## Interim Results

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Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

27 September 2022

**NAHL Group plc**
("NAHL", the "Company" or the "Group")

**Interim Results**
***Continued progress on strategic objectives; trading in line with expectations***

NAHL, the leading UK marketing and services business focused on the UK consumer legal market, announces its interim results for the six months ended 30 June 2022 (the "Period").

**Financial Highlights**

- Revenue increased 6% to £20.7m (H1 2021: £19.5m)
- Cash received from settled claims in the Group's fully integrated law firm, National Accident Law ("NAL"), increased by 50% to £1.5m
- Operating profit decreased by 8% to £2.3m reflecting planned investment in scaling NAL
- Profit before tax decreased to £0.1m, in line with expectations (H1 2021: £0.6m)
- Basic earnings per share were 0.0p (H1 2021: 1.0p).
- Net debt further reduced by £1.0m to £14.5m from £15.5m at 31 December 2021

**Operational Highlights**

- Continued to progress strategy of creating a higher margin, integrated law firm underpinned by a flexible business model which will drive higher returns in the medium and long-term
- 4,531 new enquiries placed into NAL, a 61% increase on H1 2021
- NAL had a book of 9,884 ongoing claims at 30 June 2022, 25% more than at 31 December 2021 and 132% ahead of 30 June 2021
- Ongoing claims in NAL expected to convert over the next few years into £9.8m of future cash, £7.5m of future revenue and future gross profit of £6.5m
- The Group's market-leading brand, National Accident Helpline, generated nearly 18,000 new enquiries in the Period, an increase of 27% on H1 2021
- Increase in enquiry numbers was achieved through market share gains, and we estimate that at Period-end National Accident Helpline held a 19% share of the non-road traffic accident ("non-RTA") market, comprising employers', public and occupier liability claims

- This performance gave management confidence to return to TV advertising in June 2022, when a new campaign was launched to strengthen National Accident Helpline's brand position and contribute to future volume growth
- Critical Care increased the number of expert witness reports it issued by 11% and Initial Needs Assessment ("INA") reports by 12%, whilst maintaining a strong book of ongoing case management clients
- Critical Care increased its pipeline of new work, generating 11% growth in instructions for expert witness reports and 19% growth in instructions for INA reports
- Critical Care recruited 41 new associates in key specialisms and now works with 96 case managers and 115 expert witnesses across the UK

**Outlook**

- Despite the current macroeconomic uncertainty, the Group continues to trade in line with market expectations and is on track to meet full year forecasts
- We continue to maintain a tight control over costs and discretionary spend whilst progressing our investments in both divisions
- The Consumer Legal Services division delivered an encouraging 4% growth in personal injury enquiry numbers in July and August compared to last year
- In Critical Care, in July and August:
  - The number of INA reports issued was 26% ahead of last year
  - The number of expert witness reports issued was 24% lower than last year, however, this shortfall was largely down to the timing of issuing reports over the summer holiday period and we anticipate a return to growth for the remainder of the year
- The Group remains committed to managing net debt and anticipate it reducing further this year

**James Saralis, CEO of NAHL, commented:**

"The performance of the Group in the first half of the year was in line with our expectations and we are pleased with the progress we have made in both of our divisions. In Consumer Legal Services, NAL increased both the number of new enquiries by 61% and cash from settlements by 50% during the Period. These metrics clearly illustrate the growing maturity of our law firm and give us confidence that we are on track to build a more sustainable and profitable business in the medium-term. Our market leading brand, National Accident Helpline, generated 27% more enquiries than H1 last year and this was achieved through market share gains which have grown consistently over the last 18 months and gave us confidence to return to TV advertising in June.

"Our Critical Care division had a strong start to the year and continued to make good progress on its strategic priorities. We continue to see good results from our business development initiatives as we look to grow Bush & Co.'s market share by appealing to a broader customer base and leveraging the use of technology. The business recruited 41 new associates in key specialisms in the Period and at 30 June 2022 was working with 96 case managers and 115 expert witnesses across the UK.

"Based on our performance in H1, and early indications in H2, the Board believes that it can navigate this period of macroeconomic uncertainty and deliver a full year outturn in line with market expectations. "

Enquiries:

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|---|---|
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**Notes to Editors**

NAHL Group plc (AIM: NAH) is a leader in the Consumer Legal Services ("CLS") market. The Group provides services and products to individuals and businesses in the CLS market through its two divisions:

- **Consumer Legal Services** provides outsourced marketing services to law firms through National Accident Helpline and Homeward Legal; and claims processing to individuals through Your Law, Law Together and National Accident Law. In addition, it also provides property searches through Searches UK.

- **Critical Care** provides a range of specialist services in the catastrophic and serious injury market to both claimants and defendants through Bush & Co.

More information is available at www.nahlgroupplc.co.uk, www.national-accident-helpline.co.uk, www.national-accident-law.co.uk and www.bushco.co.uk

**Use of alternative performance measures**

The commentary in the Interim Management Statement includes alternative performance measures, which are not defined by International Financial Reporting Standards. Definitions of these measures can be found in note 1 of the half year results. The measures provide additional information for users on underlying business trends and performance.

**Interim Management Statement**

I am pleased to report NAHL's Interim Results for the six months ended 30 June 2022.

**Overview**

The financial results are in line with the Board's expectations. During the Period we continued to make progress on our strategic objectives, growing the number of personal injury enquiries that we generated, increasing the number of claims being processed in NAL, collecting more cash from settlements in NAL and developing our capability and pipeline of work in Bush & Co.

**Summary of results**

Revenue was £20.7m, which was 6% higher than the first half of last year (H1 2021: £19.5m), and 7% higher than the second half (H2 2021: £19.4m). Both of our divisions delivered revenue growth, with Consumer Legal Services growing by 4% and Critical Care by 12% in the Period.

