



DEMONSTRATING



**Interim Results
Presentation**
22 September 2020

INTRODUCTION

Contents

1. Interim results overview
2. COVID-19 impact and response
3. Financial results
4. Trading review
5. Technology investments
6. Summary and outlook

Presentation team



Caroline Brown - Chair

Caroline became Chair in January 2019 having joined the Board in December 2018.

She is a Non-Executive Director and commercially focused business leader with 20 years' main Board experience.



James Saralis - Group CFO

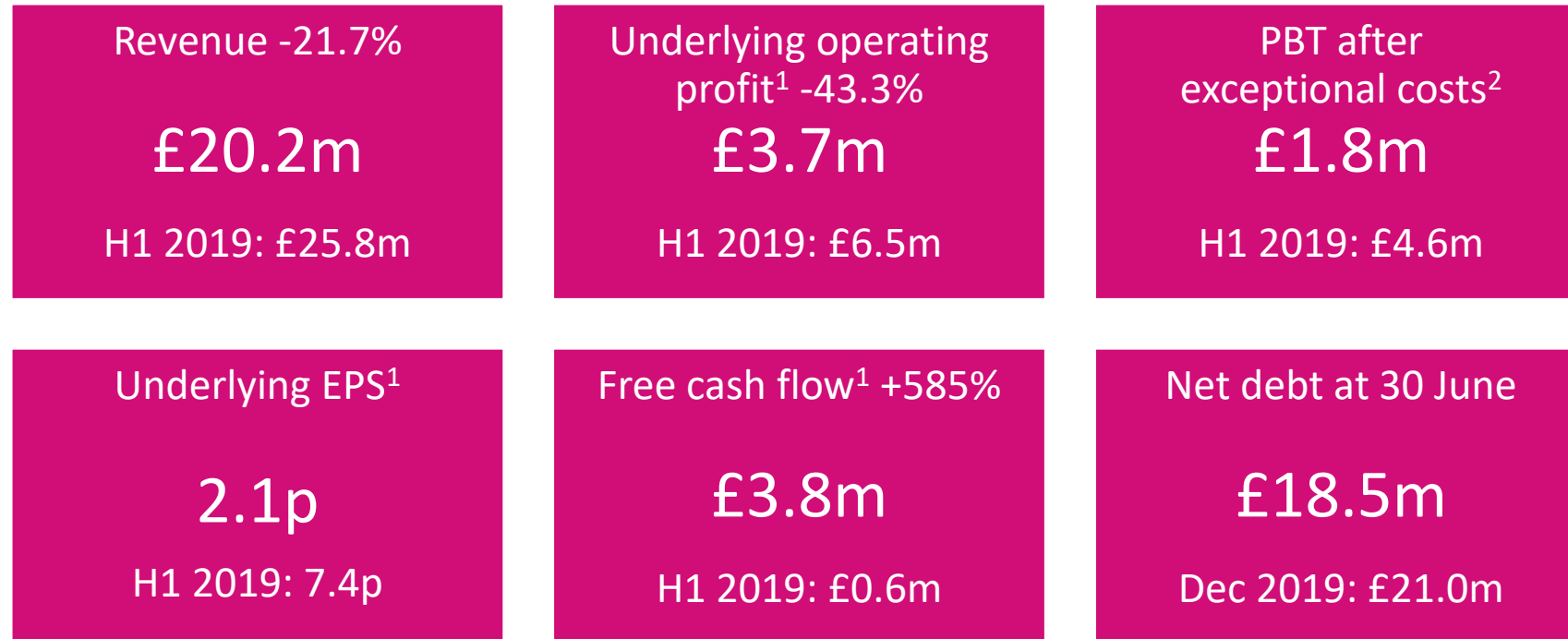
James Saralis is Chief Financial Officer of the Group, which he joined in January 2018.

His responsibilities include the overall management of the finance function within the Group and liaising with the Group's investors and the banks.

