



# Interim Results 2024

September 2024

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# 2024 Interim Results



## Agenda

1. Highlights
2. Financial Review
3. Business Review
4. Summary and Outlook
5. Appendices



### **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 is 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.

# Highlights

# Financial Highlights

Reduced net debt; remained profitable and cash generative



Revenue

**£19.4m**

(H1 2023: £21.0m)

Profit Before Tax

**£0.5m**

(H1 2023: £0.0m)

Continuing EPS

**0.7p**

(H1 2023: -0.1p)

Cash From Settlements

**£4.0m**

(H1 2023: £2.7m)

Free Cash Flow

**£0.7m**

(H1 2023: £1.8m)

Net Debt

**-£0.7m**

to £9.0m at 30 June  
(31 Dec 2023: £9.7m)

# Operational Highlights

Good progress made in H1 with our strategic objectives



- **In Consumer Legal Services:**

- Performance in the Group's fully integrated law firm, National Accident Law (NAL), continued to improve, growing settlements by 9% more than last year, and cash from settlements by 46%
- Investment into NAL continued, with new enquiries worth c. £2.8m being added in the Period. NAL's book of ongoing claims should generate an estimated £12.6m of future cash
- National Accident Helpline faced challenging market conditions but generated 11,304 new enquiries

- **In Critical Care:**

- Bush & Co. had an exceptional first half, delivering double digit growth in revenues and operating profit
  - Expert witness services had another impressive period, growing revenue by 18%. Bush & Co. Care Solutions (launched in 2021) delivered revenue growth of 34%
- The Group is currently negotiating terms with a select number of highly engaged parties for the potential sale of Bush & Co. Potential strategic options and future strategy for the remainder of the Group now being considered

# NAHL Group plc



A leader in the consumer legal services and catastrophic injury markets

## Consumer Legal Services



### What we do

Delivering marketing services, personal injury claim processing and property searches to UK consumers and businesses

- Highly productive marketing engine, powered by the sector's most trusted brand, National Accident Helpline
- Integrated claim processing engine, National Accident Law

### Our strategy

Create a higher margin, integrated law firm, underpinned by a flexible placement model

## Critical Care



### What we do

Delivering a range of specialist services to claimants and defendants in the catastrophic and serious injury market

- A valued and essential service
- Bush & Co - the standout brand in a consolidating market

### Our strategy

Broaden our customer base, extend our competencies and specialisms and be more efficient through the use of technology

## How we do it



Passionate



Driven



Unified



Curious

- Values driven culture
- Award-winning employee engagement

- Highly experienced and trusted leadership team
- 282 employees (30 June)

# Financial Review



# Financial Performance



## Strong H1 earnings growth in spite of PI challenges

| £m                             | H1<br>2024  | H1<br>2023   | +/-          | %             | 2023        |
|--------------------------------|-------------|--------------|--------------|---------------|-------------|
| Consumer Legal Services        | 11.4        | 13.7         | (2.3)        | -17%          | 27.6        |
| Critical Care                  | 8.0         | 7.3          | 0.8          | 11%           | 14.6        |
| <b>Revenue</b>                 | <b>19.4</b> | <b>21.0</b>  | <b>(1.6)</b> | <b>-7%</b>    | <b>42.2</b> |
| Consumer Legal Services        | 0.8         | 1.1          | (0.3)        | -24%          | 2.8         |
| Critical Care                  | 2.6         | 2.3          | 0.3          | 13%           | 4.4         |
| Shared Services                | (0.9)       | (0.9)        | 0.0          | -3%           | (1.9)       |
| Other items                    | (0.7)       | (0.6)        | (0.1)        | 8%            | (1.2)       |
| <b>Operating profit</b>        | <b>1.8</b>  | <b>1.8</b>   | <b>(0.0)</b> | <b>0%</b>     | <b>4.1</b>  |
| <i>Operating profit margin</i> | <i>9.4%</i> | <i>8.7%</i>  | <i>0.3%</i>  | <i>4%</i>     | <i>9.8%</i> |
| Non-controlling interests      | (0.9)       | (1.4)        | 0.4          | -33%          | (2.5)       |
| Net interest                   | (0.4)       | (0.5)        | 0.1          | -21%          | (1.0)       |
| <b>Profit before tax</b>       | <b>0.5</b>  | <b>(0.0)</b> | <b>0.5</b>   | <b>-1265%</b> | <b>0.6</b>  |
| Taxation                       | (0.2)       | (0.0)        | (0.1)        | 273%          | (0.3)       |
| Profit for the period          | 0.3         | (0.1)        | 0.4          | -478%         | 0.4         |
| Underlying EPS                 | 0.7p        | (0.1)p       | 0.8p         |               | 0.9p        |

