

Anexo Group Plc

Annual Report and Financial Statements

Registered number 11278719

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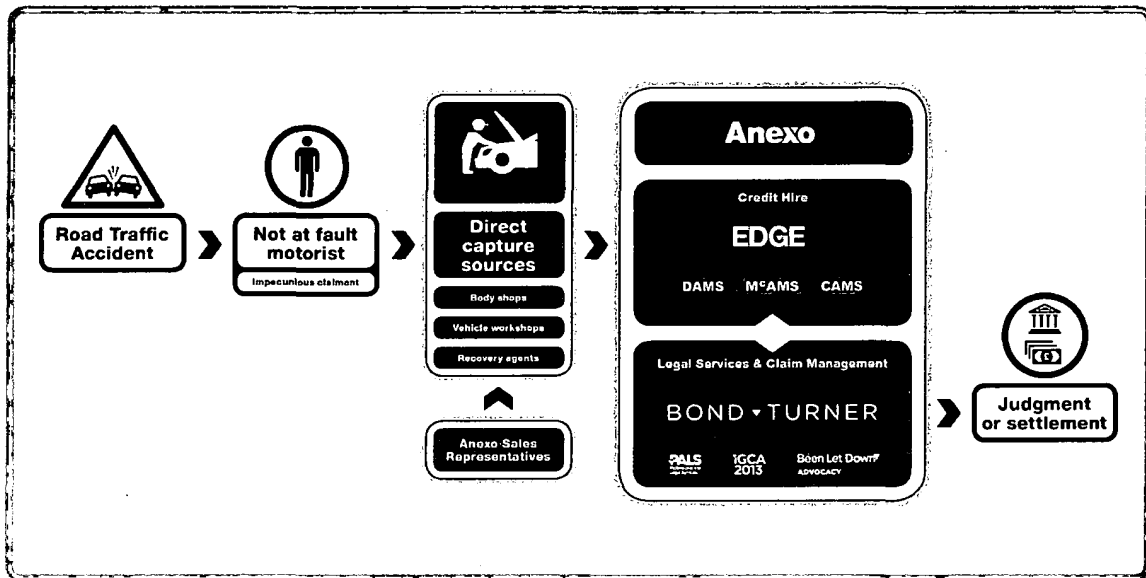
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The Anexo Group

Overview

Anexo is a specialist integrated credit hire and legal services group focused on providing replacement vehicles and associated legal services to impecunious customers who have been involved in a non-fault accident. These individuals typically do not have the financial means or access to a replacement vehicle. This allows the Group to charge credit hire rather than spot hire rates, recovering these charges from the at-fault insurer at no upfront cost to the individual alongside legal fees for the group.



The Group

The Group currently comprises four business units under the two main reporting divisions – credit hire, being the trading and balances 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 1,500 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. Bond Turner also provides advocacy which is headed by Alan Sellers with the Group utilising external barristers as necessary to support the legal process;
- Professional and Legal Services Limited – a medical legal 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.

Operational and Financial Highlights

Overview

2021 has been a year which demonstrated the resilience of the Group's business model and its ability to generate growth in the face of the continuing uncertainty caused by the COVID-19 pandemic. The Group has concentrated throughout the pandemic on the close monitoring of fleet levels within our credit hire division, EDGE, and cash collections from our legal services division, Bond Turner. The Group has also placed great emphasis on ensuring the safety of our staff whilst maintaining our service provision to those most at need. The Group's operations are categorised as essential businesses and as such have been exempt throughout the pandemic from government restrictions.

2021 began with a reduction in the number of vehicles on the road following the re-imposition of lockdown protocols at the end of 2020. January and February saw monthly declines in active fleet numbers, replicating (although to a less acute extent) the trend seen at the beginning of the first lockdown in March 2020. However, vehicle numbers began to recover in March 2021 and, following the relaxation of some restrictions on 12 April 2021, the recovery strengthened considerably. This recovery gathered momentum following the further relaxation of restrictions on 19 July 2021 and vehicle numbers rose to record levels at the end of the year. A significant element of our business supports the motorcycle courier market and the growth in home deliveries of every kind has been extremely positive for our vehicle fleet. The expansion of many courier firms to cover areas outside traditional conurbations has also led to a rise in courier numbers and a corresponding rise in the demand for replacement vehicles. The Group has continued to identify opportunities created by the withdrawal of competitors from the market, particularly in the period following the introduction of the Civil Liabilities Act in May 2021.

Whilst the results of the legal services division have improved markedly during the year, reflecting the investment in staff and infrastructure made during 2020 at a time when other firms were making redundancies and using the Government backed furlough scheme, the improvement in performance has been, and remains, impacted by the lack of judicial time available following prolonged periods of closures of the courts and the transition to virtual hearings, and as a consequence the results for the Group remain impacted by the effects of the COVID pandemic.

Whilst the courts are now open for face to face hearings, having gradually opened during the latter part of 2021, the backlog has resulted in a sharp rise in the number of scheduled cases being deferred in the days running up to the hearing, resulting in further delays. Notwithstanding these factors, recruitment of legal staff at all levels has driven improvements in performance and cash collections. Staff numbers reached 634 at the end of December 2021 (an increase of 22.4% in the year) and cash collections totalled £119.0 million (rising by 21.5% from the 2020 total). This ongoing investment in staff is expected to provide further improvements in performance and growth opportunities in 2022, especially as the courts continue their return to normal operational conditions.

The Group remains focused on growth and significant opportunities exist in 2022 to build on our successful platform. We look to the future with optimism. We have provided certain data and statistics below and on the following pages to give further detail around the trading and operational performance of the Group. The measures presented are those which management believes provide the best reflection of performance.

Operational and Financial Highlights *(continued)*

Highlights

- Revenue increased by 36.2% to £118.2 million (2020: £86.8 million)
- Operating profit reported at £27.4million (2020: £18.1 million) – an increase of 51.4% in line with updated market expectations
- Adjusted¹ operating profit before exceptional items increasing in line with revised market expectations, by 48.1% to £27.7 million (2020: £18.7 million)
- Adjusted¹ operating profit margin increased to 23.5% (2020: 21.6%)
- Profit before tax of £23.7 million (2020: £15.5 million) – an increase of 52.9%
- Adjusted¹ profit before tax and exceptional items reported at £24.1 million, (2020: £16.1 million) – an increase of 49.7% after significant investment in both principal divisions including the continued investment in staff (£7.0 million) and associated IT and infrastructure costs associated with the headcount increase (investment in 2020: £6.5 million).
- Adjusted² basic EPS at 16.8 pence (2020: 11.4 pence)
- Proposed final dividend of 1.0p per share giving a total dividend for the year of 1.5p per share (2020: 1.5p)
- Equity attributable to the owners of the Company reported at £128.2 million (2020: £110.4 million) representing an increase of 16.1%
- Reduction in net cash from operating activities reporting a net cash outflow of £7.3 million in 2021 (2020: net cash inflow: £0.2 million), to support growth and new hire contract volumes
- Net debt balance at 31 December 2021 was £62.0 million (31 December 2020: £40.5 million)

Note: The basis of preparation of the consolidated financial statements for the current and previous year is set out in the Financial Review on page 14.

1. Adjusted operating profit and profit before tax: excludes share-based payment charges in 2020 and 2021. A reconciliation to reported (IFRS) results is included in the Financial Review on page 19.

2. Adjusted EPS: adjusted PBT less tax at statutory rate divided by the weighted number of shares in issue during the year.

Financial and Operational KPIs

Headlines

- During 2021 we saw the continued improvement in a number of key performance measures (detailed below). These have resulted in a significant improvement in financial performance for the Group during the period, notwithstanding the continuing issues faced during 2021 from COVID-19. Opportunities within the Credit Hire division have never been so strong, following the introduction of the Civil Liabilities Act 2021, and the Group has deployed increasing working capital facilities and reinvested significant levels of cash collections into the new case portfolio. Consequently the number of new cases funded rose from 7,535 to 10,265, an increase of 36.2%. This investment is supported by growth in cash collections, which rose by 21.5% in the year to reach £119.0m in 2021.
- Our ability to fund growth in our core business has been supported by investment in legal staff. In 2021, the number of senior fee earners grew by 45% to reach 237 at the year end. This investment has driven increased cash collections in the year despite the challenges of the reduced operation of the court system. Much of the investment will start to impact during 2022 and beyond, reflecting the life cycle of a typical credit hire claim and the time a new starter takes to reach settlement maturity.

KPI's	2021	2020	% movement
Total revenues (£'000s)	118,237	86,752	+36.3%
Gross profit (£'000s)	91,481	67,952	+34.6%
Adjusted operating profit (£000's)	27,728	18,708	+48.2%
Adjusted operating profit margin (%)	23.5%	21.6%	+8.8%
Vehicles on hire at the year-end (no)	2,366	1,613	+46.7%
Average vehicles on hire for the year (no)	1,834	1,515	+21.1%
Number of hire cases settled	6,187	5,236	+18.2%
Cash collections from settled cases (£'000s)	119,007	97,977	+21.5%
New cases funded (no)	10,265	7,535	+36.2%
Legal staff at the period end (no)	634	518	+22.4%
Average number of legal staff (no)	590	498	+18.5%
Total senior fee earners at period end (no)	237	163	+45.4%
Average senior fee earners (no)	201	144	+39.6%

Strategic Report

Chairman's Statement

On behalf of the Board, I am pleased to report a year of significant growth by the Group in the face of considerable ongoing nationwide challenges. These results reflect our continued focus on increasing cash settlements through the expansion of our Legal Services division, while using our working capital to maximum effect to ensure growth in our Credit Hire division. This emphasis on facilitating growth led to significant increases in both cash collections and vehicle numbers, culminating in record numbers of vehicles on the road at the end of the year. We have continued to invest in our advocacy practice, particularly through our Housing Disrepair Division, and we believe the division will become a significant contributor to future revenues.

The Board continues its close monitoring of progress in our core divisions while seeking to take advantage of the significant growth opportunities which are presenting themselves as we emerge from the pandemic and believes that the Group is well positioned for further strong performance in 2022 and beyond.

Group Performance

Anexo experienced strong growth in 2021, despite the ongoing disruption caused by the ongoing COVID restrictions. Trading across our divisions has been robust and our core business has proved extremely resilient. As a result, Group revenues in 2021 increased by 36.2% to £118.2 million (2020: £86.8 million). Adjusted profit before tax rose 49.7% to £24.1 million (2020: £16.1 million), reflecting the continued investment in staff, IT and associated infrastructure costs associated with the headcount increase (investment in 2020: £6.5 million). The Group issued a trading statement on 18 January 2022 stating that profit before tax would significantly exceed market expectations.

The Group's focus on growth meant that 2021 was a period of cash absorption to take advantage of the opportunities for new contracts, as well as the ongoing withdrawal of a number of competitors from the market and the impact of the introduction of the Civil Liabilities Act, which severely curtails the ability of personal injury solicitors to recover substantial legal costs. To accommodate this growth the Group increased its available working capital facilities and continued the expansion of staff numbers and the necessary supporting infrastructure to support increased case settlements.

Strategic Report

Chairman's Statement *(continued)*

Group Performance *(continued)*

Credit Hire division

The Group's Credit Hire division, EDGE, saw further record performance in vehicle provision during the year. The number of new vehicle hires continued to be impacted by lockdowns in 2021. However, a large number of EDGE customers are classed as key workers, including couriers (who have been extremely active throughout the pandemic) as well as health professionals, teachers, nursery staff, emergency workers and supermarket personnel. As a consequence, and with the backdrop of a reduction in competition in the market following changes implemented by the Civil Liabilities Act 2021, vehicle numbers recovered strongly and reached record levels in the latter part of 2021. The number of vehicles on hire at the end of 2021 rose 46.7% to 2,366 (2020: 1,613) and the average number of vehicles on hire throughout the financial year rose 21.1% to 1,834 (2020: 1,515).

Revenues within the Credit Hire division grew by 38.2% to £71.3 million (2020: £51.6 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 and corresponding investment in staff to drive increased case settlements. This strategy has had a significant positive impact on financial performance. Revenues within the Legal Services division, which strongly correlates to cash, increased by 33.2% to £46.9 million (2020: £35.2 million). The continued growth of the Bolton office, which opened in December 2018, and the opening of the Leeds office at the beginning of 2021 have provided considerable opportunities for recruitment. During the pandemic, and following the implementation of the Civil Liabilities Act 2021, the Group has seen a number of personal injury solicitors withdrawing from the market and embarking on a run-off strategy. In addition, a number of high-quality staff at competitor firms were placed on furlough. Taking advantage of these recruitment opportunities has resulted in staff numbers rising at all levels, with the ability to retrain personal injury solicitors in the field of credit hire for suitable placement within Bond Turner. At the end of December staff numbers within Bond Turner stood at 634, a 22.4% increase on the 2020 figure of 518. Of these, a total of 237 were senior fee earners, up 46.3% (2020: 163).

