



2021 Interim Results Presentation

September 2021



2021 Interim Results Introduction

Agenda

1. Overview
2. Financial Results
3. Strategic Progress
4. Our Businesses
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 CEO

James is Chief Executive Officer of the Group, which he joined in January 2018. His responsibilities include implementing the strategy agreed by the Board and managing the day-to-day operations of the Group.



Chris Higham – Group CFO

Chris Higham is acting Chief Financial Officer of the Group, having joined in 2006. His responsibilities include management of the finance function and liaising with the Group's investors and banks.

Overview

Continued progress on strategic initiatives against challenging backdrop

Highlights

- Despite ongoing impact of COVID-19, the Group has remained profitable, generated cash and reduced net debt
- Profits attributable to joint-venture law firm partners down by 26% due to a lower allocation of new enquiries
- Underlying operating profit of £2.5m (H1 2020: £2.8m)
- Free cash flow of £1.4m, as the Group prioritises the allocation of claims into its wholly owned law firm National Accident Law (“NAL”)
- Net debt further reduced to £14.9m (31 December 2020: £16.3m)
- Over 14,000 new personal injury enquiries generated in the Period, 26% fewer than last year, but experienced growth since the Period end, albeit at a slower rate than originally anticipated

Outlook

- As a consequence of slower growth in enquiries due to the pandemic and investment into NAL, the Group’s revenues and profits are expected to be lower than previously anticipated and less than 2020

Strategic progress

- 80% increase in enquiries allocated to NAL, the Group’s modern, technologically enabled law firm
- NAL now processing all RTA claims and, since 1 July, an increasing number of non-RTA claims, resulting in higher margin business
- Over 4,250 ongoing claims in NAL at the Period end, an increase of 43% on 31 December 2020, which will generate an estimated £4.6m of unrecognised profits when the claims are concluded (31 December 2020: £3.5m)
- Successful launch of NAL’s small claims proposition, with work commencing on approximately 1,500 RTA small claims. All key metrics are in line with management’s planning assumptions
- Resilient performance from Critical Care division, with progress made on strategic initiatives that will drive future growth
- The Group’s strategy to deliver long-term growth in its Personal Injury business will generate a higher margin business in the medium-term, whilst resulting in a short-term reduction in profits and higher levels of working capital as cases are progressed
- Negotiations regarding the sale of Homeward Legal, part of the Group’s Residential Property business are ongoing

Financial Results



2021 Interim Results

Financial highlights

Revenue

£19.5m

H1 2020: £20.2m

Underlying operating profit^{1,2}

£2.5m

H1 2020: £2.8m

Profit before tax

£0.6m

H1 2020: £(0.4)m

Underlying EPS^{1,2}

1.0p

H1 2020: 0.6p

Free cash flow¹

£1.4m

H1 2020: £3.8m

Net debt¹ at 30 Jun

£14.9m

31 Dec 2020: £16.3m



¹ Alternative performance measures are defined in note 1 to the Interim Results. The results are presented on a like-for-like basis with no adjustment for discontinued operations.

