



2020 Full Year Results Presentation

May 2021

2020 Final Results Introduction

Agenda

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3. Our Businesses
4. Our Strategy
5. Summary and Outlook
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Presentation team



Tim Aspinall – Chair

Tim became Chair in October 2020, having been a Non- Executive Director since June 2016. In addition to his role at NAHL, he advises professional service firms on strategy and M&A, having enjoyed a successful executive career including as Managing Partner of an award-winning mid-market law firm.



James Saralis – Group CFO

James is Chief Financial Officer of the Group, which he joined in January 2018. His responsibilities include implementing the strategy agreed by the Board, managing the day-to-day operations of the Group and liaising with the Group's investors and banks.

2020 in Summary

Trading resilience and strategic progress

Trading resilience

- COVID-19 significantly impacted our markets, causing fewer consumer accidents which affected revenues in our two divisions
- The Group responded decisively, remained profitable, reduced net debt and de-risked the balance sheet
- Revenue decreased by 20% to £40.9m
- Underlying operating profit fell by 46% to £5.7m
- Loss before tax decreased from £(2.3)m to £(0.2)m
- Significantly improved cash generation, with free cash flow increased by £7.8m to £6.1m and cash conversion of 229% (2019: 47%)
- Net debt at 31 December reduced by 22% to £16.3m

Strategic progress

- The Personal Injury business transformation is complete. We have created a modern, technologically enabled law firm capable of processing its own enquiries, thereby retaining 100% of the profits
- National Accident Law is prepared for the legal reforms in May 2021 and will process 100% of RTA and an increasing number of non-RTA enquiries
- Critical Care continues to be a leading player in the catastrophic injury market and is developing initiatives to grow market share and expand into adjacent markets
- In light of on-going consolidation in the market for residential property services, the Board has decided to investigate a potential sale of its repositioned and profitable Residential Property business





Financial Results 2020



2020 Final Results

Financial highlights

Revenue -20%

£40.9m

2019: £51.3m

Underlying operating
profit^{1,2} -46%

£5.7m

2019: £10.4m

Profit before tax¹ +£2.1m

£(0.2)m

2019: £(2.3)m

Underlying EPS^{1,2} -80%

1.9p

2019: 9.4p

Free cash flow¹ +£7.8m

£6.1m

2019: -£1.7m

Net debt¹ at 31 Dec -22%

£16.3m

2019: £21.0m



¹ Alternative performance measures are defined in note 1 to the Financial Statements

² 2019 results restated to reflect changes in accounting policy with respect to share based payments, amortisation of intangible assets acquired on business combinations and presentation of members' non-controlling interests in LLPs

Financial Performance

Resilient trading in face of COVID-19 challenges

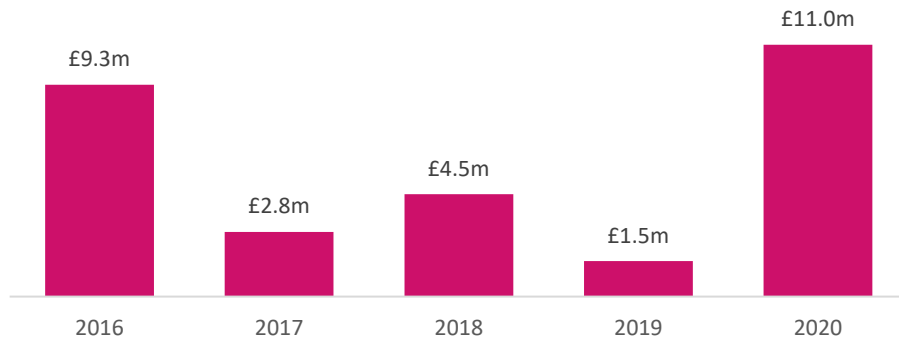
£m	2020	2019	+/-	%
Consumer Legal Services	29.5	37.7	(8.2)	-21.8%
Critical Care	11.3	13.6	(2.2)	-16.4%
Revenue	40.9	51.3	(10.4)	-20.3%
Consumer Legal Services	5.4	8.8	(3.4)	-38.5%
Critical Care	3.6	5.0	(1.4)	-28.3%
Shared Services	(1.9)	(1.6)	(0.3)	17.2%
	7.1	12.2	(5.1)	-41.7%
Other adjustments	(1.4)	(1.8)	0.3	-18.3%
Underlying operating profit	5.7	10.4	(4.8)	-45.7%
Exceptional items	(1.4)	(7.9)	6.5	-82.8%
Minority interests	(4.1)	(4.5)	0.4	-8.0%
Net interest	(0.4)	(0.4)	(0.0)	1.0%
Profit before tax	(0.2)	(2.3)	2.1	-90.4%
Taxation	(0.0)	(0.6)	0.6	-99.7%
Profit for the year	(0.2)	(3.0)	2.7	-92.4%
Underlying operating profit margin	13.8%	20.3%		
Underlying EPS (pence)	1.9	9.4	(7.5)	-80.0%