INTERIM RESULTS OVERVIEW

- The business remained profitable and enjoyed strong free cash flow generation
- Group responded decisively to COVID-19 and the exit trajectory from H1 is encouraging
- The Group has restructured and has reduced its costs
- The Group's joint venture and wholly owned law firms continue to mature
- Net debt is down, new banking covenants agreed and the term of the debt facility has been extended

H1 FINANCIAL HIGHLIGHTS



1 Alternative performance measures are defined in note 1 to the Interim Results

2 Net of £(0.8)m of exceptional costs

COVID-19 RESPONSE

Reaction



Month 0 – 1

Address 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

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

- Stress tested cash flows
- Agreed new banking covenants and extended RCF
- Prioritised placement of personal injury enquiries into panel to drive cash flow
- Restructured to create a new Consumer Legal Services division
- Identified £1m annualised cost savings and closed London office
- Made use of Government CJRS scheme, claiming £0.4m from April to September and furloughing up to 82 staff

Return



Month 1 – 12

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

- Conducted a review of divisional strategies and strategic projects
- Progressed with planned investment in technology in Consumer Legal Services and Critical Care to support future growth and create further operational efficiencies
- Continued adapting personal injury enquiry placement model as volume recovers
- Grow levels of self-processing in National Accident Law
- Develop flexible working proposition for staff
- Retain flexibility in personal injury model to be responsive to future lockdown changes

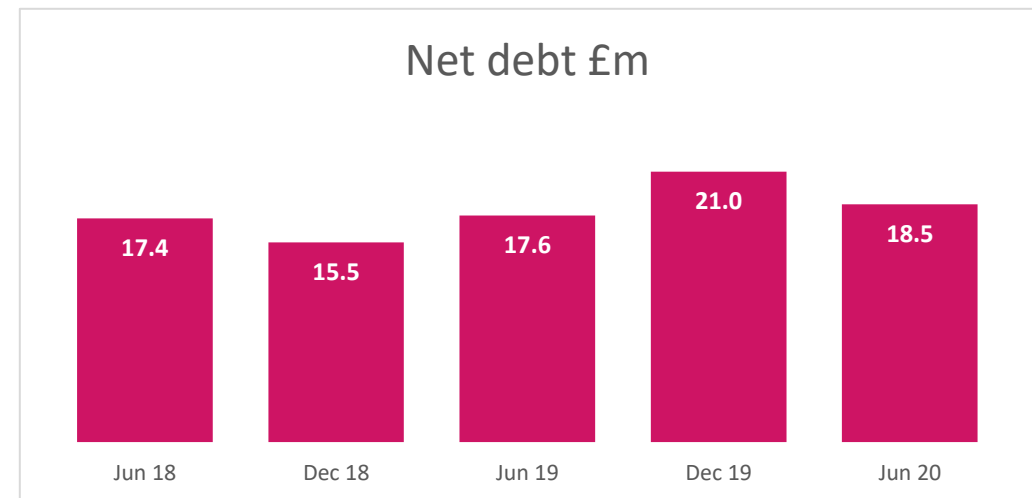
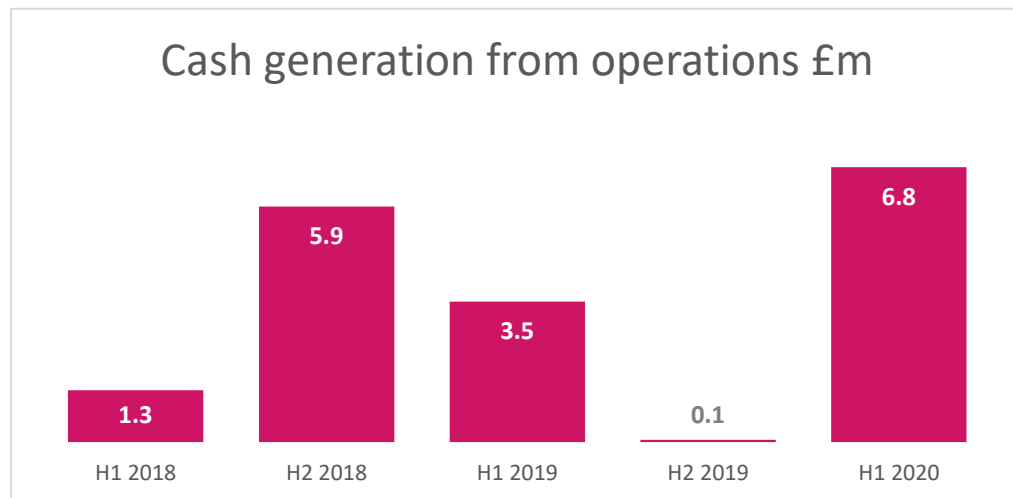
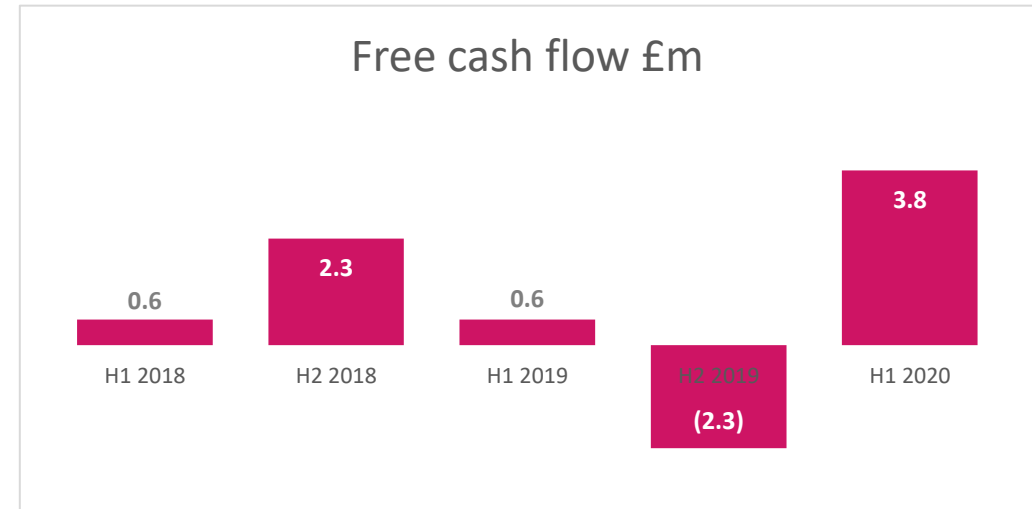
FINANCIAL PERFORMANCE