- Group revenue of £19.4m (H1 2023: £21.0m)
- Operating profit in line with last year at £1.8m
  - Includes £0.4m amortisation of intangibles relating to business combinations (fully amortised in 2024)
  - Net of £1.1m investment of new enquiries into NAL
- 33% reduction in profits paid away to non-controlling interests
- 21% reduction in net interest due to reduced debt levels
- Continuing EPS increased 0.7p

(Roundings exist)

# Cash Generation

Growing free cash flow, reducing net debt



| £m                                    | H1 24        | H1 23         | +/-          | %           | 2023         |
|---------------------------------------|--------------|---------------|--------------|-------------|--------------|
| Personal Injury                       | 1.3          | 2.8           | (1.5)        | -52%        | 4.9          |
| Residential Property                  | 0.1          | 0.2           | (0.1)        | -29%        | 0.5          |
| Consumer Legal Services               | 1.5          | 3.0           | (1.5)        | -51%        | 5.4          |
| Critical Care                         | 2.1          | 2.6           | (0.5)        | -21%        | 4.9          |
| Shared Services                       | (1.2)        | (0.8)         | (0.4)        | 53%         | (1.4)        |
| <b>Cash generated from operations</b> | <b>2.4</b>   | <b>4.9</b>    | <b>(2.5)</b> | <b>-50%</b> | <b>8.9</b>   |
| <i>Operating cash conversion</i>      | <i>134%</i>  | <i>269%</i>   | <i>-135%</i> | <i>-50%</i> | <i>217%</i>  |
| Interest paid                         | (0.4)        | (0.5)         | 0.1          | -26%        | (1.1)        |
| Tax paid                              | (0.2)        | (0.2)         | 0.0          | -18%        | (0.4)        |
| Drawings paid to LLP members          | (0.9)        | (2.1)         | 1.2          | -56%        | (3.3)        |
| Capex, lease and other                | (0.3)        | (0.3)         | 0.1          | -16%        | (0.5)        |
| Free cash flow                        | <b>0.7</b>   | <b>1.8</b>    | <b>(1.1)</b> | <b>-61%</b> | <b>3.6</b>   |
| Net debt - on 1 January               | (9.7)        | (13.3)        | 3.6          | -27%        | (13.3)       |
| <b>Net debt - on 30 June</b>          | <b>(9.0)</b> | <b>(11.5)</b> | <b>2.5</b>   | <b>-22%</b> | <b>(9.7)</b> |

- Continued to reduce borrowing levels whilst balancing investment in both divisions
- Good levels of cash generation throughout first half, **free cash flow at £0.7m**
- Operating cash conversion of 134%**
- Personal Injury business generated £0.4m** after deducting drawings paid to LLP members
  - NAL grew cash from settlements by 46% to £4.0m (H1 23: £2.7m)
- Critical Care generated £2.1m cash flow in the period (2023: £2.6m)
- Net debt reduced to £9.0m, down 22% in 12 months**

# Business Review

## *- Consumer Legal Services*

# Consumer Legal Services

A leader in personal injury legal services



## Our Strategy

We are building a sustainable, higher margin business by:

1. Supporting more accident victims by leveraging the strength of National Accident Helpline, our market-leading brand;
2. Growing the value of personal injury enquiries processed through National Accident Law (NAL); and
3. Funding our growth through our agile and scalable placement model.