- Financial performance significantly affected by COVID-19
- Revenue down 20% to £40.9m due to fewer consumer accidents in our markets, as a result of lockdown measures
- Underlying operating profit down 46% at £5.7m
- Exceptional costs of £1.4m comprise
 - £0.6m final year of Personal Injury business transformation
 - £0.4m restructure of Consumer Legal Services division, delivering annualised cost savings of £1.2m
 - £0.3m due diligence costs relating to takeover bid from Frenkel Topping Group
- Underlying EPS 1.9p. Dividends not reinstated

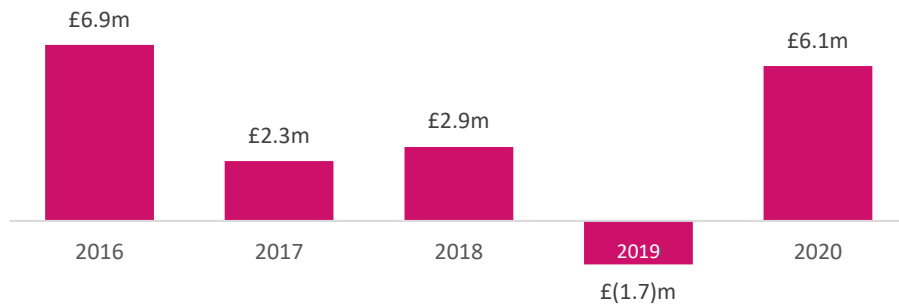
Cash flow

Significantly improved cash generation

Net cash generated from operating activities



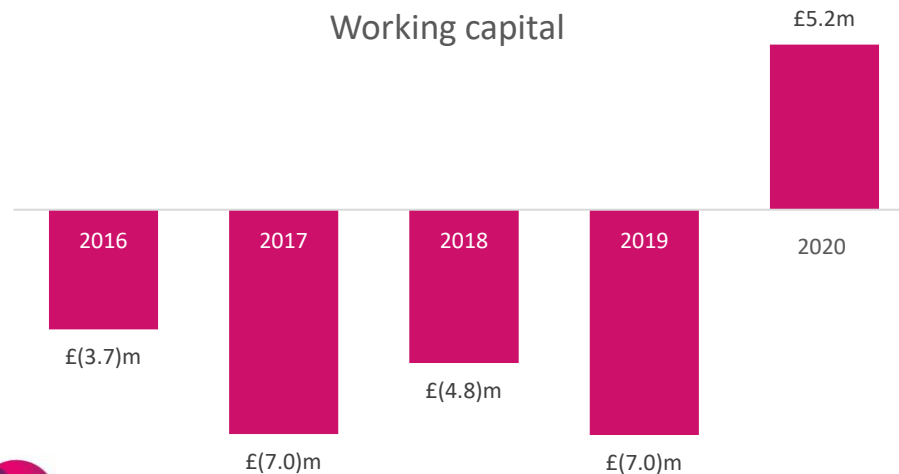
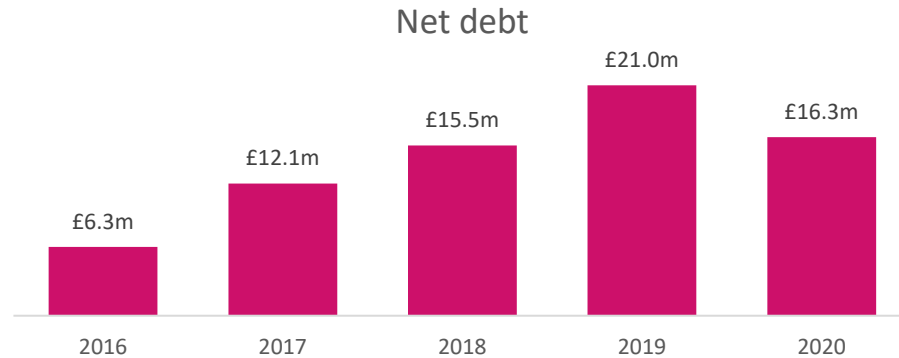
Free cash flow



