

Anexo



**The specialist
integrated credit
hire and legal
services provider**



Annual Report 2023

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 alongside legal fees for the Group.



We provide legal support and access to justice for those members of society living in sub standard housing conditions.

We help these individuals get their homes repaired to a satisfactory standard.



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

The Anexo Group

Following a year of consolidation for the Group's core business in 2022, the early part of 2023 saw the Group continue its focus on the prudent management of fleet levels within its credit hire division, EDGE, whilst looking to grow the level of cash collections within its legal services division, Bond Turner. Cash collections improved throughout the year, deriving from credit hire claims, the agreement in the VW Emissions Case "Emissions Case", housing disrepair claims and the serious injury and clinical and professional negligence "large loss" teams. The Group thereafter continued its investment in Bond Turner and also increase its activity within credit hire.

Bond Turner has continued to invest in good quality staff and related infrastructure and this is reflected in the overall rise in cash collections, which increased from £146.1 million in 2022 to £163.5 million in 2023. These derived not only from credit hire claims but also from the housing disrepair and large loss claim books. As these expand and claims reach settlement maturity, these additional teams have made meaningful contributions to Group performance in 2023 and will continue to do so into 2024 as investment in new claims and staff continues.

Revenues for legal services increased from £63.6 million in 2022 to £88.6 million; this figure also reflects the impact of the agreement of the Emissions Case in the year.

The growth in cash collections for the Group is more pleasing given the continued delays within the judicial system. The Group continues to experience extended delays, with many claims listed for trial being delayed and/or adjourned; this continues to impact on the cash received and overall profitability of the Group, particularly within Legal Services. It is encouraging to note however that the majority of the costs associated with these claims have already been incurred and expensed and that the conclusion of these claims is simply just held up temporarily due to the court delays.

During 2023, the Group reached agreement with VW in relation to the diesel Emissions Case and the results for the year include the impact of this agreement, in which the Group acted for around 12,000 claimants. The terms of the agreement are subject to confidentiality restrictions. The Group announced on 5 June 2023 that the agreement had resulted in a net positive cash position to Anexo of £7.2 million.

Following this agreement, the Group has continued its investment in claims against other manufacturers including Mercedes Benz, Vauxhall, BMW/Mini, Peugeot/Citroen and Nissan/Renault. During 2023 the Group invested a total of £4.3 million in marketing, staff and other costs and at the end of 2023 had secured claims against Mercedes Benz (where court proceedings have been issued) from approximately 12,000 clients, and a further 24,000 claims against other manufacturers. These costs are included within Administrative Expenses in the Income Statement. Settlement of these claims is expected to significantly enhance revenue and profitability and cash flows although the timing of any negotiations remains uncertain.

Staff numbers within Bond Turner continued to grow, driving improvements in performance and cash collections with an increased focus on both developing our own staff but recruiting where necessary to increase settlement capacity. This growth was particularly notable within the housing disrepair and large loss teams, where staff numbers increased from 54 and 63 respectively at the end of 2022 to 69 and 77 at the end of 2023 (an increase of 27.8% and 22.2% respectively).

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The Anexo Group continued

Staff numbers in the legal services division reached a total of 702 in 2023, a 3.5% rise from 2022. Overall cash collections rose 11.9% to £163.5 million (2022: £146.1 million). This ongoing growth in staff will underpin further growth in cash collections in 2024, helped by the gradual reduction in the courts' backlog.

The Credit Hire Division started 2023 with 1,730 vehicles on the road. This number grew to 1,961 by the end of the first half of the year, with average vehicle numbers over the first half reaching 1,634 as the Group concentrated on the effective management of activity levels. As a result, the Group reported a reduction in net debt in that period. Opportunities for new work continued to be buoyant with the Group accepting an increasing number of claims in the second half of the year, this was particularly evident in the latter months of 2023, traditionally a period of strong seasonality for the Group, where vehicles numbers increased sharply, reaching 2,409 at the end of 2023, with a second half average of 2,144.

This had the effect of driving an improvement in profitability for the credit hire division in the second half of the year (profit before tax increased from £2.2 million in the first half year to £4.4 million in the second half year).

Whilst overall Credit Hire revenues for the full year reduced from £74.7 million in 2022 to £60.8 million in 2023, cash generation and our ability to manage claim volumes underlines the robust health of the core credit hire business and the continued demand for non-fault claims.

A number of factors contributed to the decrease in revenue including; the weighting of new hires was heavier towards the end of 2023 meaning that the full extent of the revenue could not be realised before the end of 2023 as the hires continued past the year end, contributing revenue into 2024; general movements within the fleet including the redistribution of the proportion of bikes versus cars and a reduction in the average hire period between 2022 and 2023.

11,724 new credit hire claims were funded in 2023 and passed for recovery to the experienced legal team at Bond Turner, who have shown their strength in respect of increased cash collections.

The Group has a number of opportunities for growth in 2024, not only from the current divisions but from wider opportunities in the legal services sector including the expansion of EDGE into providing credit hire vehicles to taxi drivers involved in non-fault accidents. The Board believes there are significant opportunities to manage the overall Group to ensure it maximises shareholder value by continuing to seize opportunities for growth as they present themselves without the need for significant increases in debt funding. 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 believes provide the best reflection of performance.

Highlights of 2023

Operational

- Revenue (including the impact of the agreement in the Emissions Case) increased by 8.0% to £149.3 million (2022: £138.3 million)
 - Operating profit (including the impact of the agreement in the Emissions Case) reported at £39.8 million (2022: £30.4 million) – an increase of 30.8% in line with updated market expectations
 - Adjusted¹ operating profit (including the impact of the agreement in the Emissions Case) increased by 31.5% to £39.8 million (2022: £30.2 million)
 - Adjusted¹ operating profit margin increased to 26.6% (2022: 21.9%)
 - Profit before tax of £23.0 million (2022: £24.1 million) – a reduction of 4.4%. This reduction reflects movement in interest rates, a decision to make continued investment in staff, marketing costs,
- IT and infrastructure within Legal Services for the future benefit of the business, the movement in vehicle activity within the Credit Hire Division and the increase in other finance costs, which to some extent offset the benefit arising to profitability from the agreement in the Emissions Case
- Basic EPS at 12.8 pence (2022: 16.6 pence)
 - Proposed final dividend of 1.5p per share giving a total dividend for the year of 1.5p per share (2022: 1.5p)
 - Equity attributable to the owners of the Company reported at £159.7 million (2022: £146.3 million) representing an increase of 9.1%
- A significant improvement in net cash from operating activities resulting in a net cash inflow of £17.4 million in 2023 (2022: net cash outflow: £3.1 million), an improvement of £20.5 million
 - The Group reported a net reduction of cash and cash equivalents of £0.6 million in 2023 (2022: net increase of £1.5 million)
 - Net debt balance at 31 December 2023 reduced to £67.9 million (31 December 2022: £73.1 million)

Financial

+8.0%
Revenue

1.5p
Dividend

26.6%
Profit margin

12.8p
Basic EPS

£159.7m
Net assets

£23.0m
Profit Before Tax

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 22.

1. Adjusted operating profit and profit before tax: excludes a share-based payment credit in 2022. A reconciliation to reported (IFRS) results is included in the Financial Review on page 25.

Financial and Operational KPIs



Headlines

- During 2023 we saw continued improvement in a number of key performance measures (detailed below). Financial performance has been strong, despite continued delays in the court system. Opportunities within the Credit Hire division remain strong, but the Group has managed its fleet size, driving volumes from improvements in cash generation rather than increases in debt funding. Consequently, although the average number of vehicles on hire remained relatively flat year on year as volumes were managed in the first half and grew during the second half, the fleet numbers at the end of the year increased by 39.2% to 2,409 (2022: 1,730). The number of new cases funded during the year also increased sharply by 17.4% to 11,724 (2022: 9,986). As discussed on the previous page, revenues for the Credit Hire Division reduced from £74.7 million in 2022 to £60.8 million in 2023.
- The growth in vehicle activity, particularly towards the end of 2023, alongside the significant portfolio of claims within Legal Services, where much of the associated costs have been incurred and written off, provide a strong platform for 2024 and beyond.
- Our ability to fund growth in our hire business has come from improving levels of cash collections, not only from an increase in credit hire claim settlements, which increased by 13.2% in the period reaching 8,967 in 2023 (2022: 7,922), but from an increase in case settlements achieved during the year from the housing disrepair and large loss teams (departments of legal services). In addition, the Group announced on 5 June 2023 that agreement in respect of the Emissions Case had resulted in a net positive cash position to Anexo of £7.2 million this taking into account the value retained in the Group from fees generated and payments associated with the agreement including the repayment of amounts due to funders. These movements demonstrate the investment made in both the current staff in terms of training and development and strategic hires from competitors. In 2023, the number of senior fee earners grew by 11.9% to reach 283 at the year end.

Group

Total revenues (£'000s)

£149,334 +8.0%

(2022: £138,329)



Gross profit (£'000s)

118,451 +12.0%

(2022: £105,776)



Adjusted operating profit (£'000s)

£39,773 +31.5%

(2022: £30,241)



Adjusted operating profit margin (%)

26.6% +21.5%

(2022: 21.9%)



Cash collections from settled cases (£'000s)

163,530 +11.9%

(2022: 146,090)



Credit Hire

Revenues (£'000s)

60,778 -18.6%

(2022: 74,681)



Vehicles on hire at the year-end (no)

2,409 +39.2%

(2022: 1,730)



New cases funded (no)

11,724 +17.4%

(2022: £9,986)



Average vehicles on hire for the year (no)

1,904 +0.6%

(2022: 1,892)



Number of hire cases settled

8,967 +13.2%

(2022: 7,922)



Legal Services

Revenues (£'000s)¹

88,556 +39.1%

(2022: 63,648)



Legal staff at the period end (no)

702 +3.5%

(2022: 678)



Total senior fee earners at period end (no)

283 +11.9%

(2022: 253)



Average number of legal staff (no)

696 +7.7%

(2022: 646)



Average senior fee earners (no)

257 +7.1%

(2022: 240)



1. Revenues include the impact of the agreement of the Emissions Case.

At a glance



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.

Overview

The Group provides an integrated end-to-end service to impecunious customers including the provision of a credit hire vehicle, through to the management and recovery of costs, and the processing of any associated personal injury claim. The Group comprises four departments under two reporting divisions; Credit Hire and Legal Services.

A key proposition for customers is that there is no upfront cost to the customer with Bond Turner seeking to recover costs from the at-fault insurer, through a 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 credit hire rates from at-fault insurers. Whilst the Group is heavily weighted towards credit hire activities recent investment into housing disrepair claims, into supporting victims with serious injuries, into clinical negligence and professional negligence claims and into seeking compensation for those with diesel emissions claims has resulted in a diversified legal services business.

3 Brands **3** Locations

1,904
Average vehicles on hire

900+
Employees

20,000+
Cases in progress

Credit Hire (EDGE)

Our Credit Hire 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 three depots strategically located across England.

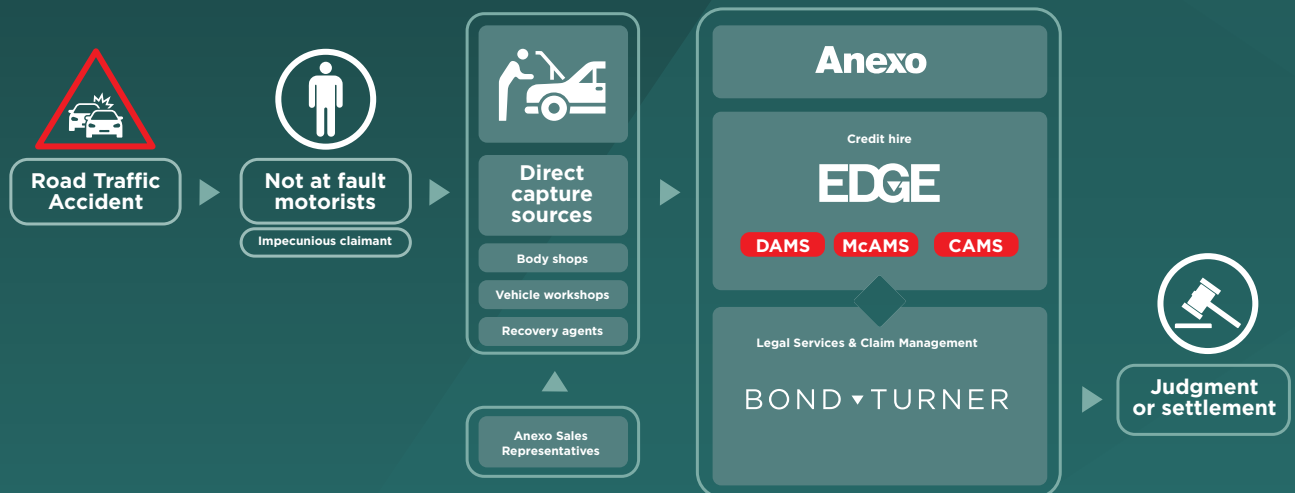
The garage is visited by an independent engineer who assesses the damage to the vehicle and either authorises the repair or declares it a write-off. The client retains the hire vehicle until the repaired vehicle is returned or a cheque for the value of the write-off is received. Returned vehicles are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



The Group

The Group currently comprises four business units under the two main reporting divisions – credit hire, being the trading of Direct Accident Management Limited, and legal services, covering Bond Turner Limited, Professional and Legal Services Limited and IGCA 2013 Limited:

- Direct Accident Management Limited (trading principally as DAMS, McAMS and CAMS and defined as EDGE) – a specialist credit hire and initial claims management business providing cars, motorcycles and cycles from a fleet of over 3,000 vehicles;
- Bond Turner Limited – a dedicated provider of legal services to customers, principally to recover any losses the client may have suffered alongside the associated hire charges and repair costs. As noted above, Bond Turner has invested to support a wider number of claimants, including a department dedicated to pursuing housing disrepair actions against Local Authorities and Housing Associations whose tenants live in sub-standard rental accommodation, a department pursuing class actions against a variety of major car manufacturers for breaches of regulations around engine emission requirements and a team supporting victims with serious injuries as well as clinical negligence and professional negligence claims;
- Professional and Legal Services Limited – a medicolegal agency which arranges expert third-party reports to support the customer’s claim from either a credit hire and/or personal injury perspective; and
- IGCA 2013 Limited – administers after the event 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.



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.

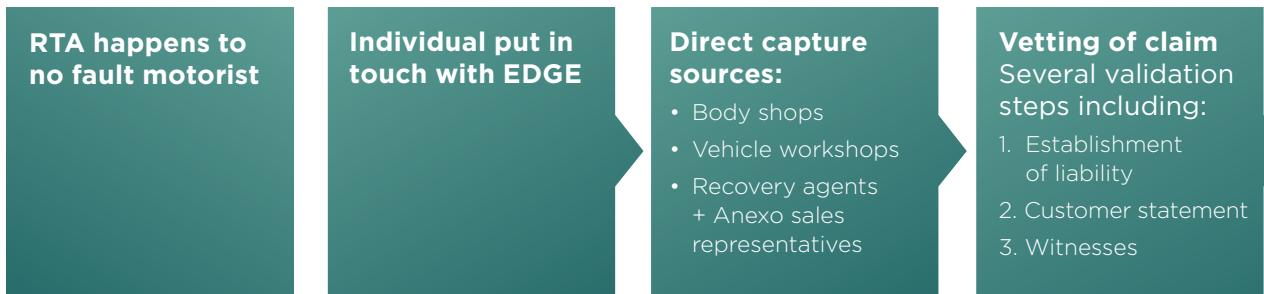
At a glance continued

The lifecycle of a claim

Once a customer contacts us, we provide an end-to-end service, handling their replacement vehicle hire and subsequent recovery of all costs from the at fault party's insurer.