Strategic Report

Chairman's Statement *(continued)*

Group Performance *(continued)*

MCE Insurance

Towards the end of 2021 we announced the signing of a major agreement with UK-based broker MCE Insurance ('MCE') to offer post-accident claims services to all MCE's non-fault insurance customers. This follows motor insurer Sabre Insurance Group plc signing an agreement with MCE which will see it become the exclusive underwriter of MCE's motorcycle policies.

UK-based MCE is independently owned and since its foundation in 1975 has grown to become one of the UK's largest providers of motorcycle insurance. Under the terms of the agreement, we will assume responsibility for dealing with claims from customers of MCE who are victims of non-fault accidents. Replacement motorcycles will be provided through our credit hire division, Edge, and customers will be supported in their legal claims against the at-fault insurer by its legal services division, Bond Turner. Where appropriate, claims will include personal injury and damage to possessions and equipment as well as vehicle repair or replacement. Statistics show that motorcyclists are particularly vulnerable to personal injury as a result of non-fault accidents.

The contract commenced in November 2021 and generated over 500 claims by the end of the year. We anticipate that the contract will generate an increasing level of credit hire opportunities for the Group during 2022, adding to our growth opportunities within the core business.

VW Emissions Case

The pursuit of the class action against Volkswagen AG ('VW') and its subsidiaries (the 'VW Emissions Case') has continued during 2021. A judgment announced in the High Court of Justice on 6 April 2020 found that VW had indeed subverted key air pollution tests. VW was subsequently refused permission to appeal that judgment. Time limitations for the case expired in September 2021, meaning that no more claims can be brought against VW.

A court date for the case has now been scheduled for January 2023 prior to which we will seek to negotiate settlement of the case.

Bond Turner is acting on behalf of a number of individuals who have registered claims against VW and is currently actively engaged on approximately 13,000 cases. The marketing campaign has been largely conducted via social media channels as well as via the use of internal customer records with all marketing costs being written off as incurred.

The Board believes that, in the event of a settlement, the percentage of potential damages and associated costs accruing to Anexo would have a significant positive impact on the Group's expectations for profits and cash flow for the relevant accounting period. There is no certainty that a settlement in favour of Bond Turner's clients will be reached, nor is there any guarantee that such a settlement would include financial compensation. The timeline for progress towards a potential settlement is also unclear and no assumptions as to revenue have been included in the Board's internal forecasts for 2022.

Mercedes Benz Emissions Case

Having undertaken our own internal research, which has been subsequently corroborated by counsel, the Group is to start actively sourcing claims against Mercedes Benz, as we have successfully done for VW. To support the case, the Group sourced an additional £3.0 million of funding in November 2021 to cover the anticipated marketing costs.

Strategic Report

Chairman's Statement *(continued)*

Group Performance *(continued)*

Housing Disrepair

During the latter part of 2020 we created a new team within our legal services division, Bond Turner, to deal with claims arising from housing disrepair. This team expanded rapidly during 2021. During the year we successfully settled some 500+ claims. At the end of the year we had a portfolio of over 1,500 ongoing claims. With further investment planned into 2022, the Housing Disrepair team is expected to generate a significant contribution to earnings in 2022 and beyond.

COVID-19 Update

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

The Group's core businesses continued to be fully operational following the reintroduction of a national lockdown at the end of 2020. Activity levels in the Credit Hire Division (EDGE) have remained high. The COVID-19 pandemic has led to a number of the Group's competitors withdrawing from the market and, as a result, Anexo has been approached by a number of high-quality introducer garages looking for new partnerships. The Group has taken advantage of this unprecedented opportunity to expand its introducer network. Notwithstanding the relaxation of restrictions, vehicles have continued to be delivered and collected by staff who are protected in line with government guidelines. All returned vehicles are valeted as a matter of course before being allocated to a new customer and comprehensive cleaning procedures are being rigorously enforced.

The courts began to return to normal working practices during 2021, while remaining open for remote working. A backlog of those cases requiring physical attendance has inevitably arisen, but the Group's Legal Services division, Bond Turner, has continued to reach case settlements via telephone and online hearings where possible. The progression and settlement of cases was aided by moves from the Ministry of Justice (MOJ), supported by the Judiciary, to allow the remote operation of courts through online and telephone hearings. All our staff returned to office working as quickly as practicable; social distancing guidelines have been observed in all our office locations and extensive COVID safety measures have been implemented.

EDGE, the Group's Credit Hire division, has also remained fully operational throughout 2021.

Strategic Report

Chairman's Statement *(continued)*

COVID-19 Update *(continued)*

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

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

Dividends

The Board is pleased to propose a final dividend of 1.0p per share, which if approved at the Annual General Meeting to be held on 16 June 2022 will be paid on 24 June 2022 to those shareholders on the register at the close of business on 20 May 2022. The shares will become ex-dividend on 19 May 2022. An interim dividend of 0.5p per share was paid on 22 October 2021 (2020: total dividend 1.5p per share).

Corporate Governance

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

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

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.

Strategic Report

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.

Strategic Report

Chairman's Statement *(continued)*

S172 Statement *(continued)*

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

Stakeholder	Their interests	How we engage
Our employees	<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, employee benefits 	<ul style="list-style-type: none"> • Workforce posters and communications • Ongoing training and development opportunities • Whistleblowing procedures • Publication of Modern Slavery Statement • Employee benefits packages • Staff intranet
Our suppliers	<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 contact
Our investors	<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
Our clients	<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

Strategic Report

Chairman's Statement *(continued)*

S172 Statement *(continued)*

Stakeholder	Their interests	How we engage
Regulatory bodies	<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
Community and Environment	<ul style="list-style-type: none"> • Sustainability • Road Safety • Human Rights • Energy usage • Recycling • Waste Management • Community outreach and CSR 	<ul style="list-style-type: none"> • Philanthropy • Oversight of corporate responsibility plans • Introduction of CSR initiatives • Workplace recycling policies and processes

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.

Principal Risks and Uncertainties

The principal risk and uncertainties facing the Group are included within the Risk and Regulation Committee report on page 20 to 27, which also includes details of the mitigating factors employed to minimise the effects to the Group's stakeholders.

Streamlined Energy and Carbon Reporting

Details of the group's streamlined energy and carbon reporting and environmental impact are included on pages 28 to 30.

Strategic Report

Chairman's Statement *(continued)*

Current Trading and Outlook

As our financial performance and KPI's have demonstrated, the Group has continued to perform throughout a period of significant uncertainty, improving vehicle numbers and cash collections to record levels during 2021, demonstrating the strength and resilience of the Group during the current COVID-19 crisis. Whilst others have made redundancies, furloughed staff and withdrawn from the credit hire market, we have continued recruitment throughout the period. This impacted our reported financial performance in 2020 but these investments have resulted in the growth seen in 2021 and will continue to contribute to growth in 2022 and beyond.

As a Board we developed a plan for managing the Group during this ever-changing year and continue to react to take advantage of opportunities as they arise. The expansion of the national vaccination programme and the relaxation of national lockdown from April 2021 has resulted in an increase in opportunities and vehicles on the road, consistent with the trends seen in 2020. As previously announced, however, since year end the Group has modified its approach to vehicle funding. We have adopted a targeted approach. This has led to a reduction in the number of vehicles on the road since the beginning of FY22 to a level which best facilitates management of the Group's working capital requirements. The Group remains focussed on quality claims, high service standards and high success rates.

While uncertainties remain given the current environment, I continue to have great confidence in the strategy post COVID and look to the future with continued optimism.

Subsequent Events

In March 2022, the Group secured an increase in facilities from Secure Trust Bank plc, increasing the overall draw rate on the invoice discounting facility alongside an increase in the overall facility limit to £43.0 million. In addition to this increase the Group secured a loan of £7.5 million from Blaze Hill Capital Finance Limited. The loan, which is non amortising and is committed for a three year period was also drawn in March 2022. Under the terms of the Executive Growth Share Plan ("MIP") detailed in Note 19, the Group issued 1,990,294 ordinary shares on 0.05p per share to certain employees of the Group.

Annual General Meeting

The Group's Annual General Meeting will be held on 16 June 2022. The notice of the Meeting accompanies this Annual Report and Accounts.



Alan Sellers

Executive Chairman

11 May 2022

Strategic Report

Financial Review

Basis of Preparation

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

To provide comparability across reporting periods, the results within this Financial Review are presented on an "underlying" basis, adjusting for the £0.7 million charge recorded for share-based payments in 2020 and the £0.4m charge for share-based payments in 2021.

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.

New Accounting Standards

As reported on page 73 there have been a number of new UK IFRS accounting standards applicable from 1 January 2021, none of which have resulted in adjustment to the way in which the Group accounts or presents its financial information.

Revenue

In 2021 Anexo successfully increased revenues across both its divisions, Credit Hire and Legal Services, resulting in Group revenues of £118.2 million, representing a 36.2% increase over the prior year (2020: £86.8 million). This growth is particularly pleasing given the fact that we have all been operating under restrictions imposed by the Government to limit the impact of the COVID-19 pandemic.

During 2021 EDGE, the Credit Hire division, provided vehicles to 10,265 individuals (2020: 7,535) a significant increase on that seen in the prior year (36.2%). This constitutes a strong performance given the restrictions imposed during the year. Our strategy remains, as previously reported, to focus investment within the McAMS business. This reflects the fact that, on average, a motorcycle claim has a similar value to that of a car with a take-on cost significantly less, allowing the Group to deploy its resources into the most valuable claims, thereby growing revenues whilst preserving working capital. This investment led to the award of our first insurance contract in November 2021. The Group secured an exclusive contract with MCE to support their non fault customers with replacement vehicles.

With the number of claims rising significantly in 2021, the strategy of deploying capital into the most valuable claims to the Group resulted in revenues for the Credit Hire division increasing to £71.3 million in 2021, an increase of 38.2% over 2020 (£51.6 million).

With investment in staff continuing as other firms made redundancies and furloughed staff, the Legal Services division reported significant revenue growth of 30.6%, with revenues rising from £35.9 million in 2020 to £46.9 million in 2021.

Strategic Report

Financial Review *(continued)*

Revenue *(continued)*

Expansion of headcount in Bond Turner has been critical to increasing both revenues and cash settlements within the Group and the continued growth of the Bolton office, supported by expansion into Leeds, has provided a crucial platform for growth in both factors. During 2021, the Group continued its recruitment campaign, as a number of high-quality staff became available as a result of competitor firms either entering a run-off plan or simply furloughing staff to remain viable.

We have taken advantage of these opportunities, taking the decision to continue to recruit throughout the year, thereby investing in the future settlement capacity of the Group and consequently driving cash collections and the number of new cases we can fund without the need for additional working capital facilities. By the end of December 2021, we employed 634 staff in Bond Turner (December 2020: 518), of which 237 (December 2020: 163) were senior fee earners, an increase of 45.4%.

Investment in this new department, following the implementation of the Extension of the Homes (Fitness for Human Habitation) Act 2019, expanded significantly in 2021. With £1.8 million being invested in marketing for the generation of new claims, we secured c 2,000 new claims in 2021, settling c 500 in an average of 180 to 200 days, significantly less than the working capital cycle of an average Credit Hire claim. As such, and following the significant investment in staff in 2021, further recruitment is planned into 2022 to enhance performance and improve cash flow for the Group as a whole.

With the signing of the lease for the Leeds office, recruitment and associated training has continued and as at the end of 2021 the office held 24 staff. Recruitment is scheduled to continue throughout 2022 across all of our three office locations.

Gross Profits

Gross profits are reported at £91.5 million (at a margin of 77.4%) in 2021, increasing from £68.0 million in 2020 (at a margin of 78.3%). It should be noted, furthermore, that staffing costs within Bond Turner are reported within Administrative Expenses. Consequently, gross profit within Bond Turner is in effect being reported at 100%.

Operating Costs

Administrative expenses before exceptional items increased year-on-year, reaching £55.1 million in 2021 (2020: £42.6 million), an increase of £12.5 million (29.3%). This reflects the continued investment in staffing costs within Bond Turner to drive settlement of cases and cash collections. Staffing costs for Bond Turner increased to £20.5 million (2020: £16.6 million), an increase of £3.9 million (23.5%) which, together with significant investment in staff within the Credit Hire division (2021: £12.4 million, 2020: £8.1 million) to ensure we maintained our high standards of service to an increasing number of clients, accounted for a total increase of £8.2 million. Following the establishment of our Housing Disrepair team in late 2020, some £1.8 million was invested in marketing costs in 2021 (2020: £0.1 million), all of which has been expensed as incurred. The balance of the increase reflects the investment in marketing and infrastructure to allow the Group to meet its growth aspirations.

