk Committee monitor to ensure regulatory observance.

The Committee is assisted by Dawn O'Brien, in ensuring regulatory compliance. The Risk and Regulation Committee is expected to meet formally at least two times a year and otherwise as required.

Remuneration Committee

The Remuneration Committee has three members, Christopher Houghton (Chair), Richard Pratt and Elizabeth Sands. The Remuneration Committee is responsible for:

- determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's Chairman, the Executive Directors, senior managers and such other members of the executive management as it is designated to consider;
- determining (within the terms of the Company's policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer as appropriate) the total individual remuneration package for each Executive Director and other designated senior executives (including bonuses, incentive payments and share options or other share awards). (The remuneration of Non-Executive Directors will be a matter for the Chairman and Executive Directors of the Board. No Director or manager will be allowed to partake in any discussions as to their own remuneration);
- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning; and
- recommending new appointments to the Board.

The Remuneration Committee is expected to meet as required.

The Board has elected not to establish a Nominations Committee, preferring instead that the Board itself should deal with such matters, with the assistance of the Remuneration Committee, including succession planning and the balance of the Board.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

Corporate Governance continued

10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders, consumers and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well as shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The Board already discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board has published proxy voting results from its inaugural Annual General Meeting on its website and will continue to do so in future. The Board maintains that, if there is a resolution passed at a General Meeting with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

Resolutions 1–9 and Resolution 11–14 at the Company's 2020 AGM were passed with 100% of votes in favour of each resolution. Resolution 10 was passed with 99.9% in favour and 0.01% against. The proxy votes received in respect of all resolutions were released via RNS and are available on the Company's website.

Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, press and corporate news and presentations. As noted above, shareholders can also sign up to receive investor alerts to ensure that they receive all press releases, financial results and other key shareholder messages directly from the Company as soon as they become available.

Alan Sellers
Executive Chairman
26 April 2021

Chairman's Statement on the Prevention of Modern Slavery

At Anexo Group Plc, we do not tolerate any form of modern slavery or human trafficking in any part of our business.

Anexo Group Plc and any of its subsidiary or associated companies (Anexo Group) acknowledges global responsibility and is committed to driving out acts of modern-day slavery and human trafficking from within its own business and supply chains. The Anexo Group acknowledges its responsibility under relevant modern slavery legislation and will ensure transparency is achieved within the organisation to ensure that awareness of modern slavery legislation is achieved on a consistent basis.

Anexo Group will make reasonable endeavours to ensure all employees and agents within our supply chains are not subject to any form of forced, compulsory/bonded labour or human trafficking by implementing the Group's modern slavery policy.

Adequate resources will be made available to ensure slavery and human trafficking are not taking place within our organisation or to the best of our knowledge within our supply chains.

The Board of Directors of Anexo Group Plc is responsible for the ongoing review of the Group's modern slavery policy. This will be carried out annually or as and when organisational changes impact the way the Group works.

Approved by the Board of Directors of Anexo Group Plc on 26 April 2021.

Alan Sellers
Executive Chairman
26 April 2021

Audit Committee report

As Chairman of Anexo's Audit Committee, I present my Audit Committee Report for the year ended 31 December 2020.

The Committee is responsible for reviewing and reporting on the Group's financial performance, monitoring the integrity of the Company and Group financial statements (including Annual and Interim Accounts and results announcements), reviewing internal control and risk management, and reviewing/monitoring the performance, independence and effectiveness of the external auditors.

Since the date of my last report, the Committee's primary activities comprised meeting with the external auditors, considering the audit approach, scope and timetable, and reviewing the key audit matters for the 2020 audit.

In addition to the Committee's ongoing duties, in the coming year the Committee plans to:

- Regularly review the need for an internal audit function, having regard to the Group's strategy and resources.
- Review and record approval of any analyst briefings and investor presentations.
- Carry out a self-assessment of the Committee.
- Review the effectiveness of the external audit.

Audit Committee and Attendance

Anexo's Audit Committee is chaired by Roger Barlow and its other members are Christopher Houghton and Richard Pratt. The Board considers that Roger has sufficient, relevant financial experience to chair the Audit Committee given that he is a chartered accountant with extensive experience and numerous Board positions outside of Anexo (including Chief Financial Officer and Chair of Audit Committee).

The Committee is required by its Terms of Reference to meet at least twice in each financial year and otherwise as required by the Committee Chairman to properly fulfil its duties. Since admission, the Committee met twice and both meetings were attended by all members. With the exception of Samantha Moss and Elizabeth Sands, all other Directors attended both meetings, with Samantha and Elizabeth attending one Committee meeting each. The external auditors and Dawn O'Brien also attended both Committee meetings at the invitation of the Committee Chairman.

Financial Reporting Council thematic review of cash flow and liquidity disclosures

The Annual Report for the year ended 31 December 2019 was part of the sample selected by the Financial Reporting Council ('FRC') in their thematic review of companies' reporting on cash flow and liquidity disclosures. As a result, the Group performed a review of its 2019 financial statements and certain restatements have been made to the comparative results of the Group in this Aannual Report, noting that these adjustments affect the presentation and classification of amounts disclosed and do not result in a net adjustment to either profit or total equity. Further details are provided in note 28.

Scope and limitations of the FRC review

The FRC review was based on the Annual Report and Accounts in respect of the year ended 31 December 2019, noting the FRC does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. The review is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The FRC supports continuous improvement in the quality of corporate reporting and recognise that those with more detailed knowledge of our business, including our Audit Committee and auditors, may have recommendations for future improvement, consideration of which is encouraged.

The review and comments received from the FRC, provides no assurance that our report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. Their letters are written on the basis that the FRC (which includes the FRC's officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

Audit Committee report continued

Objectives and Responsibilities

The Audit Committee's main responsibilities can be summarised as follows:

- To report on and review the Group's financial performance;
- To monitor the integrity of the Company and Group's financial statements and any formal announcements relating to the Group's financial performance;
- To review the Group's internal financial controls and risk management systems;
- To review any changes to accounting policies;
- To make recommendations to the Board in relation to the appointment of the external auditors;
- To make recommendations to the Board concerning the approval of the remuneration and terms of engagement of the external auditors;
- To review and monitor the extent of the non-audit services undertaken by external auditors;
- To review and monitor the external auditors' independence and objectivity; and
- To consider any matter specifically referred to the Committee by the Board.

The Terms of Reference are reviewed annually and are available on the Company's website www.anexo-group.com/index.asp.

Audit Committee Effectiveness

The Committee performed an assessment of its effectiveness in late 2019, the conclusions of which were that the Committee is competent and carries out its function effectively.

Financial Reporting

During the year, the Committee concluded that the Annual Report and Financial Statements, taken as whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's business model, strategy and performance.

The Committee considered the budgets for 2021 and 2022 and the debt financing arrangements at year end and concluded that the going concern basis is appropriate. The Committee reviewed the full-year and half-year results announcement, Annual Report and Financial Statements and considered reports from the external auditors identifying accounting or judgmental issues requiring its attention. The Committee also reviewed the Strategic Report and concluded that it presented a useful and fair, balanced and understandable review of the business.

External Audit

The Committee will assess the external auditor's performance and effectiveness for the current year through a questionnaire to be completed by Audit Committee members and the Group's senior finance team. The output from the process will be reviewed and discussed by the Audit Committee and with the external auditor in 2021.

Roger Barlow

Chairman of the Audit Committee

26 April 2021

Remuneration Committee report

Directors' remuneration policy

The Group's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the Group's business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2021 and subsequent years, subject to ongoing review as appropriate.

The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of performance conditions consistent with shareholder interests;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken for the performance of the Group and of each individual Executive Director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the scale and structure of remuneration, the Remuneration Committee takes account of a number of different factors including market practice and external market data of the level of remuneration offered to Directors of similar type and seniority in other companies whose activities and size are similar.

In addition, the pay and employment conditions of employees are also considered when determining Directors' remuneration. The Remuneration Committee may also seek advice from external consultants where appropriate. No Director was involved in deciding the level and composition of their own remuneration.

The Executive Directors receive an amount of fixed pay made up of a base salary and benefits, and in some cases a pension contribution.

Short-term performance for senior executives is incentivised using an annual bonus scheme based on the achievement of profitability targets. Long-term performance is incentivised by way of a long-term management incentive plan ('MIP') based on the achievement of performance goals aligned to the Company's business strategy and measured over a three-year period. These various schemes provide the Board with tools to help it to continue to strengthen the alignment of employee and shareholder interests.

Basic salary

Executive Directors' salaries are reviewed annually, any movement will be determined by the Remuneration Committee. Executive Directors' contracts of service (which include details of their remuneration) will be available for inspection at the Annual General Meeting. In addition to their basic salary, Executive Directors receive certain benefits comprising a car and fuel card (or cash allowances in lieu), private medical, life, critical illness and permanent health insurances and pension contributions (or cash in lieu of such contributions).

Annual bonus payments

The Executive Directors are entitled to participate in the annual bonus scheme. The bonuses are payable subject to the achievement of challenging targets which, for the current year, were based on achieving the forecast profit before taxation for 2020. The maximum bonus potential for meeting all of the targets is between 50% and 100% of salary depending on the contractual terms agreed at the time of listing, but the Remuneration Committee has discretion if the target is not met.

Share-based incentives

On Admission, a number of participants, including Mark Bringloe and Dawn O'Brien, were able to subscribe for Ordinary Shares in Edge Vehicles Rentals Group Limited, the intermediate holding company of the Group. Upon the satisfaction of applicable performance targets, which included the achievement of the Group's profit targets for each of 2018, 2019 and 2020, or at the discretion of the Board if failure to achieve such targets was due to unforeseen circumstances, these C shares may be exchanged for cash or shares in Anexo Group Plc.

The Company may, at its discretion, offer to purchase the MIP Shares for cash or by issuing Ordinary Shares in the Company. The number of Ordinary Shares which would be acquired under such an offer would be based on the MIP Share value and the share price of the Ordinary Shares on the MIP Exercise Date. If the Company chooses to settle the MIP Shares by issuing Ordinary Shares in the Company, the MIP Participants will be restricted from selling 50 per cent. of the Ordinary Shares they receive for a period of 12 months from the date they are issued or before the fourth anniversary of the date of the MIP Shares being issued, whichever earlier.

The value of the Shares on vesting will increase (or decrease) by reference to the value of the Ordinary Shares in Anexo at such time. The aggregated value of the Share Entitlement on listing was £2,200,000, of which £500,000 related to Mark Bringloe and £500,000 to Dawn O'Brien, £Nil to both Alan Sellers and Samantha Moss.

Remuneration Committee report continued

Pension arrangements

Three of the Executive Directors receive Company contributions to personal pension schemes of 3% of their basic salaries (2019: two).