² 2020 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

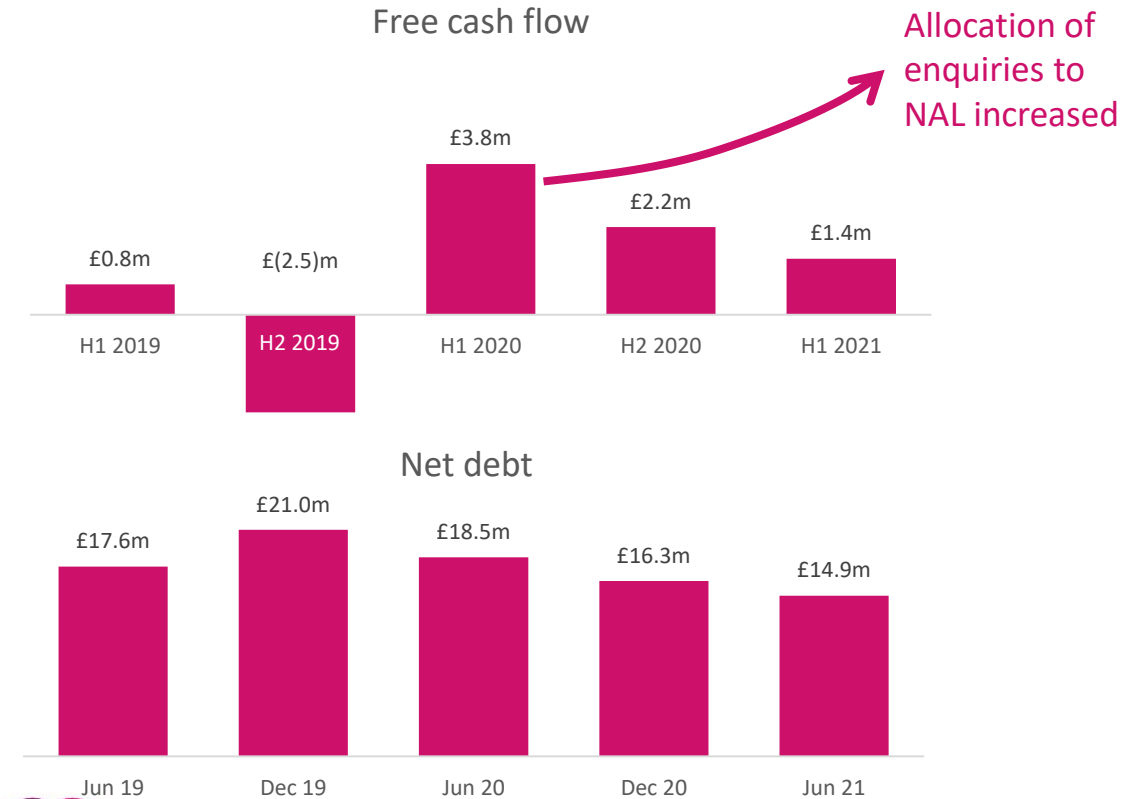
Recovery delayed by COVID-19 and investment to drive future growth

£m	First half		+/-	%	2020
	2021	2020			
Consumer Legal Services	13.6	14.5	(0.9)	-6.4%	29.5
Critical Care	6.0	5.7	0.2	3.6%	13.6
Revenue	19.5	20.2	(0.7)	-3.6%	40.9
Consumer Legal Services	2.4	2.5	(0.1)	-4.2%	5.4
Critical Care	1.7	1.9	(0.2)	-11.9%	3.6
Shared Services	(0.9)	(0.8)	(0.1)	14.4%	(1.9)
	3.2	3.7	(0.4)	-12.1%	7.1
Other adjustments	(0.8)	(0.8)	0.1	-8.0%	(1.4)
Underlying operating profit	2.5	2.8	(0.3)	-13.4%	5.7
Exceptional items	-	(0.8)	0.8	-100.0%	(1.4)
Minority interests	(1.7)	(2.2)	0.6	-26.1%	(4.1)
Net interest	(0.2)	(0.2)	(0.0)	4.2%	(0.4)
Profit before tax	0.6	(0.4)	1.0	-242.1%	(0.2)
Taxation	(0.1)	0.1	(0.2)	-324.1%	(0.0)
Profit for the year	0.5	(0.4)	0.8	-228.5%	(0.2)
Underlying operating margin	12.6%	14.0%			13.8%
Underlying EPS (pence)	1.0	0.6	0.4	66.7%	1.9

- Revenue of £19.5m (2020 H1: £20.2m) constrained by lower enquiry generation due to COVID-19 restrictions
- 80% increase in enquiries placed into NAL, where revenue is recognised later in claim cycle
- Underlying operating profit of £2.5m (2020 H1: £2.8m)
- No exceptional costs in the period. Personal Injury transformation is complete
- Profits attributable to joint-venture law firm partners down by 26% to £1.7m (H1 2020: £2.2m) partly due to 85% reduction in allocation of new enquiries into joint-venture law firms
- Profit before tax of £0.6m (2020 H1: loss of £0.4m)
- Basic EPS of 1.0p (2020 H1: loss of 0.8p). Underlying EPS increased by 67% to 1.0p. Dividends not reinstated