Operating profit was £2.3m, which was 8% lower than last year due to the planned investment in scaling the Group's fully integrated law firm, NAL. At 10.9%, the operating profit margin was lower than the first half of last year (12.6%) but has recovered by 2.2 ppts compared to the 8.7% achieved in the second half of last year.

At a divisional level, operating profit in Consumer Legal Services was 14% lower than last year at £2.1m (H1 2021: £2.4m). This was net of a £1.4m investment in the cost of generating new enquiries into NAL (H1 2021: £1.0m). Many of these enquiries will not translate into winning claims this year but go towards building the embedded value of NAL's book of claims, which will lead to future profits and cash. At 30 June 2022, NAL had increased the number of ongoing claims by 25% since 31 December 2021. We estimate that NAL's book of claims is worth £7.5m of future revenue and £6.5m of future gross profits, neither of which have yet been recognised in the profit and loss account.

Operating profit in Critical Care was 2% lower than last year at £1.6m, reflecting the Group's continued investment in business development, people and systems.

The profit attributable to members' non-controlling interests in our joint venture LLPs was £1.9m (H1 2021: £1.7m). This reflects increased settlements of historical claims in the Group's two joint venture partnerships, Law Together LLP and Your Law LLP.

Profit before tax decreased to £0.1m (H1 2021: £0.6m) and basic earnings per share (EPS) were 0.0p (H1 2021: 1.0p).

The Group generated £1.0m of free cash flow ("FCF") in the Period, which was £0.4m less than the equivalent period last year because of our investment in new claims in NAL. Operating cash conversion was strong at 150% (H1 2021: 136%). NAL collected £1.5m of cash from settlements in the Period, which was 50% more than last year. We estimate that the ongoing claims in NAL will convert over the next few years into £9.8m of future cash, on settlement.

The Board remains committed to managing net debt and at 30 June 2022 net debt was £14.5m, down 6% from £15.5m at 31 December 2021.

**Consumer Legal Services**

In our Consumer Legal Services division, revenue increased by 4% from £13.6m to £14.1m, and operating profit fell by 14% to £2.1m (H1 2021: £2.4m).

Our strategy to succeed in the personal injury market is to create a higher margin, integrated law firm underpinned by our flexible business model. We will achieve this by growing enquiry volumes, using our National Accident Helpline brand, and by processing an increasing number of those enquiries through our own consumer-focused law firm, National Accident Law. Our agile and scalable placement model is designed to balance the work we place with our panel, and joint venture partners, for in-year profit and cash with the work we process ourselves for greater, but deferred profit and cash.

In the first half of 2022, we continued to build momentum in delivering this strategy.

External data from the Claims Portal and Official Injury Claim Portal shows that the number of new claims in the UK personal injury market remained subdued in the Period. This is due to the combined impact of COVID-19 related changes in consumer behaviour and the implementation of the Civil Liability Act 2018 ("CLA"), which have fundamentally reset the size of the market in the past 24 months. This picture is consistent with Google mobility data, which appears to have plateaued since the start of the year. Unfortunately, these changes have also resulted in a lack of stimulation of the market as the largest law firms and claims management companies reduce their marketing spend to manage their profits. We estimate this market to now be worth £1.1bn annually. We continue to believe that consumer behaviour will change, investment levels will increase, and consequentially the number of new claims will increase from current levels.

National Accident Helpline generated 17,933 enquiries in the Period, which was an increase of 27% on last year. This number would have been higher had we not taken the decision to stop processing tariff-only road traffic accident ("RTA") claims, which we announced in February, to focus our resources on processing higher value enquiries.

Our increase in enquiry numbers was achieved through market share gains, and we estimate that at Period-end National Accident Helpline held a 19% share of the non-RTA market, comprising employers', public and occupier liability claims. This has grown consistently over the last 18 months, which gave us confidence to return to TV advertising in June 2022, when we launched a new campaign to strengthen our brand position and contribute to future volume growth.

The brand and our website performed well during the Period, contributing to an improvement in the number of leads, including more organic (unpaid) leads and a lower cost of acquisition, after adjusting for tariff-only claims. Since Period-end, the early indications are that the TV campaign is also having a positive effect.

25% of our total enquiries were placed into NAL during the Period, with 68% going to the panel and 7% to our joint ventures. Demand from the panel has remained strong throughout the Period and this distribution channel continues to provide us with good options for short-term profit and cash generation.

The 4,531 new enquiries placed into NAL represents an increase of 61% on H1 2021. We estimate that these enquiries are worth £2.9m in future revenues. NAL won 626 claims in the Period, which generated £1.5m of cash from settlements for NAL. This was 50% more than the same period last year, further proving the model.

At 30 June 2022, NAL had a book of 9,884 ongoing claims, 25% more than at 31 December 2021 (31 December 2021: 7,918 claims; 30 June 2021: 4,268 claims). This book of existing, ongoing claims has an embedded value, being the future profits and cash anticipated to be generated by processing those claims through to settlement. At 30 June 2022, after already expensing marketing costs relating to these claims and costs incurred on processing up to that date, we anticipate that these ongoing claims will generate future revenue of £7.5m and future gross profit of £6.5m.

The Group's Residential Property businesses, comprising Homeward Legal and Searches UK, generated revenues of £2.4m (H1 2021: £3.3m) and operating profit before shared costs of £0.3m (H1 2021: £0.5m). These businesses experienced a slowdown in Q2, in line with the wider market, although Searches UK proved more resilient and attracted several new customers. The market slowdown follows two years of increased activity fuelled by the stamp duty land tax holiday and sustained low interest rates.

**Critical Care**

In our Critical Care division, revenue increased by 12% from £6.0m to £6.7m, and operating profit was 2% lower at £1.6m (H1 2021: £1.7m). This reflects our continued investment in business development, people and systems.

Our strategy in Bush & Co remains to grow our market share by appealing to a broader customer base, extending our competencies and specialisms and to be more efficient at what we do through the use of technology.