Directors' contracts

In accordance with general practice, and the Company's policy, Executive Directors have contracts with an indefinite term and a notice period of six months. The contracts of Alan Sellers, Mark Bringloe, Samantha Moss and Dawn O'Brien were entered into on 12 June 2018.

The Executive Directors' contracts have no express provision for the payment of compensation in the event of early termination. In the event of termination of an Executive Director's service contract, when determining the compensation payable to the Executive Director, it is the policy of the Committee to take account of the principles of mitigation of loss.

All Non-Executive Directors have specific terms of engagement and are appointed subject to periodic re-election. Their fees are disclosed in the table below and are set by the Board as a whole. Non-Executive Directors cannot participate in any of the Company's share incentive schemes. Dates of the current Non-Executive Directors' original letters of appointment are set out below:

Director	Date of appointment	Contract end date
Christopher Houghton	22 May 2018	21 May 2021
Roger Barlow	14 June 2018	13 June 2021
Elizabeth Sands	14 June 2018	13 June 2021
Richard Pratt	22 May 2018	21 May 2021
Saki Riffner	21 January 2021	20 January 2023

Total Directors' Remuneration for 2020

Director	Salaries and fees £'000s	Annual bonus £'000s	Other benefits £'000s	Pension contributions £'000s	Total £'000s
Alan Sellers	375	375	2	1	753
Samantha Moss	324	120	32	1	477
Mark Bringloe	200	100	20	6	326
Dawn O'Brien*	97	–	14	1	112
Christopher Houghton	40	–	–	–	40
Roger Barlow	40	–	–	–	40
Elizabeth Sands	35	–	–	–	35
Richard Pratt	40	–	–	–	40
Total	**1,151**	**595**	**68**	**9**	**1,823**

* The remuneration of Dawn O'Brien is from her appointment as Director, 21 July 2020.

Total Directors' Remuneration for 2019

Director	Salaries and fees £'000s	Annual bonus £'000s	Other benefits £'000s	Pension contributions £'000s	Total £'000s
Alan Sellers	375	375	23	1	774
Samantha Moss	324	120	28	1	473
Mark Bringloe	200	100	18	6	324
Christopher Houghton	40	–	–	–	40
Roger Barlow	40	–	–	–	40
Elizabeth Sands	36	–	–	–	36
Richard Pratt	40	–	–	–	40
Total	**1,055**	**595**	**69**	**8**	**1,727**

By order of the Board.

Christopher Houghton

Chairman of the Remuneration Committee

26 April 2021

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2020. The Corporate Governance section set out on pages 32 to 50 forms part of this report.

Principal Activities

The Group is a specialist integrated credit hire and legal services group focused on providing replacement vehicles and associated legal services to impecunious customers who have been involved in a non-fault accident.

Corporate Status

Anexo Group Plc (the 'Company') is a public limited company domiciled in the United Kingdom and was incorporated in England & Wales with company number 11278719 on 27 March 2018. The Company has its registered office at 5th Floor, The Plaza, 100 Old Hall Street, Liverpool, Merseyside, United Kingdom, L3 9QJ. The principal places of business of the Group are its offices in Liverpool, Ormskirk, Potters Bar and Bolton.

Directors

Details of the Directors of the Company who served or were appointed during the year, their dates of appointment, their titles, roles, and committee memberships and chairmanships are set out in the Remuneration Committee Report on pages 45 and 46 of this Annual Report. The names and biographies of the Directors appear on pages 32 and 33.

Directors Interests

In accordance with the Articles of Association, all Directors will retire by rotation and being eligible offer themselves for re-election at the Company's forthcoming AGM. The beneficial interests of the Directors in the Ordinary Shares of the Company on 31 December 2020 are set out below:

Director	Shares	%
Alan Sellers	29,964,216	25.831
Samantha Moss	30,788,087	26.541
Mark Bringloe	15,000	0.013
Elizabeth Sands	4,290	0.004

There were a number of changes in the interest of Directors between 31 December 2020 and the date of this report. The beneficial interests of the Directors in the Ordinary Shares of the Company on 21 April 2021 are set out below:

Director	Shares	%
Alan Sellers	20,028,165	17.266
Samantha Moss	20,578,843	17.740
Mark Bringloe	15,000	0.013
Elizabeth Sands	4,290	0.004

Details of the Directors' long-term incentive plans are contained in the Directors' Remuneration Report on pages 45 and 46.

Directors' Indemnities

The Company has agreed to indemnify its Directors against third party claims which may be brought against them and has put in place a Directors' and officers' insurance policy.

Substantial Shareholdings

At 21 April 2021, the Directors have been notified of the following beneficial interests in excess of 3% of the issued share capital of the Company:

Shareholder	Shares	%
DBAY Advisors Ltd	33,640,001	29.00
Valentina Slater	4,052,991	3.49
AXA	4,857,500	4.19
Gresham House	4,298,333	3.71
Premier Miton	4,000,000	3.45

Dividends

The Board is pleased to propose a final dividend of 1.0 pence per share which, if approved at the Annual General Meeting to be held on 16 June 2021, will be paid on 20 July 2021 to those shareholders on the register at the close of business on 25 June 2021. The shares will become ex-dividend on 24 June 2021. An interim dividend of 0.5 pence per share was paid on 23 September 2020 and that combined with the final dividend takes the total dividend for the year to 1.5 pence per share (2019: 1.5 pence per share).

Directors' Report continued

Risk Management Objectives and Policies

The Board has ultimate responsibility for determining the nature and extent of major risks facing the Group as well as establishing a risk management framework and related objectives and policies. It has delegated the authority for designing and operating processes that ensure the framework's effective implementation to the Group's finance function. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes in place as well as the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Risk and Regulation Committee also helps to ensure there are robust processes in place for identifying, managing and monitoring risks to the Group. The Group's risk register is reviewed at each Risk and Regulation Committee meeting and is updated as changes arise in the nature of risks or the mitigating actions implemented. The Committee will assess the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management. Risk and Regulation Committee meetings are arranged circumstantially if specific events arise that require the Committee's attention. The risk register is distributed regularly to all Board members and the Board reviews risks on a frequent basis.

The Board has delegated responsibility for reviewing the Company's internal financial controls to the Audit Committee. The Audit Committee is also responsible for monitoring the integrity of the Group's financial statements, including Annual and Interim Accounts and results announcements. An internal audit function is not yet considered necessary as day-to-day control is sufficiently exercised by the Company's Executive Directors. However, the Board will continue to monitor the need for an internal audit function.

Further details of the Group's financial risk management objectives and policies and the Group's exposure to risk arising from its use of financial instruments are set out in note 27 of the consolidated financial statements. The key non-financial risks that the Group faces are set out on pages 25 to 29.

Related party Transactions

Details of the Group's transactions and year end balances with related parties are set out in note 25 of the consolidated financial statements.

Disabilities and Diversity

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Group is committed to encouraging diversity, promoting a diverse culture where everyone is treated with respect and valued for their individual contribution and creating a work environment free of bullying, harassment, victimisation and unlawful discrimination. It is a key objective to ensure that all employees are helped and encouraged to fulfil their potential.

Equal Opportunities

It is our policy to ensure equal opportunity in recruitment, selection, promotion, employee development, training and reward policies and we have an equal opportunities and diversity policy in place. It is a key objective to ensure that successful candidates for appointment and promotion are selected taking account of individual ability, skills and competencies without regard to age, gender, race, religion, disability or sexual orientation.

Employee Engagement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through presentations and the Company intranet. The Group regularly communicates with employees on a wide range of matters affecting their current and future interests. Further details of employee engagement are included within the Strategic Report on page 10.

Strategic Report

The Company has chosen in accordance with the Companies Act 2006, section 414C (11) to set out in the Group's Strategic Report certain information required to be contained in the Directors' Report by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7. It has chosen to do so as to the future development of the Group, engagement of the Group with stakeholders other than employees noted above and Streamlined Energy and Carbon Reporting.

Auditor

RSM UK Audit LLP were appointed as auditor for the year ended 31 December 2020 and have indicated their willingness to continue in office. A resolution to reappoint RSM UK Audit LLP as auditor will be put to the forthcoming Annual General Meeting.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting will be held on 16 June 2021. The Notice convening the meeting and information about the proposed resolutions accompanies this Annual Report and Accounts.

By order of the Board

Joanne Allen

Company Secretary

26 April 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and the AIM rules of the London Stock Exchange to prepare Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgments and accounting estimates that are reasonable and prudent;
c. for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
d. for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;
e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Anexo website.

Independent Auditor's Report

to the Members of Anexo Group Plc

Opinion

We have audited the financial statements of Anexo Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated statement of total comprehensive income, consolidated and company statements of financial position, consolidated and Company statements of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. For an explanation of how we evaluated management's assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting and our key observations arising in respect to that evaluation, please see the going concern disclosure key audit matter.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition and accrued income. • Valuation of trade receivables. • Going concern disclosure. • No key audit matters are identified in respect of the parent Company other than going concern disclosure.
Materiality	**Group** • Overall materiality: £1,300,000 (2019: £1,520,000). • Performance materiality: £975,000 (2019: £1,140,000). **Parent Company** • Overall materiality: £712,000 (2019: £1,150,000). • Performance materiality: £534,000 (2019: £862,000).
Scope	Our audit procedures covered 100% of revenue, 90% of total assets and 96% of profit before tax.

Independent Auditor's Report

to the Members of Anexo Group Plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition and accrued income

Key audit matter description	(Refer to accounting policy on pages 63 and 64 regarding revenue and accrued income for credit hire and legal services, the accounting policy on pages 68 and 69 regarding estimation uncertainty for accrued income and revenue, note 4 regarding revenue and note 16 regarding trade and other receivables). Appropriate and accurate income recognition is required to be applied by the Directors to ensure that revenue is fairly stated in the financial statements. For credit hire there is a risk that revenue is recognised inappropriately and not at a supportable percentage of the hire rate for the vehicle. The settlement rates applied rely on estimates and management judgment. For legal services there is a risk that accrued income does not reflect the stage of the case and the costs which can be recovered.
How the matter was addressed in the audit	Detailed testing to source claim information and substantive analytical review has been performed on revenue and accrued income. For revenue and accrued income across the Group we verified the appropriateness of the recognition policy applied for a sample of claims. Management's judgments and analysis were challenged, including the key assumptions and inputs. For credit hire, sensitivity analysis and reasonableness checks based on actual historical settlement information have been performed to assess settlement rates applied. For legal services we have considered whether it was appropriate to recognise revenue by reference to evidence within case records and evidence of settlement. The disclosures surrounding revenue recognition and accrued income were reviewed, including the accounting policies and associated notes, considering whether judgments and estimates were appropriately explained.