Cash Flow

Group prioritising the allocation of new enquiries into National Accident Law



- £1.4m of free cash flow generated in the period (H1 2020: £3.8m)
- Over the past 18 months, the Group's sustainable business model has demonstrated it can flex enquiry placement to generate FCF, if required
- In response to the pandemic, liquidity was prioritised, and the number of enquiries placed into the panel maximised
- The strategic decision to process more enquiries in NAL has required an investment in working capital and therefore less cash is generated in-year
- We expect these claims to generate higher levels of cash over the claim cycle, although this is deferred until claim settlement
- Net debt further reduced to £14.9m (31 December 2020: £16.3m)



Strategic Progress

Consumer Legal Services

Executing on 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 Progress

- ✓ NAL has processed 100% of RTA enquiries since 31 May. In H1, NAL processed 20% of all enquiries compared to 10% throughout 2020
- ✓ Increasing number of non-RTA claims being processed in NAL from 1 July, resulting in higher margin business
- ✓ RTA small claims proposition launched on 31 May, allowing NAL to continue to monetise low value RTA
- ✓ Digital customer platform launched in H1 for straightforward RTA claims. Plans to increase usage and expand to more complex RTA and non-RTA to generate operational efficiencies
- ✓ Negotiations regarding sale of Homeward Legal, part of the Residential property business, are ongoing

Critical Care

Progress made on our strategy to drive future growth

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 Progress

- ✓ Launched proprietary report writing tool for Expert Witness in April 2021, which will increase associate capacity to facilitate growth within existing resources
- ✓ Planning a pilot of Hubs case management in H2. Hubs is a differentiated proposition targeted at serious claims (£100,000 to £500,000 in value) and discussions are already at an advanced stage with several potential customers
- ✓ Launched Bush Care Solutions in August 2021, a 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