| £m | First half | | | 2019 |
|---|-------------|-------|----------|-------|
| | 2020 | 2019 | Variance | |
| Consumer Legal Services | 14.5 | 19.2 | (24.7)% | 37.7 |
| Critical Care | 5.7 | 6.6 | (12.9)% | 13.6 |
| Revenue | 20.2 | 25.8 | (21.7)% | 51.3 |
| Consumer Legal Services | 2.5 | 4.8 | (47.5)% | 8.8 |
| Critical Care | 1.9 | 2.3 | (19.1)% | 5.0 |
| Shared Services | (0.8) | (0.7) | 6.8 % | (1.6) |
| Underlying operating profit | 3.7 | 6.5 | (43.3)% | 12.2 |
| Exceptional items | (0.8) | (0.8) | (1.4)% | (7.9) |
| Other adjustments | (0.8) | (0.9) | (9.0)% | (1.8) |
| Net interest | (0.2) | (0.2) | 12.0 % | (0.4) |
| Profit before tax (stated) | 1.8 | 4.6 | (59.9)% | 2.2 |
| Taxation | 0.1 | (0.4) | (113.7)% | (0.6) |
| Profit after tax | 1.9 | 4.1 | (54.4)% | 1.5 |
| Minority interests | (2.2) | (2.6) | (13.0)% | (4.5) |
| Profit attributable to shareholders in NAHL | (0.4) | 1.6 | (122.5)% | (3.0) |
| Underlying operating profit margin | 18.1% | 25.0% | (27.6)% | 23.8% |
| Underlying EPS (p) | 2.1 | 7.4 | (71.6)% | 14.4 |

- Financial performance significantly impacted by COVID-19
- Revenue down 22% to £20.2m
- Underlying operating profit down 43% to £3.7m
- Strong exit trajectory from H1 – growing level of leads in CLS and continued strong billings in Critical Care
- £0.8m exceptional costs
 - £0.5m planned costs relating to the final year of exceptional investment in the personal injury transformation
 - £0.3m relating to restructure
- Effective tax rate of 3.2% due to minority interests
- Underlying EPS 2.1p

CASH AND LIQUIDITY IMPROVEMENTS

- Free cash flow up 585% to £3.8m (H1 2019: £0.6m), achieved through placement optimisation and increased settlements from historical claims
- Net debt reduced to £18.5m at 30 June from £21.0m at 31 December, providing highest level of liquidity for 12 months (Jun 20: £6.4m; Dec 19: £3.8m)
- New banking covenants agreed and £25m RCF extended to 31 December 2022 with Yorkshire Bank