The business operates in the catastrophic injury market, with most of the work arising from serious RTA injuries and medical negligence. Both of these types of claims suffered a temporary reduction in volume during the COVID-19 pandemic, but data from the Department for Transport suggests that serious RTA injuries have returned to their long-term trend of a slow decline; and data from IRN Research shows that the number of medical negligence claims reported to NHS Resolution grew by 8% in 2020/21. The growth in revenue in Bush & Co. gives us confidence that the business has grown market share in the Period.

In the first half of 2022, we continued to make progress in our recovery from the effects of the pandemic.

Our expert witness business performed strongly, with revenue 20% higher than H1 2021. The number of expert witness reports completed and issued to customers increased by 11%. The number of new instructions for expert witness reports was also up by 11%, reflecting our focus on business development and creating a strong pipeline of work for the future.

Our case management business has adapted to new ways of working since the pandemic, with a mix of face-to-face and online work required by clients. Our teams delivered 12% growth in the number of initial needs assessments ("INAs") completed in the Period and maintained a strong book of ongoing case management clients generating recurring monthly revenue, but revenues were 3% lower because online work is charged at a lower rate. We continue to benefit from a strong pipeline of new work and instructions numbers for INAs grew by 19% in the Period.

The division also made good progress on many of its strategic priorities in the first half of the year. Bush Care Solutions, which provides nurse-led care management services, was launched in August 2021 and has been growing the number of ongoing clients resulting in monthly recurring revenue. This initiative complements our case management proposition and whilst it is currently a modest, albeit profitable, contributor to the divisional results, the early progress made gives us confidence that it can be a driver of more significant growth in the future.

The business has also recruited 41 new associates in key specialisms in the Period and at 30 June 2022 was working with 96 case managers and 115 expert witnesses across the UK. This recruitment included adding to our competencies in the specialised care of Children and Young People, which we identified last year as a growth opportunity. I've been particularly pleased with the level of associate recruitment that the business has achieved so far this year, which demonstrates the high regard in which Bush & Co. is held in the industry.

**Our people**

On 15 September 2022, the Board announced that Chris Higham had been appointed as a director of the Company, in the role of Group CFO, having been appointed acting CFO on 17 August 2021. Chris has held a variety of roles at NAHL since 2006 and has proven himself to be a real asset to the Group.

At the same time, the Board announced that Gillian Kent had decided to step down as non-executive director after eight years on the Board in order to pursue other business interests. This follows Gillian's recent appointment to the Board of THG plc as a Non-Executive Director. I'd like to thank Gillian for her contribution and support during this period and wish her well for the future.

With three independent non-executive directors and two executive directors, the Board believes that its current composition provides the skills and experience necessary to meet the Group's needs, given its size and nature.

On behalf of the Board, I want to thank all our people for their diligence and dedication to our customers during the Period. Their continually high levels of engagement, skill and empathy allow us to deliver our strategy and support more victims of accidents and medical negligence.

We employed 278 people at 30 June 2022, an increase of 8% from the end of 2021, with this growth reflecting our commitment to investing in the continued success of NAL and Bush & Co. Despite the challenging labour market, our People Team have done a great job in supporting our recruitment and retention needs across the Group, which has been aided by the increased prevalence of remote working, allowing us to access highly skilled candidates across the country.

To support our proposition, I am proud to say that we have built a Group with a strong purpose, an inclusive and supportive culture and clear leadership. Our focus on employee engagement was rewarded in June with another set of excellent results in our annual engagement survey, in which we improved on last year with overall engagement score of 78% (2021: 75%). This remains significantly higher than the UK average of 14%, and our results buck the trend which has seen UK average engagement scores fall over each of the last three years.

Throughout the Period, our people have participated in numerous initiatives in support of our local communities, charities, and the environment. This has included donating to food banks, community garden projects, a local RSPCA rescue centre and the Rockinghorse children's charity, in Sussex. We also proudly supported national and international causes, including Stoke Mandeville Spinal Research, the DEC's Ukraine Humanitarian Appeal and the Child Brain Injury Trust.

**Summary and outlook**

The results for the first half of 2022 were in line with the Board's expectations and saw the Group deliver an operating profit, generate cash and reduce net debt.

We continued the momentum we have generated in our Personal Injury business, increasing the number of enquiries while growing the value of NAL's book of claims. In Critical Care, we have offset the erosion in case management average revenue caused by COVID-19, by growing our expert witness services and developing Bush Care Solutions, as well as recruiting 41 new associates in key specialisms.

As we anticipated, our profits are reduced in the short-term, as we continue our investment in NAL, but the results we are achieving gives me confidence that we are on track to build a more sustainable and profitable business in the medium and long-term.

In July and August, our Consumer Legal Services division delivered 4% growth in personal injury enquiry numbers compared to last year. Whilst we are yet to see any sustained growth in claim numbers in the market, we expect to be in a better position to judge the market's medium-term prospects early next year. Cash from settlements in NAL has continued to grow, and £0.6m was collected across July and August (H1 2021: £0.3m).

In Critical Care, the number of INA reports issued in July and August was 26% ahead of last year, but the number of expert witness reports issued was 24% lower than last year. This shortfall was largely down to the timing of issuing reports during the summer holiday period and we anticipate a return to growth for the remainder of the year. The business has continued to enjoy robust instruction levels.

We continue to maintain a tight control over costs and discretionary spend whilst progressing our investments in both divisions. And whilst we expect that interest rates will remain above the historical lows that we have seen over recent years, leading to an increase in the cost of our borrowings, we are carefully managing the Group's net debt and anticipate it reducing further this year.

In summary, we have made good progress and I am pleased with the results the Group achieved in the first half of the year. Based on our performance in H1, and early indications in H2, the Board believes that it can navigate this period of macroeconomic uncertainty and deliver a full year outturn in line with market expectations.