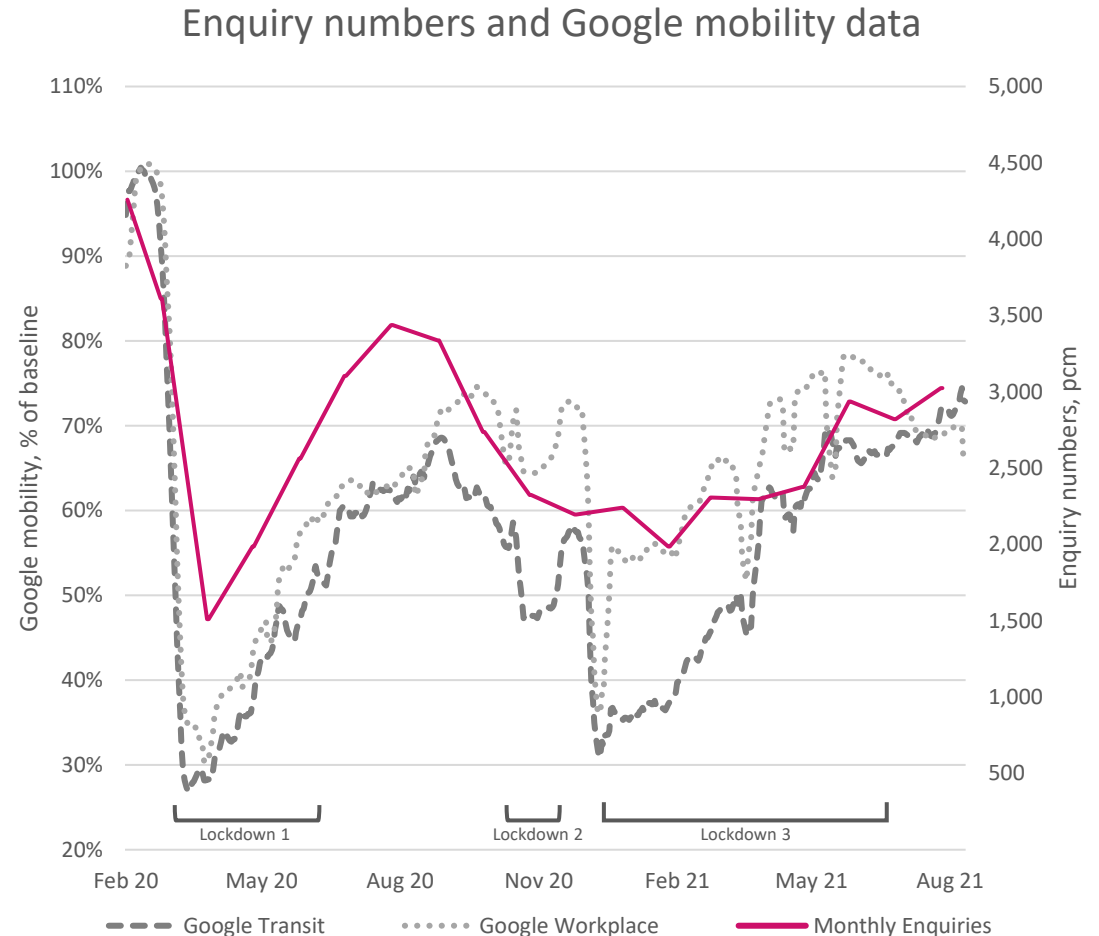


Our Businesses

Consumer Legal Services

Growth in enquiry numbers suppressed by COVID-19

- Revenue decreased 6% to £13.5m (H1 2020: £14.5m) but underlying operating profit remained broadly flat at £2.4m (H1 2020: £2.5m)
- Lockdown measures remained in force throughout the period
- Over 14,000 new personal injury enquiries generated, 26% fewer than H1 2020 and 17% fewer than H2 2020 but exited half with positive trend
- Marketing spend focused on digital advertising. Currently appraising a potential return to TV in 2022. Organic search performing well since website re-platformed last year
- Residential Property business performed well and benefited from increased volumes driven by the stimulus of the Stamp Duty Land Tax holiday and business development wins. Revenue in this business up 57% to £3.3m (H1 2020: £2.1m)

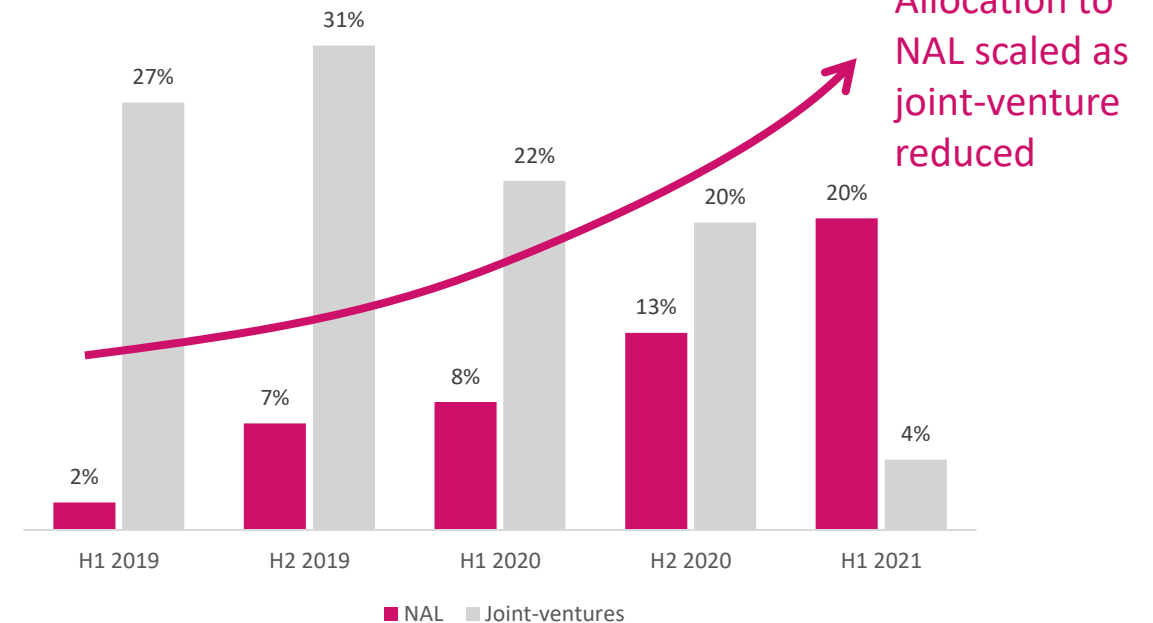


Personal Injury

Enquiry placement model flexed for higher margin business

- Number of enquiries allocated to NAL increased by 80% and those attributed to joint-venture firms reduced by 85% in the Period
- Decisions taken on placement of personal injury enquiries influence both levels of profit and cash flow in the current year, as well as future years
- Enquiries processed by NAL generate higher profits, as the Group retains 100% of the profits generated, rather than share the profits with the panel or joint-venture law firm
- In the short term, this results in a longer lead time through to a successful claim, and therefore increased working capital