Strategic Report

Financial Review *(continued)*

Profit Before Tax

Adjusted profit before tax reached £24.1 million in 2021, increasing significantly from £16.1 million in 2020 (49.7%). To provide a better guide to underlying business performance, adjusted profit before tax excludes share-based payments charged to profit and loss.

The GAAP measure of the profit before tax was £23.7 million (2020: £15.5 million) reflecting the non-cash share-based payment charge of £0.4 million (2020: £0.7 million). Where we have provided adjusted figures, they are after the add-back of this item and a reconciliation of the adjusted and reported results is included on page 19 of the Annual Report.

Finance Costs

Finance costs reached £3.6 million in 2021, increasing from £2.6 million in 2020 (38.5%), reflecting the increased level of financing facilities held within the Group to support its growth strategy.

EPS and Dividend

Statutory basic EPS is 16.5 pence (2020: 10.8 pence). Statutory diluted EPS is 16.2 pence (2020: 10.6 pence). The adjusted EPS is 16.8 pence (2020: 11.4 pence). The adjusted diluted EPS is 16.5 pence (2020: 11.2 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 1.0p per share, which if approved at the Annual General Meeting to be held on 16 June 2022 will be paid on 24 June 2022 to those shareholders on the register at the close of business on 20 May 2022. The shares will become ex-dividend on 19 May 2022. An interim dividend of 0.5p per share was paid on 22 October 2021 (2020: total dividend 1.0p per share).

Strategic Report

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 debtors, together with disbursements paid in advance which support the portfolio of ongoing claims. The gross claim value of trade receivables totalled £325.3 million in 2021, rising from £262.6 million in 2020. In accordance with our income recognition policies, a provision is made to reduce the carrying value to recoverable amounts, the net balance increasing to £146.4 million (2020: £119.6 million). This increase reflects the recent trading activity and strategy of the Group and is in line with management expectations given that throughout the majority of 2021 the legal services teams have been operating within COVID-19 restrictions and there have been periods when capacity within the court system has been significantly hampered. The increase has been primarily funded from the significant rise in cash collections seen year on year as well as additional facilities secured from our two principal working capital funders.

In addition, the Group has a total of £39.4 million reported as accrued income (2020: £27.1 million) which represents the value attributed to those ongoing hires and claims at the year end, the number of vehicles on the road in particular increasing significantly during the year.

The increases in both trade receivables and accrued income reflect an increase in net volume of new cases funded which increased to 4,078 in 2021 (having funded 10,265 hire cases and settled 6,187 in the year) from 2,299 in 2020 (having funded 7,535 hire cases and settled 5,236 in that year).

Whilst activity levels have risen and fallen in line with the local and national lockdowns, impacting the number of vehicles on the road and hence opportunities for new claims for the Group, further investment has been required and made in 2021 into the motorcycle fleet so as to meet the demand from our significant pool of introducers. Total fixed asset additions totalled £13.1 million in 2021 (2020: £11.2 million), the fleet continues to be largely externally financed.

Trade and other payables, including tax and social security increased to £12.6 million compared to £9.5 million at 31 December 2020, the Group utilising additional cash availability to reduce the balance over and above the general increase in trading activity.

Net assets at 31 December 2021 reached £128.2 million (2020: £110.4 million).

Net Debt, Cash and Financing

Net debt increased to £62.0 million at 31 December 2021 (31 December 2020: £40.5 million) and comprised cash balances at 31 December 2021 of £7.6 million (2020: £8.2 million), plus borrowings which increased during the year to fund the additional working capital investment in the Group's portfolio of claims, support the investment by the Group in the VW and Mercedes Benz emissions claims and facilitate expansion of the vehicle fleet.

The total debt balance rose from £48.7 million in 2020 to £69.6 million at the end of 2021; these balances include lease liabilities recognised in line with IFRS16. The Group has a number of funding relationships and facilities to support its working capital and investment requirements, including an invoice discounting facility within Direct Accident Management Limited (secured on the credit hire and repair receivables), lease facilities to support the acquisition of the fleet and a revolving credit facility within Bond Turner Limited.

Subsequent to the year end, the group secured an increase in facilities from Secure Trust Bank plc alongside a loan of £7.5 million from Blaze Hill Capital Finance Limited. Secure Trust Bank plc increased both the overall draw rate on the invoice discounting facility as well as the overall facility limit to £43.0 million. The loan from Blaze Hill Capital Finance Limited is non amortising and committed for a three year period, both were available to be drawn from March 2022.

Having considered the Group's current trading performance, cash flows and headroom within our current debt facilities, maturity of those facilities, the Directors have concluded that it is appropriate to prepare the Group and the Company's financial statements on a going concern basis. Further details are included on page 73 of the financial statements.

Strategic Report

Financial Review *(continued)*

Cash Flow

Notwithstanding the impact of COVID-19 on the Business (further details provided earlier), whilst other businesses have furloughed staff and made redundancies, particularly within the personal injury legal market, we have continued to invest in talent and grow our settlement capacity throughout Bond Turner. The number of senior fee earners increased from 163 to 237 during 2021 (an increase of 45.4%) and continues to rise across each of our offices, the third of which opened in Leeds in February 2021.

Cash collections for the Group (and excluding settlements for our clients), a key metric for the Group, increased from £98.0 million in 2020 to £119.0 million in 2021, an increase of 21.4%. This is a significant improvement, given the fact that many of the new recruits will not reach settlement maturity until 2022. Furthermore, with settlements impacted by the reduction in capacity within the court system arising from the impact of COVID, this growth is testament to the quality of staff within the Group. During 2020 and 2021, we have seen a number of competitors furlough staff and withdraw from the market leading to increases in market opportunities; we have sought to take advantage of this and increase market share. Despite the noticeable decline in road traffic during the various periods of lockdown, with the overall number of vehicles on the road visibly lower than in a typical year and many people working from home, we have actually seen the average number of vehicles on the road rise in 2021, reaching 1,834 (2020: 1,515). This contributed to the strong revenue performance of the Credit Hire division.

This growth correspondingly impacted cash flows in the second half of the year with vehicle numbers peaking at over 2,500 in the later part of the year, culminating in the award of our first insurance contract with MCE (further details have been provided above).

With such a raft of growth opportunities, the Board approved an increase in availability of approximately £11.1 million of new debt, provided by an increase in facilities from Secure Trust Bank plc (£3.6 million) and Blazehill Capital Finance Limited (£7.5 million), to take advantage of these opportunities, whilst ensuring the relationship between the number of new claims taken on within EDGE is balanced with the settlement capacity of Bond Turner. These additional facilities were secured in March 2022.

As growth opportunities within the Credit Hire division expanded significantly during 2021, the Group reported an outflow from operating activities of £7.3 million (2020: cash inflow of £0.2 million), this position being impacted not only from the significant increase in hire cases funded (which increased by 2,730 (36.2%) to 10,265) but continued delays and adjournments within the court system. However, we successfully reduced the average working capital cycle from c520 days in 2020 to c460 days in 2021 as the level of claims processed under protocol type arrangements with a number of at fault insurers increased to cover approximately 15% of our claims taken.

With a net cash inflow of £7.2 million resulting from financing activities, having secured additional facilities from our two primary funders (Secure Trust Bank Plc and HSBC Bank Plc) alongside an additional £3.0 million to fund the Mercedes Benz emissions claim, (2020: net cash inflow of £4.9 million), the Group reported a net cash outflow in 2021 of £0.7 million (2020: net cash inflow of £6.0 million).

Strategic Report

Financial Review *(continued)*

Reconciliation of Adjusted and Reported IFRS Results

In establishing the adjusted operating profit, the costs adjusted include £0.4 million of costs related to share-based payments (2020: £0.7 million).

A reconciliation between adjusted and reported results is provided below:

Year to December 2021			
	Adjusted £'000s	Share-based payment £'000s	Reported £'000s
Revenue	118,237	-	118,237
Gross profit	91,481	-	91,481
Other operating costs (net)	(63,149)	(378)	(63,527)
Operating profit	27,728	(378)	27,350
Finance costs (net)	(3,604)	-	(3,604)
Profit before tax	24,124	(378)	23,746

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

By order of the board

Mark Bringloe

Mark Bringloe

Chief Financial Officer

11 May 2022

Strategic Report

Risk and Regulation Committee Report

I am pleased to present the Risk and Regulation Committee Report for the financial year ended 31 December 2021. 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 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.

In 2021, the Risk and Regulation Committee paid close attention to the impact of COVID-19 on the Group's business during 2020 and its implications for our understanding of the risk presented to our business.

Committee Membership

The Committee comprises four members, Richard Pratt (Chair), Christopher Houghton, Roger Barlow and Elizabeth Sands. The Committee is assisted by Dawn O'Brien 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 May 2021, the conclusion of which were that the Committee is competent and carries out its function effectively. Some responses highlighted that the Group could benefit from an internal audit function, something that the Committee will review in the 2022 reporting period in conjunction with the Audit Committee.

Strategic Report

Risk and Regulation Committee Report *(continued)*

Key risks facing the Company

Anexo conducts a full risk assessment matrix, categorising all its key risks and outlining the mitigating actions that are in place, a summary of which can be found below:

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	New costs within the business due to the need to maintain business levels.	A rise in payment of issue fees (quantum due to legislative changes and increase in volume issued) and hearing fees to litigate cases would directly affect profit levels.	Closely monitor costs and review monthly. Commercial decision by management to increase settlement and drive cases to conclusion.

Strategic Report

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. The opening of the Bolton office has opened up recruitment opportunities for excellent specialised staff which was previously restricted due to logistical restraints.</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 lawyers are incentivised and the firm offers competitive packages within the market to ensure staff retention.</p>

Strategic Report

Risk and Regulation Committee Report *(continued)*

Type of Risk	Principal Risk	Risk Description	Mitigation
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.	All Group subsidiaries operate Health & Safety management systems appropriate to the nature and scale of their risks.

Strategic Report

Risk and Regulation Committee Report *(continued)*

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>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>

Strategic Report

Risk and Regulation Committee Report *(continued)*

Type of Risk	Principal Risk	Risk Description	Mitigation
GDPR/ Personal Data Risk	Introduction of stringent new laws regarding the treatment of personal data, damages are payable if breaches occur.	The Group holds and processes a large volume of sensitive personal data which is inherent in the Group's day-to-day practises. If breaches of personal data occur, damages can be claimed and large fines are payable. This has an obvious negative effect on the Group's financials as well as causing potential reputational damage to the firm.	Regular staff training on the GDPR legislation. Random spot checking of processes and staff practises. Regular review of processes. Risk assessment on implementation of new processes. Ongoing reviews of systems relating to any complaints.
Litigation Risk	Adverse costs arising from litigation.	The Group is a highly litigious firm. Adverse costs arising from litigation will negatively impact the Group's results as well as cause potential reputational damage from losing cases.	This risk is extensively and continuously discussed with management and fee earners to ensure awareness. Management is satisfied that costs will be kept to a minimum through maintaining review levels of adverse costs. Despite the mitigation, the Group recognises that some adverse costs cannot be avoided in entirety due to clients' inability to reply fully and in a timely fashion, draconian court orders and the hostile nature of litigation.
Financial Risk	Bank covenants.	Importance of understanding processes and requirements for bank covenants. Covenants may not be properly complied with.	Daily, weekly and monthly checks are carried out by the Group. Staff awareness training is regularly provided. Constant review and reporting to the bank on covenants to ensure that business performance remains within the expected criteria.
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.

Strategic Report

Risk and Regulation Committee Report *(continued)*

Type of Risk	Principal Risk	Risk Description	Mitigation
Financial Risk	Cash spend.	<p>The Group must ensure that cash spend is within facilities and that expenditure is monitored, eg. Monitoring of tax liabilities, large project spends etc.</p> <p>Excess spend would cause the Group financial difficulty and may mean the Group is unable to achieve its objectives.</p>	<p>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.</p> <p>New financing options are considered and reviewed where necessary.</p> <p>Review the current case load and need for issuing as case expenditure is front loaded.</p>
Operational Risk	COVID-19 – health and safety of clients, employees and third parties.	<p>The health and safety of our staff and clients is paramount. The business has made operational adjustments to comply with government guidelines, which are constantly updating.</p>	<p>Regular risk assessments are undertaken to ensure that the business is operating within government guidelines and to ensure that staff, clients and third parties with whom the business engages, are protected.</p>

Strategic Report

Risk and Regulation Committee Report *(continued)*

Type of Risk	Principal Risk	Risk Description	Mitigation
Financial Risk	<p>Potential for a significant impact on both new credit hire business and cash collections from the legal services team.</p> <p>Continued delays and adjournments in the court system have led, in part, to the operating cash outflows of the group in 2021.</p>	<p>As with many businesses, the Group has faced uncertainty in trading as a result of the impact of the COVID-19 pandemic from both a credit hire and legal services perspective, the latter of which may well impact cash collections and headroom.</p>	<p>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.</p> <p>Whilst the Group saw a sharp fall in new business activity within the credit hire initially post first lockdown, levels subsequently increased to a level not significantly less than those seen pre-lockdown.</p> <p>Within the legal services team, the Group has seen a general reduction in cash receipts against our initial forecast, as we, the defendant law firms, at fault insurers and the courts continue to work with COVID adaptations and restrictions in place. Changes to working practices such as home working and remote court hearings inevitably impacts efficiencies from all sides. The business has taken appropriate steps to keep our staff safe in an office environment, and the necessary COVID adaptations have become a new way of working which over time has resulted in a continual improvement in case settlements and cash collections.</p>

Richard Pratt

Richard Pratt

Chairman of the Risk and Regulation Committee

11 May 2022

Strategic Report

Streamlined Energy and Carbon Reporting

Anexo Group PLC has reported Scope 1 and 2 (and associated Scope 3) greenhouse gas (GHG) emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting (SECR). This includes emissions for the second mandatory reporting year – the 12 months starting 1 January 2021 and ending 31 December 2021. Emissions for the 2020 reporting year – starting 1 January 2020 and ending 31 December 2020 – have been included.