## Financial Highlights

- Revenue decreased by 17% to £11.4m due to challenges in lead generation in NAH, while NAL performed well
- Operating profit decreased by 25% to £0.8m as further investments in new cases in NAL were made
- £1.5m of cash from operations (H1 2023: £3.0m)

## Strategic Progress

- ✓ NAL settled 1,911 claims, 10% more than H1 2023
- ✓ NAL generated £4.0m cash receipts from settled cases of (H1 2023: £2.7m)
- ✓ Further 3,072 enquiries invested into NAL in the Period worth a future cash value of £2.9m (H1 2023: 4,555 worth £3.4m)
- ✓ NAH generated 11,304 enquiries (H1 2023: 17,559), in a challenging market

# National Accident Helpline

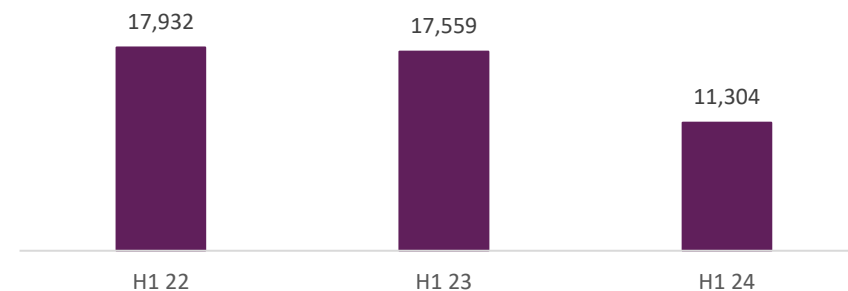
## Challenging market conditions impact enquiry numbers



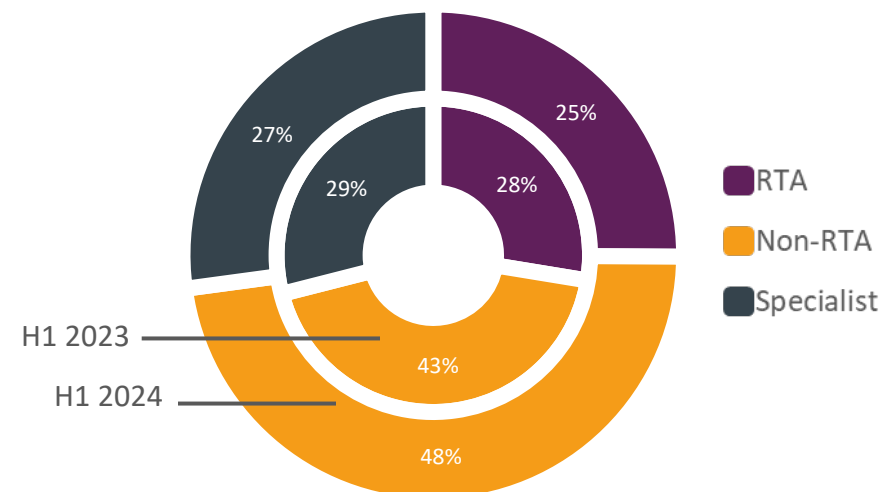
- NAH generated 11,304 enquiries, 36% lower than last year
- The UK personal injury market contracted further in the Period<sup>1</sup>
  - The number of road traffic accident (“RTA”) claims in the preceding 12 months was 4 % lower by the end of the Period
  - The number of employer’s, public and occupier liability claims (“non-RTA”) fell by 5 %
- Competition and cost in paid search environment increased significantly in Period, due to Google algorithm changes. As a result, NAH acquired fewer enquiries and experienced significantly elevated enquiry acquisition costs.
  - The paid search environment remains competitive albeit there have been some signs of improvement.

<sup>1</sup> Claims Compensation Recovery Unit of the Ministry of Justice and the Official Injury Claim portal