- Management focused on cash generation to improve liquidity
- Net cash generated from operating activities increased by 615% to £11.0m
 - Personal Injury business model flexed to place higher proportion of enquiries into the panel, increasing in-year cash flow
 - Increased settlements from historical claims, including £1.4m in relation to National Law Partners settlement
 - Continued strong cash collections in Critical Care (120% of underlying operating profit in 2020)
- Free cash flow increased by £7.8m to £6.1m
 - Despite continued investment, including capital expenditure increasing from £0.6m to £1.1m

Balance Sheet

De-risked balance sheet and reduced net debt



- The Group carefully managed cash resources and took actions to conserve cash
 - Net debt reduced by 22% from £21.0m to £16.3m
- £25m debt facility with Yorkshire/Clydesdale Bank extended to December 2022 and new covenants agreed
- The Group improved its working capital position and the movement in trade and other receivables and trade and other payables increased by £12.2m to £5.2m
 - Trade receivables and accrued income relating to claims processing increased by £3.5m to £7.7m as the Group increased the number of claims being processed
 - Trade receivables and accrued income relating to panel firms reduced by £5.5m to £13.7m



Our Businesses

Consumer Legal Services

Flexible model supports profit and cash generation

Trading resilience demonstrated in 2020

- Revenue decreased 22% to £29.5m (2019: £37.7m) but division remained profitable with underlying operating profit of £5.4m, 39% less than prior year (2019: £8.8m)
- Enquiry volumes significantly affected by national lockdowns, although clear recovery evident as restrictions were relaxed (2020 volumes vs 2019: Q1 91%; Q2 45%; Q3 65%; Q4 55%)
- Enquiry placement model flexed to maximise panel demand, generating in-year profit and cash but delaying scaling National Accident Law
- Residential Property business rallied strongly in H2, in line with the improved performance of the housing market. Revenues increased by 5% in the year, to £6.3m
- Personal Injury and Residential Property businesses combined to create Consumer Legal Services, saving £1.2m of annualised costs and closing our London office

NAHL Group Plc 2020 Full year results presentation



Good progress made with our strategic initiatives

1. National Accident Helpline website re-platform complete in Q1 resulting in improved marketing performance
2. Merged law firm (National Accident Law) with claims management company (National Accident Helpline) to create modern, technologically enabled law firm, with a market leading brand that is able to process its own enquiries
3. Introduced a seamless one touch customer sign-up journey (which we refer to as 'One Call') to convert a lead into a claim with NAL
4. Launched a new digital customer journey for RTA claimants, providing a simple and intuitive sign-up journey so that a standard claim can now be completed entirely online.

Consumer Legal Services

A leader in personal injury legal services

A **flexible, self-funding business model**, purpose built to generate shareholder returns across the cycle

Highly productive marketing engine, powered by the sector's most trusted brand, National Accident Helpline

Placement decision allows for **optimisation of near-term cash flows and long-term returns**

Efficient processing engine to maximise profit from every enquiry

Civil Liability Act reforms will significantly alter the market, creating an opportunity for **high-efficiency firms** such as NAHL

Strong historic growth is expected to continue, supported by **higher yielding placement decisions**