Responsibilities of Anexo Group Plc and Green Element

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

Scope and Subject Matter

The report includes sources of environmental impacts under the operational control of Anexo Group PLC. This includes the two active subsidiary companies in 2021 and 2020 being Direct Accident Management Limited (EDGE) and Bond Turner Limited.

GHG sources included in the process

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

Scope 2: Purchased electricity (location-based method for 2020, both location-based and market-based methods for 2021).

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

Types of GHG included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs, SF₆ and NF₃. The figures were calculated using DEFRA conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO₂e).

Strategic Report

Streamlined Energy and Carbon Reporting *(continued)*

Energy efficiency action

Taken (2021): The ongoing impact Covid-19 pandemic had the effect, especially in the earlier part of the year, of assisting in the following energy efficiency:

- Reduced energy requirements in Anexo Group PLC office spaces as a result of a move to remote working.
- Ensured that when employees return to work within the office, energy-saving activities are adopted, including switching appliances/lights off when not in use.
- Ceased the use of two less efficient depots to concentrate on more energy efficient premises.

Planned (2022): In 2022, Anexo Group PLC is planning the following to enhance energy efficiency within the group:

- Ensure that when employees return to work within the office, energy-saving activities are adopted, including switching appliances/lights off when not in use.
- Consider a switch to 100% renewable electricity tariffs for some of the office spaces.
- Investigating the installation of solar panels to generate our 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 service boilers to ensure they are operating at maximum efficiency.
- Minimise business travel in company cars by holding meetings/conferences virtually where practicable.
- Continuing to grow the proportion of the group's company car fleet which is powered by electricity.

Anexo's energy consumption increased from 2020 to 2021 primarily as a result of higher employee count and the associated expansion in workplace area, along with the return to office working following the easing of Covid restrictions.

Strategic Report

Streamlined Energy and Carbon Reporting (continued)

Anexo Group Plc Streamlined Energy and Carbon Reporting (SECR) 2021 mandatory reporting (in tCO₂e), as follows:

Streamlined Energy and Carbon Reporting (SECR)	UK 2021	UK 2020
Energy consumption used: (kWh)		
Electricity*	1,210,865	723,160
Gas*	69,346	3,743
Transport fuel	1,073,585	750,553
Other energy sources	-	-
TOTAL CONSUMPTION	2,353,796	1,477,456
Emissions (tCO₂e)		
Scope 1		
Emissions from combustion of gas	12.70	0.69
Emissions from combustion of fuel for transport purposes	250.05	178.92
Scope 2		
Emissions from purchased electricity – location-based**	257.10	168.6
Emissions from purchased electricity – market-based***	475.06	-
Scope 1 & 2		
Total Scope 1 & 2 emissions – location-based	519.86	348.2
Total Scope 1 & 2 emissions – market-based	737.82	-
Scope 3		
Emissions from upstream transport and distribution losses and excavation and transport of fuels – location-based	163.58	83.7
Emissions from upstream transport and distribution losses and excavation and transport of fuels – market-based	184.72	-
TOTAL EMISSIONS - location-based	683.43	431.9
TOTAL EMISSIONS - market-based	922.53	-
Intensity Ratios		
Number of full-time employees within financial year (FTE)	925	698
INTENSITY RATIO: tCO₂e / FTE – location-based	0.739	0.619
INTENSITY RATIO: tCO₂e / FTE – market-based	0.997	-
Methodology	GHG Protocol Corporate Accounting and Reporting Standard	
Certification and External Verification	Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.	

* Some consumption data fell outside the reporting period (i.e., an invoice crossed over the 2021 financial year either into 2020 or 2022). This was apportioned to 2021 by calculating a daily kWh consumption and apportioning for the days that fell within 1st January 2021-31st December 2021 only.

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

*** Market-based electricity (Scope 2) emissions use fuel mix that is specific to the purchased electricity's supplier and tariff. For Anexo, the grid's residual fuel mix was used in the absence of fuel mix, in accordance with the GHG Protocol. For SECR, market-based is optional, calculated for 2021 only.

The Strategic Report on pages 5 to 30 was approved by the Board of Directors and signed on its behalf by:



Alan Sellers

Executive Chairman

11 May 2022

Board of Directors

The current Board members of Anexo Group Plc, all of whom served throughout the year, with the exception of Saki Riffner who was appointed on 22 January 2021 and Brian Corway who was appointed on 25 November 2021, are presented below.

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 is a qualified Chartered Accountant and was appointed as Chief Financial Officer in May 2018, originally joining the Group as Finance Director in 2009. Mark has previously worked at Ernst & Young, Robson Rhodes and most recently BDO where he was a Director within the Corporate Finance team. For the last 15 years of his career in professional practice Mark specialised in the provision of due diligence and associated services for private equity and other stakeholders as well as supporting a number of listings to AIM.

Samantha Moss – Director

Samantha was appointed as a Director of Anexo Group plc in March 2018 and graduated from the University of Manchester with a degree in law and accountancy in 2003 and was subsequently admitted as a solicitor in 2008. Samantha has worked at Bond Turner since 2004 and is currently Managing Director. Samantha is a specialist in clinical and professional negligence and civil litigation, including personal injury and credit hire claims. Samantha also maintains managerial responsibility for Bond Turner and overseas regulatory compliance, client care, complex claim, staff supervision, account and complaints handling. Samantha is married to Alan Sellers.

Dawn 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, and later Director in 2018. Dawn specialises in RTA/Credit hire and costs litigation and advocacy. As well as her supervision of fee earning staff, Dawn oversees banking, HR, payroll, compliance and the supervision of finance staff. Dawn is the compliance officer for finance and administration.

Board of Directors *(continued)*

Christopher Houghton – Senior Independent 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 and is currently Senior Independent Non-Executive Director and Chair of Audit at a challenger bank, Bank & Clients plc and Chair of Audit of Loughborough Building Society. He was previously the independent member of the Audit Committee at the Information Commissioner's Office. He has also been CFO and Chairman of two AIM listed companies. Roger joined the Anexo Group plc Board in June 2018.

Richard Pratt – 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 QC in 2006 and has been the head of his chambers since 2012 and leader of the Northern Circuit between 2011 and 2013. Richard is also a recorder of the Crown Court and joined the Group in May 2018.

Elizabeth Sands – Independent Non-Executive Director

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

Saki Riffner – Non-Executive Director

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

Brian Corrway – Non-Executive Director

Brian was appointed to the Board in November 2021 in accordance with the rights associated with the investment made by DBAY Advisors Ltd as major shareholders in the Company. He is a Certified Accountant and has held a number of senior finance roles, most recently as CFO of Greenwhitestar Acquisitions Limited (the parent of Eddie Stobart) and was previously CFO for the legal Services division of Slater Gordon in the UK.

Directors' Report

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2021. The Corporate Governance section set out on pages 31 to 56 forms part of this report.

Principal Activities

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

Corporate Status

Anexo Group plc (the 'Company') is a public limited company domiciled in the United Kingdom and was incorporated in England & Wales with company number 11278719 on 27 March 2018. The Company has its registered office at 5th Floor, The Plaza, 100 Old Hall Street, Liverpool, Merseyside, United Kingdom, L3 9QJ. The principal places of business of the Group are its offices in Liverpool, 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 31 of this Annual Report. The names and biographies of the directors appear on page 31 and 32.

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 2021 are set out below:

Director	Shares	%
Alan Sellers	20,028,169	17.27
Samantha Moss	20,578,846	17.74
Mark Bringloe	15,000	0.013
Elizabeth Sands	4,290	0.004

Whilst Saki Riffner does not hold any shares in his own name, he is the Chief Investment Officer and Co-Founder of DBAY Advisors Limited, a major shareholder of the Company.

There were a number of changes in the interest of directors between 31 December 2021 and the date of this report. The beneficial interests of the Directors in the Ordinary Shares of the Company on 10 May 2022 are set out below:

Director	Shares	%
Alan Sellers	20,028,165	16.97
Samantha Moss	20,578,843	17.44
Mark Bringloe	500,436	0.42
Dawn O'Brien	485,436	0.41
Elizabeth Sands	4,290	0.004

Details of the directors' long-term incentive plans are contained in the Remuneration Committee Report on pages 50 to 55.

Directors' Report (continued)

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

Shareholder	Shares	%
DBAY Advisors Ltd	33,640,001	29.00
Valentina Slater	4,052,994	3.50
AXA	4,000,000	3.45
Gresham House	4,298,333	3.71
Premier Miton	4,000,000	3.45

Dividends

The Board is pleased to propose a final dividend of 1.0p per share, which if approved at the Annual General Meeting to be held on 16 June 2022 will be paid on 24 June 2022 to those shareholders on the register at the close of business on 20 May 2022. The shares will become ex-dividend on 19 May 2022. An interim dividend of 0.5p per share was paid on 22 October 2021 (2020: total dividend 1.0p per share).

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.

Directors' Report *(continued)*

Risk Management Objectives and Policies *(continued)*

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 20 to 27.

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.

Directors' Report *(continued)*

Auditor

RSM UK Audit LLP were appointed as auditor for the year ended 31 December 2021 and have indicated their willingness to continue in office. A resolution to reappoint RSM UK Audit LLP as auditor will be put to the forthcoming Annual General Meeting.

Disclosure of Information to Auditor

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

Annual General Meeting

The Annual General Meeting will be held on 16 June 2022. The Notice convening the meeting and information about the proposed resolutions accompanies this Annual Report and Accounts.

By order of the Board



Alan Sellers

Executive Chairman

11 May 2022

Chairman's Statement on Corporate Governance

Dear shareholder,

I am pleased to present the Corporate Governance Statement of the Board of Directors of Anexo Group plc for the financial year ended 31 December 2020. As Chairman, it is my responsibility to ensure that Anexo 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.

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

QCA Principles

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

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through the 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, upfront settlement of repair and recovery charges through to the management and recovery of costs, and the processing of any associated personal injury claim. The Group comprises four business units under two reporting divisions; Credit Hire and Legal Services.

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

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

Towards the end of 2021 we announced the signing of a major agreement with UK-based broker MCE Insurance ('MCE') to offer post-accident claims services to all MCE's non-fault insurance customers. This follows motor insurer Sabre Insurance Group plc signing an agreement with MCE which will see it become the exclusive underwriter of MCE's motorcycle policies.

UK-based MCE is independently owned and since its foundation in 1975 has grown to become one of the UK's largest providers of motorcycle insurance. Under the terms of the agreement, we will assume responsibility for dealing with claims from customers of MCE who are victims of non-fault accidents. Replacement motorcycles will be provided through our credit hire division, Edge, and customers will be supported in their legal claims against the at-fault insurer by its legal services division, Bond Turner. Where appropriate, claims will include personal injury and damage to possessions and equipment as well as vehicle repair or replacement. Statistics show that motorcyclists are particularly vulnerable to personal injury as a result of non-fault accidents.

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 20 to 27.

Chairman's Statement on Corporate Governance *(continued)*

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

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 provides an opportunity for the Board to meet shareholders. The Chairman of the Board, each of the Committee Chairmen and Directors (both Executive and Non-Executive) will be available to respond to any shareholder questions regarding Board or Committee activities. All 2021 AGM resolutions were passed comfortably. Although shareholder attendance was restricted at the 2021 AGM due to COVID-19, shareholders were given the opportunity to submit questions to the Board via email so that engagement between the Board and its stakeholders was not impeded by the ongoing outbreak and subsequent changes to AGM arrangements. Shareholders were encouraged to appoint the chair of the AGM as proxy to enable them to exercise their voting rights.