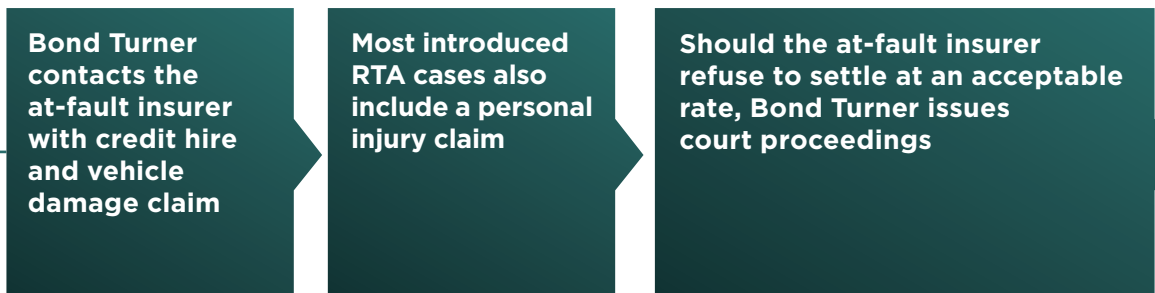
EDGE

provides replacement vehicles at commercial credit hire rates

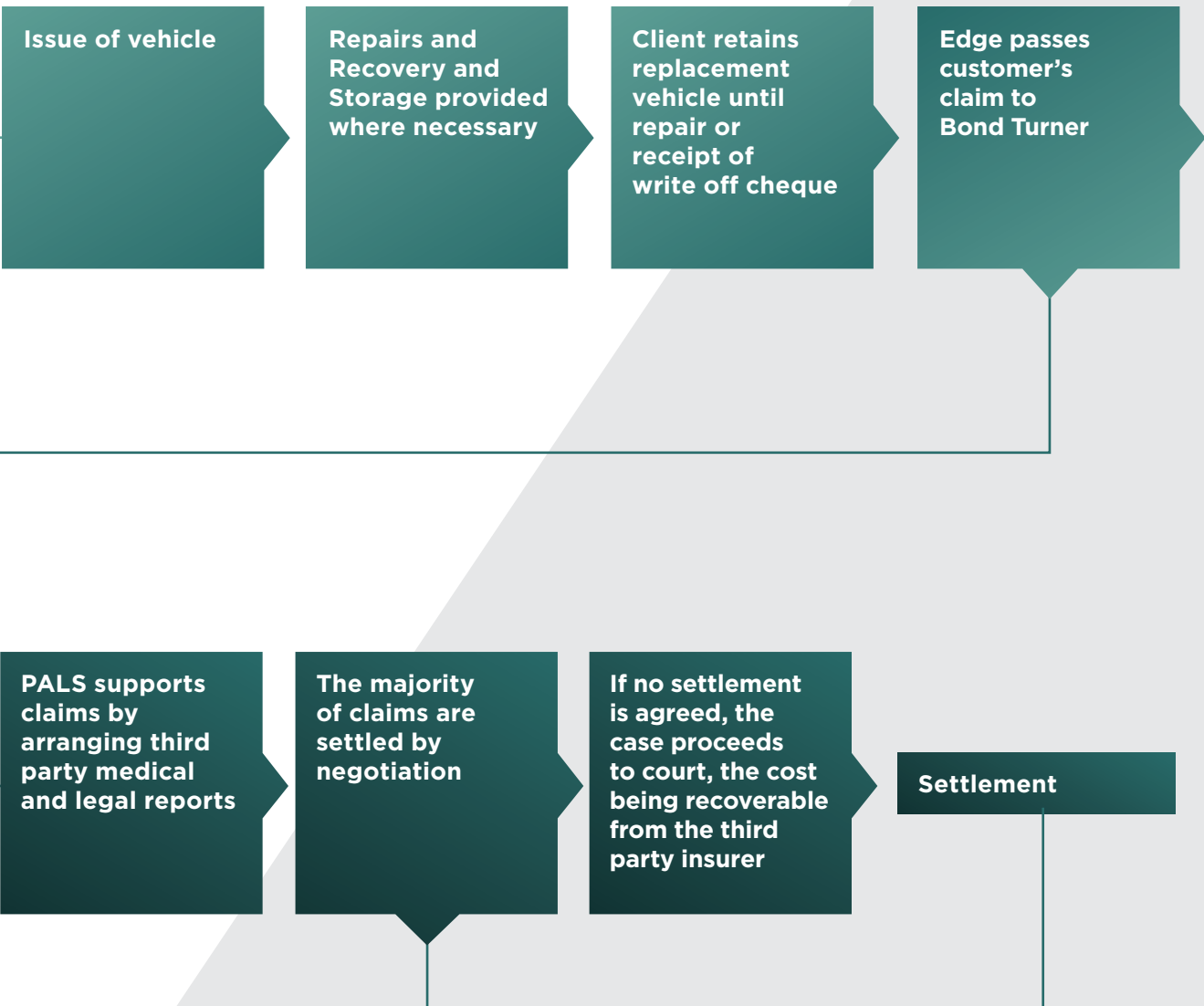


Bond Turner

collects cash from the at-fault insurer



8,967
hire cases settled
11,724
new cases funded



Investment case

▼
The Board is pleased to confirm that cash collections have continued to grow.

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.

8,967
hire cases settled
in 2023

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.

All EDGE
clients passed
to Bond Turner

Established Geographic Presence and Fleet

We maintain three depots which cover the whole of England and Wales. Our Northern and original depot is based in Burscough. We have a smaller depot in 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. 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.

3
vehicle depots
across England

Active Network of Sales People and Introducers

Our team of 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 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.

1,150
introducer garages
in our network

Experienced Senior Management Team

The business was founded in 1996 with several members of our staff who joined at inception continuing to use their experience in senior roles within the business. All 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.

Dedicated
mobile sales force

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.

Coverage
across England
and Wales

Market overview



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

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.

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.

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.

£163.5m
Cash Collections



Executive Chairman's Statement

▼

On behalf of the Board, I am pleased to report a year of solid growth by the Group, with each division of the Group performing in line with Board expectations.

▼

The results for 2023 include the agreement of the Emissions Case as reported in June 2023.

These results reflect our continued focus on increasing cash settlements through the expansion of our Legal Services division, with continued investment and growth in activity levels not only in credit hire but more significantly in both the housing disrepair and large loss departments.



Alan Sellers
Executive Chairman

Executive Chairman’s Statement continued

Group Performance

Anexo Group plc has shown solid performance during 2023 with Group revenues increasing in 2023 by 8.0% to £149.3 million (2022: £138.3 million). Gross profits increased by 12.0% from £105.8 million in 2022 to £118.5 million in 2023. Operating profit increased by 30.8% to £39.8 million in 2023 at a margin of 26.6% (2022: £30.4 million at a margin of 22.0%) even after the ongoing investment in staff and marketing costs across both housing disrepair and diesel emissions claims and the performance of the Credit Hire division. This investment has provided a strong platform for future growth. Profit before tax reduced slightly in the year, by 4.4% to £23.0 million (2022: £24.1 million).

Whilst revenues for Credit Hire reduced from £74.7 million in 2022 to £60.8 million in 2023 reflecting the active management of claims accepted in the early part of the year, this decline was more than offset within Legal Services, where revenues increased from £63.6 million in 2022 to £87.4 million. This increase included the impact of the agreement of the Emissions Case in the year.

During 2023, the Group has focused on further developing the housing disrepair and large loss teams whilst recognising that credit hire remains the mainstream profit generator for the Group. This focus has contributed to an increased level of case settlements and therefore an increase in cash collections for the Group, which rose by 11.9% to £163.5 million in 2023 (2022: £146.1 million).

This figure excludes the agreement in the Emissions Case. The terms of the agreement are subject to confidentiality restrictions; the Group announced on 5 June 2023 that the agreement had resulted in a net positive cash position to the Group of £7.2 million.

Credit Hire division

The Group’s Credit Hire division, EDGE, saw prudent management of fleet activities during the early part of 2023 to maximise efficient use of the existing fleet and to manage overall fleet numbers to reflect these expectations. In the second half of the year, cash collections were such that the Group could accelerate growth without the need to increase debt facilities and vehicle numbers rose from 1,730 at the start of the year, falling to a low of 1,431 in H1, then rising sharply to end the year at 2,409, an increase of 39.2% from the start of the year. As a result, new cases funded increased from 9,986 in 2022 to 11,724 in 2023, whilst the number of hire cases settled increased by 13.2% from 7,922 in 2022 to 8,967 in 2023, supporting the increase in cash collections noted above.

With the managed start to 2023 in vehicle activity, revenues within the Credit Hire division fell in 2023 by 18.6% to £60.8 million (2022: £74.7 million). The Group maintains its claims acceptance strategy of deploying its resources into the most valuable claims, thereby growing claims while preserving working capital.

The Group monitors its fleet size constantly, enabling it to respond quickly to changes in demand and strategic priorities by deploying its vehicles appropriately with focus remaining firmly on McAMS, the motorcycle division.

Legal Services division

The Group’s Legal Services division, Bond Turner, has continued its focus on cash collections across each of the three principal departments, with growth in both housing disrepair and large loss contributing to the positive result in the year. Revenues within the Legal Services division, which strongly correlates to cash, increased by 39.1% to £88.6 million (2022: £63.6 million), including the agreement in the Emissions Case in June 2023. With increased opportunities across all divisions the Group has sought to expand teams with strategic senior hires to support and develop their respective teams to help drive case settlements. At the end of December staff numbers within Bond Turner stood at 702, a 3.5% increase on the 2022 figure of 678. Of these, a total of 283 were senior fee earners, up 11.9% (2022: 253).



The average number of staff rose from 646 in 2022 (of which 240 were senior fee earners) to 696 in 2023 (including 257 senior fee earners).

Diesel Emissions

During 2023, the Group reached agreement with VW in relation to the diesel emissions case and the results for the year include the impact of this agreement, in which the Group acted for around 12,000 claimants. The terms of the agreement are subject to confidentiality restrictions; the Group announced on 5 June 2023 that the agreement had resulted in a net positive cash position to Anexo of £7.2 million. Following this, the Group has continued its investment in claims against other manufacturers including Mercedes Benz, Vauxhall, BMW/Mini, Peugeot/Citroen and Renault/Nissan. By the end of 2023 the Group had secured claims against Mercedes Benz (where court proceedings have been issued) from approximately 12,000 clients, and a further 22,000 claims against other manufacturers. Settlement of these claims is expected to significantly enhance profitability and cash flows although the timing of any negotiations remains uncertain.

In total the Group invested £4.3 million in 2023 (2022: £4.0 million) in both staffing and emission claims lead generation fees, both of which are expensed in the income statement as incurred.

Housing Disrepair

The housing disrepair team has continued its rapid expansion during 2023, where revenues increased to £12.7 million in 2023, an increase of 36.6% over that report in 2022 (£9.3 million). At the end of the year, the Group had a portfolio of c.3,900 ongoing claims (2022: c.3,000). Some £3.8 million was invested in marketing costs in 2023 (2022: £3.0 million), all of which was expensed as incurred, and with further investment planned into 2024, the housing disrepair team has proven its potential to be a significant contributor to Group earnings. We look forward to further growth in this sector.

Dividends

The Board is pleased to propose a final dividend of 1.5p per share (£1.8 million), which if approved at the Annual General Meeting to be held on 18 June 2024 will be paid on 28 June 2024 to those shareholders on the register at the close of business on 31 May 2024. The shares will become ex-dividend on 30 May 2024 (2022: total dividend 1.5p per share, £1.8 million).

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.

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.

Executive Chairman's Statement continued

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.

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
 <p>Our employees</p>	<ul style="list-style-type: none"> • Training, development and career prospects • Health and Safety • Working conditions • Diversity and Inclusion • Human Rights and modern slavery • Fair pay and employee benefits 	<p>We engage with our employees through:</p> <ul style="list-style-type: none"> • Workforce posters and communications • Ongoing training and development opportunities • Established a training academy and training fund to widen access to legal careers • Whistleblowing procedures • Publication of a Modern Slavery Statement • Employee benefits packages • Staff intranet
 <p>Our suppliers</p>	<ul style="list-style-type: none"> • Workers' rights • Supplier engagement and management to prevent modern slavery • Fair trading and payment terms • Sustainability and environmental impact • Collaboration • Long-term partnerships 	<ul style="list-style-type: none"> • Initial meetings and negotiations • KPIs and feedback • Board approval on significant changes to suppliers • Direct engagement between suppliers and specified company contacts
 <p>Our investors</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 • Regular discussions with our funders about our strategic priorities
 <p>Our clients</p>	<ul style="list-style-type: none"> • Timely and informative end to end service • Ease of access to information • Legal expertise • Timeliness • Safety • Data security 	<ul style="list-style-type: none"> • Customer support service • Company reports • Press engagement • Marketing and communications • Customer feedback • Annual Report • AGM • Company Website
 <p>Regulatory bodies</p>	<ul style="list-style-type: none"> • Compliance with regulations • Worker pay and conditions • Gender pay • Health and Safety • Treatment of suppliers • Brand reputation • Waste and environment • Insurance 	<ul style="list-style-type: none"> • Company website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board meetings • Consistent risk review
 <p>Community and Environment</p>	<ul style="list-style-type: none"> • Sustainability • Road Safety • Human Rights • Energy usage • Recycling • Waste Management • Community outreach and CSR • Greenhouse gas emission 	<ul style="list-style-type: none"> • Philanthropy • Oversight of corporate responsibility plans • Introduction of CSR initiatives • Workplace recycling policies and processes

Executive Chairman's Statement continued

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.

The principal decisions taken and regarded by Directors this year have been discussed further in the Operational and Financial Highlights statement on page 3.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are included within the Risk and Regulation Committee report on pages 27 to 30, which also includes details of the mitigating factors employed to minimise the effects to the Group's stakeholders.

Non Financial and Sustainability Information Statement

Details of the group's climate-related financial disclosures are included on pages 31 to 35.

Streamlined Energy and Carbon Reporting

Details of the Group's streamlined energy and carbon reporting and environmental impact are included on pages 36 to 37.

Current Trading and Outlook

As our financial performance and KPIs have demonstrated, the Group has continued to invest in its people, particularly within the Legal Services division, supporting the growth we have reported in both the number of claims settled and the underlying level of cash receipts for the Group. Whilst this investment impacted our reported financial performance in 2023, the continued growth in headcount supporting ever increasing case settlements will continue to contribute to growth in 2024 and beyond.

Since year end trading across both Credit Hire and Legal Services has been in line with management expectations.

Future Developments

In the previous emissions action Bond Turner's clients were not part of the Group Litigation Order ('GLO'), which brought together a number of legal firms acting for different claimants. In the current action, Bond Turner will form part of the respective GLOs, which should facilitate a more efficient legal process to achieve a quicker resolution to the cases.

There was a five-day case management hearing on 11 March 2024 to consider all the various manufacturer NOx Emissions claims and provide guidance on how the cases should progress. The Court was keen to progress these cases as quickly as possible and has set a rigid timetable to do so. In December 2023 Mercedes was appointed as the 'Lead GLO' case; the Court has further appointed three other cases to be Additional Lead GLOs ('ALGLOs'). These are essentially cases which will progress alongside Mercedes to act as reserve cases, in case Mercedes settles, and to involve additional issues that Mercedes does not but which are relevant to the Group Litigation as a whole. The ALGLOs appointed are Ford, Nissan/Renault and Peugeot/Citroën.

Several trial dates have been set with the first being heard in October 2024 involving several manufacturers (Mercedes, BMW, Renault and Vauxhall), dealing specifically with the issue of whether decisions by the German regulatory body (responsible for giving the vehicles 'type approval' to be manufactured and sold) are binding in England and Wales.

In October 2025 liability will be determined raising legal and factual issues of whether the vehicles contained prohibited defeat devices. To assist the Court, this will include the selection and testing of sample vehicles across several manufacturers including Mercedes, Ford, Renault/Nissan and Peugeot/Citroën manufacturers.

Finally in October 2026 a trial will address causation and loss issues. This trial will involve all manufacturers.

Annual General Meeting

The Group's Annual General Meeting will be held on 18 June 2024. The notice of the Meeting accompanies this Annual Report and Accounts.

Alan Sellers Executive Chairman

30 April 2024

Our strategy



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 average fleet numbers remained broadly unchanged as the Group concentrated on careful management of working capital:

1

Managing Fleet Utilisation

Average vehicle numbers for the year were flat at 1,904, but the number of vehicles on the road at year end was bolstered by a strong second half, rising 39.2% to 2,409. 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

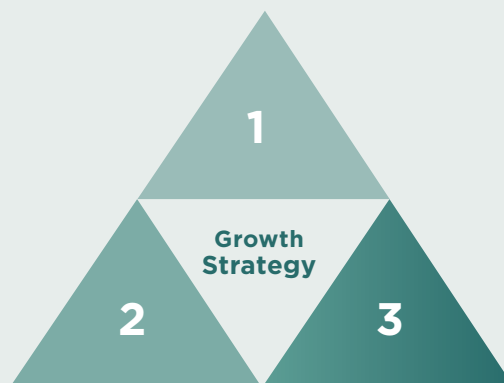
Targeting cash collections

The number of cases settled rose 13.2% during 2023, reaching a total of 8,967, as our investment in legal staff continued to bear fruit. This growth in case settlements resulted in a 11.9% increase in cash collections, reaching a new high for the year of £163.5 million.

3

Increasing Number of Litigators

The Group's legal services division, Bond Turner, operates in three locations: Liverpool, Bolton and Leeds. The number of senior fee earners grew 11.9% during the course of 2023 and we continue to recruit high quality staff.



Strategic outlook

Anexo continued its investment in the legal services business in 2023 and will maintain this policy in 2024. 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 both our Credit Hire and Housing Disrepair divisions.

702
Legal staff
at year end

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
- Targeted delivery 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 are credit hire specialists who have a deep understanding of credit hire law. As a result, all customers are passed to Bond Turner.

Key areas

- Credit hire
- Housing Disrepair
- Personal injury
- Other professional disciplines including professional/clinical negligence and commercial litigation

All EDGE
cases passed to Bond Turner

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 for hire 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 recovery 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 an 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.



For Investors

We have consistently outperformed analyst forecasts, with five earnings upgrades since listing. Our dividend policy aims 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

▼
In 2023 the Group increased revenues across both the Credit Hire and Legal Services divisions.

Basis of Preparation

To provide comparability across reporting periods, the results within this Financial Review are presented on an “adjusted basis”, adjusting for the £0.2 million credit recorded for share-based payments in 2022, no such credit arising in 2023 following the vesting of the senior management incentive scheme for share-based payments in 2022.

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

Revenue

In 2023 Anexo successfully increased revenues which increased to £149.3 million, an 8.0% increase over the prior year (2022: £138.3 million). Revenues for Credit Hire reduced from £74.7 million in 2022 to £60.8 million in 2023 reflecting a number of factors including; the weighting of new hires was heavier towards the end of 2023 meaning that the full extent of the revenue could not be realised before the end of 2023 as the hires continued past the year end, contributing revenue into 2024; general movements within the fleet including the redistribution of the proportion of bikes versus cars and a reduction in the average hire period between 2022 and 2023.

The active management of claims accepted in the early part of the year, this decline was more than offset within Legal Services, where revenues increased from £63.6 million in 2022 to £88.6 million, the Legal Services division continuing to display its strength for the realisation and conversion of funded claims and opportunities into cash and revenue. This movement included the impact of the agreement of the Emissions Case in the year.