Our Businesses



Trustpilot Reviews

National Accident Helpline

Reviews 20,098 • Excellent



Homeward Legal

Reviews 1,217 • Great



Our Awards

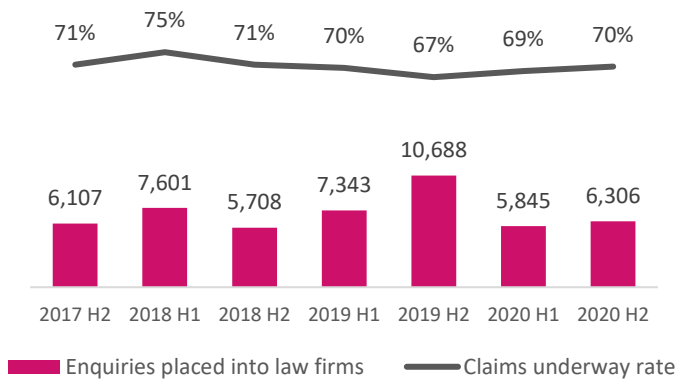


Consumer Legal Services

Building the UK's leading volume processor

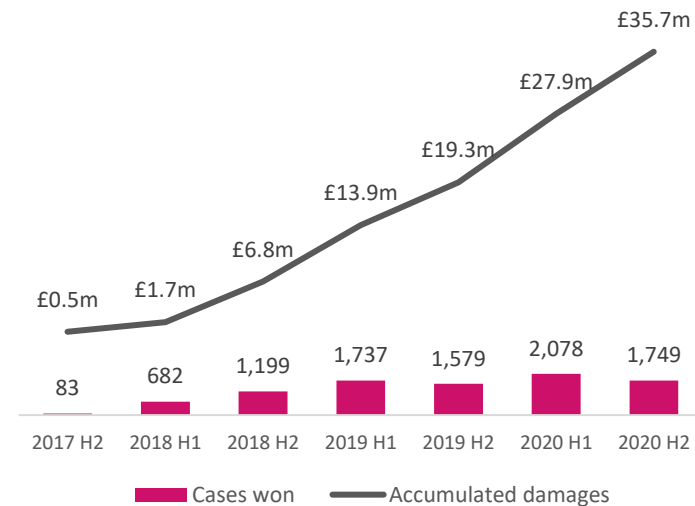
1. Successfully converting enquiries into claims

Although we temporarily slowed placement of enquiries into our law firms in 2020 to maximise the cash opportunity from our panel, our law firms continue to convert enquiries into ongoing claims ahead of our target of 67%



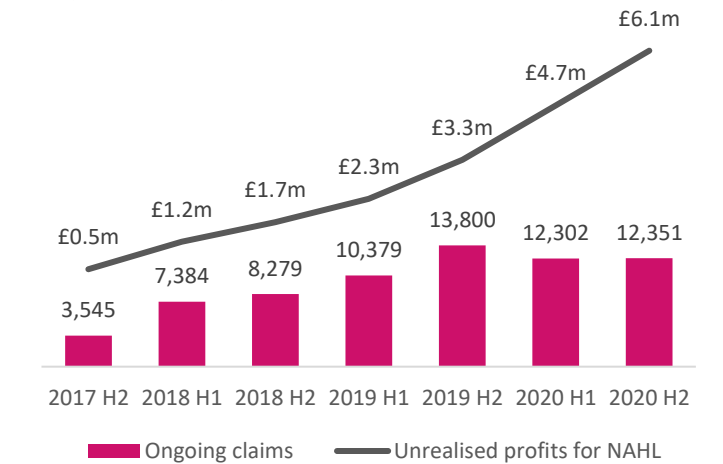
2. Winning claims, delivering for customers

15% increase in claims won in 2020, delivering accumulated damages of £36m to 31 December 2021



3. Building a store of value to drive future growth

Our estimate of the unrecognised profits attributable to ongoing claims at 31 December 2020 increased by 85% to £6.1m from the year before (profit after deduction of processing costs and minority interests)



Critical Care

A leading player in the catastrophic injury market

Trading resilience demonstrated in 2020

- Revenue decreased 16% to £11.3m (2019: £13.6m). Underlying operating profit fell 28% to £3.6m (2019: £5.0m)
- Further investment in Business Development and marketing strengthened customer relationships
- After a strong performance in Q1, COVID-19 disrupted the business from Q2
- Case Management first to be affected, due to challenges with patient access, delayed treatment from third parties and, later, fewer accidents impacting new instructions
- Expert Witness experienced some short-term disruption to accessing clients and record from third-parties
- In response, Bush & Co led the industry in introducing online assessments and consultations

Good progress made with our strategic initiatives

1. Expansion into high-value multi-track claims
 - Development of new Case Management brand with interest shown by potential insurer customers
 - Defined proposition with planned launch 2022
2. Improvements to core technology and process to drive operational efficiencies
 - Online assessments and case conferences launched in 2020
 - Good progress made with our case management and finance technology upgrades with planned launch 2022
3. Development of new, state-of-the-art report writing tool, Svelte
 - Technology built, tested and subsequently launched in April 2021



Bush & Co

A trusted brand underpinned by strong fundamentals and growth opportunities

A **valued and essential** service

- Bush, with a strong heritage and brand, supports individuals who have been seriously injured
- A market with intrinsic, underlying demand for services

The **standout brand** in a consolidating market

- Highly trusted brand which customers and consultants want to work with
- Broad, diverse customer relationships built on longevity and trust

Robust financial performance with **high visibility on cash flow**

- Balance of recurring revenue and one off reports
- High margins, cash conversion and returns; low capital intensity

Highly **experienced and trusted** leadership team that have built a dynamic culture

- Extensive public company and industry experience over a combined 75 years
- Vision to become the clear market leader through our key growth drivers

Operating in a market with **numerous opportunities for growth**

- Highly scalable business model and systems
- Highly fragmented market

Our Awards



Strong Customer Feedback

Case Management	95% Would instruct us again 90% Overall satisfaction
Expert Witness	100% Would instruct us again 100% Overall satisfaction



Our Strategy

Consumer Legal Services

Our strategy

Strategy

Our strategy to generate increased value in a post-reform environment principally comprises three elements:

1. Profitably process all of our RTA claims in NAL, including small claims;
2. Process an increasing volume of non-RTA claims in NAL, generating a higher return; and
3. Leverage investments in operations, people and technology to improve both processing efficiency and customer experience, for all claim types.