Valuation of trade receivables

Key audit matter description	(Refer to accounting policy on page 63 regarding trade receivables and disbursements, the accounting policy on page 64 regarding recoverability of receivables, note 16 regarding trade and other receivables and the credit risk and impairment section of note 27 regarding financial risk management and impairment of financial assets). The Group has a significant number of aged trade receivables, due to the time required to settle legal claims and recover costs of credit hire and legal services. Management's assessment of the recoverability of debts with their customers is inherently judgmental. There is a risk that the net trade receivables will be recovered at amounts materiality different to the value recognised.
How the matter was addressed in the audit	The methodology utilised by management to calculate the provision was reviewed, including the treatment of older and/or larger claims and provisioning on disbursements. The basis of calculating expected credit losses by reference to the ageing of cases was scrutinised and compared against historical settlement information and the characteristics of active cases. The impairment provision was considered through a combination of analysis of historical information and trends and tests of detail. Management's estimate of the impairment provision was recalculated and the key recovery assumptions were compared against historical settlement information.

Going concern disclosure

Key audit matter description	(Refer to the basis of preparation – going concern on pages 61 and 62). The going concern assessment of the Group and the parent Company, which considers the impact of the on-going COVID-19 pandemic on the expected performance of the business, may not be appropriately disclosed in the financial statements.
How the matter was addressed in the audit	In considering the disclosures within the financial statements including in respect of the impact of COVID-19, we have reviewed management's assessment of the trading performance from the start of the pandemic to date and the financial forecasts and have considered the financial resources available to the Group. We have assessed the cash flow forecasts and existing funding together with the resulting expected headroom. We have also considered the forecast compliance with covenants. We have challenged the assumptions used by management which include cash collections, revenue and the cost base. We have considered the impact on the forecasts of management's sensitivities against current trading performance and the resulting potential impact on headroom. We observe that the forecasts are sensitive to cash collections, but that there are actions within management's control such as curtailing discretionary costs and reducing investment in new claims that would mitigate the sensitised reductions in cash collections.

Independent Auditor's Report

to the Members of Anexo Group Plc continued

Our application of materiality

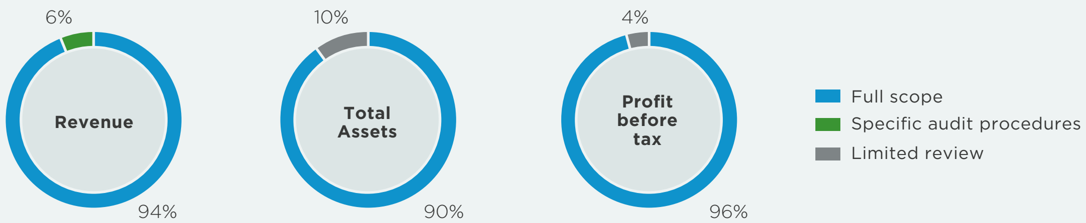
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgment, we determined materiality as follows:

	Group	Parent company
Overall materiality	£1,300,000 (2019: £1,520,000)	£712,000 (2019: £1,150,000)
Basis for determining overall materiality	7% of profit before tax excluding non-recurring costs	1% of total assets
Rationale for benchmark applied	Profit before tax is considered the focus of key stakeholders as this is a profitable group which pays dividends	As this is a non-trading holding company, total assets is considered the key benchmark as it is reflective of the parent company's investments in its subsidiaries
Performance materiality	£975,000 (2019: £1,140,000)	£534,000 (2019: £862,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £65,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £35,600 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of six components, all of which are based in the UK with the exception of Edge Vehicle Rentals which is located in Jersey.

The coverage achieved by our audit procedures was:



Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities statement set out on page 50, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Independent Auditor's Report

to the Members of Anexo Group Plc continued

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent Company operate in and how the Group and parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included
IFRS/FRS101 and Companies Act 2006	(Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	This is considered to be a Key Audit Matter and our procedures are described above.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Wall (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
3 Hardman Street
Manchester, M3 3HF

26 April 2021

Consolidated Statement of Total Comprehensive Income

for year ended 31 December 2020

	Note	2020 £'000s	2019 £'000s
Revenue	4	86,752	78,510
Cost of sales	6	(18,800)	(15,703)
Gross profit		67,952	62,807
Depreciation & profit / loss on disposal	7	(6,571)	(6,547)
Amortisation	7	(92)	(35)
Administrative expenses before share based payments	6	(42,581)	(30,975)
Operating profit before share based payments	7	18,708	25,250
Share based payment charge	19	(658)	(657)
Operating profit	7	18,050	24,593
Finance costs	8	(2,562)	(2,202)
Profit before tax		15,488	22,391
Taxation	11	(3,173)	(4,403)
Profit and total comprehensive income for the year attributable to the owners of the Company		12,315	17,988
Earnings per share			
Basic earnings per share (pence)	12	10.8	16.4
Diluted earnings per share (pence)	12	10.6	16.0

The above results were derived from continuing operations.

The notes on pages 61 to 86 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2020

Assets	Note	2020 £'000s	Restated 2019 £'000s
Non-current assets			
Property, plant and equipment	14	2,187	1,637
Right of use assets	14	13,081	9,857
Intangible assets	15	234	175
Deferred tax assets	21	112	112
		15,614	11,781
Current assets			
Trade and other receivables	16	147,931	127,656
Corporation tax receivable		439	0
Cash and cash equivalents	17	8,220	2,270
		156,590	129,926
Total assets		172,204	141,707
Equity and liabilities			
Equity			
Share capital	18	58	55
Share premium	18	16,161	9,235
Share based payments reserve	19	1,699	1,041
Retained earnings		92,520	81,365
Equity attributable to the owners of the Company		110,438	91,696
Non-current liabilities			
Other interest-bearing loans and borrowings	20	3.681	–
Lease liabilities	20	8,945	5,422
Deferred tax liabilities	21	32	32
		12,658	5,454
Current liabilities			
Other interest-bearing loans and borrowings	20	31,294	28,167
Lease liabilities	20	4,753	4,885
Trade and other payables	24	9,505	7,915
Corporation tax liability		3,556	3,590
		49,108	44,557
Total liabilities		61,766	50,011
Total equity and liabilities		172,204	141,707

The notes on pages 61 to 86 form an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2021. They were signed on its behalf by:

Mark Bringloe

Chief Financial Officer

26 April 2021

Company Number 11278719

Consolidated Statement of Changes in Equity

for year ended 31 December 2020

	Share Capital £'000s	Share Premium £'000s	Merger Reserve £'000s	Share Based Payments Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 1 January 2019	55	9,235	–	384	66,127	75,801
Profit for the year and total comprehensive income	–	–	–	–	17,988	17,988
Issue of share capital	–	–	–	–	–	–
Increase in share premium	–	–	–	–	–	–
Share based payment charge	–	–	–	657	–	657
Dividends	–	–	–	–	(2,750)	(2,750)
At 31 December 2019	55	9,235	–	1,041	81,365	91,696
Profit for the year and total comprehensive income	–	–	–	–	12,315	12,315
Issue of share capital	3	–	–	–	–	3
Increase in share premium	–	6,926	–	–	–	6,926
Share based payment charge	–	–	–	658	–	658
Dividends	–	–	–	–	(1,160)	(1,160)
At 31 December 2020	58	16,161	–	1,699	92,520	110,438

Consolidated Statement of Cash Flows

for year ended 31 December 2020

	Note	2020 £'000s	2019 £'000s
Cash flows from operating activities			
Profit for the year		12,315	17,988
Adjustments for:			
Depreciation and profit / loss on disposal	14	6,571	6,547
Amortisation	15	92	35
Financial expense	8	2,562	2,202
Share based payment charge	19	658	657
Taxation		3,173	4,403
		25,371	31,832
Working capital adjustments			
Increase in trade and other receivables		(20,686)	(26,294)
Increase in trade and other payables		1,588	694
Cash generated from operations		6,273	6,232
Interest paid		(2,422)	(1,797)
Tax paid		(3,646)	(5,230)
Net cash from operating activities		205	(795)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		853	374
Acquisition of property, plant and equipment		(233)	(802)
Investment in intangible fixed assets		(150)	(210)
Receipt of Directors loan receivable		415	
Net cash from investing activities		895	(638)
Cash flows from financing activities			
Net proceeds from the issue of share capital		6,929	–
Proceeds from new loans		12,924	18,355
Repayment of borrowings		(6,257)	(10,920)
Lease payments		(7,586)	(6,514)
Dividends paid		(1,160)	(2,750)
Net cash from financing activities		4,850	(1,829)
Net increase/(decrease) in cash and cash equivalents		5,950	(3,262)
Cash and cash equivalents at 1 January		2,270	5,532
Cash and cash equivalents at 31 December	17	8,220	2,270

Notes to the Consolidated Financial Statements

for year ended 31 December 2020

1. Basis of Preparation and Principal Activities

The consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Anexo Group Plc was incorporated on 27 March 2018. On 15 June 2018 the Company acquired 100 per cent of the issued share capital of Direct Accident Management Limited, Bond Turner Limited, Professional and Legal Services Limited, IGCA 2013 Limited and AMS Legal Services Limited.

Prior to becoming subsidiaries of the Company, each company in the Group operated under the close control of a common management team and shareholders. Management decisions were taken in consideration of the development of all the companies operating in concert throughout all the preceding periods.

The Directors considered the accounting policies that should be applied in respect of the consolidation of the Group formed in anticipation of Admission to AIM. It was concluded that the transactions described above represented a combination of entities under common control and therefore outside the scope of IFRS 3 Business Combinations, which the Directors believe reflects the economic substance of the transaction. Under common control accounting, assets and liabilities were recorded at book value, not fair value, intangible assets and contingent liabilities were recognised only to the extent that they were recognised previously, no goodwill was recognised and comparative amounts were restated as if the combination had taken place at the beginning of the earliest accounting period presented.

Therefore, although the Group reconstruction did not take place until 15 June 2018, the 2018 financial statements were presented as if the Group structure had always been in place, using merger accounting principles.

The financial statements are presented in Pounds Sterling, being the functional currency of the Group, generally rounded to the nearest thousand.

The annual financial statements have been prepared on the historical cost basis.

The principal activities of the Group is the provision of credit hire and associated legal services.

The Company is a public company limited by shares, which is listed on the Alternative Investment Market of the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered address office is 5th Floor, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ.

Going concern

The health and wellbeing of our people and clients is paramount, and steps have been taken to allow our staff to be able to work on an agile basis in order to follow social distancing, lockdown and self-isolation measures and to mitigate the impact on client service.