Mark Bringloe
Chief Financial Officer

During 2023 EDGE, the Credit Hire division, provided vehicles to 11,724 individuals (2022: 9,986) Much of the increase over the figure reported in 2022 arose in H2 2023. Our strategy, as previously reported, remains to concentrate investment within McAMS, the part of the business which supplies motorcycles. To continue to grow case settlements in the post Covid period, where the court system has yet to recover, the Group has been successful in negotiating a number of key protocol arrangements with insurers. These arrangements allow the insurer, the Group and its clients to benefit by agreeing early settlement.

With investment in all areas of Bond Turner continuing into 2023, and the continued maturity of the housing disrepair department, including more recently the large loss department, the Legal Services division reported significant revenue growth of 39.1%, with revenues rising from £63.6 million in 2022 to £88.6 million in 2023. The result for 2023 was also impacted by the agreement in the Emissions Case in June 2023, the impact of which is subject to confidentiality restrictions.

The Group has benefitted from continued investment in the housing disrepair team during 2023, and as a result revenue increased from £9.3 million in 2022 to £12.7 million in 2023. This revenue is reported within the data noted above for the Legal Services Division.

Gross Profits

Gross profits for the Group are reported at £118.5 million (at a margin of 79.4%) in 2023, increasing from £105.8 million in 2022 (at a margin of 76.5%). The result for 2023 including the impact within Bond Turner of the agreement of the Emissions Case. It should be noted that staffing costs within Bond Turner are reported within Administrative Expenses.

The Credit Hire Division reported gross profits of £42.1 million (at a margin of 69.2%), reducing from £45.3 million (at a margin of 62.1%), the movement being revenue related.

Operating Costs

Administrative expenses increased slightly year-on-year, reaching £69.2 million in 2023 (2022: £65.0 million), an increase of £4.2 million (6.5%). Staffing costs for Bond Turner increased to £25.7 million (2022: £23.1 million), an increase of £2.6 million (11.3%). Following the establishment of our housing disrepair team in late 2020, some £3.8 million was invested in marketing costs in 2023 (2022: £3.0 million), all of which has been expensed as incurred. We have in addition, invested in further emissions marketing costs of £2.9 million (2022: £2.2 million).

Depreciation, amortisation and profit and loss on disposal totalled £9.5 million in 2023, a slight reduction from that seen in 2022 (£10.6 million).

Finance Costs

Finance costs reached £16.7 million in 2023, increasing from £6.3 million in 2022 (165%). In part, this increase reflects the full year effect of the additional facilities secured in 2022 from Blaze Hill Capital Finance Limited (£15.0 million) to support the continued investment into the housing disrepair team and our investment in diesel emissions claims and the growth in interest rates seen globally. Finance costs in 2023 also included payment due to funders in respect of emissions cases.

Profit Before Tax

Profit before tax reached £23.0 million in 2023, falling slightly from the level reported in 2022 (£24.1 million). This reflects the investment in staff and marketing costs noted above as well as a general increase in finance costs as interest rates impacted the cost of capital to the Group, these additional costs more than offsetting the benefit arising from the agreement in the Emissions Case.

Where we have provided adjusted figures, they are after the add-back of the share-based payment credit in 2022; a reconciliation of the adjusted and reported results is included on page 25 of the Annual Report.

EPS and Dividend

Statutory basic EPS is 12.8 pence (2022: 16.6 pence). Statutory diluted EPS is 12.8 pence (2022: 16.6 pence). The adjusted EPS is 12.8 pence (2022: 16.5 pence). The adjusted diluted EPS is 12.8 pence (2022: 16.5 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.

The Board is pleased to propose a final dividend of 1.5p per share (£1.8 million), which if approved at the Annual General Meeting to be held on 18 June 2024 will be paid on 28 June 2024 to those shareholders on the register at the close of business on 31 May 2024. The shares will become ex-dividend on 30 May 2024 (2023: total dividend 1.5p per share, £1.8 million).

Financial Review continued

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 receivables, together with disbursements paid in advance which support the portfolio of ongoing claims. Following continued improvements in the level of cash collected in the year, the gross claim value of trade receivables totalled £386.3 million in 2023, falling from £393.6 million in 2022. In accordance with our income recognition policies, a provision is made to reduce the carrying value to recoverable amounts, the net balance reducing to £160.7 million (2022: £165.4 million) giving a portfolio of claims for settlement into 2024 and beyond for which the associated acceptance costs have been written off as incurred.

In addition, the Group has a total of £68.9 million reported as accrued income (2022: £54.7 million) which represents the value attributed to those ongoing hires and claims at the year end, alongside growth in the number of ongoing claims within the housing disrepair and large loss teams where investment has increased year on year as have the ongoing number of claims, noting value is only attributed to those claims where we have secured an admission of liability.

The focus on motorcycle claims continued during 2023, and a refresh of certain aging assets resulted in total additions of property, plant, equipment and right of use assets of £11.6 million in 2023 (2022: £7.8 million). The fleet continues to be largely externally financed.

Trade and other payables, including tax and social security increased to £14.8 million compared to £13.2 million at 31 December 2022.

Net assets at 31 December 2023 reached £159.7 million (2022: £146.3 million).

Net Debt, Cash and Financing

Net debt reduced to £67.9 million at 31 December 2023 (31 December 2022: £71.3 million) and comprised cash balances at 31 December 2023 of £8.4 million (2022: £9.0 million), plus borrowings which reduced during the year, following the agreement of the Emissions Case and a continued focus on growth at levels that are sustainable without the need for additional working capital investment.

The total debt balance fell from £82.2 million in 2022 to £76.3 million at the end of 2023; these balances include lease liabilities including those recognised in line with IFRS 16 (2023: £14.3 million, 2022: £13.6 million). 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) and a loan from Blaze Hill Capital Limited, which is non amortising and committed for a three year period, lease facilities to support the acquisition of the fleet and a revolving credit facility within Bond Turner Limited which is due for renewal in August 2024 and currently reported within borrowing due within one year. Further details are included in Note 20 to the accounts.

Having considered the Group's current trading performance, cash flows and headroom within our current debt facilities and the 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 65 of the financial statements.

Cash Flow

Notwithstanding the continued delays in the court system, we have continued to invest in talent and grow our settlement capacity throughout Bond Turner, across each of the Credit Hire, housing disrepair and more recently the large loss teams. As we have previously reported, increasing numbers of senior fee earners drives increased settlement and cash collections into the Group as it is mainly these staff that negotiate and settle claims on behalf of the Group. The number of senior fee earners increased from 253 to 283 during 2023 (an increase of 11.9%) with strategic recruitment of high-quality staff a continued focus. More recently this investment has sought to continue to diversify the activities of the Group and headcount with the housing disrepair team, where the number of staff increased in number from 54 at 31 December 2022 to 69 at 31 December 2023 (an increase of 27.8%); and the large loss team, where the number of staff increased in number from 63 at 31 December 2022 to 77 at 31 December 2023 (an increase of 22.2%).

Notwithstanding the delays faced in the court system, which continues to impact settlements, cash collections for the Group (excluding settlements for our clients and the contribution from the agreement of the Emissions Case), a key metric for the Group, increased from £146.1 million in 2022 to £163.5 million in 2023, an increase of 11.9%, of which £7.9 million was generated from growth in settlements secured from the housing disrepair and large loss teams.

These improvements resulted in a significant improvement in net cash from operating activities, which was reported as a net cash inflow of £17.4 million in 2023 (2022: net cash outflow: £3.1 million), an improvement of £20.5 million, the primary difference being the level of funds invested in trade and other receivables which reduced by £22.0 million (2023: cash outflow £12.1 million, 2022: cash outflow: £34.1 million) reflecting the improvement in cash collections in the period supported by a strong legal team within Bond Turner.

Improved cash collections and operating cash flows have allowed the Group to reduce debt, the balance at 31 December 2023 reduced to £67.9 million (31 December 2022: £73.1 million).

Reconciliation of Adjusted and Reported IFRS Results

In establishing the adjusted operating profit, the adjusted results for 2022 included a credit of £0.2 million related to share-based payments which vested in the year.

A reconciliation between adjusted and reported results is provided below:

	Year to December 2023			Year to December 2022		
	Adjusted £'000s	Share-based payment £'000s	Reported £'000s	Adjusted £'000s	Share-based payment £'000s	Reported £'000s
Revenue	149,334	-	149,334	Revenue	138,329	138,329
Gross profit	118,451	-	118,451	Gross profit	105,776	105,776
Other operating costs (net)	(78,678)	-	(78,678)	Other operating costs (net)	(75,535)	(75,360)
Operating profit	39,773	-	39,773	Operating profit	30,241	30,416
Finance costs (net)	(16,733)	-	(16,733)	Finance costs (net)	(6,323)	(6,323)
Profit before tax	23,040	-	23,040	Profit before tax	23,918	24,093

By order of the Board

Mark Bringlee
Chief Financial Officer

30 April 2024

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).

Risk and Regulation Committee Report

I am pleased to present the Risk and Regulation Committee ('Committee') Report for the financial year ended 31 December 2023.

The Committee is responsible for ensuring that there is a robust process in place for identifying, managing and monitoring risks, assessing the risk profile of the Group and ensuring that the Group is compliant with the additional regulatory requirements under the Solicitors Regulatory Authority ('SRA').

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 Committee supports the Board in fulfilling its obligations to ensure a framework of prudent and effective controls, which enable it to assess and manage risks, including those to the long-term success of the Group. The Committee considers an integrated approach to the risk taxonomy, risk register and risk assurance activity to be paramount.

Committee Membership and Attendance

The Committee is chaired by me, Richard Pratt and its other members are Christopher Houghton and Roger Barlow. The Committee is assisted by Dawn O'Brien and Samantha Moss in ensuring regulatory compliance and is attended by members of the executive team as determined by the Committee from time to time. Details of members' experience, qualifications and attendance at Committee meetings during the year are shown within the Corporate Governance Statement.

Risk and Regulation Committee Effectiveness

The Committee conducted an assessment of its effectiveness in October 2023, the conclusion of which was that the Committee is competent and carries out its function effectively and that the Company's risk management and internal control processes provide

the Board with a full understanding of the high-risk issues that could impact the organisation.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place throughout the period covered by this report and up to the date of approval of the Annual Report and Accounts for 2023.

Key risks facing the Company

Anexo conducts a full risk assessment matrix, categorising all of its key risks and outlining the mitigating actions that are in place, a summary of which can be found below, noting there have been no significant changes in the risks faced by the Group in the year:

Type of Risk	Principal Risk	Risk Description	Mitigation
Statutory Risk	Potential reduction in fee income from potential introduction of changes to legislation (case law or statutory changes) or reduction in settlement rates.	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.
Statutory Risk	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 employing both senior legal counsel in house and maintaining strong relationships with a number of experts in the sector.
Operational Risk	Potential new costs within the business due to the need to maintain business levels.	A rise in payment of costs associated with cases would directly affect profit levels.	Closely monitor costs and review monthly.

Risk and Regulation Committee Report continued

Type of Risk	Principal Risk	Risk Description	Mitigation
Operational Risk	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.	<p>Maintenance of staff satisfaction levels to help the Group monitor the risk of losing key members of staff.</p> <p>The Group adopts an ongoing recruitment policy.</p> <p>The Group trains staff from a junior level and supports staff in training, education and development to ensure retention.</p> <p>Key lawyers are incentivised, and the firm offers competitive packages within the market to ensure staff retention.</p>
Operational Risk	Reliance on senior management.	<p>The current senior management team have been heavily involved in the Group's success.</p> <p>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.</p> <p>A failure to do so could have a materially adverse impact on the Group's operations and financial condition.</p>	<p>The Group adopts an ongoing recruitment policy and succession planning.</p> <p>The firm trains staff from a junior level and supports staff in training, education and development to ensure staff retention.</p> <p>Key members of the senior management team and other senior lawyers are incentivised, and the firm offers competitive packages within the market to ensure staff retention.</p>
Operational Risk	Losing cases.	<p>The Group invests heavily in cases that are reliant on a successful outcome for recovery of money.</p> <p>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.</p>	<p>Review of circumstances around those cases that are lost.</p> <p>Consideration of factors that may attribute to unsuccessful outcomes and pre-exempt any unusually high areas of risk in any new business.</p> <p>Conduct risk/benefit analysis on any potentially new risky claims.</p> <p>Consideration of merits of appealing cases and benefit weighed against wide scale potential negative consequences.</p> <p>Ensure that potential claims are properly vetted and we proceed with cases that are likely to succeed.</p> <p>Train and employ staff with excellent technical skills to increase chance of successful outcome and use specialised counsel.</p> <p>Feedback to sales representatives.</p> <p>Fraud indicators, ongoing dialogue through sales team and garages.</p>
Operational Risk	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 from our own IT teams and third-party experts, the Group maintaining appropriate levels of insurance to cover this risk.
Operational Risk	Health & Safety Issues.	The activities of certain parts of the Group involve a range of Health & Safety risks.	<p>All Group subsidiaries operate Health & Safety management systems appropriate to the nature and scale of their risks.</p> <p>The Group regularly conducts a review of the adequacy of current health and safety compliance.</p>

Type of Risk	Principal Risk	Risk Description	Mitigation
Market Risk	Competition.	<p>The Group could face competition from other companies that offer similar products and services in the broader credit hire and PI sector.</p> <p>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.</p>	<p>Monitor the market and continue to offer competitive product.</p> <p>Continue to invest in development of the service and ensure a growing established team of effective lawyers is constantly maintained.</p>
Market Risk	Retention of garages and sources of work.	<p>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.</p>	<p>Nurture garages through education, offer competitive deals, and train them into understanding compliance with LASPO, Code of Conduct and FCA rules.</p>
Regulatory Risk	Regulatory compliance.	<p>Compliance with Code of Conduct, Solicitors Accounts Rules, any applicable FCA rules, GDPR, Statute ('LASPO') etc.</p> <p>Failure to comply with these could have significant implications for the business ranging from reputational damage to criminal prosecution and sentencing.</p>	<p>Ensuring regulatory compliance is monitored through updated policies, staff training, spot checks and audits.</p> <p>Conduct risk assessments to identify any areas of weakness or potential breach.</p> <p>Monitor and record any complaints/feedback.</p>
GDPR/ Personal Data Risk	Stringent laws regarding the treatment of personal data, damages are payable if breaches occur.	<p>The Group holds and processes a large volume of personal data which is inherent in the Group's day-to-day practises.</p> <p>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.</p>	<p>Regular staff training on the GDPR legislation.</p> <p>Random spot checking of processes and staff practises.</p> <p>Regular review of processes.</p> <p>Risk assessment on implementation of new processes.</p> <p>Ongoing reviews of systems relating to any complaints.</p>
Litigation Risk	Adverse costs arising from litigation.	<p>The Group is a highly litigious firm reflected in the business activities undertaken. Adverse costs arising from litigation will negatively impact the Group's results as well as cause potential reputational damage from losing cases.</p>	<p>This risk is extensively and continuously discussed with management and fee earners to ensure awareness.</p> <p>Management is satisfied that costs will be kept to a minimum through maintaining review levels of adverse costs.</p> <p>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.</p>

Risk and Regulation Committee Report continued

Type of Risk	Principal Risk	Risk Description	Mitigation
Financial Risk	Bank and lender 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.
Financial Risk	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.
Financial Risk	Cash spend.	The Group must ensure that cash spend is within facilities and that expenditure is monitored, e.g. 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.
Financial Risk	Continued delays and adjournments in the court system following the COVID-19 pandemic have led to some cases being delayed. Potential for impact on cash collections from the legal services team.	The impact of the COVID-19 pandemic on the court system was considerable. The courts are still affected by the delays arising from the COVID-19 pandemic which resulted in backlogs within the court system. Cases are taking longer to be listed for a trial date than they were pre Covid.	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. This has seen a continual improvement in case settlements and cash collections.

Richard Pratt
Chairman of the Risk and Regulation Committee

30 April 2024

Non Financial and Sustainability Information Statement

Implementation of the Task Force on Climate-related Financial Disclosures

Introduction

Anexo Group plc (“the Group” or “Anexo”) recognises the urgent need to address climate change risks and opportunities to ensure the long-term sustainability of our business. As part of our commitment to transparency and responsible stewardship of capital, we have adopted the recommendations set forth by the Task Force on Climate-related Financial Disclosures (‘TCFD’) and in line with the Companies (Strategic Report) (Climate Related Financial Disclosures) Regulations 2022.

Through the implementation of the TCFD framework, we aim to enhance our understanding of climate-related risks and opportunities, integrate them into our governance processes, and disclose relevant information to our stakeholders. This includes assessing the potential impacts of climate change on our business strategy, operations, and financial performance, as well as identifying measures to mitigate risks and capitalise on opportunities.

We are committed to providing clear, consistent, and transparent disclosure of our climate-related financial information, aligning with TCFD’s core principles of comprehensiveness, consistency, and comparability. By doing so, we seek to enhance our resilience, improve decision-making, and create long-term value for our shareholders, investors, customers, employees and communities.

By aligning our climate risk reporting with the four pillars of the TCFD framework:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

Anexo is committed to enhancing transparency, accountability and resilience in the face of climate change.

Figure 1: The four themes from the TCFD recommendations.

Governance	Strategy	Risk management	Metrics and targets
A) Board oversight	A) Description of climate-related risks and opportunities	A) Processes for identifying and assessing climate-related risks	A) Metrics to assess climate-related risks and opportunities
B) Management’s role	B) Impact of climate-related risks and opportunities	B) Process for managing climate-related risks	B) Scope 1, 2 and 3 greenhouse gas (‘GHG’) emissions
	C) Resilience of strategy in climate-related scenarios	C) Integration into overall risk management	C) Targets to manage climate-related risks and opportunities

Source: TCFD

Governance

Anexo has established oversight mechanisms to ensure that climate-related risks and opportunities are integrated into our decision-making processes at the highest levels of the organisation. Our Board of Directors regularly reviews and oversees our business risks, strategies, initiatives and performance.