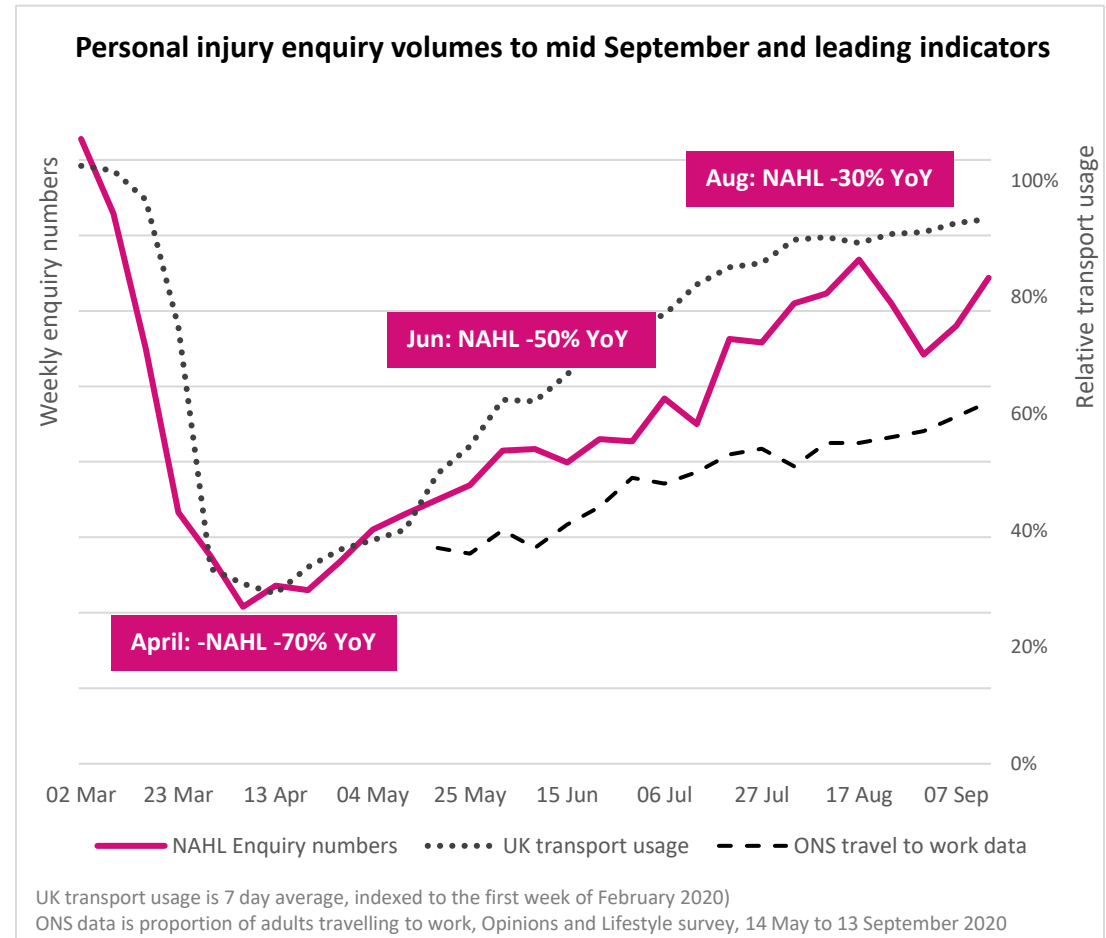
TRADING REVIEW: CONSUMER LEGAL SERVICES

Performance

- Revenue down 24.7% to £14.5m due largely to reduction in personal injury enquiry volumes
- Division remained profitable - underlying operating profit down 47.5% to £2.5m
- Enquiry placement model flexed to maximise panel demand generating in-year cash, slowing distribution to our law firms

Growth drivers

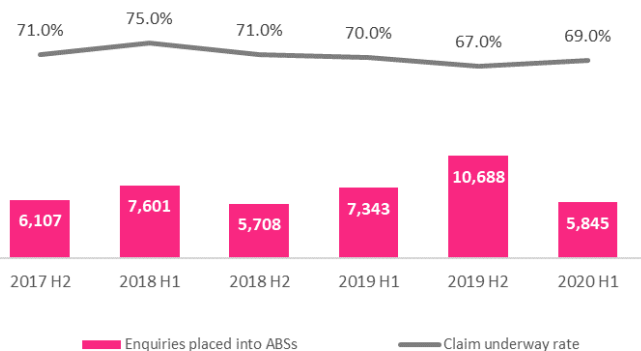
- Personal injury enquiry volumes recovering MoM (Aug: 70% of prior year); residential property volumes fully recovered and growing (Aug conveyancing instructions: +144% of pre-COVID)
- Continued ability to flex placement to maximise returns and cash
- Growing maturity of law firms
- Improved marketing performance following website re-platform
- Delivery of transformation projects in Q4