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

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

The Board recognises that the long-term success of the 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 on the atmosphere and support provided and all Feedback received from employees is taken into account to ensure that the Group can provide an optimum working environment for its employees.

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

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

Chairman's Statement on Corporate Governance *(continued)*

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 20 to 27.

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 four Executive Directors, Alan Sellers, Mark Bringloe Samantha Moss and Dawn O'Brien, and six Independent Non-Executives, Christopher Houghton, Richard Pratt, Roger Barlow, Elizabeth Sands, Saki Riffner who was appointed on 22 January 2021 and Brian Corrway who was appointed on 25 November 2021.

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.

Saki Riffner and Brian Corrway 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 ability to appoint three Non-Executive Directors to the Board. Overall, the Directors feel that the Board is well functioning and balanced.

Chairman's Statement on Corporate Governance (continued)

5. Maintain the Board as a well-functioning, balanced team led by the Chair (continued)

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 6 times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board Pack, and circulated with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings.

During the financial year ended 31 December 2021, the Board met on 14 occasions.

Director	Position	Board Meetings	Audit Committee	Remuneration Committee	Risk & Regulation Committee
Alan Sellers	Executive Chairman	14/14	2/2	4/5	2/2
Mark Bringleoe	Chief Financial Officer	13/14	2/2	-	2/2
Samantha Moss	Bond Turner Managing Director	14/14	2/2	4/5	2/2
Dawn O'Brien	Director	13/14	2/2	-	2/2
Christopher Houghton	Senior Independent Non-Executive Director	13/14	2/2	5/5	2/2
Richard Pratt	Independent Non-Executive Director	13/14	2/2	5/5	2/2
Roger Barlow	Independent Non-Executive Director	13/14	2/2	4/5	2/2
Elizabeth Sands	Independent Non-Executive Director	11/14	2/2	5/5	2/2
Saki Riffner**	Non-Executive Director	7/14	1/2	3/5	-
Brian Corrway*	Non-Executive Director	1/14	1/2	-	-

*Brian Corrway was appointed to the Board on 25 November 2021

**Saki Riffner was appointed to the Board on 22 January 2021, however, he was excused from the Board during the period that the Company was under offer by DBAY Advisors Limited.

Joanne Allen, the Company Secretary until her resignation on 13 October 2021, also attended 10 Board meetings. Nick Dashwood Brown, the Group's Head of Investor Relations, attended 11 meetings.

Chairman's Statement on Corporate Governance *(continued)*

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 finance to fashion and from private to public companies, enabling them to provide the necessary guidance, oversight and advice for the Board to operate effectively. The 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 page 31 and 32.

ONE Advisory Limited supports the Board as the named Company Secretary as appointed from 13 October 2021.

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 six times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. 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 is the Group's Senior Independent Non-Executive Director and assists the Chair, particularly in relation to dealing with shareholder related matters.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the 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. All the Directors have had recent AIM Rules and Directors Responsibilities training and are encouraged to undertake any ongoing training they feel they require to assist with the commission of their role on the Board. Relevant regulatory and compliance updates are provided at Board and Committee meetings by ONE Advisory Limited.

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

Chairman's Statement on Corporate Governance *(continued)*

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 2021 board evaluation was overwhelmingly positive, but highlighted areas for improvement with regards to design of long-term strategy, review of the need for an internal audit function and the request for written reports from Executive Directors to be included in the Board pack for meetings.

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. Three 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.

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.

Chairman's Statement on Corporate Governance *(continued)*

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.

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.

Chairman's Statement on Corporate Governance *(continued)*

Audit Committee

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

- ensuring that the financial performance of the 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 four members, Richard Pratt (Chair), Christopher Houghton, Roger Barlow and Elizabeth Sands. The Risk and Regulation Committee is responsible for:

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

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

Remuneration Committee

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

- determining, within the agreed terms of reference, the 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.

Chairman's Statement on Corporate Governance *(continued)*

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.

Resolutions 1 to 14 and resolutions 16 at the Group's 2021 AGM were passed with 100% of votes in favour of each resolution. Resolution 15 was passed with 97.45% in favour and 2.55% 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

11 May 2022

Audit Committee Report

As Chairman of Anexo's Audit Committee, I present my Audit Committee Report for the year ended 31 December 2021.

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 2021 audit.

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

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

Audit Committee and Attendance

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

The Committee is required by its Terms of Reference to meet at least twice in each financial year and otherwise as required by the Committee Chairman to properly fulfil its duties. The Audit Committee met twice during the year and both meetings were attended by all members. All other Directors attended both meetings. The external auditors and Dawn O'Brien also attended both Committee meetings at the invitation of the Committee Chairman.

Audit Committee Report *(continued)*

Objectives and Responsibilities

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

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

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

Audit Committee Effectiveness

The Committee undertakes a review of its effectiveness annually. 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 2022 and 2023 and the debt financing arrangements at year end and concluded that the going concern basis is appropriate. The Committee reviewed the full-year and half-year results announcement, Annual Report and Financial Statements and considered reports from the external auditors identifying accounting or 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.

Audit Committee Report *(continued)*

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 2022.

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.

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 20 to 27.

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 receive reports on non-compliance. The Committee will also monitor and ensure the Company's adherence to its AIM Rules compliance policy.

Audit Committee Report *(continued)*

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. These are commented on further within the audit report.

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.



Roger Barlow

Chairman of the Audit Committee

11 May 2022

Remuneration Committee Report

Directors' remuneration policy

The Group's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the Group's business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2022 and subsequent years, subject to ongoing review as appropriate.

The policy is framed around the following key principles:

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

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

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

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

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

Remuneration Committee and Attendance

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

The Committee is required by its Terms of Reference to meet at least once in each financial year and otherwise as required by the Committee Chairman to properly fulfil its duties. The Remuneration Committee met five times during the year and all meetings were attended by all members. Alan, Roger and Samantha attended all five meetings, Saki attended three. The Company's external advisors are invited to attend Committee meetings at the invitation of the Committee Chairman as and when required.

Remuneration Committee Report *(continued)*

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.

Remuneration Committee Report *(continued)*

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, enacted by cascading the scorecard down into the business. 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 2021. The maximum bonus potential for meeting all of the targets is between 50% and 100% of salary depending on the contractual terms agreed at the time of listing, but the Remuneration Committee has discretion if the target is not met.

Share-based incentives

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

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

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

Pension arrangements

Four of the executive directors receive company contributions to personal pension schemes of up to 3% of their basic salaries (2020: three).

Remuneration Committee Report *(continued)*

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 6 months. The contracts of Alan Sellers, Mark Bringloe, Samantha Moss and Dawn O'Brien were entered into on 12 June 2018.

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

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

Director	Date of appointment	Contract end date
Christopher Houghton	22 May 2018	21 May 2022
Roger Barlow	14 June 2018	13 June 2022
Elizabeth Sands	14 June 2018	13 June 2022
Richard Pratt	22 May 2018	21 May 2022
Saki Riffner	22 January 2021	21 January 2023
Brian Corrway	25 November 2021	24 November 2023

Remuneration Committee Report *(continued)*

Total Directors' Remuneration for 2021

Director	Salaries and fees £'000s	Annual bonus £'000s	Other benefits £'000s	Pension contributions £'000s	Total £'000s
Alan Sellers	375	375	2	1	753
Samantha Moss	324	120	32	1	477
Mark Bringloe	200	100	20	6	326
Dawn O'Brien	218	100	32	1	351
Christopher Houghton	40	-	-	-	40
Roger Barlow	40	-	-	-	40
Elizabeth Sands	35	-	-	-	35
Richard Pratt	40	-	-	-	40
Saki Riffner	-	-	-	-	-
Brian Corrway	-	-	-	-	-
Total	1,272	695	86	9	2,062

Total Directors' Remuneration for 2020

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

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

Remuneration Committee Report *(continued)*

Remuneration policy for 2022 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.

By order of the Board

C Houghton

Christopher Houghton

Chairman of the Remuneration Committee

11 May 2022

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

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

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

Opinion

We have audited the financial statements of Anexo Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of total comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, 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 2021 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.

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

Summary of our audit approach

Key audit matters	Group <ul style="list-style-type: none">• Revenue recognition and accrued income• Valuation of trade receivables
	No key audit matters are identified in respect of the parent company
Materiality	Group <ul style="list-style-type: none">• Overall materiality: £1,480,000 (2020: £1,300,000)• Performance materiality: £1,110,000 (2020: £975,000) Parent Company <ul style="list-style-type: none">• Overall materiality: £722,000 (2020: £712,000)• Performance materiality: £541,000 (2020: £534,000)
Scope	Our audit procedures covered 94% of revenue, 95% of net assets and 94% 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 74 regarding revenue and accrued income for credit hire and legal services, the accounting policy on page 81 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

How the matter was addressed in the audit

Substantive analytical review has been performed on revenue and accrued income. 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. The basis of key judgements and estimates in the recognition of revenue were scrutinised. The accuracy and completeness of the data underlying the estimates was verified through substantive tests of detail. The basis of the estimates were challenged and sensitised. The disclosures surrounding these key judgements and estimates were reviewed to confirm their sufficiency and appropriateness.

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

Key audit matters (continued)

Valuation of trade receivables

Key audit matter description	<i>(Refer to accounting policy on page 75 regarding trade receivables and disbursements, the accounting policy on page 81 regarding recoverability of trade receivables, note 16 regarding trade and other receivables and the credit risk and impairment section of note 27 regarding financial risk management and impairment of financial assets)</i>
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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 materiality different to the value recognised.

How the matter was addressed in the audit	
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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 analytical review and 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 in substantive tests of detail. The key recovery assumptions were compared against historical settlement information. The associated disclosures were reviewed to consider their sufficiency and accuracy.

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

Our application of materiality

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

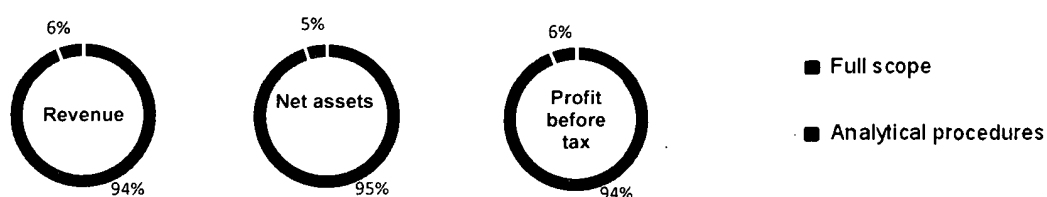
	Group	Parent company
Overall materiality	£1,480,000 (2020: £1,300,000)	£722,000 (2020: £712,000)
Basis for determining overall materiality	6% of profit before tax	1% of total assets (restricted for group purposes)
Rationale for benchmark applied	Profit before tax is considered the focus of key stakeholders as this is a profitable group which pays dividends	As this is a non-trading holding company, total assets is considered the key benchmark as it is reflective of the parent company's investments in its subsidiaries
Performance materiality	£1,110,000 (2020: £975,000)	£541,000 (2020: £534,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £74,400 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £36,100 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

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

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 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.

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 and covenant compliance 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.

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

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.

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

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 56, 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.

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

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;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
IFRS/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.

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

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	This is considered to be a Key Audit Matter and our procedures are described above.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the 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.

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)*

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

Use of our report

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

Ian Wall

Ian Wall (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
11 May 2022

Consolidated Statement of Total Comprehensive Income
for year ended 31 December 2021

	Note	2021 £'000s	2020 £'000s
Revenue	4	118,237	86,752
Cost of sales		<u>(26,756)</u>	<u>(18,800)</u>
Gross profit		91,481	67,952
Depreciation & profit / loss on disposal	7	(8,504)	(6,571)
Amortisation	7	(137)	(92)
Administrative expenses before share based payments	6	<u>(55,112)</u>	<u>(42,581)</u>
Operating profit before share based payments	7	<u>27,728</u>	<u>18,708</u>
Share based payment charge	19	<u>(378)</u>	<u>(658)</u>
Operating profit	7	27,350	18,050
Finance costs	8	<u>(3,604)</u>	<u>(2,562)</u>
Profit before tax		23,746	15,488
Taxation	11	<u>(4,598)</u>	<u>(3,173)</u>
Profit and total comprehensive income for the year attributable to the owners of the company		<u>19,148</u>	<u>12,315</u>
Earnings per share			
Basic earnings per share (pence)	12	<u>16.5</u>	<u>10.8</u>
Diluted earnings per share (pence)	12	<u>16.2</u>	<u>10.6</u>

The above results were derived from continuing operations.