At Anexo, we consider climate-related risks and opportunities as equal to other business risks in magnitude, significance and potential impacts on our business. We’re currently integrating climate-related risks into our comprehensive corporate risk governance protocols, with the goal of providing a thorough risk disclosure in our 2024 annual strategic report.

Non Financial and Sustainability Information Statement continued

Implementation of the Task Force on Climate-related Financial Disclosures continued

The Board’s Oversight of Climate-Related Risks and Opportunities

The Risk and Regulation Committee comprises three Non-Executive Directors, assisted by the Executive, and meets three times a year. Risks are identified, flagged and discussed at Committee, Board, Executive and managerial levels; and all concerns, once established as key risks, are escalated to Board Agendas.

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 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.

Management’s Role in Assessing and Managing Climate-related Risks and Opportunities

Anexo Plc produces an annual Risk and Regulation Committee (‘Committee’) Report for each fiscal reporting year. The Committee is responsible for ensuring that there is a robust process in place for identifying, managing and monitoring risks, assessing the risk profile of the Group and ensuring that the Group is compliant with the additional regulatory requirements under the Solicitors Regulatory Authority (‘SRA’).

The Committee supports the Board in fulfilling its obligations to ensure a framework of prudent and effective controls, which enable it to assess and manage risks, including those to the long-term success of the Group. The Committee considers an integrated approach to the risk taxonomy, risk register and risk assurance activity to be paramount.

Strategy

We recognise that climate change presents both risks and opportunities to our business. As such, we are actively integrating climate considerations into our strategic planning processes. This includes assessing the potential impacts of climate-related trends and policies on our business model, products, services and markets. We are also exploring innovative solutions to mitigate risks and capitalise on opportunities associated with the transition to a low-carbon economy.

Risk Time Horizons

In line with our Business Continuity Policy as far as is fitting, and taking into consideration the FRC TCFD review report on average and best practice risk time horizons, we have identified our three-time horizons for considerations of climate risks as follows:

Short	Medium	Long
Current to 2 years	2 to 10 years	10 years +

Transition and Physical Risks Identified

Anexo plc has identified the following transition and physical climate risks to our business and operations, and we will be analysing the data behind these risks in order to create a full risk matrix over the course of the ensuing 24 months and to fully assess the actual and potential impacts on each risk and opportunity. The Group will also consider the resilience of the Group's model and strategy taking into account different climate related scenarios.

Risk Type	Risk Category	Risk Description
Transition Risks	Policy and Legal	Increased pricing of GHG emissions/carbon taxes [e.g. CCL; CBAM]
		Enhanced emissions reporting obligations [e.g. CSRD, SECR, ISSB]
		Mandates on and regulation of existing products and services [e.g. Digital Product Passports ('DPP'), EPD, Extended Producer Responsibilities ('EPR') for packaging, Energy Ratings ('EPREL'), MES]
		Exposure to litigation
	Technology	Substitution of existing services with lower emissions options
		Increased energy costs [e.g. carbon taxes on high GHG sources; scarcity of low-carbon energy; temporary price spikes from increased demand; reliance on fossil fuel heat sources]
		Upfront costs to transition to lower emissions technology [e.g. alternative to fossil-derived heating such as heat pumps, radiative heat]
		Upfront costs to transition to zero carbon self-generated energy [e.g. solar PV]
	Market	Changing customer behaviour
		Uncertainty in market signals
		Increased cost of medicines
	Reputation	Shift in consumer preferences
		Increased stakeholder concern or negative stakeholder feedback
Physical Risks: Acute	Increased storms and strong winds	Physical damage to buildings from storms and strong winds [e.g. roof damage, internet connection]
		Difficulty for employees to come to work due to transport infrastructure damage
		Damage to electricity grid infrastructure – power losses and interruptions
		Increasing strain on global supply chain for medicines, equipment, technology from worldwide tornadoes, cyclones, tsunamis
	Increased flooding	Difficulty for employees to come to work due to transport infrastructure damage [e.g. flooded tracks, underground, landslides]
		Physical damage to buildings from flooding
		Costs to adapt buildings for flood resistance
		Risk of increased insurance premiums due to elevated rates and sizes of claims
	Heat Waves	Increased heat waves putting additional strain on cooling systems and the electricity grid
		Increased heat records and waves impacting employees ability to travel to work
		Repeated record-breaking temperatures straining transport infrastructure [e.g. buckling tracks, melting road surfaces, overheating on underground]

Non Financial and Sustainability Information Statement continued

Implementation of the Task Force on Climate-related Financial Disclosures continued

Risk Management

Anexo is committed to identifying, assessing, and managing both climate-related risks and opportunities across our value chain. We are creating robust risk management processes to systematically identify and prioritise climate-related risks and opportunities, including physical, transition and liability risks.

Through scenario analysis and stress testing, we will, over the ensuing 24-month period, evaluate the potential financial impacts of different climate-related scenarios on our business operations and financial performance.

The Risk and Regulation Committee exists to ensure that there are robust processes in place for identifying, managing and monitoring risks and opportunities 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.

Risk and Regulation Committee Structure

Risk and Regulation Committee Membership and Attendance

The Committee is chaired by Richard Pratt, and its members are other non-Executive Directors of the Group. The Committee includes members designated with specific responsibility and expertise in regulatory compliance, and is attended by members of the executive team as determined by the Committee from time to time. Details of members' experience, qualifications, and attendance at Committee meetings during the year are shown within the Company Corporate Governance Statement.

Risk and Regulation Committee Effectiveness

The Committee conducted an assessment of its effectiveness in October 2023, the conclusion of which was that the Committee is competent and carries out its function effectively and that the Company's risk management and internal control processes provide the Board with a full understanding of the high-risk issues that could impact the organisation.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place throughout the period covered by this report and up to the date of approval of the Annual Report and Accounts for 2023.

Metrics and Targets

We recognise the importance of transparently disclosing our climate-related performance and progress towards our climate-related goals. We have established clear metrics and targets to track and measure our greenhouse gas emissions, energy consumption and other relevant climate-related indicators.

These metrics and targets are aligned with our overall business objectives and are regularly reviewed and updated to reflect changes in our operating environment and strategic priorities.

Each year we calculate and publish our energy-related greenhouse gas emissions in line with best practice and in compliance with Streamlined Energy and Carbon Reporting (SECR) stipulations.

We are calculating our Scopes 1 and 2 science-based near- and long-term targets and will be publishing these in our next annual report.

Additionally, we will be gathering the data and reporting on our Scope 3 greenhouse gas inventory in order to ascertain baseline emissions and to enable a science-based Scope 3 reduction target.

Using this baseline, we will map out our carbon reduction plan with specific actions we will take in order to cut our emissions in line with the IPCC Paris Agreement specified limit of 1.5C above pre-industrial levels.

Non Financial and Sustainability Information Statement continued

Streamlined Energy and Carbon Reporting

Anexo Group is a public limited company in England. The Company's registered office is located in Liverpool, and it has multiple other offices throughout the UK. The principal activity of Anexo Group Plc is providing specialist credit hire and legal services. As Anexo Group Plc is a quoted company, it is required to comply with the requirements of Streamlined Energy and Carbon Reporting ('SECR') legislation.

This SECR report reflects the period 1 January 2023 – 31 December 2023. This is Anexo Group Plc's fourth reporting year, the first being 1 January 2020 – 31 December 2020. The data points from 2021 and 2022 have been included in this report to allow for direct year-on-year comparison.

Responsibilities of Anexo Group Plc and Green Element

Anexo Group Plc was responsible for the internal management controls governing the data collection process. Green Element were responsible for the data aggregation, any estimations and extrapolations applied (as required), the GHG calculations and the resultant emissions statements.

Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard. This standard is internationally accepted as best practice.

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 2023, Direct Accident Management Ltd. (EDGE) and Bond Turner Ltd.

Energy and GHG sources included in the process

As a quoted company, the following activities and associated GHG emissions have been included in Anexo Group Plc's SECR submission:

Scope 1: Fuel used in company-owned vehicles, natural gas (boilers), diesel for electricity generation and other fuels.

Data Source: Diesel and petrol fuel for travel in company-owned vehicles were provided as litres consumed, thus those were converted to kWh using DEFRA's GHG conversion factors for 2023. Natural gas consumption was provided in the form of building meter readings in 2023 – gas usage was considerably lower in 2023 compared to previous years, as Anexo Group moved out of multiple office locations throughout the reporting period.

Scope 2: Purchased electricity (Location-based and Market-based methods*).

Data Source: Electricity consumption was provided in the form of building meter readings in 2023. Note that for some EDGE locations, meter readings only covered part of the reporting year, owing to office vacations.

Scope 3: Fuel used for business travel in employee-owned or hired vehicles.

Data Source: Expensed mileage in employee-owned vehicles were provided as fuel costs, thus fuel reimbursements were converted from spend (£) to miles based on a rate of £0.45 per mile, which was then converted to kilometres.

* Dual reporting of electricity emissions has been presented in line with the GHG Protocol. Location-based electricity emissions use the average grid fuel mix in the region/country where the electricity was purchased and consumed – for SECR, location-based is mandatory. Market-based electricity emissions use where provided the supplier's tariff-specific intensity factor and fuel mix, and where this is unavailable the local grid's residual fuel mix intensity factor is used – for SECR, market-based is optional).

Energy efficiency measures

Underway and Planned (2023/2024) – to enhance energy efficiency within Anexo Group Plc, the following measures were adopted in 2023, or have been planned for 2024:

- 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.
- Investigating the installation of solar panels to generate own electricity.
- Investigating the installation of motion sensors for lighting in offices.
- Accelerating the installation of LED bulbs for lighting in offices.
- Working with freeholders to facilitate building management systems ('BMS') which manage the efficiency of the whole building.
- Regularly servicing boilers to ensure they are operating at maximum efficiency.
- Minimise business travel in company cars by holding meetings/conferences virtually.
- Continuing to grow the proportion of the Company car fleet which is powered by electricity.
- Prioritising energy efficiency when siting new business locations.

Anexo Group LTD Streamlined Energy and Carbon Reporting ('SECR') 2023 mandatory reporting (in tCO₂e), as follows:

	2021	2022	2023
Energy consumption (kWh)			
Electricity	1,210,865.12	1,069,374.46	998,726.27
Gas	69,345.84	3,447.03	2,652.43
Transport fuel	1,073,585.48	993,882.85	723,252.10
Total energy consumption	2,353,796.45	2,066,704.34	1,724,630.79
GHG Emissions (tCO₂e)*			
Scope 1			
Emissions from combustion of gas in buildings	12.70	0.63	0.49
Emissions from combustion of fuel for transport purposes	250.05	227.07	159.29
Scope 2			
Emissions from purchased electricity – Location-Based	257.10	206.80	206.81
Emissions from purchased electricity – Market-Based	475.06	363.70	382.87
Scope 1 & 2			
Total Scope 1 & 2 emissions – Location-Based	519.86	434.50	366.58
Total Scope 1 & 2 emissions – Market-Based	737.82	591.40	542.64
Scope 3			
Category 6: Business travel (Emissions from business travel in rental cars on employee vehicles where company is responsible for purchasing the fuel)	-	1.53	2.38
Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in Scope 1 – Location-Based	163.58	135.80	111.44
Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in Scope 1 – Market-Based	184.72	126.42	149.00
TOTAL EMISSIONS – Location-Based	683.43	571.83	480.40
TOTAL EMISSIONS – Market-Based	922.53	719.35	694.02
Intensity (tCO₂e / m²)			
Intensity (tCO ₂ e / FTE)			
FTE	925	997	963
INTENSITY RATIO: tCO₂e / m² – Location-Based	0.739	0.574	0.499
INTENSITY RATIO: tCO₂e / m² – Market-Based	0.997	0.722	0.721

Methodology: GHG Protocol Corporate Accounting and Reporting Standard.

Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

* The Kyoto Protocol seven groups of GHGs are included in the emissions calculations: CO₂, N₂O, CH₄, HFCs, PFCs, SF₆, and NF₃. The greenhouse gas emissions were calculated using UK government 2023 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO₂e).

Strategic Report

The Strategic Report on pages 13 to 37 was approved by the Board of Directors and signed on its behalf by:

Alan Sellers
Executive Chairman

30 April 2024

Board of Directors

The current Board members of Anexo Group Plc, all of whom served throughout the year, with the exception of Gary Carrington who was appointed on 18 April 2023, Alexander Pausco who was appointed on 20 June 2023 and Mark Bringloe who was appointed on 24 August 2023 as Interim CFO and permanent CFO on 24 April 2024, are presented below.

Committee membership key:

Audit Committee ▲ Remuneration Committee ▲ Risk and Regulation Committee ▲



Alan Sellers
Executive Chairman

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 Bringloe
Chief Financial Officer

Mark originally joined the Group as Finance Director in 2009 and was appointed CFO upon Anexo's admission to AIM in 2018. He left the Group in July 2022 and since then has been involved in other projects. Mark was reappointed to the Board in August 2023 and as permanent CFO on 24 April 2024.

Prior to joining Anexo, Mark worked at Ernst & Young, Robson Rhodes and BDO, where he was a Corporate Finance Director. He played a key role in guiding the Group through its IPO in 2018 and has a comprehensive understanding of the Group and the broader legal services and credit hire sectors.



Samantha Moss
Director

Samantha 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 was appointed as a Director of Anexo Group Plc in March 2018.



Dawn O'Brien
Director

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. 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.



Gary Carrington
Director

Gary is a Chartered Accountant and was appointed as a Director on 18 April 2023. Gary spent twenty-two years at major accounting firms, ending as Corporate Tax Partner at RSM. He subsequently spent five years at Fletchers Solicitors Limited, primarily as Chief Financial Officer. Gary joined the Group in July 2020 as Head of Operations.



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
Independent 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 including Chair of Audit at a challenger bank and CFO and chairman at two AIM listed companies. He is currently Chair of Audit and Deputy Chairman of Loughborough Building Society. Roger joined the Anexo Group Plc Board in June 2018.



Richard Pratt
Independent Non-Executive Director



Richard was called to the Bar in 1980 and has practised in Liverpool, specialising in criminal law. He was appointed a KC 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.



Saki Riffner
Non-Executive Director



Saki 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 2022.



Julian Addison
Non-Executive Director

Julian is Managing Director and Operating Partner of DBAY Advisors Ltd. Where he is focusing on small cap investments in the UK and Continental Europe. He previously worked at Movado Group and Rothschild. Julian joined the Board of Anexo Group Plc as Non-Executive Director in May 2022.



Alexander Pausco
Non-Executive Director

Alexander Pausco serves as the Chief Executive and Co-Founder of DBAY Advisors Ltd. He previously worked at Panmure Gordon, Rothschild and Laxey Partners. He is a graduate of University St. Gallen and Harvard Business School (AMP). Alexander joined the Group as Non-Executive Director in June 2023.

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2023. The Corporate Governance section set out on pages 38 to 54 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, the principal activity of the parent is that of a holding company.

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, Leeds, 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 50 to 53 of this Annual Report. The names and biographies of the Directors appear on pages 38 and 39.

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 2023 are set out below:

Director	Shares	%
Samantha Moss	20,578,846	17.44
Alan Sellers	20,106,169	17.04
Dawn O'Brien	485,436	0.41

Whilst Saki Riffner, Julian Addison and Alexander Paiusco do not hold any shares in their own name, they are partners of DBAY Advisors Limited, a major shareholder of the Company.

There was no changes in the interests of Directors between 31 December 2023 and the date of this report. Details of the Directors' long-term incentive plans are contained in the Remuneration Committee Report on pages 50 to 53.

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 31 December 2023, 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	28.51
Samantha Moss	20,578,846	17.44
Alan Sellers	20,106,169	17.04
Gresham House	4,298,333	3.64
Valentina Slater	4,029,990	3.42
Premier Miton	4,000,000	3.39
Stonehage Fleming	3,611,900	3.06
AXA	3,550,000	3.01

Dividends

The Board is pleased to propose a final dividend of 1.5p per share (£1.8 million), which if approved at the Annual General Meeting to be held on 18 June 2024 will be paid on 28 June 2024 to those shareholders on the register at the close of business on 31 May 2024. The shares will become ex-dividend on 30 May 2024 (2023: total dividend 1.5p per share, £1.8 million).

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 26 and 27 of the consolidated financial statements. The key non-financial risks that the Group faces are set out on pages 27 to 30.

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 s172 statement.

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.

Post Balance Sheet Events

On 24 April 2024 Mark Bringloe was appointed as permanent Chief Financial Officer.

Auditor

RSM UK Audit LLP were appointed as auditor for the year ended 31 December 2023 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 18 June 2024. The Notice convening the meeting and information about the proposed resolutions accompanies this Annual Report and Accounts.

On behalf of the Board

Alan Sellers
Executive Chairman

30 April 2024

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 2023. As Chairman, it is my responsibility to ensure that Anexo practices 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.

In addition to the requirements of AIM and the QCA Code, shareholders should also be aware that as a business operating predominantly in the legal services market, the Group operates in a highly regulated environment and is subject to regular review by its professional body.

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 an 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 Group'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, through to the management and recovery of costs, and the processing of any associated personal injury claim. The Group comprises four departments under two reporting divisions; Credit Hire and Legal Services.

A key proposition for customers is that there is no upfront cost to the customer 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.

Challenges to delivering the Group'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 and Regulation Report section of the Strategic Report on pages 27 to 30.

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

The Group's Annual General Meeting ('AGM') provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance, and shareholders are encouraged to attend. 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 2023 AGM resolutions were passed comfortably. The results of voting at AGMs are disclosed on the Group's website. Shareholders had the opportunity to attend the AGM and to appoint the Chairman of the AGM as their proxy as well as to submit questions to the Board via email.