**James Saralis**

Chief Executive Officer

27 September 2022

# Consolidated statement of comprehensive income

for the 6 months ended 30 June 2022

| | Note | **Unaudited 6 months ended 30 June 2022 £000** | Unaudited 6 months ended 30 June 2021 £000 | Audited 12 months ended 31 December 2021 £000 |
|---|---|---|---|---|
| **Revenue** | 2 | **20,732** | 19,509 | 38,947 |
| Cost of sales | | **(11,984)** | (10,251) | (21,352) |
| **Gross profit** | | **8,748** | 9,258 | 17,595 |
| Administrative expenses | | **(6,493)** | (6,799) | (13,439) |
| **Operating profit** | 2 | **2,255** | 2,459 | 4,156 |
| Profit attributable to members' non-controlling interests in LLPs | | **(1,935)** | (1,654) | (3,451) |
| Financial income | | **37** | 47 | 85 |
| Financial expense | | **(307)** | (271) | (555) |
| **Profit before tax** | | **50** | 581 | 235 |
| Taxation | 3 | **(48)** | (130) | (79) |
| **Profit and total comprehensive income for the period** | | **2** | 451 | 156 |
| | | | | |
| **Profit from discontinued operations for the period** | 9 | **-** | 76 | - |
| **Profit from continuing operations for the period** | | **2** | 375 | 156 |

| **Earnings per share (p) Continuing operations** | | **Unaudited 6 months ended 30 June 2022** | Unaudited 6 months ended 30 June 2021 | Audited 12 months ended 31 December 2021 |
|---|---|---|---|---|
| Basic earnings per share | 6 | **0.0** | 0.8 | 0.3 |
| Diluted earnings per share | 6 | **0.0** | 0.8 | 0.3 |

| **Earnings per share (p) Discontinued operations** | | **Unaudited 6 months ended 30 June 2022** | Unaudited 6 months ended 30 June 2021 | Audited 12 months ended 31 December 2021 |
|---|---|---|---|---|
| Basic earnings per share | 6 | **-** | 0.2 | - |
| Diluted earnings per share | 6 | **-** | 0.2 | - |

# Consolidated statement of financial position

At 30 June 2022

| | Note | **Unaudited as at 30 June 2022 £000** | Unaudited as at 30 June 2021 £000 | Audited as at 31 December 2021 £000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | | **55,489** | 55,489 | 55,489 |
| Other intangible assets | | **3,156** | 4,120 | 3,701 |
| Property, plant and equipment | | **440** | 489 | 477 |
| Right of use assets | | **2,171** | 2,608 | 2,315 |
| Deferred tax asset | | **23** | 14 | 23 |
| | | **61,279** | 62,720 | 62,005 |
| **Current assets** | | | | |
| Trade and other receivables (including £4,692,000 (June 2021: £7,811,00; December 2021: £3,718,00) due in more than one year) | 4 | **33,058** | 35,051 | 33,404 |
| Cash and cash equivalents | | **1,974** | 3,037 | 2,458 |
| | | **35,032** | 38,088 | 35,862 |
| **Total assets** | | **96,311** | 100,808 | 97,867 |
| **Current liabilities** | | | | |
| Trade and other payables | 5 | **(16,096)** | (17,999) | (16,211) |
| Lease liabilities | | **(258)** | (253) | (242) |
| Member capital and current accounts | | **(4,232)** | (4,587) | (4,210) |
| Current tax liability | | **(74)** | (376) | (97) |
| | | **(20,660)** | (23,215) | (20,760) |
| **Non-current liabilities** | | | | |
| Lease liabilities | | **(1,885)** | (2,125) | (1,953) |

| | | | |
|---|---|---|---|
| Other interest-bearing loans and borrowings | **(16,424)** | (17,950) | (17,910) |
| Deferred tax liability | **(546)** | (705) | (625) |
| | **(18,855)** | (20,780) | (20,488) |
| **Total liabilities** | **(39,515)** | (43,995) | (41,248) |
| **Net assets** | **56,796** | 56,813 | 56,619 |
| | | | |
| **Equity** | | | |
| Share capital | **116** | 115 | 116 |
| Share option reserve | **4,487** | 4,212 | 4,312 |
| Share premium | **14,595** | 14,595 | 14,595 |
| Merger reserve | **(66,928)** | (66,928) | (66,928) |
| Retained earnings | **104,526** | 104,819 | 104,524 |
| **Capital and reserves attributable to the owners of NAHL Group plc** | **56,796** | 56,813 | 56,619 |

# Consolidated statement of changes in equity

for the 6 months ended 30 June 2022

| | **Share capital £000** | **Share option reserve £000** | **Share premium £000** | **Merger reserve £000** | **Retained earnings £000** | **Total equity £000** |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | 116 | 4,312 | 14,595 | (66,928) | 104,524 | 56,619 |
| **Total comprehensive income for the period** | | | | | | |
| Profit for the period | - | - | - | - | 2 | 2 |
| Total comprehensive income | - | - | - | - | 2 | 2 |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Share-based payments | - | 175 | - | - | - | 175 |
| Total transactions with owners recorded directly in equity | - | 175 | - | - | - | 175 |
| **Balance at 30 June 2022** | **116** | **4,487** | **14,595** | **(66,928)** | **104,526** | **56,796** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 115 | 3,912 | 14,595 | (66,928) | 104,368 | 56,062 |
| **Total comprehensive income for the period** | | | | | | |
| Profit for the period | - | - | - | - | 451 | 451 |
| Total comprehensive income | - | - | - | - | 451 | 451 |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Share-based payments | - | 300 | - | - | - | 300 |
| Total transactions with owners recorded directly in equity | - | 300 | - | - | - | 300 |
| **Balance at 30 June 2021** | 115 | 4,212 | 14,595 | (66,928) | 104,819 | 56,813 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 115 | 3,912 | 14,595 | (66,928) | 104,368 | 56,062 |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | - | - | - | - | 156 | 156 |
| Total comprehensive income | - | - | - | - | 156 | 156 |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Issue of share capital | 1 | - | - | - | - | 1 |
| Share-based payments | - | 400 | - | - | - | 400 |
| Total transactions with owners recorded directly in equity | 1 | 400 | - | - | - | 401 |
| **Balance at 31 December 2021** | 116 | 4,312 | 14,595 | (66,928) | 104,524 | 56,619 |