We will do this using our unique business model to balance the work we place to our panel partners for in-year profit and cash with the work we process ourselves for greater, but deferred, profit and cash.

Strategic Priorities

- After the implementation of the legal reforms on 31 May 2021, National Accident Law will process 100% of RTA enquiries and an increasing number of non-RTA enquiries
- Further enhancements to the customer experience, including extending our digital sign-up journey to non-RTA claims
- Delivering the transition to a post-pandemic operating model, with a lower-cost blend of remote and office-based working that supports our people and our customers
- Implementing new CRM software in the Residential Property business and optimising the brand structure
- In light of on-going consolidation in the market for residential property services, the Board has decided to investigate a potential sale of its repositioned and profitable Residential Property business.

Critical Care

Our strategy

Strategy

We will build on our position as a leading player in the catastrophic injury market by:

1. Continuing to nurture our strong and diverse customer relationships and deepen our relationships with the legal, insurance, clinical and charity sectors;
2. Developing our competencies and specialisms across case management and expert witness services to create revenue opportunities throughout the rehabilitation process; and
3. Using our Innovate – Optimise – Grow strategy framework to drive growth through technological innovation and expansion into adjacent markets.

Strategic Priorities

- Launch our new proprietary digital medico legal report writing tool for Expert Witness in Q2 2021
- Advance our plans to expand into lower value claims, within the same market, by building relationships with insurers and developing a client and customer portal and workflow
- Develop the proposition for a CQC accredited nurse-led care service to support catastrophically injured clients
- Delivering the transition to a post-pandemic operating model, with a lower-cost blend of remote and office-based working that supports our people and our customers



Summary and Outlook

Summary and Outlook

Trading resilience and strategic progress

Summary

- The Group responded decisively to COVID-19, demonstrated resilience and delivered an operating profit
- The Group took decisions to boost free cash flow to £6.1m, but this meant delaying scaling National Accident Law
- The Group de-risked the balance sheet and net debt reduced from £21.0m to £16.3m
- The Group's Personal Injury business completed its transformation and is ready for the legal reforms being implemented on 31 May 2021
- Critical Care advanced initiatives that will aid its recovery
- The Board have identified the potential to create near-term value for shareholders through the sale of the Residential Property business, which will be progressed in the months to come

Outlook

- The third national lockdown in January caused another reduction in accident numbers in the market, affecting our revenues (Personal Injury enquiries in Q1 were 46% of 2019, improving to 57% in April)
- Group revenues for four months to 30 April 2021 were 19% below 2019, reflecting fewer enquiries and c.1500% increase in enquiries self-processed in National Accident Law
- We plan to self-process 100% of RTA enquiries from 31 May and increasing numbers of non-RTA, retaining 100% of the profits
- We expect to see growth in 2021 revenues and profit in both divisions compared to 2020



Appendix

COVID-19 Response

Managing through the pandemic

Reaction



Month 0 – 1

Addressed immediate challenges to our people, customers, business partners and liquidity

- Followed Government instructions and ensured staff were safeguarded
- Implemented business continuity plans, which enabled remote working and uninterrupted trading from Day 1
- Implemented immediate cost containment measures, including temporary voluntary pay reductions for the Board and senior management and cancelled planned pay increases

Resilience



Month 1 – 6

Addressed near-term cash management, liquidity and resilience challenges through lockdown

- Stress tested cash flows
- Agreed new banking covenants and extended revolving credit facility with bank
- Prioritised placement of personal injury enquiries into panel to drive cash flow
- Restructured to create our Consumer Legal Services division
- Identified over £1m annualised cost savings and closed London office
- Made use of Government CJRS, claiming £0.4m from April to December and furloughing up to a maximum of 82 staff during this period

Return



Month 6 – 18

Created a plan to return the business to growth, scaling quickly as lockdown eased and the longer-term impact becomes clearer

- Developed a flexible working proposition for staff with suitable office space to facilitate hot-desking and collaboration
- Conducted a review of divisional strategies and prioritisation of strategic projects in light of market conditions
- Progressed with planned investment in technology in Consumer Legal Services and Critical Care to support future growth from 2020 and create further operational efficiencies
- Continued to flex our personal injury enquiry placement model as volume recovered, retaining flexibility to respond to future COVID-19 challenges and growing levels of self-processing in National Accident Law

Personal Injury

A flexible, self-funding business model, purpose built to generate shareholder returns across the cycle