The Company is open to receiving feedback from key stakeholders and will take action where appropriate. The key contact for shareholder liaison is Nick Dashwood Brown, the Head of Investor Relations, who meets with shareholders as and when requested.

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 Group 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 Group 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 Group 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 and reviews of the Company atmosphere and support through platforms such as Glassdoor and Trustpilot. Feedback received from employees is taken into account to ensure that the Group can provide an optimum working environment for its employees.

As a specialist integrated credit hire and legal services group, the maintenance of the highest ethical standards is core to our business and the services we provide to our clients. Where regulations have been introduced, we have taken appropriate steps for having policies relating to Modern Slavery and Whistle Blowing in order to discourage unethical business conduct, thus ensuring its employees are protected. Our annual Modern Slavery Act Statement is published on our website.

Anexo believes that it has little significant environmental or community impact, due to the nature of the Group's operations, but will continue to monitor and will take action if this changes in the future.

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 27 to 30.

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 Group'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 Group'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 Group's Audit Committee also has delegated responsibility to review the Group'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 Group 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 Group'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 five Executive Directors, Alan Sellers, Mark Bringloe, Samantha Moss, Dawn O'Brien and Gary Carrington; three independent Non-Executive Directors, Christopher Houghton, Richard Pratt and Roger Barlow; and, three non-independent Non-Executive Directors Saki Riffner, Dr Julian Addison and Alexander Pausco. Gary was appointed on 18 April 2023, Alexander was appointed on 20 June 2023 and Mark was re-appointed on 22 August 2023 as Interim CFO and appointed as permanent CFO on 24 April 2024.

Alan Sellers is the Group'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.

Chairman's Statement on Corporate Governance continued

Saki Riffner, Julian Addison and Alexander Paiusco are not considered to be independent, having been appointed as representatives of DBAY Advisors Limited, a major shareholder of the Company pursuant to DBAY's agreed authority to appoint three Non-Executive Directors to the Board. Overall, the Directors feel that Anexo has a diverse Board with Directors that bring varied experience gained from working within a range of sectors.

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 Group. The Board aims to meet at least five 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. Christopher Houghton in his function as SID assists the Chair, particularly in relation to dealing with shareholder related matters. During the financial year ended 31 December 2023, the Board met on five occasions.

Director	Position	Board Meetings	Audit Committee	Remuneration Committee	Risk & Regulation Committee
Alan Sellers	Executive Chairman	5/5	-	-	-
Mark Bringloe ¹	Chief Financial Officer	2/2	-	-	-
Gary Carrington ²	Operational/Commercial Director	3/3	-	-	-
Samantha Moss	Bond Turner Managing Director	5/5	-	-	-
Dawn O'Brien	Director	5/5	-	-	-
Christopher Houghton	Senior Independent Non-Executive Director	4/5	3/3	3/3	2/3
Richard Pratt	Independent Non-Executive Director	5/5	3/3	3/3	3/3
Roger Barlow	Independent Non-Executive Director	4/5	3/3	3/3	3/3
Saki Riffner	Non-Executive Director	4/5	-	-	-
Julian Addison	Non-Executive Director	5/5	3/3	-	-
Alexander Paiusco ³	Non-Executive Director	3/3	-	-	-
Michael Branigan ⁴	Non-Executive Director	1/2	-	-	1/2
Mark Fryer ⁵	Chief Financial Officer	0/1	-	-	-

1 Mark Bringloe was re-appointed as interim CFO on 22 August 2023 and permanent CFO on 24 April 2024.

2 Gary Carrington was appointed to the Board on 18 April 2023.

3 Alexander Paiusco was appointed to the Board on 20 June 2023.

4 Michael Branigan stepped down as Non-Executive Director on 20 June 2023.

5 Mark Fryer stepped down as CFO on 14 April 2023.

The Group 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 Group 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.

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 logistics to finance and from private to public companies, enabling them to provide the necessary guidance, oversight and advice for the Board to operate effectively. The Group 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 Group'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 38 and 39 of this Annual Report.

Anexo's Company Secretary, ONE Advisory Limited, 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 support and assistance with MAR compliance and shareholder meetings.

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 Group.

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. Directors 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.
- That they are committed.
- Where relevant, they have maintained their independence.

The Group conducts annual, 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. The outcomes of the 2023 board evaluation was overwhelmingly positive, but highlighted areas for improvement with regards to design of long-term strategy, Board members to be offered more opportunities for development and the request for more written reports from Executive Directors to be included in the Board pack for meetings, all of which has been developing during 2023.

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. 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. Two of the ten Directors on the Anexo Board are 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.

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

Chairman's Statement on Corporate Governance continued

A large part of the Group'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 Group 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 Group does.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. An example of this is the Group'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 Group 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 Group 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), which was transposed into UK law following Brexit. The Group 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 Group's corporate governance arrangements regularly and expects to evolve these over time, in line with the Group's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Group 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.

In Alan Sellers' capacity as Chairman, he has, through powers delegated by the Board, the responsibility for leadership of the management team in the development and execution of the Group's strategies and policies.

The day-to-day management of the Group'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 Group's strategy;
- Review, formulate and approve the Group's budgets;
- Review, formulate and approve the Group's corporate actions; and
- Oversee the Group'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 four members, Roger Barlow (Chair), Christopher Houghton, Julian Addison and Richard Pratt. The Audit Committee is responsible for:

- ensuring that the financial performance of the Group is properly reported on and reviewed;
- monitoring the integrity of the financial statements of the Group (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. Other Board members attend Audit Committee meetings by invitation.

Risk and Regulation Committee

The Risk and Regulation Committee has three members, Richard Pratt (Chair), Christopher Houghton and Roger Barlow. 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 once a year and otherwise as required. Other Board members attend Committee meetings by invitation.

Remuneration Committee

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

- determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Group'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 Group'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 at least once in each financial year and otherwise as required. Other Board members attend the Committee meetings by invitation.

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 Group's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Group's growth and development.

10. Communicate how the Group 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 Group 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 Group'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 GM with 20% votes against, the Group will seek to understand the reason for the result and, where appropriate, take suitable action.

All resolutions apart from resolution 10 at the Group's 2023 AGM were passed with 99.9% of votes in favour of each resolution. Resolution 10 was passed with 96.16% in favour and 3.83% against. The proxy votes received in respect of all resolutions were released via RNS and are available on the Group'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 Group as soon as they become available.

Alan Sellers Executive Chairman

30 April 2024

Audit Committee Report

As Chairman of Anexo's Audit Committee, I present my Audit Committee Report for the year ended 31 December 2023.

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 2023 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 me, Roger Barlow and its other members are Christopher Houghton, Richard Pratt and Julian Addison. Christopher, Rick and I are considered to be independent Non-Executive Directors. The Board and the Audit Committee continue to be satisfied that I have sufficient, and relevant, financial experience to fulfil my duties as Committee Chair given that I am 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. The Audit Committee met three times during the year and all three meetings were attended by all members. All other Directors attended the meetings. The external auditors also attended all three Committee meetings at the invitation of the Committee Chairman.

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 conducted an assessment of its effectiveness in October 2023. More information can be found in the Corporate Governance Report.

Financial Reporting

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 2024 and 2025 and the debt financing arrangements at year-end and concluded that the going concern basis is appropriate. In addition, 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 judgemental 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.

The Committee has continued its monitoring of the financial reporting process and its integrity, risk management systems and assurance.

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 2024.

The Committee will meet with the auditor at least twice a year, once at the planning stage, where the nature and scope of the audit will be considered, and once post-audit at the reporting stage. The Committee is responsible for reviewing and approving the annual audit plan with the auditor and ensuring that it is consistent with the scope of the audit engagement and the effectiveness of the audit. In addition, the Committee is responsible for reviewing the findings of the audit with the external auditor which shall include but not be limited to discussing major issues which arose on the audit, any accounting and audit judgements, levels of errors identified during the audit and the effectiveness of the audit. The Audit Committee will meet with the auditor at least once per year without management being present to discuss its remit and any issues arising from the audit.

RSM UK Audit LLP were appointed as external auditors in 2018 following an audit tender process carried out in 2017. The Company will continue to comply with the relevant tendering and auditor rotation requirements applicable under UK regulations, which require the next external audit tender to occur by 2028.

The Committee will engage in discussions with the auditor regarding fees, internal controls and such issues as compliance with accounting standards and any proposals which the external auditor has made regarding the Company's internal auditing standards.

Risk Management and Internal Controls

The Committee shall keep under review the adequacy and effectiveness of the Company's internal financial controls and risk management systems including monitoring the proper implementation of such controls and will review and approve the statements to be included in the annual report concerning internal controls and risk management. The Committee will also consider annually whether there is a need for an internal audit function and make a recommendation to the Board. At present, the function is not yet considered necessary as day-to-day control is sufficiently exercised by the Company's Executive Directors. Further details on the Company's risk management and internal controls can be found on pages 26 to 30.

The Committee also has a responsibility to review the adequacy of the Company's arrangements for its employees and contractors to confidentially raise any concerns about possible wrongdoings regarding financial reporting or other matters. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. In addition, the Committee shall review the Company's procedures for detecting fraud and the Company's systems and controls for the prevention of bribery and market abuse as well as receive reports on non-compliance. The Committee will also monitor and ensure the Company's adherence to its AIM Rules compliance policy.

Significant issues considered by the Audit Committee during the year

During the year the Committee and Management considered what the significant risks and issues were in relation to the financial statements and how these would be addressed. The External Auditor's view on the significant risks aligned with that of the Committee. In relation to the 2023 Group financial statements, significant risks have been identified which are outlined as follows:

- debtor recoverability and provisioning;
- management overrides of internal controls;
- going concern; and
- emission class action case fees, financing and expenses.

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

- further review relationships and agree terms with all external professionals;
- conduct a full review of internal systems and the finance function to ensure that the recent restructuring continues to show efficiencies and improvement in our monthly and annual reporting environment; and
- assess the need for an internal audit function, having regard to the Company's strategy, growth and resources.

Auditor's Independence

The Committee approves the external auditor's terms of engagement, scope of work, the process for the interim review and the annual audit. It also reviews and discusses with the auditor the written reports submitted and the findings of their work. It has primary responsibility for making recommendations to the Board, for it to put the shareholders for their approval at a general meeting, in relation to the appointment, re-appointment and removal of the external auditor.

The Committee is also responsible for reviewing and monitoring external auditor's independence and objectivity as well as their qualifications, expertise and resources and the effectiveness of the audit process, taking into consideration relevant UK and other relevant professional and regulatory requirements. The Group have considered the auditor's independence and continues to believe that RSM is independent within the meaning of all UK regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff are not impaired, as such, the Audit Committee recommended the re-appointment of RSM as auditor for the financial year to 2024.

Roger Barlow
Chairman, Audit Committee

30 April 2024

Remuneration Committee Report

I present my Remuneration Committee Report for the year ended 31 December 2023 which has been prepared by the Remuneration Committee and approved by the Board. It should be noted that a Remuneration Report is not required as the company is AIM listed and that this report has been prepared on a voluntary basis. The information presented is unaudited.

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 2024 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 ('LTIP') 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.

Remuneration Committee and Attendance

Anexo's Remuneration Committee is chaired by me, Christopher Houghton and its other members are Richard Pratt and Roger Barlow. All members of the Remuneration Committee are considered to be independent Non-Executive Directors. The Board and Remuneration Committee continue to consider that I have sufficient, relevant financial experience to chair the Remuneration Committee given that I am a chartered accountant with extensive experience and numerous Board positions outside of Anexo.

The Remuneration Committee members have regard to the recommendations put forward in the QCA Code and where appropriate, the QCA Remuneration Committee Guide.

The Committee is required by its Terms of Reference to meet at least once in each financial year and otherwise as required by the Committee Chairman to properly fulfil its duties. The Remuneration Committee met three times during the year, details of Director attendance are disclosed on page 44 of this Annual Report.

The Company's external advisors are invited to attend Committee meetings at the invitation of the Committee Chairman as and when required.

Responsibilities

The Committee's principal responsibilities include:

- Determining and agreeing with the Board the framework or broad policy for the remuneration of Executive Management;
- Reviewing and having regard to pay and employment conditions across the Company when setting remuneration policy for Executive Management and especially when determining salary increases;
- Approving the design of and determining targets for any performance-related pay schemes operated by the Company;
- Overseeing the design and application of share options and any other such reward plan in conjunction with the Board; and
- Determining the policy for and scope of pension arrangements for Executive Management.

The Non-Executive Directors, whose remuneration is determined by the Board as a whole, receive fees in connection with their services provided to the Group, to the Board and to Board Committees.

Certain senior staff and Executive Directors receive basic salaries, annual bonuses according to performance against defined targets and certain benefits in kind.

Significant issues considered by the Committee during the year

The main activities undertaken by the Committee during the year included:

- a review of Directors remuneration;
- determining bonus parameters for the 2023 Executive Directors' bonus payments; and
- considering the implementation of a new Long Term Incentive Plan to incentivise participants and promote the future growth of the Company.

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 annual bonus is intended to align reward outcomes with the achievement of key annual goals. 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 2023. 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

No share-based payments were made during the year. The previous scheme vested in 2022.

A new scheme will be introduced in 2024 to incentivise selected senior management to deliver enhanced shareholder value in future years.

Pension arrangements

Five (2022: Three) of the Executive Directors receive Company contributions to personal pension schemes of up to 3% of their basic salaries.

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, Samantha Moss and Dawn O'Brien were entered into on 12 June 2018, Gary Carrington on 18 April 2023 and Mark Bringloe on 22 August 2023.

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 2024
Roger Barlow	14 June 2018	13 June 2024
Richard Pratt	22 May 2018	21 May 2024
Saki Riffner	22 January 2022	21 January 2025
Julian Addison	11 May 2022	10 May 2024
Alexander Pausco	20 June 2023	19 June 2025

Remuneration Committee Report continued

Total Directors' Remuneration for 2023

Director	Salaries and fees £'000s	Annual bonus £'000s	Aggregate amounts receivable under LTIP £'000s	Other benefits £'000s	Pension contributions £'000s	Total £'000s
Alan Sellers	419	375	-	3	16	813
Samantha Moss	348	120	-	11	13	492
Mark Fryer ⁵	266	-	-	-	1	267
Mark Bringloe ¹	110	-	-	9	-	119
Dawn O'Brien	249	100	-	10	9	368
Gary Carrington ²	250	35	-	2	1	288
Christopher Houghton	49	-	-	-	-	49
Roger Barlow	59	-	-	-	-	59
Richard Pratt	46	-	-	-	-	46
Saki Riffner	-	-	-	-	-	-
Julian Addison	-	-	-	-	-	-
Michael Branigan ⁴	-	-	-	-	-	-
Alex Paiusco ³	-	-	-	-	-	-
Total	1,796	630	-	35	40	2,501

1 Mark Bringloe was re-appointed as Interim CFO on 22 August 2023 and permanent CFO on 24 April 2024.

2 Gary Carrington was appointed to the Board on 18 April 2023.

3 Alexander Paiusco was appointed to the Board on 20 June 2023.

4 Michael Branigan stepped down as Non-Executive Director on 20 June 2023.

5 Mark Fryer resigned as a Director on 14 April 2023.

Total Directors' Remuneration for 2022

Director	Salaries and fees £'000s	Annual bonus £'000s	Aggregate amounts receivable under LTIP £'000s	Other benefits £'000s	Pension contributions £'000s	Total £'000s
Alan Sellers	375	375	-	3	1	754
Samantha Moss	315	120	-	18	1	454
Mark Bringloe*	301	100	665	19	-	1,085
Mark Fryer**	121	-	-	-	-	121
Dawn O'Brien	228	100	665	16	1	1,010
Christopher Houghton	40	-	-	-	-	40
Roger Barlow	40	-	-	-	-	40
Elizabeth Sands**	21	-	-	-	-	21
Richard Pratt	40	-	-	-	-	40
Saki Riffner	-	-	-	-	-	-
Brian Corrway***	12	-	-	-	-	12
Julian Addison	-	-	-	-	-	-
Michael Branigan	-	-	-	-	-	-
Total	1,493	695	1,330	56	3	3,577

Note: In 2022, the LTIP represents the market value of shares issued to Mark Bringloe (£665,000) and Dawn O'Brien (£665,000). Both Directors received 485,436 shares, the mid market price on the date of issue was £1.37 per share.

* Mark Bringloe, CFO, his remuneration is disclosed until his registration on 1 August 2022.

** Mark Fryer, CFO, his remuneration is disclosed from his appointment on 1 August 2022.

*** Elizabeth Sands, Independent NED, remuneration is disclosed until her resignation on 11 May 2022.

**** Brian Corrway, NED, remuneration is disclosed until his resignation on 11 May 2022.

Remuneration policy for 2024 and future years

The Group remuneration policy is designed to support strategy and promote long-term sustainable success. It is committed to complying with the principles of good corporate governance in relation to the design of the Group's remuneration policy. As such, our policy takes account of the QCA Corporate Governance Code, against which the Company formally reports compliance. The Committee also considers other best practice guidance such as the QCA Remuneration Committee Guide and the Investment Association's Principles of Remuneration, as far as is appropriate to the Group's management structure, size and listing.

Future salary awards and increases will be set in line with relevant market levels, economic changes and to retain and attract high quality executives. Performance elements of remuneration will have clearly defined and challenging targets that link rewards to business performance in the short and medium-term. All variable elements of remuneration are subject to clawback or repayment in the event of serious financial misstatement or misconduct.

Consideration of Shareholder Views

The Remuneration Committee considers feedback received from Shareholders during any meetings or otherwise from time to time, when undertaking the Group's annual review of its Policy. In addition, the Chairman of the Remuneration Committee will seek to engage directly with institutional Shareholders and their representative bodies should any material changes be made to the Policy.