Personal Injury enquiry allocation

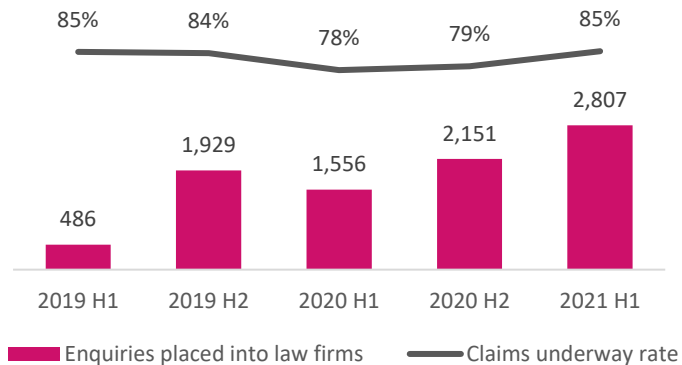


National Accident Law

Building the UK's leading volume processor

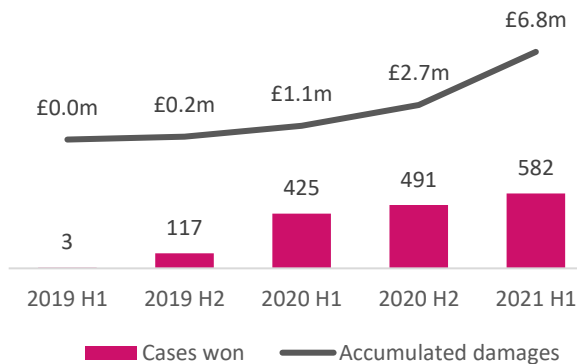
1. Successfully converting enquiries into claims

We are progressing our strategy and scaling NAL to generate increased profits per claim in future. We placed 80% more enquiries into NAL in H1 compared to H1 last year and 30% more than H2 last year



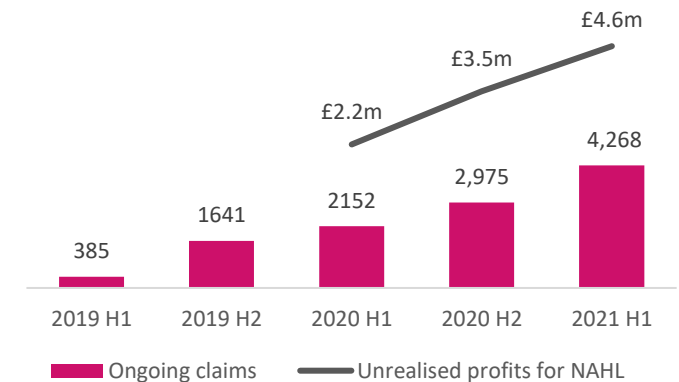
2. Winning claims, delivering for customers

Since its launch, NAL has won 1,618 claims and £6.8m of accumulated damages for customers to 30 June 2021



3. Building a store of value to drive future growth

At 30 June 2021, NAL has 4,268 ongoing claims which we estimate will generate £4.6m of unrecognised profits, after deduction of future processing costs. This has increased by 109% over the previous 12 months



Critical Care

A leading player in the catastrophic injury market

Another resilient performance

- Revenue increased 4% to £6.0m (H1 2020: £5.7m)
- Clear evidence of a reduction in Case Management volumes in the market during lockdown followed by a recovery in the months after restrictions lifted
- Market impact on Expert Witness instructions appear to be less pronounced and spread over multiple years, as anticipated
- Underlying operating 12% lower than last year at £1.7m (H1 2020: £1.9m)
- Investments made in initiatives to drive future growth and increase in remote service delivery results in temporary margin contraction