# Consolidated cash flow statement

for the 6 months ended 30 June 2022

| | Note | **Unaudited 6 months ended 30 June 2022 £000** | Unaudited 6 months ended 30 June 2021 £000 | Audited 12 months ended 31 December 2021 £000 |
|---|---|---|---|---|
| ***Cash flows from operating activities*** | | | | |

| | | | |
|---|---|---|---|
| Profit for the period | **2** | 451 | 156 |
| *Adjustments for:* | | | |
| Profit attributable to members' non-controlling interests in LLPs | **1,935** | 1,654 | 3,451 |
| Property, plant and equipment depreciation | **91** | 86 | 171 |
| Right of use asset depreciation | **145** | 153 | 306 |
| Amortisation of intangible assets | **624** | 621 | 1,195 |
| Financial income | **(36)** | (47) | (85) |
| Financial expense | **307** | 271 | 555 |
| Share-based payments | **175** | 300 | 400 |
| Taxation | **48** | 130 | 79 |
| | **3,291** | 3,619 | 6,228 |
| Decrease/(Increase) in trade and other receivables | **240** | (720) | 1,012 |
| (Decrease)/Increase in trade and other payables | **(115)** | 452 | (1,337) |
| Cash generation from operations | **3,416** | 3,351 | 5,903 |
| Interest paid | **(267)** | (193) | (398) |
| Tax paid | **(14)** | - | (365) |
| **Net cash generated from operating activities** | **3,135** | 3,158 | 5,140 |
| ***Cash flows from investing activities*** | | | |
| Acquisition of property, plant and equipment | **(54)** | (208) | (281) |
| Acquisition of intangible assets | **(79)** | (184) | (339) |
| Interest received | **6** | 1 | 2 |
| **Net cash used in investing activities** | **(127)** | (391) | (618) |
| ***Cash flows from financing activities*** | | | |
| Repayment of borrowings | **(1,500)** | (2,000) | (2,000) |
| Issue of share capital | **-** | - | 1 |
| Facility arrangement fees | **-** | - | (90) |
| Principal element of lease payments | **(80)** | (95) | (166) |
| Drawings paid to LLP members | **(1,912)** | (1,244) | (3,418) |
| **Net cash used in financing activities** | **(3,492)** | (3,339) | (5,673) |
| Net decrease in cash and cash equivalents | **(484)** | (572) | (1,151) |
| Cash and cash equivalents at beginning of period | **2,458** | 3,609 | 3,609 |
| **Cash and cash equivalents at end of period** | **1,974** | 3,037 | 2,458 |

# Notes to the financial statements

## 1. Accounting policies

**General Information**
The half year results for the current and comparative period to 30 June have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance of Review of Interim Financial Information.

These half year results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 were approved by the Board of Directors on 28 March 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

In preparing the half year results, the Board has considered the Group's ability to continue as a going concern. This assessment included a review of management's financial forecasts, covering a range of potential scenarios. The going concern assessment focuses on two key areas being the ability of the Group to meet its debts as they fall due and being able to operate within its banking facility. The Group has access to a £20.0m revolving credit facility ('RCF') with its bankers. In all of the scenarios the Group has modelled it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The condensed set of financial statements was approved by the Board of Directors on 26 September 2022.

**Basis of preparation**

***Statement of compliance***
The half year results for the current and comparative period to 30 June have been prepared in accordance with IAS 34 Interim Financial Reporting applied in conformity with the requirements of the Companies Act 2006 and the AIM Rules of UK companies. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

**New and amended standards adopted by the Group**

There are no new or amended standards applicable for the current reporting period.

**Use of judgements and estimates**
The preparation of financial statements in conformity with IFRS requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from

these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In preparing the condensed set of financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were of the same type as those that applied to the financial statements for the year ended 31 December 2021.

**Significant accounting policies**
The accounting policies used in the preparation of these interim financial statements for the 6 months ended 30 June 2022 are the accounting policies as applied to the Group's financial statements for the year ended 31 December 2021.

**Statutory and non-statutory measures**
The Directors have presented these alternative performance measures (APMs) in the Interim Results because they believe they provide additional useful information for shareholders on underlying business trends and performance. As these APMs are not defined by IFRS, they may not be directly comparable to other companies' APMs. They are not intended to be a substitute for, or superior to, IFRS measurements and the Directors recommend that the IFRS measures should also be used when users of this document assess the performance of the Group.

The APMs used in the Interim Results are as defined in the 2021 Annual Report and the principles to identify adjusting items have been applied on a basis consistent with previous years.

The APMs presented in the Interim Results are defined as follows:

| Nature of measure | Related IFRS measure | Related IFRS source | Definition | Use/relevance |
|---|---|---|---|---|
| Operating cash conversion | Not defined by IFRS | n/a | Calculated as cash generated from operations divided by operating profit. | Provides management with an indication of the amount of cash available for discretionary investing or financing after removing material non-recurring expenditure that does not reflect the underlying trading operations and allows management to monitor the conversion of underlying profit into cash. |
| Free cash flow | Not defined by IFRS | n/a | Calculated as net cash generated from operating activities less net cash used in investing activities less payments made to partner LLP members and less principal element of lease payments. | |
| Net cash/(debt) | Not defined by IFRS | Consolidated cash flow statement | Net cash/(debt) is defined as cash and cash equivalents less interest-bearing borrowings net of loan arrangement fees. | Allows management to monitor the overall level of debt in the business. As stated in the 2021 strategic report, loan funding is key to the Group's future strategy as an increasing proportion of profits and cash flows are deferred until case settlement. |