Consideration of employment conditions elsewhere in the Group

The Remuneration Committee considers any general basic salary increase for the broader employee population when determining the annual salary increases for the Executive Directors. The Remuneration Committee did not consult with other employees regarding remuneration of the Executive Directors.

Christopher Houghton

Chairman of the Remuneration Committee

30 April 2024

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 are required by the AIM rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted International Accounting Standards 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 UK-adopted International Accounting Standards 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.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- 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; and
- 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2023 which comprise the consolidated statement of total comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity 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 UK-adopted International Accounting Standards. 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 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- 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 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.

Summary of our audit approach

Key audit matters	<p>Group</p> <ul style="list-style-type: none"> • Revenue recognition and accrued income • Valuation of trade receivables <p>Parent Company</p> <ul style="list-style-type: none"> • No key audit matters are identified in respect of the parent company
Materiality	<p>Group</p> <ul style="list-style-type: none"> • Overall materiality: £1,100,000 (2022: £1,540,000) • Performance materiality: £715,000 (2022: £1,100,000) <p>Parent Company</p> <ul style="list-style-type: none"> • Overall materiality: £1,099,000 (2022: £1,075,000) • Performance materiality: £824,000 (2022: £806,000)
Scope	Our audit procedures covered 91% of revenue, 90% of net assets and 83% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Anexo Group Plc continued

Key audit matters continued

Revenue recognition and accrued income

Key audit matter description

(Refer to accounting policy on page 66 regarding revenue and accrued income for credit hire and legal services, the accounting policy in note 3 on page 72 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. There is a risk that revenue is recognised inappropriately due to fraud or error and that estimates do not fully reflect current trading conditions. 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 judgement. For legal services there is a risk that accrued income does not reflect the stage of the case and the costs to be recovered.

The effect of these matters is that, as part of our risk assessment, we concluded that determining the settlement rates has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than multiples of materiality for the financial statements as a whole. Furthermore, significant audit resource is used in completing testing related to this area and, as a result, was determined to be a key audit matter.

How the matter was addressed in the audit

We reviewed and understood the group's accounting policy and how this satisfied the requirements of IFRS 15 'Revenue from contracts with customers.' The Group has a number of sources of revenue with differing performance obligations and we challenged management to ensure that revenue for each of the different streams was appropriately considered.

The basis of key judgements and estimates in the recognition of revenue were scrutinised. We challenged management on movements (or appropriate lack thereof) in these estimates and assessed the sensitivity of the revenue streams to movements in these.

Substantive tests of detail were performed on a sample of revenue items recognised in the period to determine the existence, accuracy and appropriate cut-off of the items selected. These were supplemented by tests of controls and analytical review procedures as appropriate across the different revenue streams.

We reviewed the related disclosures to assess whether these sufficiently explained the level of estimation uncertainty.

Valuation of trade receivables

Key audit matter description

(Refer to accounting policy on page 67 regarding trade receivables and disbursements, the accounting policy in note 3 on page 72 regarding recoverability of trade receivables, note 16 regarding trade and other receivables and the credit risk and impairment section of 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 judgemental. There is a risk that the net trade receivables will be recovered at amounts materially different to the value recognised.

As part of our risk assessment, we determined that the assumptions included in the valuation of trade receivables has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than multiples of materiality for the financial statements as a whole. Significant audit resources were used in testing over the valuation of trade receivables and, as a result, was determined to be a key audit matter.

How the matter was addressed in the audit

The methodology utilised by management to calculate the provision was reviewed, including the treatment of older claims. The impairment provision was considered through a combination of substantive tests of detail, considering the adequacy of the provision by reference to the ageing and composition of underlying trade receivable balances. Management's estimate of the impairment provision was recalculated and the reliability of the ageing of balances was verified through a combination of substantive tests of detail and data analytics procedures. Data analytics were particularly used where there were large amounts of data to interrogate to confirm the appropriateness of information that is included within the estimation model. The key recovery assumptions were compared against historical settlement information. The associated disclosures were reviewed to consider their sufficiency and accuracy as well as whether they appropriately explained the level of estimation uncertainty.

Our application of materiality

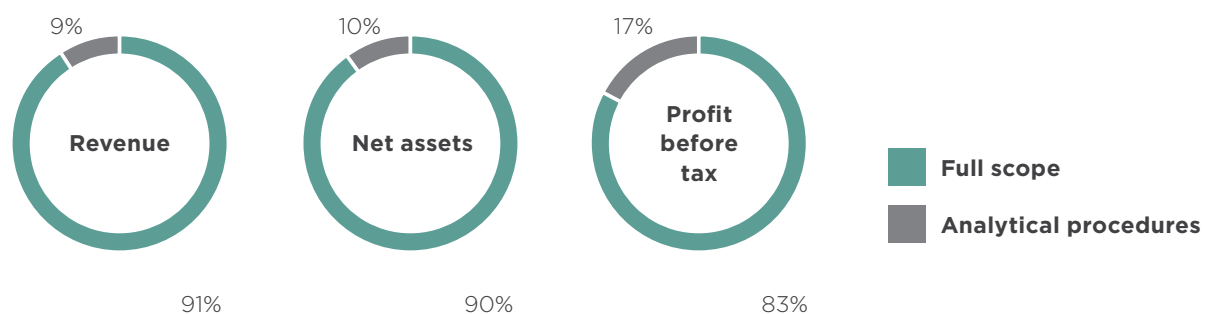
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the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

	Group	Parent company
Overall materiality	£1,100,000 (2022: £1,540,000)	£550,000 (2022: £1,075,000)
Basis for determining overall materiality	5.9% of profit before tax adjusted for the addback of VW and Mercedes emission case related costs. (2022: 5.5%)	0.5% of total assets. (2022: 1%)
Rationale for benchmark applied	We have chosen adjusted profit before tax as the benchmark for the Anexo Group as we consider this to be the most stable benchmark of activity and trading performance of the group.	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	£550,000 (2022: £985,000)	£412,000 (2022: £806,000)
Basis for determining performance materiality	65% of overall materiality (2022: 70%)	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £55,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £27,500 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 6 components, all of which are based in the UK with the exception of Edge Vehicle Rentals Group Limited which is located in Jersey.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 3 components and analytical procedures at group level for the remaining 3 components.

Independent auditor's report to the members of Anexo Group Plc continued

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. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing management's going concern assessment and forecast model, performing checks to confirm its internal consistency and mathematical accuracy, consideration of reasonable sensitivities, covenant compliance and securing waivers where appropriate, and challenging the key assumptions and estimates within. The appropriateness of disclosures concerning the going concern basis was also considered.

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 twelve 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.

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 directors' responsibilities statement set out on page 54, 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.

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; and
- 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.

Independent auditor's report to the members of Anexo Group Plc continued

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

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS/UK-adopted IAS, 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
Tax compliance regulations	Inspected advice received from external tax advisors Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity
Solicitors Accounts Rules	Enquiries made of management and those charged with governance on compliance for the period under audit. Inspected the output of the Solicitors Accounts Rules reporting
FCA Regulations	Review of compliance with FCA permissions for the period under audit.

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 and accrued income	This is considered to be a Key Audit Matter and our procedures are described above.
Valuation of trade receivables	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 judgements 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.

Andrew Allchin FCA (Senior Statutory Auditor) For and on behalf of RSM UK Audit LLP, Statutory

Chartered Accountants
Ninth Floor, Landmark
St Peter's Square
1 Oxford Road
Manchester
M1 4PB

30/04/24

Consolidated Statement of Total Comprehensive Income

for year ended 31 December 2023

	Note	2023 £'000s	2022 £'000s
Revenue	4	149,334	138,329
Cost of sales		(30,883)	(32,553)
Gross profit		118,451	105,776
Depreciation & profit/loss on disposal of property, plant and equipment	7	(9,439)	(10,436)
Amortisation	7	(69)	(117)
Increase in provision for impairment of trade receivables	7	(3,489)	(5,422)
Other administrative expenses before share based payments	6	(65,681)	(59,560)
Total Administrative expenses before share based payments		(78,678)	(75,535)
Operating profit before share based payments	7	39,773	30,241
Share based payment credit	19	-	175
Operating profit	7	39,773	30,416
Finance costs	8	(16,733)	(6,323)
Profit before tax		23,040	24,093
Taxation	11	(7,919)	(4,616)
Profit and total comprehensive income for the year attributable to the owners of the Company		15,121	19,477
Earnings per share			
Basic earnings per share (pence)	12	12.8	16.6
Diluted earnings per share (pence)	12	12.8	16.6

The above results were derived from continuing operations.

The notes on pages 65 to 87 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2023

Assets	Note	2023 £'000s	2022 £'000s
Non-current assets			
Property, plant and equipment	14	1,813	2,072
Right of use assets	14	13,886	12,657
Intangible assets	15	34	71
Deferred tax assets	21	112	112
		15,845	14,912
Current assets			
Trade and other receivables	16	234,409	222,272
Corporation tax receivable		-	606
Cash and cash equivalents	17	8,443	9,049
		242,852	231,927
Total assets		258,697	246,839
Equity and liabilities			
Equity			
Share capital	18	59	59
Share premium	18	16,161	16,161
Share based payments reserve	19	-	-
Retained earnings		143,479	130,127
Equity attributable to the owners of the Company		159,699	146,347
Non-current liabilities			
Other interest-bearing loans and borrowings	20	15,000	25,000
Lease liabilities	20	7,968	7,176
Deferred tax liabilities	21	32	32
		23,000	32,208
Current liabilities			
Other interest-bearing loans and borrowings	20	47,070	43,594
Lease liabilities	20	6,347	6,403
Trade and other payables	24	14,811	13,225
Corporation tax liability		7,770	5,062
		75,998	68,284
Total liabilities		98,998	100,492
Total equity and liabilities		258,697	246,839

The notes on pages 65 to 87 form an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2024. They were signed on its behalf by:

Mark Bringloe
Chief Financial Officer

30 April 2024

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Share Capital £'000s	Share Premium £'000s	Share Based Payments Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 1 January 2022	58	16,161	2,077	109,928	128,224
Profit for the year and total comprehensive income	-	-	-	19,477	19,477
Issue of share capital	1	-	-	-	1
Share based payment credit	-	-	(175)	-	(175)
Transfer of share-based payment reserve	-	-	(1,902)	1,902	-
Dividends	-	-	-	(1,180)	(1,180)
At 31 December 2022	59	16,161	-	130,127	146,347
Profit for the year and total comprehensive income	-	-	-	15,121	15,121
Dividends	-	-	-	(1,769)	(1,769)
At 31 December 2023	59	16,161	-	143,479	159,699

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 £'000s	2022 £'000s
Cash flows from operating activities			
Profit for the year		15,121	19,477
Adjustments for:			
Depreciation and profit/loss on disposal	7, 14	9,439	10,436
Amortisation	15	69	117
Financial expense	8	16,733	6,323
Share based payment credit	19	-	(175)
Taxation		7,919	4,616
		49,281	40,794
Working capital adjustments			
Increase in trade and other receivables		(12,138)	(34,138)
Increase in trade and other payables		1,586	590
Cash generated from/(used in) operations		38,729	7,246
Interest paid		(16,733)	(5,722)
Tax paid		(4,605)	(4,656)
Net cash from/(used) in operating activities		17,391	(3,132)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		757	1,579
Acquisition of property, plant and equipment		(1,277)	(1,186)
Investment in intangible fixed assets		(32)	-
Net cash (used in)/from investing activities		(552)	393
Cash flows from financing activities			
Proceeds from new loans		20,409	24,430
Repayment of borrowings		(26,932)	(8,749)
Lease payments		(9,153)	(10,275)
Dividends paid		(1,769)	(1,180)
Net cash (used in)/generated from financing activities		(17,445)	4,226
Net (decrease)/increase in cash and cash equivalents		(606)	1,487
Cash and cash equivalents at 1 January		9,049	7,562
Cash and cash equivalents at 31 December	17	8,443	9,049

Notes to the Consolidated Financial Statements

for year ended 31 December 2023

1. Basis of Preparation and Principal Activities

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with UK-adopted International Accounting Standards and UK Company Law.

The financial statements are presented in Pounds Sterling, being the presentation currency of the Group, generally rounded to the nearest thousand. Pounds Sterling is also the functional currency for each of the Group entities.

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

The principal activities of the Group are 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

With activity levels being maintained in line with forecast in the early part of FY24 and focus upon growth in revenue and performance without the need for additional debt funding, the Group is currently performing in line with management expectations. Where funding allows, the Group continues to invest across all business streams, albeit additional focus is currently on expanding the number of diesel emissions claims reflecting limitation in mid 2024, the Group forecasting is a spend in that year of £4.5 million on marketing costs.

The Group has secured funding from a number of funders, the most significant being Secure Trust Bank plc, HSBC Bank Plc and Blaze Hill Capital Finance Limited. Following receipt of additional funding of £15.0 million from Blaze Hill Capital Limited in 2022, the Group ended 2023 with a strong balance sheet with a conservative gearing level and good liquidity with headroom within its funding facilities and associated covenants. At the end of 2023 the Group's facilities included a revolving credit facility of £10.0 million with HSBC Bank plc (due for repayment in October 2024), an invoice discounting facility of £40.0 million with Secure Trust Bank plc (due for renewal in December 2024) and a loan facility of £15.0 million from Blaze Hill Capital Finance Limited.

With the significant level of opportunities open to the Group and to improve overall headroom into 2024 and beyond, the Group is considering a number of options for additional funding, and will report in due course as matters progress. Based on offers of facilities received and discussion ongoing with lenders, the Directors are confident that the Group will have sufficient borrowing facilities for the period covered by its assessment of going concern.

Each of the Group's banking arrangements are subject to monitoring through financial performance measures or covenants. Other than during the first few months of 2023, where one specific measure, surrounding the average hire period which increased above the measure included within the Secure Trust facility, all other performance measures and covenants have been met including in the period to date in 2024. The variance arose in that the average hire period extended beyond that incorporated within the Secure Trust facility and whilst extended hire periods are positive for the Group's financial performance, formal waiver was received from Secure Trust and the measure varied accordingly. The performance measures incorporated within the Secure Trust facility are there for monitoring purposes and aid as a guide for the Group to engage on a regular basis around general financial performance and headroom, both from a cash and operational perspective. All covenants were met during 2023 and to date in 2024 within both the Blaze Hill Capital and HSBC facilities. Further details are included in Note 20.

The continued management of claims activity against claim settlements, alongside the additional headroom created from the recent refinancings set out above, means that the Board remains confident that the Group is in a strong financial position and is well placed to trade into 2024.

The Directors have prepared trading and cash flow forecasts for the period ended December 2026, against which the impact of various sensitivities have been considered covering the level of cash receipts (we have sensitised cash collections by 5% and 10% with and without management intervention which included a reduction in the volume of work taken on). We note earlier that there is no certainty that a settlement in favour of Bond Turner's clients will be reached in any of the emissions class actions currently ongoing, nor is there any guarantee that such a settlement would include financial compensation. The timeline for progress towards conclusion of the litigation is also unclear and no assumptions as to revenue have been included in the Board's internal forecasts for 2024 or 2025.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

1. Basis of Preparation and Principal Activities continued

Working capital management is considered to be the most critical aspect of the Group's assessment. 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 portfolio of emissions claims currently ongoing. 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.

New/amended accounting standards

Detailed below are the new and amended standards which became effective for the Group on 1 January 2023. None have had a material effect on the Financial Statements:

- IFRS 17 Insurance Contracts.
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12.
- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

None of the standards, interpretations and amendments which are effective for periods beginning on or after 1 January 2024 and which have not been adopted early, are expected to have a material effect on the Financial Statements, these included:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Non-current Liabilities with Covenants (Amendments to IAS 1).

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 two distinct reportable segments, these are reported and monitored to the Board as part of our internal processes, which include those of credit hire and legal services, from which we have extracted and voluntarily reported separate information for the housing disrepair division.

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; and
- other legal services covering large loss, clinical and professional negligence and housing disrepair.

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 three types of services:

- Claims associated with a road traffic accident or credit hire;
- housing disrepair; and
- large loss claims, together with clinical and professional negligence claims (non-credit hire 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.

Disbursements recovered in pursuit of a claim are not recognised as revenue in profit or loss on the basis that the Group 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 amortised cost after making adjustment to the gross claim value to reflect expected settlement amounts, including allowance for discounts (constraints of revenue), and then less impairment and expected credit losses based upon a review of the aging of the individual balances and historical collection rates. Management consider the critical factor in recovery of receivables to be the ageing and size of the case; as cases age, the risk of credit loss increases as supported by historical information and a review of active ongoing cases. Credit risk is the risk that an individual claim is never collected. Cases are therefore provided for based on ageing criteria, albeit a select number of aged cases have not been provided for due to having confirmed settlements as at the year end. A simplified approach is applied which uses a life-time expected loss allowance and applies to all trade receivables and accrued income. The application requires groupings by reference to shared characteristics and adjustments to historical loss rates to reflect current and forward-looking factors expected to affect collections.

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.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

2. Accounting Policies continued

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 often 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 four 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 from 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

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

2. Accounting Policies continued

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. 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 statement of cash flows 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.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, 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.

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 and accrued income at the year end, and therefore a risk that some of these balances may be impaired or irrecoverable. The Group applies its policy for accounting for impairment of these trade receivables and accrued income as well as expected credit losses whereby debts are assessed and provided against when the recoverability of these balances is considered to be uncertain and hence the balances reported at the year-end are at risk of change. This requires the use of estimates based on historical claim and collection information.

Revenue is accrued on a daily basis, after adjustment on a portfolio basis for an estimation of the recovery of credit hire charges based on historical settlement rates. While historical settlement rates form the basis, these are then considered in light of expected settlement activity. This policy also assumes that claims which have settled historically are representative of the trade receivables and accrued income in the balance sheet. This assumption represents a significant judgement. The overall settlement 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 the claim recovered is known.