Number of enquiries -36% yoy

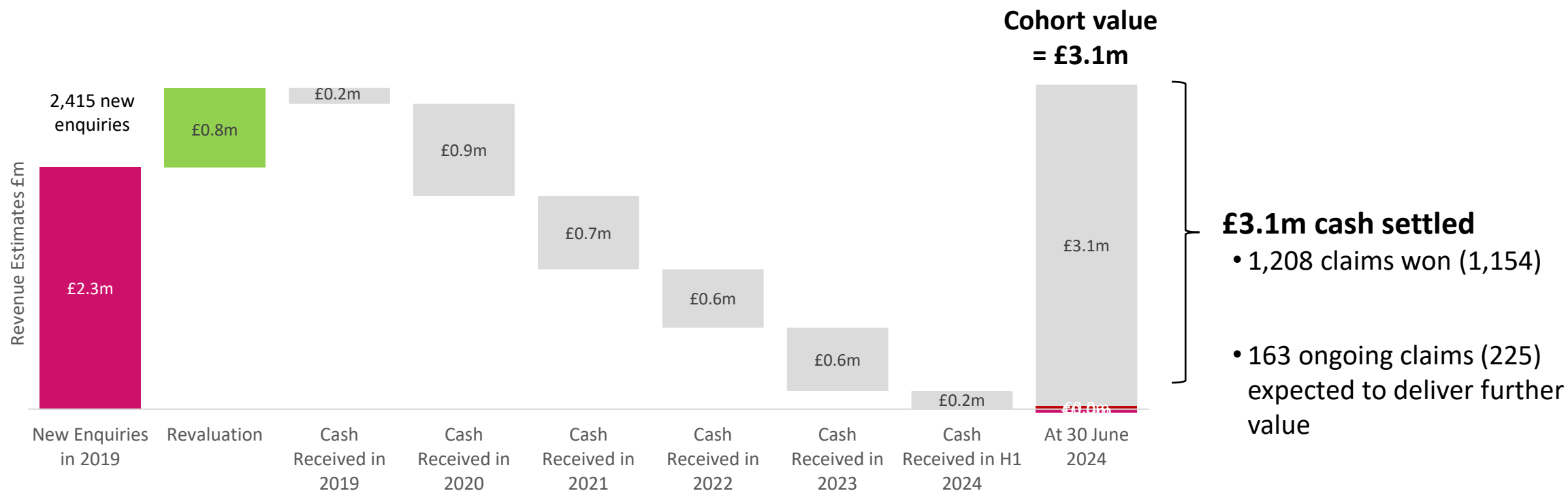


RTA mix increasing from 25% to 28% of total



# National Accident Law

2019 cohort of claims has proven the model, with 163 claims ongoing

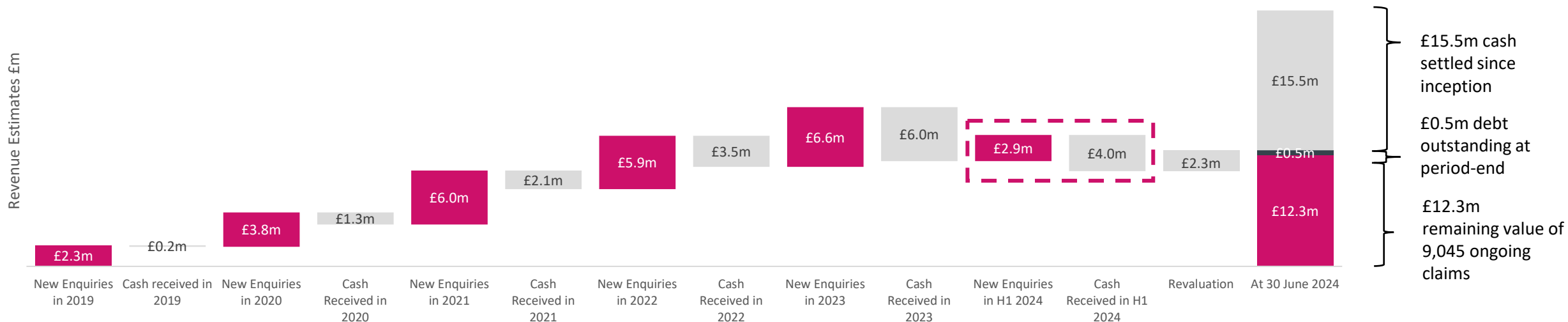


# National Accident Law



## Delivering for customers; creating value for shareholders

- Invested a further 3,072 new enquiries into NAL, estimated to be worth £2.9m in future revenue and cash
- Settled 10% more claims in H1 than last year (H1 2023: 1,911 claims settled; H1 2023: 1,738) which realised £4.0m cash from settlements (H1 2023: £2.7m)
- *Robot vs Hassam* ruling in March 2024 starting to deliver increased revenues on RTA mixed-injury small claims
- At 30 June, ongoing claims book consisted of 9,045 claims (31 December 2023: 9,983 claims), worth estimated:
  - £8.7m of unrecognised revenue (H1 2023: £9.9m);
  - £7.3m of unrecognised gross profit (H1 2023: £8.6m); and
  - £12.8m of future cash (H1 2023: £13.4m)



# Business Review

## *- Critical Care*



# Critical Care

## A leading player in the catastrophic injury market



### Our Strategy

We are growing share in our market by appealing to a broader customer base, extending our competencies and specialisms and being more efficient at what we do