Bond Turner, the Group's Legal Services division, initially moved most of its staff to remote working whilst remaining fully operational, most staff returning to the office in July 2020 having undertaken and implemented the Group's COVID-19 risk assessment and office adaptations. The progression and settlement of cases being aided by moves from the Ministry of Justice (MoJ), supported by the Judiciary, to allow the remote operation of courts through online and telephone hearings, albeit we initially saw reductions in cash collections against our original forecasts pre COVID-19, however, these reductions have not been as significant as first envisaged and remain significantly ahead of the same period last year.

Within EDGE, the Group's Credit Hire division, vehicles continue to be delivered and collected by staff who are protected in line with Government guidelines, and whilst the Group saw a sharp fall in new business activity immediately post lockdown, levels have subsequently increased, as the number of vehicles on the road has risen, reaching record levels in the summer and autumn of 2020. Thereafter, vehicle numbers have declined as further regional and national measures have been implemented by the Government, impacting activity levels, albeit a reduction in competition during 2020 has led to an increase in our introducer base which is expected to generate additional opportunities for the Group into 2021.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

1. Basis of Preparation and Principal Activities continued

Group trading for FY-2021 continues to be impacted by the effects of COVID-19 as the number of vehicles on the road declines during a period of lockdown and cash collections have yet to return to the level we would expect in normal circumstances given the investment made in our legal services business. However, the expansion of the vaccination programme and release of national lockdown in April 2021 has resulted in an increase in opportunities and vehicles on the road, consistent with the trends seen in 2020. Nonetheless, there must remain uncertainty as to the eventual impact over an extended period of time. Whilst there will inevitably be fewer vehicles on the road whilst Government restrictions remain in place, key workers (who form a significant proportion of the Group's customers) and other road users will continue to require the services of the Group. The Group's policy of driving cash generation remains a key focus and the progression of its significant caseload portfolio by litigators within Bond Turner is being fully maintained following the successful transition to remote working.

The current situation is unprecedented and the overall economic impact is currently unknown. While the Board is encouraged by the resilience shown by the Group and its employees to date, the impact on FY-2021 cannot as yet be fully assessed. However, these uncertain times are resulting in opportunities for the Group to both grow market share within the core business and take advantage of opportunities as they arise in other areas within the legal services arena.

The Group has a strong balance sheet with a conservative gearing level and good liquidity with headroom within its funding facilities, which include a revolving credit facility of £8.0 million with HSBC Bank Plc (due for repayment in September 2022) and an invoice discounting facility of £18.5 million with Secure Trust Bank Plc (due for renewal in December 2022).

The refinancing activities and placing in the year described in the Financial Review within the Strategic Report, alongside the core business being cash generative, means that the Board remains confident that the Group is in a strong financial position and is well placed to weather the current worldwide uncertainty and to take advantage of further opportunities in a more stable future environment.

The Directors have prepared trading and cash flow forecasts for the period ended December 2022, against which the impact of various sensitivities have been considered covering the level of cash receipts and the volume of work taken on. The Group has the ability to improve cash flow and headroom from a number of factors that are within the direct control of management, examples of which could be by limiting the level of new business within EDGE, managing the level of investment in people and property within Bond Turner or by limiting the investment in the VW Emissions case. These factors allow management to balance any potential shortfall in cash receipts and headroom against forecast levels, something the Directors have been doing for many years, such that the Group maintains adequate headroom within its facilities.

It is in that context that the Directors have a reasonable expectation that the Group will have adequate cash headroom. The Group continues to trade profitably and early indications for growth in the current year are positive. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated and the Company financial statements.

2. Accounting Policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Changes in accounting policy

Detailed below are the new and amended standards which became effective for the Group on 1 January 2020. None have had a material effect on the financial statements:

- Definition of Material (Amendments to IAS 1 and IAS 8).
- Definition of a Business (Amendments to IFRS 3).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. There is only one geographical segment, being the United Kingdom.

The Executive Directors are of the opinion that the Group has three distinct reportable segments which include those of credit hire and legal services.

Revenue

The Group provides the following key services to customers:

- provision of a credit hire vehicle to a client involved in a non-fault accident; and
- provision of associated legal services to support that client's claim.

Credit Hire

Revenue derived from the supply of credit hire vehicles is recognised over time from the date a vehicle is placed on hire, exclusive of VAT. Vehicles are only supplied and remain on hire after a strict validation process that assesses to the Group's satisfaction that liability for the accident rests with a third party. Revenue is accrued on a daily basis, after adjustment on a portfolio basis for an estimation of the recovery of those credit hire charges based on historical settlement rates and case characteristics including the size of the claim. This adjustment is made to ensure that revenue is only recognised to the extent that it is highly probable that a significant reversal of revenue will not occur upon settlement of a customer's claim. Revenue recognised is updated on settlement once the amount of fees that will be recovered is known.

Legal Services

Revenue from legal services is earned from two types of services:

- Claims associated with a road traffic accident or credit hire; and
- Large loss claims.

The legal practice operates on the basis of 'No Win – No Fee' conditional fee arrangements, whereby fees are earned only in the event of a successful outcome of a customer's claim. For the majority of claims, fees are fixed at a specified sum plus a percentage of damages recovered. In some cases, fees may be determined depending on the stage at which the matter concludes. Where we have an admission of liability, income is recognised at the minimum fee recoverable at that point per the court rules with the associated uplift on settlement being recognised on receipt of cash due to the uncertainty over the ultimate level of the settlement.

Revenue in respect of large loss claims is recognised by the Group not before admission of liability has been confirmed. Revenue is recognised by reference to the time spent as each case progresses, constrained to the minimum fee the Group is entitled to based on accepted court rates due to the uncertainty around the value of the ultimate settlement. In previous periods there was insufficient information to reliably measure the progress of large loss claims meaning that revenue was not recognised until settlement of the case (similar to No Win – No Fee claims as described above) however improvements in internal systems has provided sufficient information to reliably measure and recognise this revenue as the case progresses in the current year. This has resulted in £1,358,000 of revenue being recognised in the period. It is not practical to disclose the impact of the improvements to the systems upon future periods.

Disbursements recovered in pursuit of a claim are not recognised as revenue in profit or loss on the basis that Anexo is not acting in its capacity as principal but agent in the transaction. Consequently, such receipts are offset against the receivable amount for that case. The Group does not consider any revenue contracts to contain a significant financing component; the time taken to recover amounts due does not represent credit terms to the customer but is instead reflective of the time taken to settle a case.

Trade Receivables

Trade receivables are amounts due from clients for services performed in the ordinary course of business. Trade receivables are initially measured at gross claim value. Subsequently, they are carried at amortised cost after making any further adjustment to the gross claim value to reflect expected settlement amounts, less any allowance for discounts, and less impairment and expected credit losses based upon a review of the aging of the individual balances and historical collection and settlement rates.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

2. Accounting Policies continued

Management consider the critical factor in recovery of receivables to be the ageing of the case; as cases age, the risk of credit loss increases as supported by historical information and a review of active ongoing cases. Cases are therefore provided for based on ageing criteria.

Accrued Income – Credit Hire

Revenue from credit hire is accrued on a daily basis, after adjustment on a portfolio basis for an estimation of the recovery of those credit hire charges. As a result of credit hire revenue being recognised in the period the hire is provided, accrued income is recognised for credit hire, to the extent that it is expected to be recoverable, together with recoverable costs and associated services provided that it has not yet been invoiced or is still on hire at the year-end date. Upon conclusion of an individual hire, the claim is invoiced and accrued income associated with that hire is derecognised.

Accrued Income – Legal Services

Accrued income in respect of credit hire and associated claims represents client cases which have not yet reached a conclusion and is carried at a value that includes profit of prescribed fixed fees at the earliest stage post issue of proceedings. The reasoning behind this is that credit hire claims are litigious and require the issue of court proceedings prior to settlement. The value measured only includes the base fixed fee and does not provide for any percentage uplift which will be payable in addition in every case that settles. Value is only attributed to cases which are less than three years old and where there is an admission of liability.

Accrued income in respect of non-credit hire claims, which includes both serious injury work and housing disrepair claims, is assessed on a claim by claim basis and recognised on admission of liability, at this point collection of revenue is considered probable, and accrued income is recognised in line with the hours performed considering the risks associated with the claims and the expected recovery on settlement.

Disbursements

Disbursements paid in support of an ongoing claim are reported within trade receivables. A provision for the expected irrecoverability of disbursement balances is made by reference to the duration since the last transaction posted to the individual ledgers, plus any other necessary provision for balances considering post period end information. Provisions for disbursements written off is charged to administration expenses in profit or loss.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits available to the Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amounts of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of property, plant and equipment includes directly attributable incremental costs incurred in its acquisition and installation.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Property improvements	10% straight line
Office equipment	20% to 33% straight line
Fixtures, fittings & equipment	20% straight line or reducing balance
Right of use assets	Over the life of the associated lease, straight line or useful life if earlier

Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives on the following bases:

Asset class	Depreciation method and rate
Software licences	33% straight line

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the underlying contractual arrangement. Financial instruments are recognised on the date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value. Financial instruments cease to be recognised at the date when the Group ceases to be party to the contractual provisions of the instrument.

Financial assets are included on the Statement of financial position as trade and other receivables or cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least 12 months after the reporting date. If there is an unconditional right to defer settlement for at least 12 months after the reporting date, they are presented as non-current liabilities. Trade payables are initially recognised at fair value including transaction costs and subsequently carried at amortised cost.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to profit and loss over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

2. Accounting Policies continued

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract is a lease, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate (vehicle fleet: 7.00%, office and other properties: 3.50%). Lease payments included in the measurement of the lease liability comprise the contracted fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to £nil.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Short term leases and leases of low-value assets

The Group has elected to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and contain no option to purchase, and leases of low value assets where that lease is associated with an element of the vehicle fleet. Where the lease does not relate to the vehicle fleet the Group has elected to not recognise leases of low-value assets which the Group considers to be any lease where the fair value of the asset new is less than £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases in the statement of cash flows

The settlement of lease liabilities are included in the cash flow statement within financing activities for the repayment of principal and within operating activities for interest paid.

Share capital

Ordinary Shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share-based payments

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Dividends

Dividends are recognised as a liability and deducted from equity at the time they were declared. Otherwise dividends are disclosed if they have been proposed or declared after the year end and before the relevant financial statements are approved.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

3.Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty continued

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and prior periods if the revision affects both current and prior periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Credit Hire

Due to the nature of the business, there are high levels of trade receivables at the year end, and therefore a risk that some of these balances may be irrecoverable. A review of the Group's policy for accounting for impairment of these trade receivables as well as expected credit losses is carried out where debts are assessed and provided against when the recoverability of these balances is considered to be uncertain.