Due the factors described above, determining the settlement adjustment to revenue, accrued income and trade receivables involves a high degree of estimation uncertainty which could result in a range of values of adjustment which vary by multiples of materiality. The settlement percentages are sensitive to these estimates. If the settlement percentages applied in calculating revenue were reduced by 1% it would reduce credit hire revenue and trade receivables and accrued income (£63.1 million and £157.8 million respectively) by £2.6 million. (2022: by £2.7 million, credit hire revenue being £74.7 million and trade receivables and accrued income £144.1 million). The Board consider that these estimates are subject to variation which may vary from between 1% and 6% (at 6% credit hire revenue and trade receivables and accrued income would reduce by £15.8 million). A 6% reduction is an approximation that is consistent with the period over the pandemic where settlements were lower due to courts being closed. This is considered to be a cautious downside based on more recent settlement experience and operational changes to the business to facilitate improvements in settlement rates and period.

Legal Services

The Group carries an element of accrued income for legal costs, the valuation of which reflects the estimated level of recovery on successful settlement by reference to 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.

Embedded Derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

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, emissions 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 (which includes those associated with the fees associated with emissions class actions), 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:

	2023 £'000s	2022 £'000s
Credit Hire	60,778	74,681
Legal Services	88,556	63,648
	149,334	138,329

Within Note 5 – Segmental Analysis we have extracted data associated with housing disrepair from within Legal Services, as this department is contributing an increasing level of activity and performance to that segment, currently large loss and income generated from the agreement of the Emissions Case is included within Legal Services.

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 2022 or 2023. The whole of the revenue is attributable to activities carried out in the United Kingdom. No disclosure is made of the transaction price allocated to partially unsatisfied performance obligations in respect of the provision of legal services at the end of the reporting period as the transaction price has been constrained to the minimum amount that the Group has a legal right to receive nor in respect of credit hire contracts as these have an expected contract duration of one year or less.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

4. Revenue continued

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:

	2023 £'000s	2022 £'000s
Net Trade Receivables (see Note 16)	159,537	165,368
Accrued Income	70,091	54,778
	229,628	220,146

The accrued income 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 trade 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, which includes the large loss department and any balance or trading associated with emissions.

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 2023				
	Credit Hire £'000s	Other Legal Services* £'000s	Housing Disrepair* £'000s	Group & Central Costs £'000s	Consolidated £'000s
Revenues					
Third party	60,778	75,875	12,681	-	149,334
Total revenues	60,778	75,875	12,681	-	149,334
Profit before taxation	6,580	13,048	6,416	(3,004)	23,040
Net cash (used in)/generated from operations	11,434	5,642	3,067	(2,752)	17,391
Depreciation, amortisation and gain on disposal of property, plant and equipment	8,076	1,432	-	-	9,508
Non current assets	10,595	5,250	-	-	15,845
Segment assets	177,346	68,131	12,454	766	258,697
Capital expenditure	872	405	-	-	1,277
Segment liabilities	58,223	38,261	-	2,514	98,998

Year ended 31 December 2022

	Credit Hire £'000s	Other Legal Services* £'000s	Housing Disrepair* £'000s	Group & Central Costs £'000s	Consolidated £'000s
Revenues					
Third party	74,681	54,311	9,337	-	138,329
Total revenues	74,681	54,311	9,337	-	138,329
Profit before taxation	8,887	13,220	4,694	(2,708)	24,093
Net cash from operations	(2,310)	1,210	258	(2,290)	(3,132)
Depreciation, amortisation and gain on disposal of property, plant and equipment	9,271	1,282	-	-	10,553
Non current assets	9,896	5,016	-	-	14,912
Segment assets	174,503	58,562	8,084	5,690	246,839
Capital expenditure	980	206	-	-	1,186
Segment liabilities	66,507	33,985	-	-	100,492

* Other Legal Services, housing disrepair and large loss, are subsets of Legal Services. We have however, distinguished the performance of housing disrepair from within Legal Services as this department of the Legal Services segment is an area where the Group is investing heavily, is a focus for the Group at present and into the future and allows readers of the financial statements to understand the contribution housing disrepair has to the overall Group performance. The housing disrepair division continues to grow and as the results become more significant to the overall Group performance this division may well become a reportable segment, in accordance with IFRS 8, in its own right, this could be reported in the 2024 financial statements.

6. Expenses by Nature

Cost of sales are comprised of:	2023 £'000s	2022 £'000s
Staff costs	2,472	3,839
Other cost of sales	28,411	28,714
	30,883	32,553

Other cost of sales primarily arise from within the Credit Hire division and include vehicle related costs including insurance, commissions and marketing fees, maintenance costs, fuel and other direct costs associated with the management of the fleet.

Administrative expenses (before share based payments) are comprised of:	2023 £'000s	2022 £'000s
Staff costs	38,052	36,151
Other administrative expenses	31,118	28,831
	69,170	64,982

Notes to the Consolidated Financial Statements

 continued
for year ended 31 December 2023

7. Operating Profit

Operating profit is arrived at after/(crediting):

	2023 £'000s	2022 £'000s
Depreciation on owned assets	810	750
Depreciation on right of use assets	7,915	9,981
Amortisation	69	117
Increase in provision for impairment of trade receivables	3,489	5,422
Share based payment credit	-	(175)
Loss/(gain) on disposal of property, plant and equipment	714	(295)

There were no non-recurring costs in the year ended 31 December 2023 or 2022.

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

	2023 £'000s	2022 £'000s
Audit services		
Audit of the Company and the consolidated financial statements	90	70
Audit of the Company's subsidiaries	220	170
Total audit fees	310	240
All other services	-	-
Total fees payable to the Company's auditor	310	240

8. Finance Costs

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

	2023 £'000s	2022 £'000s
Finance costs		
Interest on lease liabilities	1,143	1,100
Interest expense on other financing liabilities	15,590	5,200
Other interest payable	-	23
Total finance costs	16,733	6,323

9. Staff Costs

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

	2023 £'000s	2022 £'000s
Wages and salaries	36,196	35,643
Social security costs	3,685	3,756
Pension costs, defined contribution scheme	643	591
	40,524	39,990
Split as follows:		
Cost of sales	2,472	3,839
Administrative costs	38,052	36,151
	40,524	39,990

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

	2023 No	2022 No
Distribution staff	65	101
Administrative staff	898	896
	963	997

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 50 to 53. The key management remuneration for the year was as follows:

	2023 £'000s	2022 £'000s
Wages and salaries	4,003	3,288
Social security costs	484	438
Pension costs, defined contribution scheme	53	11
Share based payments	-	(43)
Total employee benefits	4,540	3,694

In respect of the highest paid Director:

	2023 £'000s	2022 £'000s
Remuneration	797	1,085
Pension contributions	16	-

In respect of the Directors:

	2023 £'000s	2022 £'000s
Aggregate emoluments	2,781	2,247
Aggregate amounts receivable under LTIP	-	1,330
Total Directors' benefits	2,781	3,577
Number of Directors accruing benefits under money purchase/defined contribution pension schemes	5	4

11. Corporation Tax

Tax charged to profit or loss is as follows:

	2023 £'000s	2022 £'000s
Current taxation		
UK corporation tax	7,919	4,616
	7,919	4,616
Deferred taxation		
Arising from the origination and reversal of temporary differences	-	-
	7,919	4,616

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

11. Corporation Tax continued

The actual tax charge is higher (2022: higher) than the standard rate of corporation tax in the UK applied to the profit before tax.

The differences are reconciled below:

	2023 £'000s	2022 £'000s
Profit before tax	23,040	24,093
Corporation tax at standard rate (23.5%) (2022: 19%)	5,412	4,560
Effect of expenses not deductible for tax purposes	2,517	65
Effect of capital allowances and depreciation	(10)	(9)
Total tax charge	7,919	4,616

12. Earnings Per Share

	2023 No.	2022 No.
Number of shares:		
Weighted number of Ordinary Shares outstanding	117,990,294	117,492,721
Effect of dilutive options	-	-
Weighted number of Ordinary Shares outstanding - diluted	117,990,294	117,492,721

	£'000s	£'000s
Earnings:		
Profit basic and diluted	15,121	19,477
Profit adjusted and diluted	15,121	19,302

	Pence	Pence
Earnings per share:		
Basic earnings per share	12.8	16.6
Adjusted earnings per share	12.8	16.5
Diluted earnings per share	12.8	16.6
Adjusted diluted earnings per share	12.8	16.5

The adjusted profit after tax for 2023 and adjusted earnings per share are shown before share-based payment credit of £Nil million (2022: Credit of £0.2 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 2023 totalled £1.77 million and in 2022 totalled £1.18 million. The Group did not pay/paid an interim dividend in relation to 2023 (2022: nil per share).

The Board is pleased to propose a final dividend of 1.5p per share (£1.8 million), which if approved at the Annual General Meeting to be held on 18 June 2024 will be paid on 28 June 2024 to those shareholders on the register at the close of business on 31 May 2024. The shares will become ex-dividend on 30 May 2024 (2022: total dividend 1.5p per share, £1.8 million). The aggregate amount expected to be paid, but not recognised as a liability at the reporting date, is £1.8 million (2022: £1.8 million).

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 2022	29,644	494	3,125	629	33,892
Additions	7,026	143	319	289	7,777
Disposals	(8,684)	-	-	-	(8,684)
At 31 December 2022	27,986	637	3,444	918	32,985
Additions	10,920	-	401	273	11,594
Disposals	(12,148)	(409)	(160)	(408)	(13,125)
At 31 December 2023	26,758	228	3,685	783	31,454
Depreciation					
At 1 January 2022	12,748	322	1,418	437	14,925
Charge for year	9,981	35	596	119	10,731
Eliminated on disposal	(7,400)	-	-	-	(7,400)
At 31 December 2022	15,329	357	2,014	556	18,256
Charge for the year	7,915	36	634	140	8,725
Eliminated on disposal	(10,372)	(333)	(121)	(400)	(11,226)
At 31 December 2023	12,872	60	2,527	296	15,755
Carrying amount					
At 31 December 2023	13,886	168	1,158	487	15,699
At 31 December 2022	12,657	280	1,430	362	14,729

Motor Vehicles are all financed and as such 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 2022	4,150	12,746	16,896
Depreciation charge for the year	(820)	(9,161)	(9,981)
Additions to right-of use assets	-	7,026	7,026
Disposals of right-of-use assets	-	(1,284)	(1,284)
At 31 December 2022	3,330	9,327	12,657
Depreciation charge for the year	(1,095)	(6,820)	(7,915)
Additions to right-of-use assets	-	10,920	10,920
Disposals of right-of-use assets	-	(1,776)	(1,776)
At 31 December 2023	2,235	11,651	13,886

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

15. Intangibles Intangible Assets

	Software licences £'000s
Cost	
At 1 January 2022	452
Additions	-
At 31 December 2022	452
Additions	32
At 31 December 2023	484
Amortisation	
At 1 January 2022	264
Charge for year	117
At 31 December 2022	381
Charge for the year	69
At 31 December 2023	450
Carrying amount	
At 31 December 2023	34
At 31 December 2022	71

Software licence assets relate to investments made in third-party software packages, and directly attributable external personnel costs in implementing those platforms.

The amortisation charge is recognised in administration costs in the income statement.

16. Trade and Other Receivables

	2023 £'000s	2022 £'000s
Gross claim value (invoiced)	386,286	393,560
Settlement adjustment on initial recognition	(205,937)	(203,518)
Trade receivables before impairment provision and expected credit loss	180,349	190,042
Provision for impairment of trade receivables	(20,812)	(24,674)
Net trade receivables	159,537	165,368
Accrued income	70,091	54,778
Prepayments	1,407	1,603
Tax and social security	449	-
Other receivables	2,925	523
	234,409	222,272

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 27. When measuring revenue, an adjustment is made to the gross value of a claim to reflect the expected settlement which is supported by historical and relevant forward-looking data. Whilst credit risk is considered to be low, the market risks inherent in the business pertaining to the nature of legal and court cases and ageing thereof is a significant factor in the valuation of trade receivables. Accrued income, which is stated net of allowances for credit loss, includes the value of hires that have not yet been invoiced, legal fees in respect of hires that have not yet reached a conclusion and fees in respect of other client cases where liability has been admitted and collection of revenue is considered probable. The increase in the year reflects the increase in claim volumes accepted in respect of credit hire, housing disrepair and large loss.

Average gross debtor days calculated on a count back basis were 475 at 31 December 2023 and 464 at 31 December 2022.

Age of net trade receivables

	2023 £'000s	2022 £'000s
Within 1 year	84,652	92,497
1 to 2 years	42,406	39,606
2 to 3 years	19,258	18,259
3 to 4 years	9,976	12,251
Over 4 years	3,245	2,755
	159,537	165,368
Average age (days)	475	464

The provision for impairment of trade receivables is the difference between the carrying value and the present value of the expected proceeds taking into account the credit risk associated with non-collection. 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

	2023 £'000s	2022 £'000s
Opening balance	24,674	27,360
Increase in provision	3,489	5,422
Utilised in the year	(7,351)	(8,108)
Closing Balance	20,812	24,674

17. Cash and Cash Equivalents

	2023 £'000s	2022 £'000s
Cash at bank	8,443	9,049
	8,443	9,049

18. Share Capital and Reserves

	2023 £'000s	2022 £'000s
Share capital - allotted, called up and fully paid 118 million Ordinary Shares of 0.05 pence each (2022: 118 million Ordinary Shares of 0.05 pence each)	59	59
Share premium	16,161	16,161

Share capital

On 6 April 2022, the Company issued 1,990,294 Ordinary Shares of 0.05 pence each exchanging these for C shares in Edge Vehicles Rentals Group Limited in settlement of the MIP (see Note 19).

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 ten 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.

Notes to the Consolidated Financial Statements continued

for year ended 31 December 2023

18. Share Capital and Reserves continued

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:

	2023 £'000s	2022 £'000s
Opening balance	-	2,077
Credit arising during the year	-	(175)
Transfer of share-based payment reserve	-	(1,902)
Closing balance	-	-

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 were granted C Ordinary Shares in the EVRGL which were exchanged for Anexo Group Plc shares on achievement of the associated performance targets, the scheme vesting in 2022 and the shares were issued to individuals on 6 April 2022. As at 31 December 2023 there were £Nil MIP awards outstanding (2022: £Nil).

The Group recognised a total credit of £Nil during the year (2022: credit of £175,000) relating to equity-settled share-based payments.

20. Borrowings

	2023 £'000s	2022 £'000s
Non-current loans and borrowings		
Lease liabilities	7,968	7,176
Revolving credit facility	-	10,000
Other borrowings	15,000	15,000
	22,968	32,176
Current loans and borrowings		
Lease liabilities	6,347	6,403
Invoice discounting facility	27,858	30,562
Revolving credit facility	10,000	-
Other borrowings	9,212	13,032
	53,417	49,997
Total borrowings	76,385	82,173

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 2023, Direct Accident Management Limited has availability within the invoice discounting facility of £2.3 million (2022: £0.9 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 and fully repaid during 2023.

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, with a cross company guarantee provided by Anexo Group Plc. The loan is structured as a revolving credit facility which is committed for a three-year period, until 13 October 2024, with no associated repayments due before that date. Interest is charged at 3.25% over the Respective Rate. The facility was fully drawn down as at 31 December 2023 and 2022.

In July 2020 Anexo Group Plc secured a loan of £2.1 million from a specialist funder to support the investment in marketing costs associated with the Emissions Case. The terms of the loan are that interest accrues at the rate of 10% per annum and on successful settlement the funders receive a share of the proceeds, with maturity three years from the date of receipt of funding. The loan, interest and a share of the settlement proceeds were repaid during the year, the total balance outstanding at 31 December 2023 was £Nil (2022: £2.8 million).

In November 2021 a further £3.0 million loan was sourced from certain of the principal shareholders and Directors of the Group to support the investment in 2023 of the Mercedes Benz emissions claim. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity two 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. Having reached an agreement in the Emissions Case, the loan, interest and share of proceeds was repaid in the period to 30 June 2023 with any residual amount due upon successful conclusion of the Mercedes Benz Emissions Claim.

In March 2022 the Group secured a loan of £7.5 million from Blazehill Capital Finance Limited, with an additional £7.5 million drawn in September 2022, the total balance drawn at 31 December 2022 and 2023 was £15.0 million. The loan is non amortising and committed for a three-year period. Interest is charged and paid monthly at 13% above the central bank rate. The facility is secured by way of a fixed charge dated 29 March 2022, over all present and future property, assets and rights (including uncalled capital) of Direct Accident Management Limited, with a cross company guarantee provided by Anexo Group Plc.

In October 2022, the Group secured a loan of £4.7 million from Premium Credit, the loan is unsecured and amortising over a 12-month period, the loan was fully repaid during 2023.

In June 2023 a loan of £2.8 million was sourced from a specialist funder and certain of the principal shareholders and Directors of the Group to support the ongoing investment in 2023 in emissions opportunities. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity two years from the date of receipt of funding. In addition to the interest charges the loan attracts a share of the proceeds generated for the Group. The total balance outstanding at 31 December 2023 was £2.8 million (2022: £Nil).

In August 2023, the Group secured a loan of £4.6 million from Premium Credit, the loan is unsecured and amortising over a 12-month period. At 31 December 2023 the amount outstanding was £2.8 million (2022: £Nil).

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.

The Group's banking arrangements provided by Secure Trust Bank Plc, HSBC Bank Plc and Blazehill Capital Limited are subject to monitoring through financial performance measures or covenants.