Case Management

- Revenue growth of 3% in the period
- Instruction numbers flat on H1 2020, which benefited from pre-pandemic conditions for much of Q1
- Open cases increased 4% to 1,257 in six months to 30 June. These result in recurring revenue from ongoing services to support clients' rehabilitation

Expert Witness

- Revenue growth of 8% in the period
- Instructions numbers +20% on H1 2020 following sustained marketing and business development activities. Some of these may have been delayed from last year
- Reports issued +13% in the period



Summary and Outlook

Summary and Outlook

Strategic decision to focus on delivering medium-term growth in profits and cash flow

Summary

- Despite the impact of COVID-19, the Group was profitable, generated positive cash flow and reduced net debt
- The Group launched several important initiatives that move it closer to achieving its long-term objectives but, in the short-term, its recovery has been delayed by the ongoing effects of COVID on its markets
- The Group's strategy to deliver long-term growth in its Personal Injury business will generate a higher margin business in the medium-term, whilst resulting in a short-term reduction in profits and higher levels of working capital as cases are progressed
- Negotiations regarding the sale of Homeward Legal, part of the Group's Residential Property business are ongoing

Outlook

- Volumes in Critical Care have increased since the beginning of September, after a reduction over the holiday season post Period end, with the division well placed to deliver revenue growth in H2
- Consumer Legal Services has seen growth in personal injury enquiries since the Period end, albeit at a slower rate than originally anticipated
- This slower growth, due to the sustained impact of the pandemic, coupled with the strategic decision to grow the number of enquiries placed into NAL, will result in revenues and underlying operating profits for 2021 being lower than management's previous expectations, and are now expected to be lower than 2020
- The Board expects to be profitable this year but remains cautious around the speed and timing of the recovery from COVID-19