Revenue is accrued on a daily basis, after adjustment on a portfolio basis for an estimation of the recovery of those credit hire charges based on historical settlement rates and the age of the debt. This adjustment is made to ensure that revenue is only recognised to the extent that it is highly probable that a significant reversal of revenue will not occur upon settlement of a customer's claim. Revenue recognised is updated on settlement once the amount of fees that will be recovered is known.

The settlement percentages applied and expected credit loss provisions are judgmental and revenue and trade receivables are sensitive to these judgments. If the settlement percentages applied in calculating revenue were reduced by 1% it would reduce credit hire revenue and receivables (£51.6 million and £91.8 million respectively) by £1.9 million.

Legal Services

The Group carries an element of accrued income, the valuation of which reflects the estimated level of recovery on successful settlement by reference to historical recovery rates or the lowest level of fees payable by reference to the stage of completion of those credit hire cases. Where we have not had an admission of liability no value is attributed to those case files.

Accrued income is also recognised in respect of serious injury and housing disrepair claims, only where we have an admission of liability and by reference to the work undertaken in pursuing a settlement for our clients, taking into account the risk associated with the individual claim and expected future value of fees from those claims on a claim by claim basis.

For both credit hire and legal services, the historical settlement rates used in determining the carrying value may differ from the rates at which claims ultimately settle. This represents an area of key estimation uncertainty for the Group.

4. Revenue

The Group's principal activities, separated by reportable segments, are described below. For more detail about reportable segments see note 5.

Credit Hire

The Group provides vehicle hire for individuals who have had a non-fault accident. Revenue is recognised over time based on the days of hire provided to the customer. Revenue recognition is limited under the variable consideration guidance using an estimate of the recovery of credit hire charges based on historical settlement rates.

Legal Services

Legal services revenue comprises of a number of obligations including; legal services in relation to accident claims (personal injury, clinical negligence etc.), medical and engineer consultations and arrangement of after the event insurance contracts. Revenue from the rendering of legal services to customers is recognised upon delivery of the service to the customer. Due to the No Win – No Fee nature of these legal contracts, revenue recognition is constrained to the minimum fee until the amount of settlement is known.

The Group's revenue for the year from continuing operations is disaggregated into the following segments:

	2020 £'000s	2019 £'000s
Credit Hire	51,591	47,981
Legal Services	35,161	30,529
	86,752	78,510

In accordance with IFRS 8, no single customer, whether that be a client or insurer, represented more than 10 per cent of revenue for any of the years ended 31 December 2019 or 2020. The whole of the revenue is attributable to activities carried out in the United Kingdom.

The collection of cash for performance of the Group's obligations does not occur until after settlement of the related claim. This causes a timing difference between the performance and receipt of cash resulting in the Group recognising the following contract related balances:

	2020 £'000s	2019 £'000s
Net Trade Receivables (see note 16)	119,592	100,984
Accrued Income	27,100	24,416
	146,692	125,400

The contract assets primarily relate to the Group's consideration for on-hire vehicles and legal services for work completed where the case is still outstanding. These balances are transferred to receivables once a vehicle becomes off-hire or a legal claim settlement is agreed.

5. Segmental Reporting

The Group's reportable segments are as follows:

- the provision of credit hire vehicles to individuals who have had a non-fault accident, and
- associated legal services in the support of the individual provided with a vehicle by the Group and other legal service activities.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

	Year ended 31 December 2020				
	Credit Hire £'000s	Legal Services £'000s	VW Class Action £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues					
Third party	51,591	35,161	–	–	86,752
Total revenues	51,591	35,161	–	–	86,752
Profit before taxation	17,892	2,817	(2,906)	(2,314)	15,488
Net cash from operations	(15)	3,287	(2,906)	(161)	205
Depreciation, amortisation and gain on disposal of property, plant and equipment	5,492	1,173	–	–	6,665
Segment assets	125,055	45,789	–	1,360	172,204
Capital expenditure	4,238	900	–	–	5,138
Segment liabilities	39,521	16,886	2,251	3,108	61,766

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

5. Segmental Reporting continued

	Year ended 31 December 2019				
	Credit Hire £'000s	Legal Services £'000s	VW Class Action £'000s	Group and Central Costs £'000s	Consolidated £'000s
Revenues					
Third party	47,981	30,529	–	–	78,510
Total revenues	47,981	30,529	–	–	78,510
Profit before taxation	17,915	6,857	(935)	(1,446)	22,391
Net cash from operations	(1,360)	1,227	(935)	273	(795)
Depreciation, amortisation and gain on disposal of property, plant and equipment	5,767	815	–	–	6,582
Segment assets	97,177	44,351	–	179	141,707
Capital expenditure	2,527	1,175	–	–	3,702
Segment liabilities	30,765	18,935	–	311	50,011

Interest income/expense and income tax are not measured on a segment basis.

6. Expenses by Nature

Cost of sales are comprised of:

	2020 £'000s	2019 £'000s
Staff costs	2,208	2,158
Other cost of sales	16,592	13,545
	18,800	15,703

Administrative expenses are comprised of:

	2020 £'000s	2019 £'000s
Staff costs	24,287	19,155
Other administrative expenses	18,294	11,820
	42,581	30,975

7. Operating Profit

Operating profit is arrived at after charging:

	2020 £'000s	2019 £'000s
Depreciation on owned assets	474	267
Depreciation on right of use assets	6,333	6,388
Amortisation	91	35
Share based payments	658	657
Gain on disposal of property, plant and equipment	(236)	(108)

There were no non-recurring costs in the year ended 31 December 2020 or 2019.

Included in the above are the costs associated with the following services provided by the Company's auditor:

	2020 £'000s	2019 £'000s
Audit services		
Audit of the Company and the consolidated financial statements	40	30
Audit of the Company's subsidiaries	89	78
Total audit fees	129	108
All other services	–	16
Total fees payable to the Company's auditor	129	124

8. Finance Costs

All financing costs arise from financial liabilities measured at amortised cost.

	2020 £'000s	2019 £'000s
Finance costs		
Interest on lease liabilities	867	696
Interest expense on other financing liabilities	1,682	1,492
Other interest payable	13	14
Total finance costs	2,562	2,202

9. Staff Costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2020 £'000s	2019 £'000s
Wages and salaries	23,771	19,104
Social security costs	2,320	1,900
Pension costs, defined contribution scheme	404	309
	26,495	21,313
Split as follows:		
Cost of sales	2,208	2,158
Administrative costs	24,287	19,155
	26,495	21,313

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	2020 No	2019 No
Distribution staff	88	72
Administrative staff	643	507
	731	579

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

10. Directors' and Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Group. The Directors' remuneration is disclosed in the Remuneration Committee Report on pages 45 and 46. The key management remuneration for the year was as follows:

	2020 £'000s	2019 £'000s
Wages and salaries	2,651	2,634
Social security costs	320	339
Pension costs, defined contribution scheme	17	17
Share based payments	299	298
Total employee benefits	3,287	3,288

In respect of the highest paid Director:

	2020 £'000s	2019 £'000s
Remuneration	752	773
Pension contributions	1	1

11. Corporation Tax

Tax charged to profit or loss is as follows:

	2020 £'000s	2019 £'000s
Current taxation		
UK corporation tax	3,173	4,497
UK corporation tax adjustment to prior periods	–	(96)
	3,173	4,401
Deferred taxation		
Arising from the origination and reversal of temporary differences	–	2
	3,173	4,403

The actual tax charge is higher than the standard rate of corporation tax in the UK applied to the profit before tax (2019 – higher).

The differences are reconciled below:

	2020 £'000s	2019 £'000s
Profit before tax	15,488	22,391
Corporation tax at standard rate (19%)	2,943	4,253
Effect of expenses not deductible for tax purposes	230	206
Effect of capital allowances and depreciation	–	40
Over / (under) provision of tax charge in prior year	–	(96)
Total tax charge	3,173	4,403

12. Earnings Per Share

Number of shares:	2020 No.	2019 No.
Weighted number of Ordinary Shares outstanding	113,550,685	110,000,000
Effect of dilutive options	2,200,000	2,200,000
Weighted number of Ordinary Shares outstanding – diluted	115,750,685	112,200,000
Earnings:	**£'000s**	**£'000s**
Profit basic and diluted	12,315	17,988
Profit adjusted and diluted	12,975	18,645
Earnings per share:	**Pence**	**Pence**
Basic earnings per share	10.8	16.4
Adjusted earnings per share	11.4	17.0
Diluted earnings per share	10.6	16.0
Adjusted diluted earnings per share	11.2	16.6

The adjusted profit after tax for 2020 and adjusted earnings per share are shown before share-based payment charges of £0.7 million (2019: £0.7 million). The Directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

13. Dividends

Dividends reported in 2020 totalled £1.16 million and in 2019 totalled £2.75 million.

The Board is pleased to propose a final dividend of 1.0 pence per share, which if approved at the Annual General Meeting to be held on 16 June 2021 will be paid on 20 July 2021 to those shareholders on the register at the close of business at 25 June 2021. The shares will become ex-dividend on 24 June 2021. An interim dividend of 0.5 pence per share was paid on 23 September 2020 (2019: total dividend 0.5p per share).

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

14. Property, Plant and Equipment

	Right of use assets £'000s	Property improvements £'000s	Fixtures, fittings & equipment £'000s	Office equipment £'000s	Total £'000s
Cost					
At 1 January 2019	4,457	341	794	731	6,323
Additions	13,962	112	987	85	15,146
Disposals	(1,243)	–	–	(29)	(1,272)
At 31 December 2019	17,176	453	1,781	787	20,197
Additions	10,176	39	894	91	11,200
Disposals	–	–	–	–	(2,659)
At 31 December 2020	24,693	492	2,675	878	28,738
Depreciation					
At 1 January 2019	1,907	258	246	642	3,053
Charge for year	6,388	15	214	38	6,655
Eliminated on disposal	(976)	–	–	(29)	(1,005)
At 31 December 2019	7,319	273	460	651	8,703
Charge for the year	6,333	24	399	51	6,807
Eliminated on disposal	(2,040)	–	–	–	(2,040)
At 31 December 2020	11,612	297	859	702	13,470
Carrying amount					
At 31 December 2020	13,081	195	1,816	176	15,268
At 31 December 2019	9,857	180	1,321	136	11,494

Amounts previously categorised within Motor Vehicles are all financed and as such have been recategorised and are included in the right of use assets column above.