### Financial Highlights

- **Revenue increased 11% to £8.0m**
- **Operating profit increased 13% to £2.6m**
- **Operating profit margin increased to 31.8%** (H1 2023: 31.2%; FY 2023: 30.0%)
- **Cash from operations of £2.1m**

### Strategic Progress

- ✓ Growth delivered in all service lines
- ✓ Expert witness services had another strong half, growing revenues by 18%
- ✓ Continued growth in the number of ongoing care packages in Bush & Co. Care Solutions
- ✓ Pipeline of future work remains strong
- ✓ Strategic investment in recruitment yielding positive results



# Expert Witness

## Another impressive half year of growth



- **Expert witness services grew revenues by 18%**
- 10% growth in number of reports issued, to a new high of 636 reports in the first half
- Continued growth in average revenue per report and more follow up work requested by customers
- 24% growth in new instructions – a strong pipeline of future work

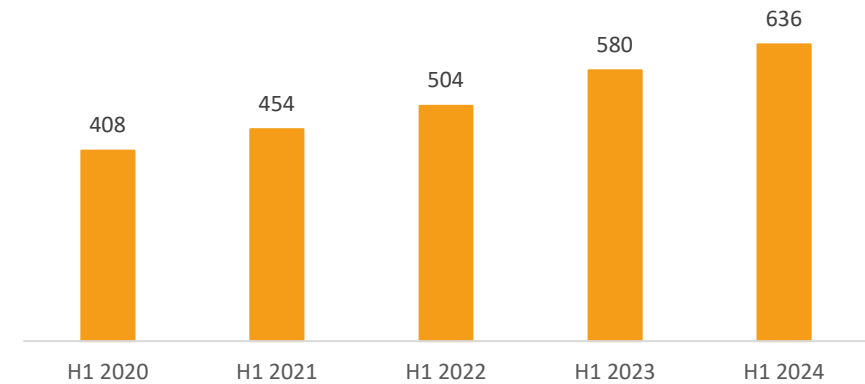
### Very strong customer advocacy metrics



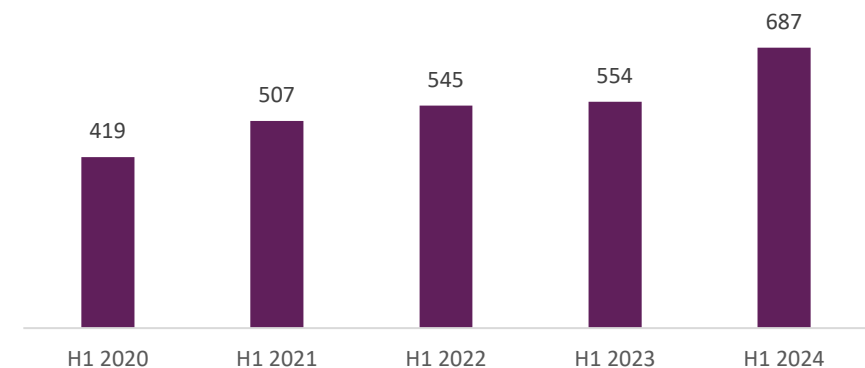
**99%** Would instruct us again

**97%** Overall satisfaction

Number of expert witness reports issued +10% yoy



Number of expert witness instructions +24% yoy



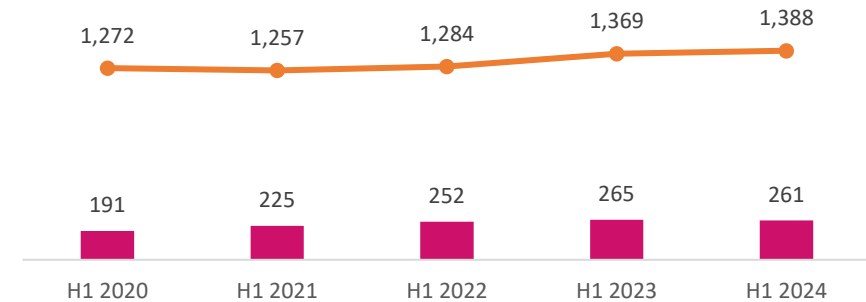
# Case Management



## Revenue growth and increased client numbers delivering recurring revenue

- **Case management revenues 5% higher than H1 2023**
- Number of INA reports issued, many of which go on to become ongoing clients, broadly in line with last year
- 1% growth in number of ongoing clients, generating recurring revenue
- Team of 12 employed case managers servicing less complex cases.