The Secure Trust facility include the following covenants, all of which are tested monthly:

- A number of individual measures focused on the relationship between cash collections and funding levels
- Settlement rates
- Hire periods
- Disbursement spending
- Vehicle numbers and utilisation

The Blazehill facility includes the following covenants, all of which are tested monthly:

- Group EBITDA to be not less than 80% of forecast
- Cash collections to be not less than 80% of forecast
- Investment in Group capex to not exceed 120% of forecast (testing over a rolling twelve months)
- Minimum group liquidity to exceed £2.8 million at any time

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20. Borrowings continued

The HSBC facility includes the following covenants, which are tested quarterly for a rolling 12-month period on the results for Bond Turner Limited:

- Interest cover (the relationship between EBITDA and finance charges) to exceed four times
- Leverage (being the relationship between EBITDA and net debt) to exceed two times

In the early part of the year, one particular measures and covenant within the Secure Trust facility surrounding the average hire period, was breached, the average period extended beyond the measure, a positive for the Group. Formal waiver was received and the measure increased from that date. A facility from Secure Trust of £40.0 million at 31 December 2023 (2022: £40.0 million) was already classified as repayable on demand so was not impacted. There were no such breaches within either of the Blaze Hill or HSBC facilities, all such covenants being met during the year.

Changes in liabilities arising from financing activities

	Invoice discounting facility £'000s	Lease liabilities £'000s	Other borrowings £'000s	Total borrowings £'000s
Balance at 1 January 2022	29,258	17,263	23,055	69,576
Cash flows				
Proceeds from new loans	1,304	-	23,126	24,430
Repayment of borrowings	-	-	(8,749)	(8,749)
Capital element of lease payments	-	(10,275)	-	(10,275)
Non-cash changes *	-	6,591	600	7,191
Balance at 31 December 2022	30,562	13,579	38,032	82,173
Cash flows				
Proceeds from new loans	-	-	20,409	20,409
Repayment of borrowings	(2,704)	-	(24,228)	(26,932)
Capital element of lease payments	-	(9,153)	-	(9,153)
Non-cash changes *	-	9,888	9,888	9,888
Balance at 31 December 2023	27,858	14,314	34,213	76,385

* This balance includes £9.9 million (2022: £6.6 million) of new vehicle leases entered into during the year and included in debt under IFRS 16.

21. Deferred Tax

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

	2023 £'000s	2022 £'000s
Total		
Balance brought forward	80	80
Credit/(charge) to profit or loss	-	-
Total deferred tax asset/(liability) at end of period	80	80

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

	2023 £'000s	2022 £'000s
Included in non-current assets	112	112
Included in non-current liabilities	(32)	(32)
Credit/(charge) to profit or loss	-	-

There is no unrecognised deferred tax in the current period for the Group (2022: £Nil).

Deferred taxes at 31 December 2023 and 31 December 2022 have been measured using the enacted tax rates at that date and are reflected in these financial statements on that basis. Following the March 2021 Budget, the tax rate effective from 1 April 2023 increased from 19% to 25%.

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:

	2023 £'000s	2022 £'000s
Total lease liabilities		
Not later than 1 year	6,955	7,727
Later than 1 and not later than 5 years	7,112	5,443
Over 5 years	1,634	1,949
	15,701	15,119
Future interest	(1,387)	(1,540)
	14,314	13,579

The carrying value of those assets reported as right of use are reported in Note 14. The following relates to lease liabilities.

	2023 £'000s	2022 £'000s
Total lease liabilities		
Depreciation charge	7,915	9,981
Interest expense	1,143	1,100
Total cash outflows (capital and interest)	10,296	11,375

23. Pension and Other Schemes

The Group operates a defined contribution pension scheme which is available to all employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £643,000 (2022: £591,000).

24. Trade and Other Payables

	2023 £'000s	2022 £'000s
Trade payables	5,924	3,266
Accruals and deferred income	5,523	4,358
Social security and other taxes	2,221	3,305
Other payables	1,143	2,296
	14,811	13,225

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 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

The following related party transactions were undertaken during the period:

At the reporting date £250,000 in loan liabilities were due to a company connected through common directorship (2022: £Nil) and a further £1,050,000 in loan liabilities due to certain Directors of the Company. The loans are unsecured and interest is accruing at the rate of 10% per annum. Further details are included in Note 20.

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25. Related Party Disclosures continued

At the reporting date £Nil in loan liabilities were due to certain Directors of the Company (2022: £1,250,000), in addition a further £Nil in loan liabilities were due to a company controlled by a Director (2022: £1,250,000). The loans are unsecured and interest is payable quarterly at the rate of 10% per annum. Further details are included in Note 20. Including accrued interest, the total amounts outstanding at 31 December 2023 totalled £Nil (2022: £2.8 million). Repayments of capital in the year totalled £2.8 million (2022: £Nil).

During the year the group incurred consulting costs from a company controlled by a member of key management personnel to the value of £255,000 (2022: £50,000). At the end of 2023 £51,000 was outstanding (2022: £Nil). This transaction is deemed to have been at arms length.

The Group had historically entered into formal leases and occupied premises owned by a director. Service charges of £105,000 (2022: £115,000) were charged. At the reporting date the amounts due to the director were £8,000 (2022: £Nil).

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.

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

Loans and receivables

	Held at amortised cost	
	2023 £'000s	2022 £'000s
Cash and cash equivalents	8,443	9,049
Trade and other receivables	159,537	165,891
Accrued income	70,091	54,778
	238,071	229,718

Financial liabilities

	Held at amortised cost	
	2023 £'000s	2022 As restated £'000s
Trade and other payables	12,590	9,920
Borrowings	76,385	82,173
	88,975	92,093

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 on the opposite page.

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.

Credit risk is the risk that individual claims are never settled due to their age or disputes regarding the veracity of the claim. Provision is made for the proportion of claims that are expected to grow old or be closed without ever being collected. 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.

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 undiscounted contractual maturities of financial liabilities and the associated interest incorporated:

	Up to 12 months £'000s	Between 2 and 5 years £'000s	Over 5 years £'000s	Total £'000s
At 31 December 2023				
Trade and other payables	12,590	-	-	12,590
Loans and borrowings including lease liabilities	51,911	24,871	1,634	78,416
Total	64,501	24,871	1,634	91,006
	Up to 12 months £'000s	Between 2 and 5 years £'000s	Over 5 years £'000s	Total £'000s
At 31 December 2022 (as restated)				
Trade and other payables	9,920	-	-	9,920
Loans and borrowings including lease liabilities	36,061	52,203	2,135	90,399
Total	45,981	52,203	2,135	100,319

Fair value

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

As described in note 3, the Directors concluded that the fair value of derivatives embedded in certain loan agreements (note 20) to be immaterial. Fair value was assessed using unobservable inputs for the liability (level 3).

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. Post balance sheet events

On 24 April 2024 Mark Bringloe was appointed as permanent Chief Financial Officer.

Company Statement of Financial Position

as at 31 December 2023

Assets	Note	2023 £'000s	2022 £'000s
Non-current assets			
Investments in subsidiaries	4	91,902	91,902
Trade and other receivables	5	17,682	-
		109,584	91,902
Current assets			
Trade and other receivables	5	509	20,459
Corporation tax recoverable		1,161	606
Cash and cash equivalents		217	4,816
		1,887	25,881
Total assets		111,471	117,783
Equity and liabilities			
Equity			
Share capital	8	59	59
Share premium	8	16,196	16,196
Merger reserve	8	89,924	89,924
Share based payment reserve	8	-	-
Retained earnings		(1,782)	1,362
Equity attributable to the owners of the Company		104,397	107,541
Current liabilities			
Borrowings	7	2,760	9,858
Trade and other payables	6	4,314	384
		7,074	10,242
Total liabilities		7,074	10,242
Total equity and liabilities		111,471	117,783

The Company's result for the year ended 31 December 2023 was a loss of £1.4 million (2022: Loss of £2.5 million). The notes on pages 90 to 95 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2024. They were signed on its behalf by:

Mark Bringlee
Chief Financial Officer

30 April 2024

Company Number 11278719

Company Statement of Changes in Equity

for the period ended 31 December 2023

	Share Capital £'000s	Share Premium £'000s	Merger Reserve £'000s	Share Based Payment Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 1 January 2022	58	16,196	89,924	2,077	3,143	111,398
Issue of share capital	1	-	-	-	-	1
Loss for the year and total comprehensive income	-	-	-	-	(2,503)	(2,503)
Share based payment credit	-	-	-	(175)	-	(175)
Transfer of share-based payment reserve	-	-	-	(1,902)	1,902	
Dividends	-	-	-	-	(1,180)	(1,180)
At 31 December 2022	59	16,196	89,924	-	1,362	107,541
Loss for the year and total comprehensive income	-	-	-	-	(1,375)	(1,375)
Dividends	-	-	-	-	(1,769)	(1,769)
At 31 December 2023	59	16,196	89,924	-	(1,782)	104,397

Notes to the Company Financial Statements

for year ended 31 December 2023

1. Significant Accounting Policies

Basis of preparation

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 and 2 to the consolidated financial statements except that investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Impairment of amounts due from subsidiaries

Amounts due from subsidiaries are considered to have low credit risk, and the loss allowance recognised during the period is therefore limited to 12 months expected credit losses. Management consider 'low credit risk' to be when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. No expected credit loss has been recognised as the amount is considered to be immaterial.

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;
- disclosure of key management compensation;
- 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 £90,000 (2022: £70,000).

3. Staff Costs

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

	2023 £'000s	2022 £'000s
Wages and salaries	2,461	2,401
Social security costs	315	344
Pension costs, defined contribution scheme	40	9
	2,816	2,754

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

	2023 No	2022 No
Administrative staff	11	7
	11	7

In respect of the highest paid Director:

	2023 £'000s	2022 £'000s
Remuneration	797	1,085
Pension contributions	16	-
	813	1,085

Further details of the costs of the Directors of the Company and the highest paid Directors are included in the Remuneration Committee Report on pages 50 to 53. Note the remuneration of the highest paid Director in 2023 includes £Nil relating to the issue of shares under the MIP (2022: £665,000).

4. 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	Maurant 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	Admiralty House Ringtail Road, Burscough Industrial Estate, Ormskirk, United Kingdom, L40 8JY	UK	100%
Professional and Legal Services Limited	Medico legal business	Admiralty House Ringtail Road, Burscough Industrial Estate, Ormskirk, United Kingdom, L40 8JY	UK	100%
IGCA 2013 Limited	Administrators for ATE insurers	The Plaza, 100 Old Hall Street, Liverpool, Merseyside, L3 9QJ	UK	100%
AMS Legal Services Limited	Dormant	The Plaza, 100 Old Hall Street, Liverpool, Merseyside, L3 9QJ	UK	100%

Notes to the Company Financial Statements continued

for year ended 31 December 2023

4. Details of Related Undertakings continued

All shares held by the Company are ordinary equity shares, the percentage holding representing voting rights. The ownership of Edge Vehicles Rentals Group Limited and Bond Turner Limited by Anexo Group Plc is direct, ownership of the other subsidiary companies is indirect.

Professional and Legal Services Limited and IGCA 2013 Limited have taken the subsidiary exemption from audit in respect of the year ended 31 December 2023 and 2022 under section 479A of the Companies Act 2006.

Investments in subsidiaries during the year was as follows:

	£'000s
Cost	
At 1 January 2022	102,077
Additions	(175)
At 31 December 2022	101,902
Reversal of share-based payment charge contribution	-
At 31 December 2023	101,902
Impairment	
At 1 January 2022	10,000
Impairment in the year	-
At 31 December 2022	10,000
Impairment in the year	-
At 31 December 2023	10,000
Net Book Value	
At 31 December 2023	91,902
At 31 December 2022	91,902

Management undertake an annual impairment review into the carrying value of the investment in subsidiaries.

The review considered the recoverable amount using a value in use calculation by reference to Board approved financial forecasts of the subsidiaries for the period to 2026. The Directors concluded the recoverable amount was higher than the carrying amount and that there was no impairment to the values reported above.

5. Trade and Other Receivables - Due Within One Year

	2023 £'000s	2022 £'000s
Other receivables	60	228
Tax and social security	449	-
Amounts due from subsidiary undertakings	-	20,231
	509	20,459

Trade and Other Receivables - Due After One Year

	2023 £'000s	2022 £'000s
Amounts due from subsidiary undertakings	17,682	-

The amounts due from subsidiary undertakings included in trade receivables are unsecured, non-interest bearing and repayable on demand. During the year, the Directors reassessed the expected timing of repayment and concluded that they should be classified as being non-current.

6. Trade and Other Payables

	2023 £'000s	2022 £'000s
Trade payables	45	77
Other tax and social security	8	30
Accruals	822	277
Other payables	42	-
Amounts due to subsidiary undertakings	3,397	-
	4,314	384

The amounts due from subsidiary undertakings included in trade receivables are unsecured, non-interest bearing and repayable on demand.

7. Borrowings

In July 2020 Anexo Group Plc secured a loan of £2.1 million from a specialist funder to support the investment in marketing costs associated with the Emissions Case. The terms of the loan are that interest accrues at the rate of 10% per annum plus on success a share of the proceeds, with maturity three years from the date of receipt of funding. The loan, interest and a share of the settlement proceeds were repaid during the year, the total balance outstanding at 31 December 2023 was £Nil (2022: £2.8 million).

In November 2021 a further £3.0 million loan was sourced from certain of the principal shareholders and Directors of the Group to support the investment in 2023 of the Mercedes Benz emissions claim. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity two 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. Having reached an agreement in the Emissions Case, the loan, interest and share of proceeds was repaid in the period to 30 June 2023 with any residual amount due upon successful conclusion of the Mercedes Benz Emissions Claim.

In October 2022, the Group secured a loan of £4.7 million from Premium Credit, the loan is unsecured and amortising over a 12-month period. At 31 December 2023 the amount outstanding was £Nil (2022: £3.7 million).

In August 2023, the Group secured a loan of £4.6 million from Premium Credit, the loan is unsecured and amortising over a 12-month period. At 31 December 2023 the amount outstanding was £2.8 million (2022: £Nil).

In June 2023 a loan of £2.8 million was sourced from a specialist funder and certain of the principal shareholders and Directors of the Group to support the ongoing investment in 2023 in emissions opportunities. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity two years from the date of receipt of funding. In addition to the interest charges the loan attracts a share of the proceeds generated for the Group. The total balance outstanding at 31 December 2023 was £2.8 million (2022: £Nil).

Notes to the Company Financial Statements continued

for year ended 31 December 2023

8. Share Capital and Reserves

	2023 £'000s	2022 £'000s
Share capital – allotted, called up and fully paid		
118 million Ordinary Shares of 0.05 pence each (2022: 116 million Ordinary Shares of 0.05 pence each)	59	59
Share premium	16,196	16,196

Share capital

On 6 April 2022, the Company issued 1,990,294 Ordinary Shares of 0.05 pence each exchanging these for C shares in Edge Vehicles Rentals Group Limited in settlement of the MIP (see Note 19).

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. Subsequent to the year end, the Company received dividend income from a subsidiary undertaking of £10.0 million which created distributable reserves for onward distribution.

9. Related Party Transactions

Details of the Company's interests in subsidiaries, who are regarded as related parties, are provided in Note 4. Transactions during the year with subsidiaries are summarised below:

	Management charges £'000s	Interest charges £'000s
2023	1,800	-
2022	1,800	-

At the reporting date £250,000 in loan liabilities were due to a company connected through common directorship (2022: £Nil) and a further £1,050,000 in loan liabilities due to certain Directors of the Company. The loans are unsecured and interest is accruing at the rate of 10% per annum.

At the reporting date £Nil in loan liabilities were due to certain Directors of the Company (2022: £1,250,000), in addition a further £Nil in loan liabilities were due to a company connected through common directorships (2022: £1,250,000). The loans are unsecured and interest is payable quarterly at the rate of 10% per annum. Further details are included in Note 20. Including accrued interest, the total amounts outstanding at 31 December 2023 totalled £Nil million (2022: £2.8 million). Repayments in the year totalled £2.8 million (2022: £Nil).

Amounts due from subsidiaries at 31 December 2023 and 31 December 2022 are included in Note 5. Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Contingent Liability

The Company has provided security through a cross company guarantee to support:

- the loan drawn by Bond Turner Limited, a subsidiary. The value of the loan at the year-end was £10.0 million (2022: £10.0 million);
- the amount drawn by Direct Accident Management Limited and Professional and Legal Services Limited under the Secure Trust Bank plc invoice discounting facility. The amounts drawn under this agreement totalled £27.9 million at the year-end (2022: £30.6 million); and
- the amount drawn by Direct Accident Management Limited under the Blaze Hill Capital facility. The amounts drawn under this agreement totalled £15.0 million at the year-end (2022: £15.0 million).

Company Information

Directors	<p>Alan Sellers</p> <p>Mark Bringloe (appointed 22 August 2023)</p> <p>Samantha Moss</p> <p>Dawn O'Brien</p> <p>Gary Carrington (appointed 18 April 2023)</p> <p>Christopher Houghton</p> <p>Roger Barlow</p> <p>Richard Pratt</p> <p>Saki Riffner</p> <p>Julian Addison</p> <p>Alexander Pausco (appointed 20 June 2023)</p>
Assistant Company Secretary	ONE Advisory Limited, 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT
Company Number	11278719
Registered Office	5th Floor, The Plaza, 100 Old Hall Street, Liverpool, Merseyside, United Kingdom, L3 9QJ
Nominated Advisor	WH Ireland Limited, 24 Martin Lane, London, EC4R 0DR
Joint Brokers	<p>WH Ireland Limited, 24 Martin Lane, London, EC4R 0DR</p> <p>Zeus Capital Limited, 125 Old Broad Street, London, EC2N 1AR</p>
Bankers	Royal Bank of Scotland plc, St Ann's Square, St Ann's Street, Manchester, M2 7PW
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
Registrars	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
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