Property, plant and equipment includes right-of-use assets with carrying amounts as follows:

	Land and buildings £000	Motor vehicles £000	Total £000
Right-of-use assets			
At 1 January 2019	–	2,550	2,550
Depreciation charge for the year	(728)	(5,660)	(6,388)
Additions to right-of use assets	5,547	8,415	13,962
Disposals of right-of-use assets	–	(267)	(267)
At 31 December 2019	4,819	5,038	9,857
Depreciation charge for the year	(920)	(5,413)	(6,333)
Additions to right-of-use assets	1,201	8,975	10,176
Disposals of right-of-use assets	–	(619)	(619)
At 31 December 2020	5,100	7,981	13,081

15. Intangibles

Intangible Assets	Software licences £'000s
Cost	
At 1 January 2019	–
Additions	210
At 31 December 2019	210
Additions	151
At 31 December 2020	361
Amortisation	
At 1 January 2019	–
Charge for year	35
At 31 December 2019	35
Charge for the year	92
At 31 December 2020	127
Carrying amount	
At 31 December 2020	234
At 31 December 2019	175

16. Trade and Other Receivables

	2020 £'000s	2019 £'000s
Trade receivables – gross claim value	262,575	220,463
Settlement adjustment on initial recognition	(121,967)	(100,001)
Provision for impairment of trade receivables	(21,016)	(19,478)
Net trade receivables	119,592	100,984
Accrued income	27,100	24,416
Prepayments	596	842
Directors loan account	–	415
Other debtors	643	999
	147,931	127,656

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note.

Trade receivables stated above include amounts due at the end of the reporting period for which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has been no significant change in credit quality. Average gross debtor days calculated on a count back basis were 428 at 31 December 2020 and 408 at 31 December 2019.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

16. Trade and Other Receivables continued

Age of net trade receivables

	2020 £'000s	2019 £'000s
Within 1 year	67,361	62,508
1 to 2 years	32,049	22,422
2 to 3 years	12,791	9,564
3 to 4 years	6,709	5,972
Over 4 years	682	518
	119,592	100,984
Average age (days)	428	408

The provision for impairment of trade receivable is the difference between the carrying value and the present value of the expected proceeds. The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value.

Movement in provision for impairment of trade receivables

	2020 £'000s	2019 £'000s
Opening balance	19,478	17,669
Increase in provision at gross value	6,448	5,129
Utilised in the year	(4,910)	(3,320)
	21,016	19,478

17. Cash and Cash Equivalents

	2020 £'000s	Restated 2019 £'000s
Cash at bank	8,220	2,270
	8,220	2,270

18. Share Capital and Reserves

	2020 £'000s	2019 £'000s
Share capital – allotted, called up and fully paid 116 million Ordinary Shares of 0.05 pence each (2019: 110 million Ordinary Shares of 0.05 pence each)	58	55
Share premium	16,161	9,235

Share capital

On 20 June 2018 the Company was admitted to trading on AIM. On this date the Company issued 10 million Ordinary Shares of 0.05 pence each with a nominal value of £5,000. Prior to this date the Company had issued 100 million Ordinary Shares of 0.05 pence each with a nominal value of £50,000 in relation to the incorporation of the Company and the purchase of its subsidiaries, Edge Vehicles Rentals Group Limited, Bond Turner Limited, Direct Accident Management Limited, IGCA 2013 Limited, Professional and Legal Services Limited and AMS Legal Services Limited. As a result of these transactions the issued share capital at 31 December 2018 and 2019 comprised 110 million Ordinary Shares of 0.05 pence each with a nominal value of £55,000.

On 20 May 2020, the Company issued a further 6.0 million Ordinary Shares of 0.05 pence each at a price of 125 pence per share generating £6.9 million of funds after expenses.

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. The 10 million Ordinary Shares of 0.05 pence each with a nominal value of £5,000 were issued at a price of 100 pence per share on 20 June 2018 giving rise to share premium of £10.0 million against which expenses of £765,000 were written off giving rise to a balance of £9,235,000 (net of expenses).

The 6.0 million Ordinary Shares of 0.05 pence each with a nominal value of £3,000 were issued at a price of 125 pence per share on 20 May 2020 giving rise to share premium of £7.5 million against which expenses of £574,000 were written off giving rise to a balance of £6,926,000 (net of expenses).

Share-based payment reserve

Share-based payment reserve represents the cumulative share-based payment expense for the Group's share option schemes.

Retained earnings

The movement on retained earnings is as set out in the statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

19. Share Based Payments

The movement in awards during the year was:

	2020 £'000s	2019 £'000s
Opening balance	1,041	384
Charge arising during the year	658	657
Closing balance	1,699	1,041

Executive Growth Share Plan ('MIP')

The Company, through its subsidiary Edge Vehicles Rentals Group Limited (EVRGL), granted MIP awards on 20 June 2018 to key employees ('MIP Participants'). Under the scheme, MIP Participants have been granted Ordinary Shares in the EVRGL which can be exchanged for Anexo Group Plc shares or disposed of for cash if the Group achieves set profit after tax targets (as evidenced in the Group's audited results) as follows: £9.9 million for 31st December 2018, £11.9 million for 31st December 2019 and £13.9 million for 31st December 2020. Assuming performance targets are met, MIP Participants may receive 50% of their award during the Accounting Year ended 31 December 2021 and the remaining 50% in subsequent accounting periods. MIP Participants may receive 100% of their MIP award in the Accounting Period ended 31 December 2024 to the extent not previously received. Management intend to settle the scheme in Anexo Group Plc shares. As at 31 December 2020 there were 2.2 million MIP awards outstanding (2019: 2.2 million).

The MIP awards were valued using the Black-Scholes model. Expected volatility was determined by management, using comparator volatility as a basis. The expected life of the award was determined based on management's best estimate. The expected dividend yield was based on the anticipated dividend policy of the Company over the expected life of the awards. The risk-free rate of return input into the model was a zero-coupon Government bond with a life in line with the expected life of the options.

Notes to the Consolidated Financial Statements continued

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19. Share Based Payments continued

The inputs to the model based on the awards being equity settled were as follows:

Award	MIP – Vest 1	MIP – Vest 2
Settlement	Equity-settled	Equity-settled
Valuation date	20 June 2018	20 June 2018
Award date	20 June 2018	20 June 2018
Expected vesting date	1 March 2021	1 January 2022
Expected settlement date	1 March 2021	1 January 2022
Expected term	2.7	3.5
Model used for valuation	Black Scholes	Black Scholes
Share price at valuation date	1.00	1.00
Exercise price	N/A	N/A
Risk-free rate	0.82%	0.89%
Dividend yield	1.59%	1.59%
Expected volatility	24.75%	23.48%
Fair value of one share (£)	0.96	0.95

The Group recognised a total expense of £658,000 during the year (2019: £657,000) relating to equity-settled share-based payments.

20. Borrowings

	2020 £'000s	Restated 2019 £'000s
Non-current loans and borrowings		
Lease liabilities	8,945	5,422
Other borrowings	3,681	–
	12,626	5,422
Current loans and borrowings		
Revolving credit facility	8,000	8,000
Lease liabilities	4,753	4,885
Invoice discounting facility	16,341	17,784
Other borrowings	6,953	2,383
	36,047	33,052

Direct Accident Management Limited uses an invoice discounting facility which is secured on the trade receivables of that company. Security held in relation to the facility includes a debenture over all assets of Direct Accident Management Limited dated 11 October 2016, extended to cover the assets of Anexo Group Plc and Edge Vehicles Rentals Group Limited from 20 June 2018 and 28 June 2018 respectively, as well as a cross corporate guarantee with Professional and Legal Services Limited dated 21 February 2018. At the end of December 2020, Direct Accident Management Limited has availability within the invoice discounting facility of £2.2 million (2019: £0.7 million).

In July 2020 Direct Accident Management Limited secured a £5.0 million loan facility from Secure Trust Bank Plc, under the Government's CLBILS scheme. The loan was secured on a repayment basis over the three year period, with a three month capital repayment holiday, £2.0 million of which was to be paid as a final instalment.

Direct Accident Management Limited is also party to a number of leases which are secured over the respective assets funded.

The revolving credit facility is secured by way of a fixed charge dated 26 September 2019, over all present and future property, assets and rights (including uncalled capital) of Bond Turner Limited. The loan is structured as a revolving credit facility which is committed for a three-year period, until 27 September 2022, with no associated repayments due before that date. Interest is charged at 3.25% over LIBOR. The facility is fully drawn down as at 31 December 2020 and 2019.

The Group's banking arrangements are subject to monitoring through financial performance measures or covenants. During the COVID-19 pandemic, certain of these measures and covenants came under pressure and required action by the Group which included a regular dialogue between all parties to ensure that the reasons behind the breaches were fully understood, agreed and ultimately waived. All the required waivers were fully in place post year end. As a result the revolving credit facility (£8.0 million as at 31 December 2020) is classified as being repayable on demand. A facility from Secure Trust (£16.3 million as at 31 December 2020) was already classified as repayable on demand so was not impacted.

In July 2020 Anexo Group Plc secured a loan of £2.1m from a specialist litigation funder to support the investment in marketing costs associated with the VW Emissions Class Action. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity at the earlier of settlement of the claim and receipt of the proceeds or three years from the date of receipt of funding. In addition to the interest charges the loan attracts a share of the proceeds to be determined by reference to the level of fees generated for the Group.

The loans and borrowings are classified as financial instruments and are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment of financial assets note.

Changes in liabilities arising from financing activities

	Invoice discounting facility £'000s	Lease liabilities £'000s	Other borrowings £'000s
Balance at 1 January 2019	12,536	2,491	7,781
Cash flows			
Proceeds from new loans	5,248	2,021	11,086
Repayment of borrowings	–	(2,436)	(8,484)
Lease payments	–	(6,514)	–
Non-cash changes*	–	14,745	–
Balance at 1 January 2020	17,784	10,307	10,383
Cash flows			
Proceeds from new loans	–	–	12,924
Repayment of borrowings	(1,443)	–	(4,814)
Lease payments	–	(7,585)	–
Non-cash changes*	–	10,976	141
Balance at 31 December 2020	**16,341**	**13,698**	**18,634**

* This balance includes £11.0 million (2019: £14.8 million) of new leases entered into during the year.

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21. Deferred Tax

The following is an analysis of the deferred tax liabilities, net of deferred tax assets:

	2020 £'000s	2019 £'000s
Total		
Balance brought forward	80	81
Credit / (charge) to profit or loss	–	(1)
Total deferred tax asset / (liability) at end of period	80	80

The deferred tax included in the statement of financial position is as follows:

	2020 £'000s	2019 £'000s
Included in non-current assets	112	112
Included in non–current liabilities	(32)	(32)
Credit / (charge) to profit or loss	–	(2)

There is no unrecognised deferred tax in the current period for the Group (2019: £Nil).

22. Leases

Lease liabilities

The Group leases a number of office and other premises as well as the motor vehicle fleet under non-cancellable lease agreements. The total future value of minimum lease payments is as follows:

	2020 £'000s	2019 £'000s
Total lease liabilities		
Not later than 1 year	6,512	5,203
Later than 1 and not later than 5 years	6,214	3,496
Over 5 years	2,678	2,772
	15,404	11,471

The carrying value of those assets reported as right of use are reported in note 14.