A reconciliation of each measure is provided as follows:

Cash conversion and free cash flow:

| | **Unaudited 6 months ended 30 June 2022 £000** | Unaudited 6 months ended 30 June 2021 £000 | Audited 12 months ended 31 December 2021 £000 |
|---|---|---|---|
| IFRS measure - Cash generation from operations | **3,416** | 3,351 | 5,903 |
| Operating profit | **2,255** | 2,459 | 4,156 |
| **Operating cash conversion** | **151.5%** | 136.3% | 142.0% |
| | | | |
| **Cash generation from operations** | **3,416** | 3,351 | 5,903 |
| Interest paid | **(267)** | (193) | (398) |
| Tax paid | **(14)** | - | (365) |
| **Net cash generated from operating activities** | **3,135** | 3,158 | 5,140 |
| **Net cash used in investing activities** | **(127)** | (391) | (618) |
| Principal element of lease payments | **(80)** | (95) | (166) |
| Issue of share capital | **-** | - | 1 |
| Facility arrangement fees | **-** | - | (90) |
| Drawings paid to LLP members | **(1,912)** | (1,244) | (3,418) |
| **Free cash flow** | **1,016** | 1,428 | 849 |

Net debt is defined in Note 8 to the interim financial statements.

**Financial assets and liabilities**
The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing borrowings.

**Trade and other receivables**
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, trade and other receivables are stated at amortised cost using the effective interest method, less any impairment losses calculated in line with IFRS 9.

**Trade and other payables**
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances. Cash and cash equivalents are repayable on demand and are recognised at their carrying amount.

**Interest-bearing borrowings**
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**Recoverable disbursements and disbursements payable**
Disbursement payables represent the balance of disbursements incurred in the processing of personal injury claims. These disbursements will ultimately be billed on settlement of a case or recovered from insurance if a case should fail and so the recoverable disbursements represents the value of disbursements still to be billed. Disbursement payables and receivables are recognised initially at fair value and subsequent to initial recognition, are stated at amortised cost using the effective interest method.

**Member capital and current accounts**
Member capital and current accounts represent the balances owed to non-controlling members' in the LLPs. These consist of any capital advances and unpaid allocated profits as at the period end. Members capital and current accounts are classified as financial liabilities and are recognised initially at fair value. Subsequent to initial recognition, members capital and current accounts are stated at amortised cost using the effective interest method.

## 2. Operating segments

| | Consumer Legal Services £000 | Critical Care £000 | Shared services £000 | Other items £000 | Underlying operations £000 | Eliminations[2] £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **6 months ended 30 June 2022** | | | | | | | |
| Revenue | 14,061 | 6,671 | - | - | 20,732 | - | 20,732 |
| Depreciation and amortisation | (129) | (116) | (179) | (436) | (860) | - | (860) |
| Operating profit/(loss) | 2,108 | 1,634 | (876) | (611) | 2,255 | - | 2,255 |
| Profit attributable to members' non-controlling interests in LLPs | (1,935) | - | - | - | (1,935) | - | (1,935) |
| Financial income | 35 | - | 2 | - | 37 | - | 37 |
| Financial expenses | - | (3) | (304) | - | (307) | - | (307) |
| Profit/(loss) before tax | 208 | 1,631 | (1,178) | (611) | 50 | - | 50 |
| Trade receivables | 2,726 | 5,567 | - | - | 8,293 | - | 8,293 |
| Total assets[1] | 29,106 | 6,585 | 78,126 | - | 113,817 | (17,506) | 96,311 |
| Segment liabilities[1] | 15,824 | 1,438 | 5,208 | - | 22,470 | - | 22,470 |
| Capital expenditure (including intangibles) | (59) | (74) | - | - | (133) | - | (133) |
| **6 months ended 30 June 2021** | | | | | | | |
| Revenue | 13,557 | 5,952 | | - | 19,509 | - | 19,509 |
| Depreciation and amortisation | (139) | (83) | (176) | (462) | (860) | - | (860) |
| Operating profit/(loss) | 2,439 | 1,674 | (892) | (762) | 2,459 | - | 2,459 |
| Profit attributable to members' non-controlling interests in LLPs | (1,654) | - | - | - | (1,654) | - | (1,654) |
| Financial income | 47 | - | - | - | 47 | - | 47 |
| Financial expenses | - | (5) | (266) | - | (271) | - | (271) |
| Profit/(loss) before tax | 832 | 1,669 | (1,158) | (762) | 581 | - | 581 |
| Trade receivables | 4,035 | 4,906 | - | - | 8,941 | - | 8,941 |
| Total Assets[1] | 32,767 | 6,047 | 79,500 | - | 118,314 | (17,506) | 100,808 |
| Segment liabilities[1] | (15,170) | (1,371) | (3,836) | - | (20,377) | - | (20,377) |
| Capital expenditure (including intangibles) | (30) | (169) | (193) | - | (392) | - | (392) |
| **12 months ended 31 December 2021** | | | | | | | |
| Revenue | 26,583 | 12,364 | - | - | 38,947 | - | 38,947 |
| Depreciation and amortisation | (272) | (166) | (363) | (871) | (1,672) | - | (1,672) |
| Operating profit/(loss) | 3,726 | 3,293 | (1,592) | (1,271) | 4,156 | - | 4,156 |
| Profit attributable to non-controlling interest members in LLPs | (3,451) | - | - | - | (3,451) | - | (3,451) |
| Financial income | 85 | - | - | - | 85 | - | 85 |
| Financial expenses | - | (10) | (545) | - | (555) | - | (555) |
| Profit/(loss) before tax | 360 | 3,283 | (2,137) | (1,271) | 235 | - | 235 |
| Trade receivables | 2,999 | 4,896 | - | - | 7,895 | - | 7,895 |
| Total assets[1] | 29,625 | 6,335 | 79,413 | - | 115,373 | (17,506) | 97,867 |
| Segment liabilities[1] | (17,754) | (1,306) | (3,556) | - | (22,616) | - | (22,616) |
| Capital expenditure (including intangibles) | 60 | 326 | 234 | - | 620 | - | 620 |

1. Total assets and segment liabilities exclude intercompany loan balances as these are not included in the segment results reviewed by the chief operating decision maker.
2. Eliminations represents the difference between the cost of subsidiary investments included in the total assets figure for each segment and the value of goodwill arising on consolidation.