Number of INA reports issued; number of ongoing clients



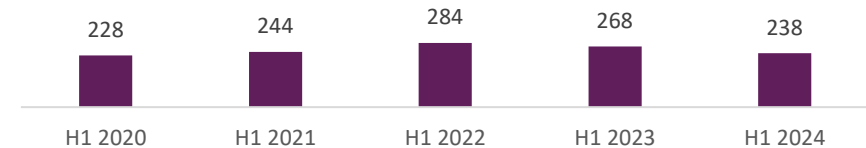
### Very strong customer advocacy metrics



**99%** Would instruct us again

**96%** Overall satisfaction

Number of INA report instructions



# Care Solutions

## Peace of mind for direct employment and nurse led packages



- **Bush & Co. Care Solutions grew revenues by 34%**
- 28 active ongoing case packages at 30 June 2023, 133% more than 12 months prior with each one generating recurring revenue (30 June 2023: 12)
- 5 specialist Care Managers

### Regulated by the Care Quality Commission



Rated **Good** with no areas for improvement, in December 2023 inspection

| Bush & Co. Care Solutions |                       |                     |
|---------------------------|-----------------------|---------------------|
| Employment Support        | Care Management       | Clinical Governance |
| Recruitment               | Care planning         | Clinical training   |
| Interview support         | Supervision           | Competency sign-off |
| Onboarding                | Medication management | Risk assessment     |
| Payroll and pensions      | Nursing               | Training            |
| Employee relations        | Rotas                 | Case audits         |
| Leaver process            | Family liaison        | Safeguarding        |

# Summary and Outlook

# Summary

## Performance in line with expectations



- **Despite the challenges caused by a volatile personal injury market, the Group was profitable and cash generative**
  - As previously guided, revenue was £19.4m, 7% lower than last year and operating profit was in line with the previous year at £1.8m
  - In Consumer Legal Services, NAL has continued to improve, driving growth in settlements and cash generation
  - In Critical Care, Bush & Co., had an exceptional six months, delivering double digit growth in revenue and profits
  - Profit before tax increased to £0.5m (H1 2023: £(0.0)m) and was almost as high as for the whole of the previous year (FY 2023: £0.6m)
- **The Group strengthened its financial position, reducing net debt at the half year to £9.0m, down 7% from £9.7m at 31 December 2023 and down 22% from 30 June 2023**

# Outlook



## The Board remains confident in delivering a full year outturn in line with market expectations

- In Consumer Legal Services, trading during Q3 to date in NAH was broadly in line with Q2. Cash from settlements in NAL continued to grow, with £1.4m collected in July and August (2023: £1.0m).
- In Critical Care, trading in H2 to date has been encouraging. In July and August:
  - The number of expert witness reports issued was 19% ahead of the equivalent period last year
  - The number of INA reports issued broadly similar
- **Cash generation has been strong in H2 to date.** Net debt at 31 August 2024 reduced to £8.3m (30 June 2024: £9.0m).
- The Board is continuing to explore a potential sale of Bush & Co and is currently negotiating terms and hoping to conclude discussions before the end of the year
- The Board is now considering potential strategic options and future strategy for the remainder of the Group