The following relates to lease liabilities.

	2020 £'000s	2019 £'000s
Total lease liabilities		
Depreciation charge	6,333	6,388
Interest expense	867	696
Total cash outflows	7,585	6,514

23. Pension and Other Schemes

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £404,000 (2019: £309,000).

24. Trade and Other Payables

	2020 £'000s	2019 £'000s
Trade payables	3,907	4,090
Accruals and deferred income	2,860	2,142
Social security and other taxes	2,519	1,339
Other creditors	219	344
	9,505	7,915

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note. The Directors consider that the fair value of trade and other payables is not materially different from the carrying value. The Group's exposure to market and liquidity risks related to trade and other payables is disclosed in the financial risk management and impairment of financial assets note. The Group pays its trade payables on terms that vary by supplier and as such trade payables are not yet due at the reporting date.

25. Related Party Disclosures

During the year the following Directors entered into the following advances and credits with the Company:

	Balance brought forward £'000s	Advances/ (credits) to the Director £'000s	Amounts repaid £'000s	Balance outstanding £'000s
S Moss – 2020	–	–	–	–
S Moss – 2019	35	–	(35)	–
A Sellers – 2020	415	–	(415)	–
A Sellers – 2019	428	–	(13)	415

The following related party transactions were undertaken during the period:

The Group has entered into formal leases and occupies premises owned by a Director. Rent and service charges of £172,500 (2019: £172,500) were charged under these arrangements, the current leases are due for renewal in January 2022. At the reporting date the amounts due under these lease arrangements to the Director were £2,000 (2019: £125,000). At the reporting date £150,000 in loan liabilities were due to a company connected through common directorship (2019: £nil).

26. Financial Instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. Note 27 describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 2.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in note 27.

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for year ended 31 December 2020

26. Financial Instruments continued

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Loans and receivables

	Held at amortised cost	
	2020 £'000s	2019 £'000s
Cash and cash equivalents	8,220	2,270
Trade and other receivables	120,123	102,398
Accrued income	27,100	24,416
	155,443	129,084

Financial liabilities

	Held at amortised cost	
	2020 £'000s	2019 £'000s
Trade and other payables	6,645	5,773
Borrowings	48,673	38,474
	55,318	44,247

There is no significant difference between the fair value and carrying value of financial instruments.

27. Financial Risk Management and Impairment of Financial Assets

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Finance Director through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk and impairment

Credit risk arises principally from the Group's trade and other receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements. Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings. A financial asset is in default when the counterparty fails to pay its contractual obligations.

The Group is not significantly exposed to credit risk due to the nature of the counterparties from which it collects it trade receivables and contract assets; cash is primarily collected from insurance providers after settlement of a customer's accident claim. The Group monitors its exposure to credit risk by reviewing outstanding debtors by insurance provider. The majority of the collection risk for trade receivables and contracts assets arises from the uncertainty of settlement for each claim, which is considered as part of the revenue accounting, rather than in the expected credit loss assessment. Based on past history management does not have a significant history of writing off receivables due to default.

For Director loans the Group has no history of writing-off these balances due to default of the borrower. The Group has no evidence to suggest that these loans will not be collected in full and considers that there is no significant credit risk. Any expected credit loss provision is expected to be immaterial and therefore no expected credit loss provision has been recognised against these financial assets.

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Board receives cash flow projections on a regular basis which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes or from headroom within its existing facilities. The following table sets out the contractual maturities of financial liabilities:

At 31 December 2020	Up to 12 months £'000s	Between 2 and 5 years £'000s	Over 5 years £'000s	Total £'000s
Trade and other payables	6,645	–	–	6,645
Loans and borrowings	37,806	9,895	2,679	50,380
Total	44,451	9,895	2,679	57,025

At 31 December 2019	Up to 12 months £'000s	Between 2 and 5 years £'000s	Over 5 years £'000s	Total £'000s
Trade and other payables	5,773	–	–	5,773
Loans and borrowings	33,370	3,495	2,773	39,638
Total	39,143	3,495	2,773	45,411

Capital risk management

The Group considers its capital to comprise its Ordinary Share capital and retained profits as its equity capital. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income. The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital are disclosed in the Statement of Changes in Equity.

There have been no other significant changes to the Group's management objectives, policies and procedures in the year nor has there been any change in what the Group considers to be capital.

Currency risk

The Group is not exposed to any significant currency risk. The Group also manages its currency exposure by retaining its cash balances in Sterling.

28. Restatement of Disclosures in the 2019 Accounts

The Annual Report for the year ended 31 December 2019 was part of the sample selected by the Financial Reporting Council ('FRC') in their thematic review of companies' reporting on cash flow and liquidity disclosures. As a result, the Group performed a review of its 2019 financial statements and certain restatements have been made to the comparative results of the Group in this Annual Report, noting that these adjustments affect the presentation and classification of amounts disclosed and do not result in a net adjustment to either profit or total equity.

The following adjustments were made:

- The depreciation on right of use assets was presented separately from depreciation on owned assets in the income statement in the 2019 Annual Report. They are now combined as a single Depreciation line;
- The net book value of motor vehicles, all of which were associated with leases, have been transferred from property, plant and equipment to right of use assets;
- The bank overdraft shown separately in 2019 is now presented under the single line 'Other interest-bearing loans and borrowings', and the lease liability previously recognised under IAS 17 has been reclassified to correctly combine it with other lease liabilities in a single line 'Lease Liabilities';

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

28. Restatement of Disclosures in the 2019 Accounts continued

- In the consolidated statement of cash flows, the invoice discounting facility has been removed from the cash and cash equivalent balance and presented within financing activities;
- The share based payment charge has been removed from the working capital movement and represented as a non-cash flow adjustment in the consolidated statement of cash flows;
- The consolidated statement of cash flows has been represented to remove the incorrect grossing up of motor vehicles obtained on hire purchase by the non-cash inception of new leases and instead disclose the net cash outflow. Further, all lease payments are now presented a single line.

The following tables summarise the impacts on the Group's consolidated financial statements.

Scope and limitations of the FRC review

The FRC review was based on the Annual Report and Accounts in respect of the year ended 31 December 2019, noting the FRC does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. The review is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The FRC support continuous improvement in the quality of corporate reporting and recognise that those with more detailed knowledge of our business, including our Audit Committee and auditors, may have recommendations for future improvement, consideration of which is encouraged.

The review and comments received from the FRC, provides no assurance that our report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. Their letters are written on the basis that the FRC (which includes the FRC's officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

Impact on the Consolidated Statement of Total Comprehensive Income

For the year ended 31 December 2019

	As Previously Reported £'000s	Adjustments £'000s	As Restated £'000s
Revenue	78,510	–	78,510
Cost of sales	(15,703)	–	(15,703)
Gross profit	62,807	–	62,807
Depreciation and profit / loss on disposal	(2,327)	(4,220)	(6,547)
Depreciation on right of use assets	(4,220)	4,220	–
Amortisation	(35)	–	(35)
Administrative expenses before share based payments	(30,975)	–	(30,975)
Operating profit before share based payments	25,250	–	25,250
Share based payment charges	(657)	–	(657)
Non-recurring administrative expenses	–	–	–
Operating profit	24,593	–	24,593
Finance costs	(2,202)	–	(2,202)
Profit before tax	22,391	–	22,391
Taxation	(4,403)	–	(4,403)
Profit and total comprehensive income for the year attributable to owners of the company	17,988	–	17,988
Earnings per share (pence)			
Basic earnings per share	16.4	–	16.4
Diluted earnings per share	16.0	–	16.0

Impact on the Consolidated Statement of Financial Position

At 31 December 2019

	As Previously Reported £'000s	Adjustments £'000s	As Restated £'000s
Assets			
Non-current assets			
Property, plant and equipment	3,673	(2,036)	1,637
Right-of-use assets	7,821	2,036	9,857
Intangible fixed assets	175	–	175
Deferred tax assets	–	112	112
	11,669	112	11,781
Current assets			
Trade and other receivables	127,768	(112)	127,656
Cash and cash equivalents	2,270		2,270
	130,038	(112)	129,926
Total assets	141,707	–	141,707
Equity and liabilities			
Equity			
Share capital	55	–	55
Share premium	9,235	–	9,235
Share based payment reserve	1,041	–	1,041
Retained earnings	81,365	–	81,365
Equity attributable to the owners of the Company	91,696	–	91,696
Non-current liabilities			
Other interest-bearing loans and borrowings	393	(393)	–
Lease liabilities	5,029	393	5,422
Deferred tax liabilities	32	–	32
	5,454	–	5,454
Current liabilities			
Bank overdraft	17,784	(17,784)	–
Other interest-bearing loans and borrowings	12,144	16,023	28,167
Lease liabilities	3,124	1,761	4,885
Trade and other payables	7,915	–	7,915
Corporation tax liability	3,590	–	3,590
	44,557	–	44,557
Total liabilities	50,011	–	50,011
Total equity and liabilities	141,707	–	141,707

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2020

28. Restatement of Disclosures in the 2019 Accounts continued

Impact on the Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	As Previously Reported £'000s	Adjustments £'000s	As Restated £'000s
Cash flows from operating activities			
Profit for the year	17,988	–	17,988
Adjustments for:			
Depreciation and proft / loss on disposal	6,547	–	6,547
Amortisation	35	–	35
Financial expense	2,202	–	2,202
Share based payment charge	–	657	657
Taxation	4,403	–	4,403
	31,175	657	31,832
Working capital adjustments			
Increase in trade and other receivables	(26,294)	–	(26,294)
Increase in trade and other payables	1,351	(657)	694
Cash generated from operations	6,232	–	6,232
Interest paid	(1,797)	–	(1,797)
Tax paid	(5,230)	–	(5,230)
Net cash from operating activities	(795)	–	(795)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	374	–	374
Acquisition of property, plant and equipment	(3,104)	2,302	(802)
Investment in intangible fixed assets	(210)	–	(210)
Net cash from investing activities	(2,940)	2,302	(638)
Cash flows from financing activities			
Net proceeds from the issue of share capital	–	–	–
Proceeds from new loans	13,107	5,248	18,355
Repayment of borrowings	(10,920)	–	(10,920)
Payment of finance lease liabilities	(2,225)	2,225	–
Lease payments	(4,289)	(2,225)	(6,514)
New finance lease arrangements	2,302	(2,302)	–
Dividends paid	(2,750)	–	(2,750)
Net cash from financing activities	(4,775)	2,946	(1,829)
Net increase / (decrease) in cash and cash equivalents	(8,510)	5,248	(3,262)
Cash and cash equivalents at 1 January	(7,004)	12,536	5,532
Cash and cash equivalents at year end	(15,514)	17,784	2,270

Company Statement of Financial Position

as at 31 December 2020

	Note	2020 £'000s	2019 £'000s
Assets			
Non-current assets			
Investments in subsidiaries	5	91,699	91,041
		91,699	91,041
Current assets			
Trade and other receivables	6	23,537	17,592
Cash and cash equivalents		149	48
		23,686	17,640
Total assets		115,385	108,681
Equity and liabilities			
Equity			
Share capital	9	58	55
Share premium	9	16,196	9,270
Merger reserve	9	89,924	89,924
Share based payment reserve	9	1,699	1,041
Retained earnings		4,965	8,080
Equity attributable to the owners of the Company		112,842	108,370
Current liabilities			
Borrowings	8	2,251	–
Trade and other payables	7	292	290
Corporation tax liability		–	21
		2,543	311
Total liabilities		2,543	311
Total equity and liabilities		115,385	108,681

The Company's result for the year ended 31 December 2020 was a loss of £2.0 million (2019: Profit of £12.0 million).