***Geographic information***
All revenue and assets of the Group are based in the UK.

***Operating segments***
The activities of the Group are managed by the Board, which is deemed to be the chief operating decision maker (CODM). The CODM has identified the following segments for the purpose of performance assessment and resource allocation decisions. These segments are split along product lines and are consistent with the prior year.

Consumer Legal Services - Revenue is split along 3 separate streams being: a) Panel - revenue from the provision of personal injury and conveyancing enquiries to the Panel Law Firms, based on a cost plus margin model b) Products - consisting of commissions received from providers for the sale of additional products by them to the Panel Law Firms, surveys and the provision of conveyancing searches and c) Processing - in the case of our ABSs and self-processing operations, revenue receivable from clients for the provision of legal services.

Critical Care - Revenue from the provision of expert witness reports and case management support within the medico-legal framework for multi-track cases.

Shared Services - Costs that are incurred in managing Group activities or not specifically related to a product.

Other items - Other items represent share-based payment charges and amortisation charges on intangible assets recognised as part of business combinations.

## 3. Taxation

| | **Unaudited 6 months ended 30 June 2022** | Unaudited 6 months ended 30 June 2021 | Audited 12 months ended 31 December 2021 |
|---|---|---|---|
| | **£000** | £000 | £000 |
| *Current tax expense* | | | |
| Current tax on income for the year | **127** | 250 | 276 |
| Adjustments in respect of prior years | **-** | - | 13 |
| Total current tax | **127** | 250 | 289 |
| *Deferred tax credit* | | | |
| Origination and reversal of timing differences | **(79)** | (120) | (210) |
| Total deferred tax | **(79)** | (120) | (210) |
| Total expense in statement of comprehensive income | **48** | 130 | 79 |
| **Total tax charge** | **48** | 130 | 79 |

Reconciliation of effective tax rate:

| | **Unaudited 6 months ended 30 June 2022** | Unaudited 6 months ended 30 June 2021 | Audited 12 months ended 31 December 2021 |
|---|---|---|---|
| | **£000** | £000 | £000 |
| Profit for the period | **2** | 451 | 156 |
| Total tax expense | **48** | 130 | 79 |
| Profit before taxation | **50** | 581 | 235 |
| *Tax using the UK corporation tax rate of 19.0% (June 2021: 19.0%, December 2021:19.0%)* | **10** | 110 | 45 |
| Non-deductible expenses | **38** | 57 | 97 |
| Adjustments in respect of prior years | **-** | - | 13 |
| Share scheme deductions | **-** | - | (8) |
| Short term timing differences for which no deferred tax is recognised | | (37) | (68) |
| **Total tax charge** | **48** | 130 | 79 |

The Group's tax charge of £48,000 (June 2021: £130,000, December 2021: £79,000) represents an effective tax rate of 96.5% (June 2021: 22.4%, December 2021:33.6%). The effective tax rate is higher than the standard corporation tax rate of 19.0% for the reasons as set out above.

**Changes in tax rates and factors affecting the future tax charge**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. The effects are included within these interim financial statements.

## 4. Trade and other receivables

| | Unaudited 6 months ended 30 June 2022 £000 | Unaudited 6 months ended 30 June 2021 £000 | Audited 12 months ended 31 December 2021 £000 |
|---|---|---|---|
| Trade receivables: receivable in less than one year | **7,711** | 8,181 | 7,056 |
| Trade receivables: receivable in more than one year | **820** | 760 | 839 |
| Accrued income: receivable in less than one year | **11,356** | 10,692 | 12,414 |
| Accrued income: receivable in more than one year | **3,872** | 7,051 | 3,718 |
| Other receivables | **14** | 22 | 21 |
| Prepayments | **934** | 965 | 913 |
| Corporation tax | **-** | 88 | 136 |
| Recoverable disbursements | **8,351** | 7,292 | 8,307 |
| **Total** | **33,058** | 35,051 | 33,404 |

A provision against trade receivables of £467,000 (June 2021: £739,000, December 2021: £740,000) is included in the figures above.

Trade receivables and accrued income receivable in greater than one year are classified as current assets as the Group's working capital cycle is considered to be up to 36 months as extended credit terms are offered as part of commercial agreements.

## 5. Trade and other payables

| | Unaudited 6 months ended 30 June 2022 £000 | Unaudited 6 months ended 30 June 2021 £000 | Audited 12 months ended 31 December 2021 £000 |
|---|---|---|---|
| Trade payables | **1,434** | 2,706 | 1,452 |
| Disbursements payable | **7,388** | 6,686 | 7,222 |
| Other taxation and social security | **1,299** | 1,659 | 1,216 |
| Other payables, accruals and deferred revenue | **5,518** | 6,311 | 5,864 |
| Customer deposits | **457** | 637 | 457 |
| **Total** | **16,096** | 17,999 | 16,211 |

## 6. Earnings per share

The calculation of basic earnings per share at 30 June 2022 is based on profit attributable to ordinary shareholders of the parent company of £2,000 (June 2021: £451,000, December 2021: £156,000) and a weighted average number of Ordinary Shares outstanding of 46,325,222 (June 2021: 46,240,222, December 2021: 46,245,345).