The notes on pages 71 to 101 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
as at 31 December 2021

	Note	2021 £'000s	2020 £'000s
Assets			
Non-current assets			
Property, plant and equipment	14	2,071	2,187
Right of use assets	14	16,896	13,081
Intangible assets	15	188	234
Deferred tax assets	21	112	112
		<u>19,267</u>	<u>15,614</u>
Current assets			
Trade and other receivables	16	188,134	147,931
Corporation tax receivable		-	439
Cash and cash equivalents	17	7,562	8,220
		<u>195,696</u>	<u>156,590</u>
Total assets		<u>214,963</u>	<u>172,204</u>
Equity and liabilities			
Equity			
Share capital	18	58	58
Share premium	18	16,161	16,161
Share based payments reserve	19	2,077	1,699
Retained earnings		109,928	92,520
Equity attributable to the owners of the Company		<u>128,224</u>	<u>110,438</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	20	13,814	3,681
Lease liabilities	20	8,430	8,945
Deferred tax liabilities	21	32	32
		<u>22,276</u>	<u>12,658</u>
Current liabilities			
Other interest-bearing loans and borrowings	20	38,499	31,294
Lease liabilities	20	8,833	4,753
Trade and other payables	24	12,635	9,505
Corporation tax liability		4,496	3,556
		<u>64,463</u>	<u>49,108</u>
Total liabilities		<u>86,739</u>	<u>61,766</u>
Total equity and liabilities		<u>214,963</u>	<u>172,204</u>

The notes on pages 71 to 101 form an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 11 May 2022. They were signed on its behalf by:

Mark Bringloe

Mark Bringloe
Chief Financial Officer
11 May 2022

Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

	Share Capital £'000s	Share Premium £'000s	Merger Reserve £'000s	Share Based Payments Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 1 January 2020	55	9,235	-	1,041	81,365	91,696
Profit for the year and total comprehensive income	-	-	-	-	12,315	12,315
Issue of share capital	3	-	-	-	-	3
Increase in share premium	-	6,926	-	-	-	6,926
Share based payment charge	-	-	-	658	-	658
Dividends	-	-	-	-	(1,160)	(1,160)
At 31 December 2020	58	16,161	-	1,699	92,520	110,438
Profit for the year and total comprehensive income	-	-	-	-	19,148	19,148
Share based payment charge	-	-	-	378	-	378
Dividends	-	-	-	-	(1,740)	(1,740)
At 31 December 2021	58	16,161	-	2,077	109,928	128,224

Consolidated Statement of Cash Flows
for the year ended 31 December 2021

	Note	2021 £'000s	2020 £'000s
Cash flows from operating activities			
Profit for the year		19,148	12,315
Adjustments for:			
Depreciation and profit / loss on disposal	14	8,504	6,571
Amortisation	15	137	92
Financial expense	8	3,604	2,562
Share based payment charge	19	378	658
Taxation		4,598	3,173
		<u>36,369</u>	<u>25,371</u>
Working capital adjustments			
Increase in trade and other receivables		(40,224)	(20,686)
Increase in trade and other payables		3,131	1,588
Cash generated from operations		<u>(724)</u>	<u>6,273</u>
Interest paid		(3,364)	(2,422)
Tax paid		<u>(3,219)</u>	<u>(3,646)</u>
Net cash from operating activities		<u>(7,307)</u>	<u>205</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		941	853
Acquisition of property, plant and equipment		(1,439)	(223)
Investment in intangible fixed assets		(91)	(150)
Receipt of directors loan receivable		-	415
Net cash from investing activities		<u>(589)</u>	<u>895</u>
Cash flows from financing activities			
Net proceeds from the issue of share capital		-	6,929
Proceeds from new loans		25,039	12,924
Repayment of borrowings		(7,951)	(6,257)
Lease payments		(8,110)	(7,586)
Dividends paid		<u>(1,740)</u>	<u>(1,160)</u>
Net cash from financing activities		<u>7,238</u>	<u>4,850</u>
Net (decrease)/increase in cash and cash equivalents		(658)	5,950
Cash and cash equivalents at 1 January		8,220	2,270
Cash and cash equivalents at 31 December	17	<u>7,562</u>	<u>8,220</u>

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021*

1. Basis of Preparation and Principal Activities

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with UK-adopted International Accounting Standards.

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.

Notes to the Consolidated Financial Statements *(continued)* **for the year ended 31 December 2021**

1. Basis of Preparation and Principal Activity *(continued)*

Going concern

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

During 2021, the vast majority of staff within Bond Turner, the Group's Legal Services division, operated from within the office under certain measures detailed within the Group's COVID-19 risk assessment which included certain office adaptations. Progress continues to be made for the transition from virtual to face to face court hearings, supporting an ever improving level of case settlements and cash collections for the Group.

Within EDGE, the Group's Credit Hire division, vehicles have been delivered and collected by staff who are protected in line with government guidelines. Our need for vehicle delivery increased during the pandemic and the trend towards increasing opportunities within our motorcycle business also expanded during 2021 as many courier and motorcycle delivery businesses recruited thousands of new riders to keep up with public demand. The number of vehicles on the road reached record levels in the autumn of 2021, coinciding with the award of the contract from MCE. Vehicle numbers are now returning to lower levels in order to manage growth within EDGE and remain within the capacity of Bond Turner.

The reported results for 2021 demonstrate the resilience shown by the Group, our business model and our employees. The introduction of the Housing Disrepair division supported a shortening of our working capital cycle, an area with significant capacity for growth during 2022 and beyond. The pandemic and the changes in the Civil Liabilities Act have created opportunities for the Group to both grow market share within the core business, including the opportunity to secure our first insurance contract with MCE, and to take advantage of opportunities as they arise in other areas within the legal services arena.

Following the recent announcement of additional facilities from Secure Trust Bank plc and Blazehill Capital Finance Limited, which are expected to provide additional funding of £15.0 million into 2022, the Group has a strong balance sheet with a conservative gearing level and good liquidity with headroom within its funding facilities and associated covenants, which include 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 2023) and a loan facility of £7.5 million from Blazehill Capital Finance Limited.

Measures implemented to maintain a stable relationship between EDGE and Bond Turner, alongside the additional headroom created from the recent refinancing, means that the Board remains confident that the Group is in a strong financial position and is well placed to weather the current worldwide uncertainty and to take advantage of further opportunities in a more stable future environment.

Notes to the Consolidated Financial Statements *(continued)* for the year ended 31 December 2021

1. Basis of Preparation and Principal Activity *(continued)*

Going concern

The Directors have prepared trading and cash flow forecasts for the period ended December 2023, against which the impact of various sensitivities have been considered covering the level of cash receipts and the volume of work taken on. 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 Mercedes Benz emissions case. These factors allow management to balance any potential shortfall in cash receipts and headroom against forecast levels, something the Directors have been doing for many years, such that the Group maintains adequate headroom within its facilities. It is in that context that the Directors have a reasonable expectation that the Group will have adequate cash headroom. The Group continues to trade profitably and early indications for growth in the current year are positive. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated and the company financial statements.

2. Accounting Policies

Summary of significant accounting policies and key accounting estimates

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

Changes in accounting policy

Detailed below are the new and amended standards which became effective for the Group on 1 January 2021. None have had a material effect on the Financial Statements:

- COVID-19 - Related Rent Concessions (Amendment to IFRS 16).
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).

None of the standards, interpretations and amendments which are effective for periods beginning on or after 1 January 2022 and which have not been adopted early, are expected to have a material effect on the Financial Statements, these included:

- Reference to the Conceptual Framework (Amendments to IFRS 3).
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16).

Assessment of the impact of those other standards, interpretations and amendments which are effective for periods beginning on or after 1 January 2023 and which have not been adopted early, have not yet been assessed, these are to include:

- IFRS 17 Insurance Contracts.
- 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).

Notes to the Consolidated Financial Statements *(continued)* for the year ended 31 December 2021

2. Accounting Policies *(continued)*

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 four distinct reportable segments which include those of credit hire, legal services, from which we have extracted and reported separate information around the investment in the VW emissions claims and housing disrepair.

Revenue

The Group provides the following key services to customers:

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

Credit Hire

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

Legal Services

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

- Claims associated with a road traffic accident or credit hire
- Large loss 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 Anexo is not acting in its capacity as principal but agent in the transaction. Consequently, such receipts are offset against the receivable amount for that case. The Group does not consider any revenue contracts to contain a significant financing component; the time taken to recover amounts due does not represent credit terms to the customer but is instead reflective of the time taken to settle a case.

Notes to the Consolidated Financial Statements (continued) **for the year ended 31 December 2021**

2. Accounting Policies (continued)

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, and then less impairment and expected credit losses based upon a review of the aging of the individual balances and historical collection and settlement 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. Cases are therefore provided for based on ageing criteria.

Accrued Income – Credit Hire

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

Accrued Income – Legal Services

Accrued income in respect of credit hire and associated claims represents client cases which have not yet reached a conclusion and is carried at a value that includes profit of prescribed fixed fees at the earliest stage post issue of proceedings. The reasoning behind this is that credit hire claims are litigious and require the issue of court proceedings prior to settlement. The value measured only includes the base fixed fee and does not provide for any percentage uplift which will be payable in addition in every case that settles. Value is only attributed to cases which are less than 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 on admission of liability, at this point collection of revenue is considered probable, and accrued income is recognised in line with the hours performed considering the risks associated with the claims and the expected recovery on settlement.

Disbursements

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

Notes to the Consolidated Financial Statements *(continued)* for the year ended 31 December 2021

2. Accounting Policies *(continued)*

Taxation

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

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

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

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

Property, plant and equipment

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

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

Depreciation

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

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

Intangible assets

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

Software licences	33% straight line
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Notes to the Consolidated Financial Statements (continued) **for the year ended 31 December 2021**

2. Accounting Policies (continued)

Financial instruments

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

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

Cash and cash equivalents

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

Trade payables

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

Borrowings

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

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

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

Provisions

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

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

Notes to the Consolidated Financial Statements *(continued)* for the year ended 31 December 2021

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.

Notes to the Consolidated Financial Statements *(continued)* for the year ended 31 December 2021

2. Accounting Policies *(continued)*

Leases *(continued)*

Short term leases and leases of low-value assets

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

Leases in the statement of cash flows

The settlement of lease liabilities are included in the 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.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2021

2. Accounting Policies *(continued)*

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 the year ended 31 December 2021

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 as well as expected credit losses whereby debts are assessed and provided against when the recoverability of these balances is considered to be uncertain. This requires the use of estimates based on historical claim and settlement information.

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. This adjustment is made to ensure that revenue is only recognised to the extent that it is highly probable that a significant reversal of revenue will not occur upon settlement of a customer's claim. Revenue recognised is updated on settlement once the amount of fees that will be recovered is known.

The settlement percentages applied and expected credit loss provisions are based on historical settlement information, revenue, accrued income and trade receivables are sensitive to these estimates. This 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. If the settlement percentages applied in calculating revenue were reduced by 1% it would reduce credit hire revenue and trade receivables and accrued income (£71.3 million and £143.0 million respectively) by £2.3 million. (2020: by £1.9 million, credit hire revenue being £51.0 million and trade receivables and accrued income £110.9 million).

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.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

4. Revenue

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

Credit Hire

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

Legal Services

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

	2021 £'000s	2020 £'000s
Credit Hire	71,338	51,591
Legal Services	46,899	35,161
	<u>118,237</u>	<u>86,752</u>

Within Note 5 - Segmental Analysis we have extracted data associated with Housing Disrepair from within Legal Services, as this subsector is contributing an increasing level of activity and performance to that division. The comparative 2020 segmental reported figures have been restated accordingly.

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 2020 or 2021. 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 nor in respect of credit hire contracts as these have an expected contract duration of one year or less.