Appendix

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 20,779 • Excellent



Homeward Legal

Reviews 1,307 • Great



Our Awards



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

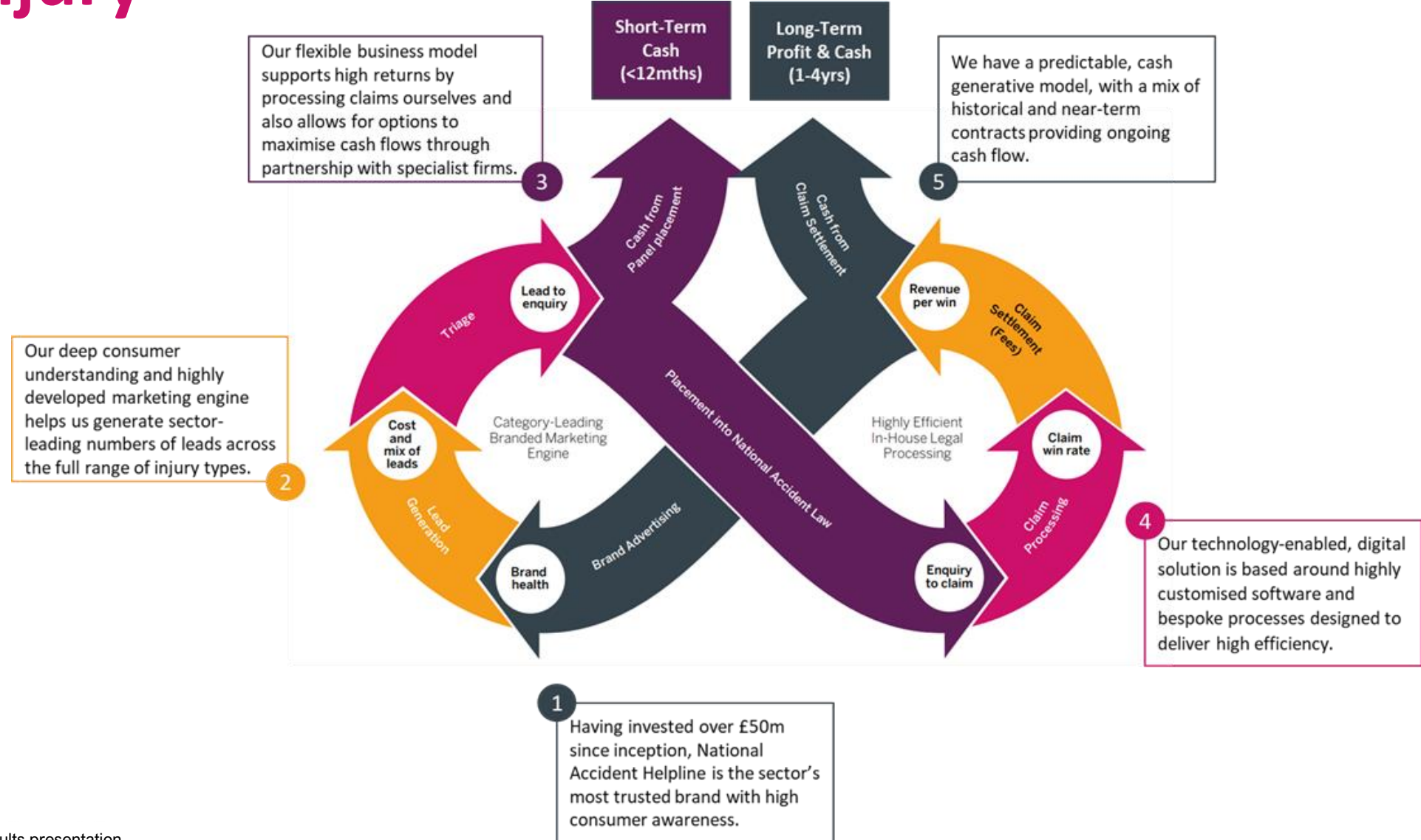


Strong Customer Feedback

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

Personal Injury

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

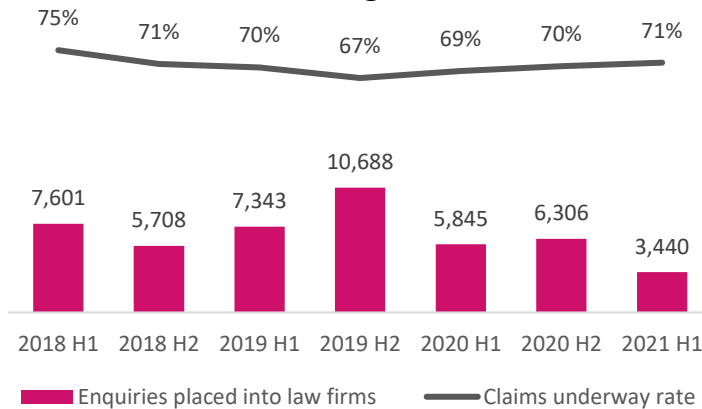


Consumer Legal Services

Growing value in our law firms

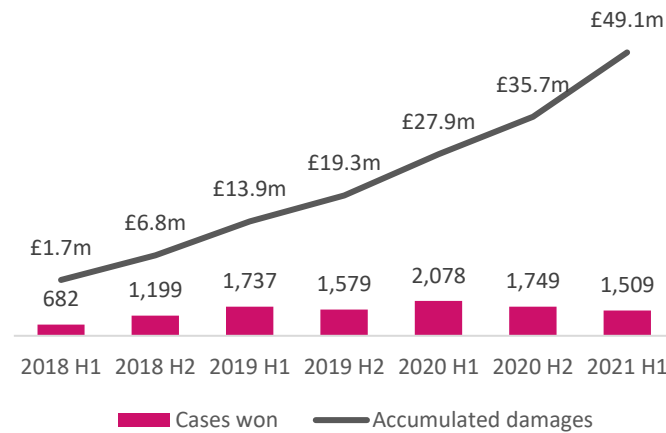
1. Successfully converting enquiries into claims

The number of enquiries placed into our joint venture firms slowed in H1 2021, as we focused on growing NAL and maximising the cash opportunity from our panel. We continue to convert enquiries into ongoing claims ahead of our target of 67%



2. Winning claims, delivering for customers

Over 1,500 claims won in the period and accumulated damages approached £50m at 30 June 2021



3. Building a store of value to drive future growth

We estimate that our book of 11,965 claims will generate £6.9m in unrecognised profits at 30 June 2021 (profit after deduction of future processing costs and minority interests), an increase of 47% from the previous 12 months