***Profit attributable to ordinary shareholders***

| | Unaudited 6 months ended 30 June 2022 £000 | Unaudited 6 months ended 30 June 2021 £000 | Audited 12 months ended 31 December 2021 £000 |
|---|---|---|---|
| **Profit for the period attributable to the shareholders** | **2** | 451 | 156 |
| **Profit for the period from continuing operations** | **2** | 375 | 156 |
| **Profit for the period from discontinued operations** | **-** | 76 | - |

***Weighted average number of Ordinary Shares***

| **Number** | Unaudited 6 months ended 30 June 2022 | Unaudited 6 months ended 30 June 2021 | Audited 12 months ended 31 December 2021 |
|---|---|---|---|
| Issued Ordinary Shares at start of period | **46,325,222** | 46,240,222 | 46,240,222 |
| **Weighted average number of Ordinary Shares at end of period** | **46,325,222** | 46,240,222 | 46,245,345 |

***Basic earnings per share (p)***

| | Unaudited 6 months ended 30 June 2022 | Unaudited 6 months ended 30 June 2021 | Audited 12 months ended 31 December 2021 |
|---|---|---|---|
| **Group (p) - continuing operations** | **0.0** | 0.8 | 0.3 |
| **Group (p) - discontinued operations** | **-** | 0.2 | - |
| **Group (p) - total** | **0.0** | 1.0 | 0.3 |

The Company has in place share-based payment schemes to reward employees. As at 30 June 2022, there were potentially dilutive shares options under the Group's share option schemes. The total number of options available for these schemes included in the diluted earnings per share calculation is 2,329,951 (June 2021: 1,686,327, Dec 2021:1,315,881). There are no other diluting items.

***Diluted earnings per share (p)***

| | Unaudited 6 months ended 30 June 2022 | Unaudited 6 months ended 30 June 2021 | Audited 12 months ended 31 December 2021 |
|---|---|---|---|
| Group (p) - continuing operations | 0.0 | 0.8 | 0.3 |
| Group (p) - discontinued operations | - | 0.2 | - |
| **Group (p) - total** | **0.0** | 1.0 | 0.3 |

## 7. Dividends

No dividends were paid in 2021 and the Directors have recommended an interim dividend in respect of 2022 of nil p (2021: interim dividend of nil p).

## 8. Net debt

Net debt comprises cash and cash equivalents and secured bank loans.

| | Unaudited as at 30 June 2022 £000 | Unaudited as at 30 June 2021 £000 | Audited as at 31 December 2021 £000 |
|---|---|---|---|
| Cash and cash equivalents | **1,974** | 3,037 | 2,458 |
| Other interest-bearing loans and loan notes | **(16,424)** | (17,950) | (17,910) |
| **Net debt** | **(14,450)** | (14,913) | (15,452) |
| | | | |
| **Lease liabilities** | **(2,143)** | (2,378) | (2,195) |

Set out below is a reconciliation of movements in net debt during the period.

| | Unaudited as at 30 June 2022 £000 | Unaudited as at 30 June 2021 £000 | Audited as at 31 December 2021 £000 |
|---|---|---|---|
| Net decrease in cash and cash equivalents | **(484)** | (572) | (1,151) |
| Net inflow from decrease in debt and debt financing | **1,500** | 2,000 | 2,000 |
| **Movement in net borrowings resulting from cash flows** | **1,016** | 1,428 | 849 |
| Non-cash movements - net release of prepaid loan arrangement fees | **(14)** | (49) | (9) |
| Net debt at beginning of period | **(15,452)** | (16,292) | (16,292) |
| **Net debt at end of period** | **(14,450)** | (14,913) | (15,452) |

Set out below is a reconciliation of movements in lease liabilities during the period.

| | Unaudited as at 30 June 2022 £000 | Unaudited as at 30 June 2021 £000 | Audited as at 31 December 2021 £000 |
|---|---|---|---|
| Net outflow from decrease in lease liabilities | **80** | 95 | 166 |
| **Movement in net borrowings resulting from cash flows** | **80** | 95 | 166 |
| Non-cash movements arising from initial recognition of new lease liabilities, revisions and interest charges | **(28)** | (30) | 82 |
| Lease liabilities at beginning of the period | **(2,195)** | (2,443) | (2,443) |
| **Lease liabilities at end of period** | **(2,143)** | (2,378) | (2,195) |

## 9. Discontinued Operations

In May 2021, the Group announced its intention to investigate a potential sale of its Residential Property business, a sub-division of its Consumer Legal Services operating segment. As at the 2021 interim balance sheet date, management had committed to a formal plan for the sale of the business and were actively seeking a buyer. As such, the results from Homeward Legal and National Conveyancing Partners were classified as discontinued operations. These business units had no non-current assets and no fair value adjustments arose on this classification. Subsequently, the sale did not proceed and whilst the Board are still investigating options for Homeward Legal, the Group has not identified a suitable acquirer at present and is not in any formal due diligence discussions. Whilst possible, it is not considered to be highly probable that a sale will take place within the next 12 months. These entities were therefore de-classified as held for sale as at 31 December 2021 and the results are presented within the continuing operations of the Group.

The results of these discontinued operations as presented in the 2021 interim results are as follows:

Consolidated statement of comprehensive income:

| | Unaudited as at 30 June 2022 £000 | Unaudited as at 30 June 2021 £000 | Audited as at 31 December 2021 £000 |
|---|---|---|---|
| Revenue | **-** | 1,296 | - |
| Expenses | **-** | (1,197) | - |
| Profit before taxation | **-** | 99 | - |
| Taxation | **-** | (23) | - |
| **Profit after taxation attributable to owners of the parent company** | **-** | 76 | - |

Consolidated cash flow statement:

| | Unaudited | Unaudited | Audited |
|---|---|---|---|

| | as at 30 June 2022 £000 | as at 30 June 2021 £000 | as at 31 December 2021 £000 |
|---|---|---|---|
| ~~Cash flows from operating activities~~ | - | (143) | - |
| Cash flows from investing activities | - | - | - |
| Cash flows from financing activities | - | - | - |
| **Net cash outflow** | **-** | (143) | - |



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