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:

	2021 £'000s	2020 £'000s
Net Trade Receivables (see note 16)	146,393	119,592
Accrued Income	39,431	27,100
	<u>185,824</u>	<u>146,692</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

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

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 2021

	Credit Hire £'000s	Legal Services £'000s	Housing Disrepair £'000s	VW Class Action £'000s	Group & Central Costs £'000s	Consolidated £'000s
Revenues						
Third party	71,338	41,823	5,076	-	-	118,237
Total revenues	71,338	41,823	5,076	-	-	118,237
Profit before taxation	19,811	4,423	2,592	(819)	(2,261)	23,746
Net cash from operations	(10,654)	5,637	(568)	(819)	(903)	(7,307)
Depreciation, amortisation and gain on disposal of property, plant and equipment	7,205	1,436	-	-	-	8,641
Segment assets	161,578	49,545	3,648	-	192	214,963
Capital expenditure	998	441	-	-	-	1,439
Segment liabilities	55,415	25,413	-	5,501	410	86,739

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

5. Segmental Reporting (continued)

	Year ended 31 December 2020					
	Credit Hire £'000s	Legal Services £'000s	Housing Disrepair £'000s	VW Class Action £'000s	Group & Central Costs £'000s	Consolidated £'000s
Revenues						
Third party	51,591	34,419	742	-	-	86,752
Total revenues	51,591	34,419	742	-	-	86,752
Profit before taxation	17,891	2,476	341	(2,906)	(2,314)	15,488
Net cash from operations	(15)	3,455	(168)	(2,906)	(161)	205
Depreciation, amortisation and gain on disposal of property, plant and equipment	5,492	1,173	-	-	-	6,665
Segment assets	125,055	45,280	509	-	1,360	172,204
Capital expenditure	4,238	900	-	-	-	5,138
Segment liabilities	39,521	16,886	-	2,251	3,108	61,766

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

6. Expenses by Nature

Cost of sales are comprised of:

	2021 £'000s	2020 £'000s
Staff costs	2,957	2,208
Other cost of sales	23,799	16,592
	26,756	18,800

Administrative expenses are comprised of:

	2021 £'000s	2020 £'000s
Staff costs	31,332	24,287
Other administrative expenses	23,780	18,294
	55,112	42,581

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

7. Operating Profit

Operating profit is arrived at after charging:

	2021	2020
	£'000s	£'000s
Depreciation on owned assets	653	474
Depreciation on right of use assets	8,039	6,333
Amortisation	137	91
Share based payments	378	658
Gain on disposal of property, plant and equipment	(188)	(236)
	<hr/>	<hr/>

There were no non-recurring costs in the year ended 31 December 2021 or 2020.

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

	2021	2020
	£'000s	£'000s
Audit services		
Audit of the Company and the consolidated financial statements	50	40
Audit of the Company's subsidiaries	120	89
	<hr/>	<hr/>
Total audit fees	170	129
All other services	-	-
	<hr/>	<hr/>
Total fees payable to the Company's auditor	170	129

8. Finance Costs

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

	2021	2020
	£'000s	£'000s
Finance costs		
Interest on lease liabilities	1,014	867
Interest expense on other financing liabilities	2,590	1,682
Other interest payable	-	13
	<hr/>	<hr/>
Total finance costs	3,604	2,562

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

9. Staff Costs

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

	2021	2020
	£'000s	£'000s
Wages and salaries	30,689	23,771
Social security costs	3,030	2,320
Pension costs, defined contribution scheme	569	404
	<u>34,288</u>	<u>26,495</u>

Split as follows:

Cost of sales	2,957	2,208
Administrative costs	31,331	24,287
	<u>34,288</u>	<u>26,495</u>

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

	2021	2020
	No	No
Distribution staff	103	88
Administrative staff	823	643
	<u>926</u>	<u>731</u>

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 page 50 to 55. The key management remuneration for the year was as follows:

	2021	2020
	£'000s	£'000s
Wages and salaries	3,066	2,651
Social security costs	381	320
Pension costs, defined contribution scheme	19	17
Share based payments	275	299
	<u>3,741</u>	<u>3,287</u>

In respect of the highest paid director:

	2021	2020
	£'000s	£'000s
Remuneration	752	752
Pension contributions	<u>1</u>	<u>1</u>

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2021

11. Corporation Tax

Tax charged to profit or loss is as follows:

	2021	2020
	£'000s	£'000s
Current taxation		
UK corporation tax	4,653	3,173
UK corporation tax adjustment to prior periods	(55)	-
	<u>4,598</u>	<u>3,173</u>
Deferred taxation		
Arising from the origination and reversal of temporary differences	-	-
	<u>4,598</u>	<u>3,173</u>

The actual tax charge is higher than the standard rate of corporation tax in the UK applied to the profit before tax (2020: higher).

The differences are reconciled below:

	2021	2020
	£'000s	£'000s
Profit before tax	<u>23,746</u>	<u>15,488</u>
Corporation tax at standard rate (19%)	4,512	2,943
Effect of expenses not deductible for tax purposes	96	230
Effect of capital allowances and depreciation	45	-
Over / (under) provision of tax charge in prior year	(55)	-
Total tax charge	<u>4,598</u>	<u>3,173</u>

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2021

12. Earnings Per Share

	2021	2020
Number of shares:	No.	No.
Weighted number of ordinary shares outstanding	116,000,000	113,550,685
Effect of dilutive options	<u>2,200,000</u>	<u>2,200,000</u>
Weighted number of ordinary shares outstanding – diluted	<u>118,200,000</u>	<u>115,750,685</u>
Earnings:	£'000s	£'000s
Profit basic and diluted	<u>19,148</u>	<u>12,315</u>
Profit adjusted and diluted	<u>19,526</u>	<u>12,973</u>
Earnings per share:	Pence	Pence
Basic earnings per share	<u>16.5</u>	<u>10.8</u>
Adjusted earnings per share	<u>16.8</u>	<u>11.4</u>
Diluted earnings per share	<u>16.2</u>	<u>10.6</u>
Adjusted diluted earnings per share	<u>16.5</u>	<u>11.2</u>

The adjusted profit after tax for 2021 and adjusted earnings per share are shown before share-based payment charges of £0.4 million (2020: £0.7 million). The Directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

13. Dividends

Dividends reported in 2021 totalled £1.74 million and in 2020 totalled £1.16 million.

The Board is pleased to propose a final dividend of 1.0p per share, which if approved at the Annual General Meeting to be held on 16 June 2022 will be paid on 24 June 2022 to those shareholders on the register at the close of business on 20 May 2022. The shares will become ex-dividend on 19 May 2022. An interim dividend of 0.5p per share was paid on 22 October 2021 (2020: total dividend 1.0p per share).

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2021

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 2020	17,176	453	1,781	787	20,197
Additions	10,176	39	894	91	11,200
Disposals	(2,659)	-	-	-	(2,659)
At 31 December 2020	24,693	492	2,675	878	28,738
Additions	12,607	2	450	85	13,144
Disposals	(7,656)	-	-	(334)	(7,990)
At 31 December 2021	29,644	494	3,125	629	33,892
Depreciation					
At 1 January 2020	7,319	273	460	651	8,703
Charge for year	6,333	24	399	51	6,807
Eliminated on disposal	(2,040)	-	-	-	(2,040)
At 31 December 2020	11,612	297	859	702	13,470
Charge for the year	8,039	25	559	69	8,692
Eliminated on disposal	(6,903)	-	-	(334)	(7,237)
At 31 December 2021	12,748	322	1,418	437	14,925
Carrying amount					
At 31 December 2021	16,896	172	1,707	192	18,967
At 31 December 2020	13,081	195	1,816	176	15,268

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 2020	4,819	5,038	9,857
Depreciation charge for the year	(920)	(5,413)	(6,333)
Additions to right-of use assets	1,201	8,975	10,176
Disposals of right-of-use assets	-	(619)	(619)
At 31 December 2020	5,100	7,981	13,081
Depreciation charge for the year	(950)	(7,089)	(8,039)
Additions to right-of-use assets	-	12,607	12,607
Disposals of right-of-use assets	-	(753)	(753)
At 31 December 2021	4,150	12,746	16,896

Notes to the Consolidated Financial Statements *(continued)*
 for the year ended 31 December 2021

15. Intangibles

Intangible Assets

	Software licences £'000s
Cost	
At 1 January 2020	210
Additions	<u>151</u>
At 31 December 2020	361
Additions	<u>91</u>
At 31 December 2021	<u>452</u>
Amortisation	
At 1 January 2020	35
Charge for year	<u>92</u>
At 31 December 2020	127
Charge for the year	<u>137</u>
At 31 December 2021	<u>264</u>
Carrying amount	
At 31 December 2021	<u>188</u>
At 31 December 2020	<u>234</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

16. Trade and Other Receivables

	2021 £'000s	2020 £'000s
Gross claim value	325,260	262,575
Settlement adjustment on initial recognition	(151,507)	(121,967)
	<hr/>	<hr/>
Trade receivables before impairment provision	173,753	140,608
Provision for impairment of trade receivables	(27,360)	(21,016)
	<hr/>	<hr/>
Net trade receivables	146,393	119,592
Accrued income	39,431	27,100
Prepayments	1,849	596
Other debtors	461	643
	<hr/>	<hr/>
	188,134	147,931

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. 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.

Average gross debtor days calculated on a count back basis were 432 at 31 December 2021 and 428 at 31 December 2020.

Age of net trade receivables

	2021 £'000s	2020 £'000s
Within 1 year	83,166	67,361
1 to 2 years	34,931	32,049
2 to 3 years	19,716	12,791
3 to 4 years	7,524	6,709
Over 4 years	1,056	682
	<hr/>	<hr/>
	146,393	119,592
	<hr/>	<hr/>
Average age (days)	432	428

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

Movement in provision for impairment of trade receivables

	2021 £'000s	2020 £'000s
Opening balance	21,016	19,478
Increase in provision	10,635	6,448
Utilised in the year	(4,291)	(4,910)
	<hr/>	<hr/>
	27,360	21,016

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2021

17. Cash and Cash Equivalents

	2021 £'000s	2020 £'000s
Cash at bank	7,562	8,220
	<u>7,562</u>	<u>8,220</u>

18. Share Capital and Reserves

	2021 £'000s	2020 £'000s
Share capital – allotted, called up and fully paid 116 million ordinary shares of 0.05 pence each (2020: 116 million ordinary shares of 0.05 pence each)	<u>58</u>	<u>58</u>
Share premium	<u>16,161</u>	<u>16,161</u>

Share capital

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

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

Share premium

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

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

Share-based payment reserve

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

Retained earnings

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

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2021

19. Share Based Payments

The movement in awards during the year was:

	2021	2020
	£'000s	£'000s
Opening balance	1,699	1,041
Charge arising during the year	378	658
Closing balance	<u>2,077</u>	<u>1,699</u>

Executive Growth Share Plan ("MIP")

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

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

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

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

The Group recognised a total expense of £378,000 during the year (2020: £658,000) relating to equity-settled share-based payments.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

20. Borrowings

	2021	2020
	£'000s	£'000s
Non-current loans and borrowings		
Lease liabilities	8,430	8,945
Revolving credit facility	10,000	-
Other borrowings	3,814	3,681
	<u>22,244</u>	<u>12,626</u>
Current loans and borrowings		
Revolving credit facility	-	8,000
Lease liabilities	8,833	4,753
Invoice discounting facility	29,258	16,341
Other borrowings	9,241	6,953
	<u>47,332</u>	<u>36,047</u>

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 2021, Direct Accident Management Limited has availability within the invoice discounting facility of £1.3 million (2020: £2.2 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.

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

The revolving credit facility is secured by way of a fixed charge dated 26 September 2019, over all present and future property, assets and rights (including uncalled capital) of Bond Turner Limited. The loan is structured as a revolving credit facility which is committed for a three-year period, until 13 October 2024, with no associated repayments due before that date. Interest is charged at 3.25% over the Respective Rate. The facility increased in the year from £8.0 million to £10.0 million and was fully drawn down as at 31 December 2021 and 2020.

The Group's banking arrangements are subject to monitoring through financial performance measures or covenants. During the COVID pandemic, certain of these measures and covenants came under pressure and required action by the Group which included a regular dialogue between all parties to ensure that the reasons behind the breaches were fully understood, agreed and ultimately waived. All the required waivers were fully in place post year end. A facility from Secure Trust (£29.3 million as at 31 December 2021) was already classified as repayable on demand so was not impacted.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

20. Borrowings (continued)

In July 2020 Anexo Group Plc secured a loan of £2.1m from a specialist litigation funder to support the investment in marketing costs associated with the VW Emissions Class Action. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity three years from the date of receipt of funding with an option to repay early without charge. 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.

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 2022 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 with an option to repay early without charge. In addition to the interest charges the loan attracts a share of the proceeds to be determined by reference to the level of fees generated for the Group.

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

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

Changes in liabilities arising from financing activities

	Invoice discounting facility £'000s	Lease liabilities £'000s	Other borrowings £'000s
Balance at 1 January 2020	17,784	10,307	10,383
Cash flows			
Proceeds from new loans	-	-	12,924
Repayment of borrowings	(1,443)	-	(4,814)
Lease payments	-	(7,585)	-
Non-cash changes *	-	10,976	141
Balance at 31 December 2020	16,341	13,698	18,634
Cash flows			
Proceeds from new loans	12,917	-	12,122
Repayment of borrowings	-	-	(7,971)
Lease payments	-	(8,110)	-
Non-cash changes *	-	11,675	270
Balance at 31 December 2021	29,258	17,263	23,055

* This balance includes £11.7 million (2020: £11.0 million) of new leases entered into during the year.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2021

21. Deferred Tax

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

	2021	2020
	£'000s	£'000s
Total		
Balance brought forward	80	80
Credit / (charge) to profit or loss	-	-
Total deferred tax asset / (liability) at end of period	<u>80</u>	<u>80</u>

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

	2021	2020
	£'000s	£'000s
Included in non-current assets	<u>112</u>	<u>112</u>
Included in non-current liabilities	<u>(32)</u>	<u>(32)</u>
Credit / (charge) to profit or loss	<u>-</u>	<u>-</u>

There is no unrecognised deferred tax in the current period for the Group (2020: £Nil).