The notes on pages 89 to 93 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2021. They were signed on its behalf by:

Mark Bringloe
Chief Financial Officer
26 April 2021

Company Number 11278719

Company Statement of Changes in Equity

for the period ended 31 December 2020

	Share Premium £'000s	Merger Reserve £'000s	Share Capital £'000s	Share Based Payment Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 1 January 2019	55	9,270	99,924	384	(1,209)	108,424
Profit for the year and total comprehensive income	–	–	–	–	12,039	12,039
Dividends paid	–	–	–	–	(2,750)	(2,750)
Share based payment charge	–	–	–	657	–	657
Issue of share capital	–	–	–	–	–	–
Impairment in investments	–	–	(10,000)	–	–	(10,000)
At 31 December 2019	55	9,270	89,924	1,041	8,080	108,370
Issue of share capital	3	–	–	–	–	3
Increase in share premium	–	6,926	–	–	–	6,926
Loss for the year and total comprehensive income	–	–	–	–	(1,955)	(1,955)
Dividends	–	–	–	–	(1,160)	(1,160)
Share based payment charge	–	–	–	658	–	658
At 31 December 2020	58	16,196	89,924	1,699	4,965	112,842

Notes to the Company Financial Statements

for year ended 31 December 2020

1. Significant Accounting Policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been presented in accordance with FRS 101: Reduced Disclosure Framework ('FRS 101'). The Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Total Comprehensive Income and related notes that form part of these approved financial statements.

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except that investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Reduced disclosures

The figures presented in relation to the Company's financial statements have been prepared in accordance with FRS 101: Reduced Disclosure Framework ('FRS 101').

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of the Company financial statements and, where relevant, equivalent disclosures have been made in the consolidated financial statements of the Company:

- presentation of a Company Cash Flow Statement and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of the categories of financial instruments and nature and extent of risks arising on these financial instruments;
- related party disclosures in respect of transactions with the Company and wholly owned members of the Group; and
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

The financial statements of the Company are consolidated within these financial statements which will be publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ following their approval by shareholders.

2. Operating Profits

The auditor's remuneration for audit services to the Company was £40,000 (2019: £32,000).

3. Staff Costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2020 £'000s	2019 £'000s
Wages and salaries	595	576
Social security costs	45	63
Pension costs, defined contribution scheme	6	8
	646	647

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2020 No	2019 No
Administrative staff	6	6
	6	6

Notes to the Company Financial Statements continued

for year ended 31 December 2020

4. Directors' and Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Directors of the Company. The Directors' and key management remuneration for the year was as follows:

	2020 £'000s	2019 £'000s
Wages and salaries	1,814	1,650
Social security costs	254	232
Pension costs, defined contribution scheme	9	8
Total employee benefits	2,077	1,890

In respect of the highest paid Director:

	2020 £'000s	2019 £'000s
Remuneration	752	773
Pension	1	1

5. Details of Related Undertakings

All of the subsidiaries have been included in the consolidated financial statements. The subsidiaries held during the year are set out below:

Subsidiary	Principal Activity	Registered Office	Country of Incorporation	% shares
Edge Vehicles Rentals Group Limited	Intermediate holding company	Mauran Governance Services (Jersey) Limited, 22 Grenville Street, St. Helier, Jersey, JE4 8PX	Jersey	100%
Bond Turner Limited	Legal practice	The Plaza, 100 Old Hall Street, Liverpool, Merseyside, L3 9QJ	UK	100%
Direct Accident Management Limited	Credit hire business	139 New Court Way, Ormskirk, Lancashire, L39 2YT	UK	100%
Professional and Legal Services Limited	Medico legal business	20 New Court Way, Ormskirk, Lancashire, L39 2YT	UK	100%
IGCA 2013 Limited	Administrators for ATE insurers	Rosemary Farm Rosemary Lane, Downholland, Ormskirk, Lancs, England, L39 7JP	UK	100%
AMS Legal Services Limited	Dormant	Halton Green House Green Lane, Halton, Lancaster, Lancashire, United Kingdom, LA2 6PB	UK	100%

All shares held by the Company are ordinary equity shares, the percentage holding representing voting rights.

Professional and Legal Services Limited and IGCA 2013 Limited have taken the subsidiary exemption from audit in respect of the year ended 31 December 2020 and 2019 under section 479A of the Companies Act 2006.

Investments in subsidiaries during the year was as follows:

	£'000s
Cost	
At 1 January 2019	100,384
Additions	657
At 31 December 2019	101,041
Additions	658
At 31 December 2020	101,699
Impairment	
At 1 January 2019	–
Impairment in the year	10,000
At 31 December 2019	10,000
Impairment in the year	–
At 31 December 2020	10,000
Net Book Value	
At 31 December 2020	91,699
At 31 December 2019	91,041

6. Trade and Other Receivables

	2020 £'000s	2019 £'000s
Amounts due from subsidiary undertakings	22,806	17,501
Other debtors	292	91
Taxation recoverable	439	–
	23,537	17,592

7. Trade and Other Payables

	2020 £'000s	2019 £'000s
Trade payables	79	65
Other tax and social security	18	81
Accruals	195	144
	292	290

Notes to the Company Financial Statements continued

for year ended 31 December 2020

8. Borrowings

In July 2020 Anexo Group Plc secured a loan of £2.1m from a specialist litigation funder to support the investment in marketing costs associated with the VW Emissions Class Action. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity at the earlier of settlement of the claim and receipt of the proceeds or three years from the date of receipt of funding. In addition to the interest charges the loan attracts a share of the proceeds to be determined by reference to the level of fees generated for the Group.

9. Share Capital and Reserves

	2020 £'000s	2019 £'000s
Share capital – allotted, called up and fully paid 116 million Ordinary Shares of 0.05 pence each (2019: 110 million Ordinary Shares of 0.05 pence each)	58	55
Share premium	16,196	9,270

Share capital

On 20 June 2018 the Company was admitted to trading on AIM. On this date the Company issued 10 million Ordinary Shares of 0.05 pence each with a nominal value of £5,000. Prior to this date the Company had issued 100 million Ordinary Shares of 0.05 pence each with a nominal value of £50,000 in relation to the incorporation of the Company and the purchase of its subsidiaries, Edge Vehicles Rentals Group Limited, Bond Turner Limited, Direct Accident Management Limited, IGCA 2013 Limited, Professional and Legal Services Limited and AMS Legal Services Limited. As a result of these transactions the issued share capital at 31 December 2018 and 2019 comprised 110 million Ordinary Shares of 0.05 pence each with a nominal value of £55,000.

On 20 May 2020, the Company issued a further 6.0 million Ordinary Shares of 0.05 pence each at a price of 125 pence per share generating £7.0 million of funds after expenses.

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. The 10 million Ordinary Shares of 0.05 pence each with a nominal value of £5,000 were issued at a price of 100 pence per share on 20 June 2018 giving rise to share premium of £9,270,000 (net of expenses).

The 6.0 million Ordinary Shares of 0.05 pence each with a nominal value of £3,000 were issued at a price of 125 pence per share on 20 May 2020 giving rise to share premium of £7.5 million against which expenses of £574,000 were written off giving rise to a balance of £6,926,000 (net of expenses).

Merger reserve

The merger reserve arose on the purchase of the subsidiaries, Edge Vehicles Rentals Group Limited, Bond Turner Limited, Direct Accident Management Limited, IGCA 2013 Limited, Professional and Legal Services Limited and AMS Legal Services Limited. The merger reserve represents the difference between the cost value of the shares acquired less the cost value of the shares issued for the purchase of each company and the stamp duty payable in respect of these transactions.

Share-based payment reserve

Share-based payment reserve represents the cumulative share-based payment expense for the Group's share option schemes. Details of the share-based payment schemes and associated charges are set out in note 19 of the Group financial statements.

Retained earnings

The movement on retained earnings is as set out in the statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

10. Related Party Transactions

Details of the Company's interests in subsidiaries, who are regarded as related parties, are provided in note 5. Transactions during the year with subsidiaries are summarised below:

	Management charges £'000s	Interest charges £'000s	Charges to the Company from subsidiaries £'000s
2020	1,800	–	–
2019	1,200	–	–

Amounts due from subsidiaries at 31 December 2020 and 31 December 2019 are included in note 6.

11. Ultimate Controlling Party

The ultimate controlling party is A Sellers by virtue of his shareholding, which is held in concert with his wife.

12. Contingent Liability

The Company has guaranteed a loan drawn by Bond Turner Limited, a subsidiary. The value of the loan at the year-end was £8,000,000.

Company information

Directors

Alan Sellers
Mark Bringloe
Samantha Moss
Dawn O'Brien (appointed 21 July 2020)
Christopher Houghton
Roger Barlow
Richard Pratt
Elizabeth Sands
Saki Riffner (appointed 21 January 2021)

Secretary

Joanne Allen (appointed 21 July 2020)

Assistant Company Secretary

ONE Advisory Limited, 201 Temple Chambers, 3–7 Temple Avenue, London, EC4Y 0DT

Company Number

11278719

Registered Office

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Nominated Advisor

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Joint Brokers

Arden Partners Plc, 5 George Road, Edgbaston, Birmingham, B15 1NP

Panmure Gordon & Co Limited, 1 New Change, London EC4M 9AF

Bankers

Royal Bank of Scotland Plc, 38 Mosley Street, Manchester, M61 0HW

Solicitors

King & Spalding International LLP,125 Old Broad Street, London, EC2N 1AR

Independent Auditor

RSM UK Audit LLP, Chartered Accountants, 9th Floor, 3 Hardman Street, Manchester, M3 3HF

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