BUILDING THE UK'S LEADING **VOLUME** PROCESSOR

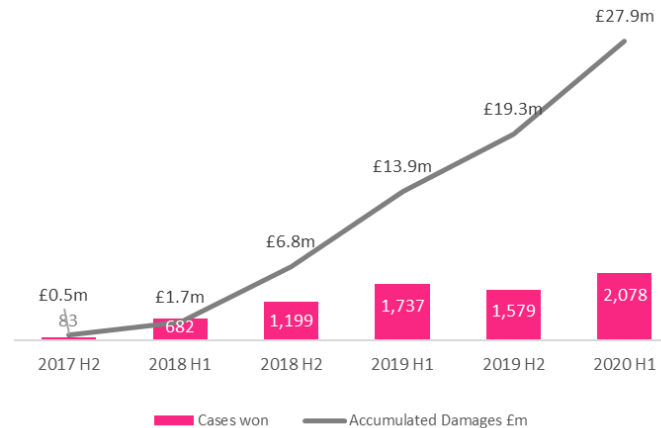
1. Successfully converting enquiries into claims

We temporarily slowed placement of enquires to our law firms in H1 to maximise the cash opportunity from panel firms. We continue to convert into claims underway in our law firms ahead of our target of 67%



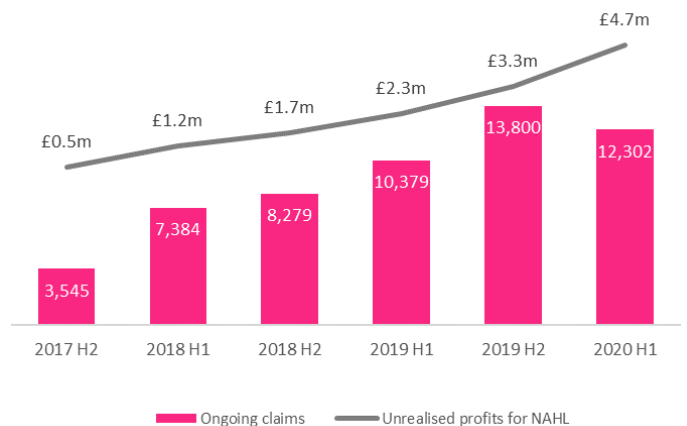
2. Winning claims, delivering for customers

20% growth in claims won in H1 to last year, delivering accumulated damages of £27.9m to June 2020



3. Building a store of value to drive future growth

Small decrease in number of ongoing claims at June 2020 due to placement decisions but we estimate the unrecognised value of these have increased to £4.7m (after deduction of processing costs and minority interest)