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

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:

	2021	2020
	£'000s	£'000s
Total lease liabilities		
Not later than 1 year	9,319	6,512
Later than 1 and not later than 5 years	7,031	6,214
Over 5 years	2,150	2,678
	<u>18,500</u>	<u>15,404</u>

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

The following relates to lease liabilities.

	2021	2020
	£'000s	£'000s
Total lease liabilities		
Depreciation charge	8,039	6,333
Interest expense	1,014	867
Total cash outflows (capital and interest)	<u>9,143</u>	<u>7,585</u>

23. Pension and Other Schemes

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £569,000 (2020: £404,000).

24. Trade and Other Payables

	2021	2020
	£'000s	£'000s
Trade payables	4,470	3,907
Accruals and deferred income	3,722	2,860
Social security and other taxes	1,871	2,519
Other creditors	2,572	219
	<u>12,635</u>	<u>9,505</u>

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

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

25. Related Party Disclosures

During the year the following directors entered into the following advances and credits with the company:

	Balance brought forward £'000s	Advances/ (credits) to the director £'000s	Amounts repaid £'000s	Balance outstanding £'000s
A Sellers – 2021	-	-	-	-
A Sellers - 2020	415	-	(415)	-

The following related party transactions were undertaken during the period:

The Group has entered into formal leases and occupies premises owned by a director. Rent and service charges of £51,000 (2020: £172,500) were charged under these arrangements, the current leases were due for renewal in January 2022. At the reporting date the amounts due under these lease arrangements to the director were £Nil (2020: £2,000).

At the reporting date £150,000 in loan liabilities were due to a company connected through common directorship (2020: £150,000). The loan is unsecured and Interest is accruing at the rate of 10% per annum.

At the reporting date £1,750,000 in loan liabilities were due to certain directors of the Company (2020: £Nil), in addition a further £1,250,000 in loan liabilities were due to a company connected through common directorships (2020: £Nil). The loans are unsecured and interest is payable quarterly at the rate of 10% per annum. Further details are included in Note 20.

During the year the group recharged the lease of a vehicle to directors of £8,483 and close family members of directors to the value of £10,240. All amounts were received in the period and £Nil amount outstanding at the year end. This transaction is deemed to have been at arms length.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

26. Financial Instruments

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

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

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

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

Loans and receivables

	Held at amortised cost	
	2021	2020
	£'000s	£'000s
Cash and cash equivalents	7,562	8,220
Trade and other receivables	146,854	120,123
Accrued income	39,431	27,100
	193,847	155,443

Financial liabilities

	Held at amortised cost	
	2021	2020
	£'000s	£'000s
Trade and other payables	8,913	6,645
Borrowings	69,576	48,673
	78,489	55,318

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

Notes to the Consolidated Financial Statements *(continued)* ***for the year ended 31 December 2021***

27. Financial Risk Management and Impairment of Financial Assets

General objectives, policies and processes

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

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

Credit risk and impairment

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

The Group is not significantly exposed to credit risk due to the nature of the counterparties from which it collects its trade receivables and contract assets; cash is primarily collected from insurance providers after settlement of a customer's accident claim. The Group monitors its exposure to credit risk by reviewing outstanding debtors by insurance provider. The majority of the collection risk for trade receivables and contract 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.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2021

27. Financial Risk Management and Impairment of Financial Assets (continued)

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:

At 31 December 2021	Up to 12 months £'000s	Between 2 and 5 years £'000s	Over 5 years £'000s	Total £'000s
Trade and other payables	8,913	-	-	8,913
Loans and borrowings	48,632	20,662	2,150	71,444
Total	57,545	20,662	2,150	80,357

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

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

In March 2022, the group secured an increase in facilities from Secure Trust Bank plc, increasing the overall draw rate on the invoice discounting facility alongside an increase in the overall facility limit to £43.0 million. In addition to this increase the group secured a loan of £7.5 million from Blaze Hill Capital Finance Limited, the loan, which is non amortising and is committed for a three year period was also drawn in March 2022.

Under the terms of the Executive Growth Share Plan ("MIP") detailed in Note 19, the Group issued 1,990,294 ordinary shares on 0.05p per share to certain employees of the Group.

Company Statement of Financial Position
as at 31 December 2021

Assets	Note	2021 £'000s	2020 £'000s
Non-current assets			
Investments in subsidiaries	4	<u>92,077</u>	<u>91,699</u>
		<u>92,077</u>	<u>91,699</u>
Current assets			
Trade and other receivables	5	25,141	23,537
Cash and cash equivalents		<u>61</u>	<u>149</u>
		<u>25,202</u>	<u>23,686</u>
Total assets		<u>117,279</u>	<u>115,385</u>
Equity and liabilities			
Equity			
Share capital	8	58	58
Share premium	8	16,196	16,196
Merger reserve	8	89,924	89,924
Share based payment reserve	8	2,077	1,699
Retained earnings		<u>3,143</u>	<u>4,965</u>
Equity attributable to the owners of the Company		<u>111,398</u>	<u>112,842</u>
Non-current liabilities			
Borrowings	7	<u>3,000</u>	<u>-</u>
		<u>3,000</u>	<u>2,543</u>
Current liabilities			
Borrowings	7	2,471	2,251
Trade and other payables	6	410	292
Corporation tax liability		<u>-</u>	<u>-</u>
		<u>2,881</u>	<u>2,543</u>
Total liabilities		<u>5,881</u>	<u>2,543</u>
Total equity and liabilities		<u>117,279</u>	<u>115,385</u>

The Company's result for the year ended 31 December 2021 was a loss of £0.1 million (2020: Loss of £2.0 million).

The notes on pages 104 to 109 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 11 May 2022. They were signed on its behalf by:

Mark Bringloe

Mark Bringloe
Chief Financial Officer
11 May 2022
Company Number 11278719

Company Statement of Changes in Equity
for the period ended 31 December 2021

	Share Capital £'000s	Share Premium £'000s	Merger Reserve £'000s	Share Based Payment Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 1 January 2020	55	9,270	89,924	1,041	8,080	108,370
Issue of share capital	3	-	-	-	-	3
Increase in share premium	-	6,926	-	-	-	6,926
Loss for the year and total comprehensive income	-	-	-	-	(1,955)	(1,955)
Dividends	-	-	-	-	(1,160)	(1,160)
Share based payment charge	-	-	-	658	-	658
At 31 December 2020	58	16,196	89,924	1,699	4,965	112,842
Loss for the year and total comprehensive income	-	-	-	-	(82)	(82)
Dividends	-	-	-	-	(1,740)	(1,740)
Share based payment charge	-	-	-	378	-	378
At 31 December 2021	58	16,196	89,924	2,077	3,143	111,398

Notes to the Company Financial Statements *for the year ended 31 December 2021*

1. Significant Accounting Policies

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

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 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 £50,000 (2020: £40,000).

Notes to the Company Financial Statements *(continued)*
for the year ended 31 December 2021

3. Staff Costs

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

	2021	2020
	£'000s	£'000s
Wages and salaries	562	595
Social security costs	71	45
Pension costs, defined contribution scheme	6	6
	<u>639</u>	<u>646</u>

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

	2021	2020
	No	No
Administrative staff	10	6
	<u>10</u>	<u>6</u>

Further details of the costs of the Directors of the Company are included in the Remuneration Committee Report on pages 50 to 55.

Notes to the Company Financial Statements (continued)
for the year ended 31 December 2021

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	139 New Court Way, Ormskirk, Lancashire, L39 2YT	UK	100%
Professional and Legal Services Limited	Medico legal business	20 New Court Way, Ormskirk, Lancashire, L39 2YT	UK	100%
IGCA 2013 Limited	Administrators for ATE insurers	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%

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

Professional and Legal Services Limited and IGCA 2013 Limited have taken the subsidiary exemption from audit in respect of the year ended 31 December 2021 and 2020 under section 479A of the Companies Act 2006.

Investments in subsidiaries during the year was as follows:

	£'000s
Cost	
At 1 January 2020	101,041
Additions	658
At 31 December 2020	101,699
Additions	378
At 31 December 2021	102,077
Impairment	
At 1 January 2020	10,000
Impairment in the year	-
At 31 December 2020	10,000
Impairment in the year	-
At 31 December 2021	10,000
Net Book Value	
At 31 December 2021	92,077
At 31 December 2020	91,699

Notes to the Company Financial Statements (continued)
for the year ended 31 December 2021

5. Trade and Other Receivables

	2021	2020
	£'000s	£'000s
Amounts due from subsidiary undertakings	25,050	22,806
Other debtors	91	292
Taxation recoverable	-	439
	<u>25,141</u>	<u>23,537</u>

6. Trade and Other Payables

	2021	2020
	£'000s	£'000s
Trade payables	130	79
Other tax and social security	205	18
Accruals	75	195
	<u>410</u>	<u>292</u>

7. Borrowings

In July 2020 Anexo Group Plc secured a loan of £2.1m from a specialist litigation funder to support the investment in marketing costs associated with the VW Emissions Class Action. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity three years from the date of receipt of funding with an option to repay early without charge, the total balance outstanding at 31 December 2021, including accrued interest being £2.5 million. 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.

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 2022 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 with an option to repay early without charge. 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.

Notes to the Company Financial Statements (continued)
for the year ended 31 December 2021

8. Share Capital and Reserves

	2021	2020
	£'000s	£'000s
Share capital – allotted, called up and fully paid 116 million ordinary shares of 0.05 pence each (2020: 116 million ordinary shares of 0.05 pence each)	58	58
Share premium	16,196	16,196

Share capital

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

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

Share premium

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

The 6.0 million ordinary shares of 0.05 pence each with a nominal value of £3,000 were issued at a price of 125 pence per share on 20th 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.

Notes to the Company Financial Statements (continued)
for the year ended 31 December 2021

9. Related Party Transactions

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

	Management charges £'000s	Interest charges £'000s	Charges to the Company from subsidiaries £'000s
2021	1,800	-	-
2020	1,800	-	-

At the reporting date £150,000 in loan liabilities were due to a company connected through common directorship (2020: £150,000). The loan is unsecured and interest is accruing at the rate of 10% per annum.

At the reporting date £1,750,000 in loan liabilities were due to certain directors of the Company (2020: £Nil), in addition a further £1,250,000 in loan liabilities were due to a company connected through common directorships (2020: £Nil). The loans are unsecured and interest is payable quarterly at the rate of 10% per annum. Further details are included in note 20 to the consolidated financial statements.

Amounts due from subsidiaries at 31 December 2021 and 31 December 2020 are included in note 6. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Ultimate Controlling Party

The ultimate controlling party is Alexander Maria Paiusco by virtue of his shareholding, which is held through DBAY Advisors Limited.

11. Contingent Liability

The company has guaranteed the loan drawn by Bond Turner Limited, a subsidiary. The value of the loan at the year-end was £10.0 million (2020: £8.0 million).

The company has also guaranteed 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 £32.5 million at the year end (2020: £21.0 million).

12. Post Balance Sheet Events

On 29 March 2022, Direct Accident Management Limited secured an increase in facilities from Secure Trust Bank plc, increasing the overall draw rate on the invoice discounting facility and the overall facility limit to £43m. In addition, a further £7.5m loan was drawn in March 2022 from Blaze Hill Capital Finance Limited, the loan is non amortising and is committed for a three year period. As part of the security given, the Group entered into a debenture with Blaze Hill Capital Finance Limited on 29 March 2022.

Under the terms of the Executive Growth Share Plan ("MIP"), the Group issued 1,990,294 ordinary shares on 0.05p per share to certain employees of the Group.

Company Information

Directors	<p>Alan Sellers</p> <p>Mark Bringloe</p> <p>Samantha Moss</p> <p>Dawn O'Brien</p> <p>Christopher Houghton</p> <p>Roger Barlow</p> <p>Richard Pratt</p> <p>Elizabeth Sands</p> <p>Saki Riffner (appointed 22 January 2021)</p> <p>Brian Corway (appointed 25 November 2021)</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>Arden Partners plc, 5 George Road, Edgbaston, Birmingham, B15 1NP</p> <p>WH Ireland Limited, 24 Martin Lane, London, EC4R 0DR</p>
Bankers	Royal Bank of Scotland plc, 38 Mosley Street, Manchester, M61 0HW
Solicitors	King & Spalding International LLP, 125 Old Broad Street, London, EC2N 1AR
Independent Auditor	RSM UK Audit LLP, Chartered Accountants, 9th Floor, 3 Hardman Street, Manchester, M3 3HF
Registrars	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
Website	www.anexo-group.com