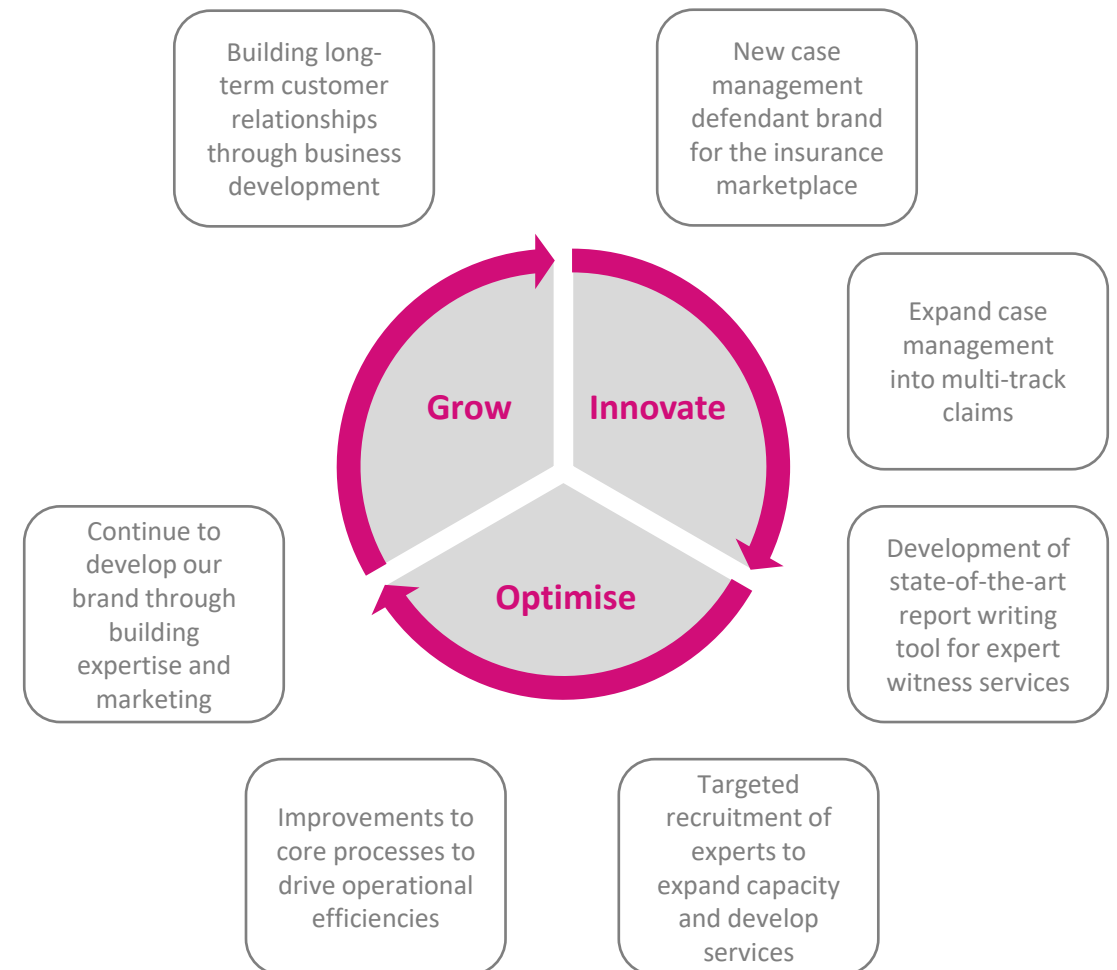
TRADING REVIEW: CRITICAL CARE

Performance

- Revenue down 12.9% to £5.7m; Underlying operating profit down 19.1% to £1.9m
- Continued strong instruction levels in expert witness, but likely to reduce due to COVID-19 into 2021
- Strong start to the year in case management (Jan to May revenue +10% YoY) but subsequent months seeing revenue decline of 10-20% YoY due to reduced instructions, access and client availability. Expecting to return to growth in instructions next year
- Provided technology solutions to clients to support remote assessments. Further enhancements to website, consultant CVs and marketing to generate new business
- Remote assessments are an important delivery mechanism but generate lower revenues

Market dynamics

- Fewer serious RTAs due to less road usage (follows broader personal injury trends)
- Fewer medical negligence claims due to delayed patient access



TECHNOLOGY INVESTMENTS

Improving customer experience and unlocking operating efficiencies...

| | Consumer Legal Services | Critical Care |
|-------------------|--|--|
| Objective | <ul style="list-style-type: none"> Operational and marketing efficiency improved through technological innovation Digital processing key to small claims efficiency | <ul style="list-style-type: none"> Improved offering for consultants New products and markets can be developed on the back of flexible technology |
| Delivered in H1 | <ul style="list-style-type: none"> National Accident Helpline website re-platformed and content build (Q1) Implementing cloud-based servers (Q3) | <ul style="list-style-type: none"> Core case management system upgraded (Q1) New servers and business systems installed (Q1) |
| Under development | <ul style="list-style-type: none"> Transitioning legal support centre CRM to new Peppermint system (MS Dynamics), used in law firm (Q4) Upgrade call centre phone system (Q4) Roll-out of One Call and Digi projects (Q4) | <ul style="list-style-type: none"> State-of-the-art report writing tool, for expert witness services (2021) Further upgrades to case management systems and processes (2021-2022) Upgrades to finance and reporting system (2021) |

SUMMARY AND OUTLOOK

Summary

- The business responded decisively to COVID-19, remained profitable and demonstrated resilience
- The Group restructured and has reduced its costs, with the savings benefiting H2
- The Group's joint venture and wholly owned law firms continue to mature
- We have taken decisions that boost our cash flow
- Dividends not reinstated
- Net debt is down, new banking covenants agreed and the term of the debt facility has been extended

Outlook

- The Group has observed an increased demand for its services as it exits H1
 - Personal injury enquiries volumes recovering
 - Residential property volumes ahead of pre-COVID levels
 - In Critical Care, case management consultants are returning to face to face meetings and patient access is improving in the NHS
- We plan to grow claim numbers in National Accident Law but will be responsive to the market in our placement decisions
- We will complete our transformation investment in Personal Injury this year and start to realise the benefits
- We will continue to use excess cash to pay down debt



OUR STRATEGY FOR GROWTH



OUR BUSINESS MODEL