# Questions

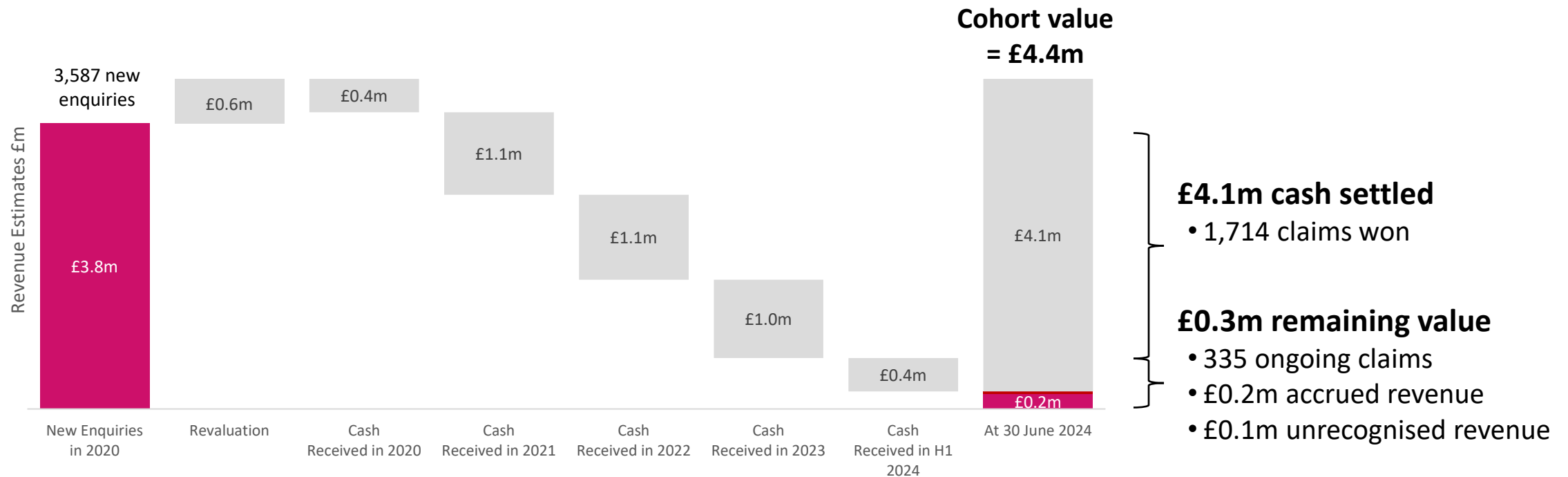


# Appendices

# National Accident Law – Claim Processing

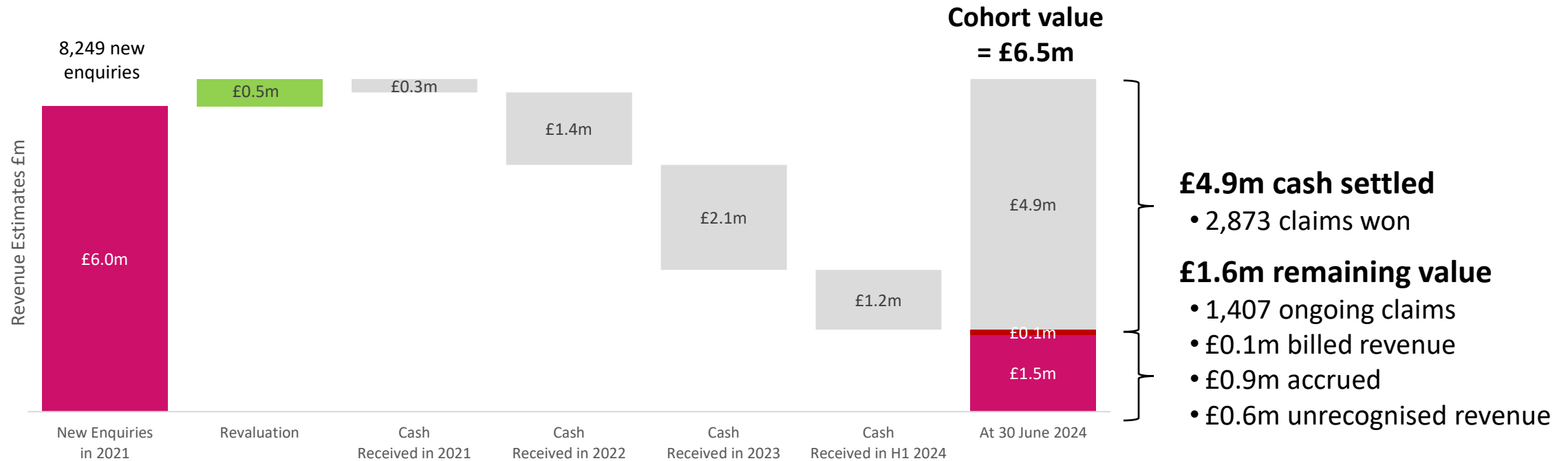


Reviewing the performance of the 2020 cohort of claims



# National Accident Law – Claim Processing

## Reviewing the performance of the 2021 cohort of claims



### £4.9m cash settled

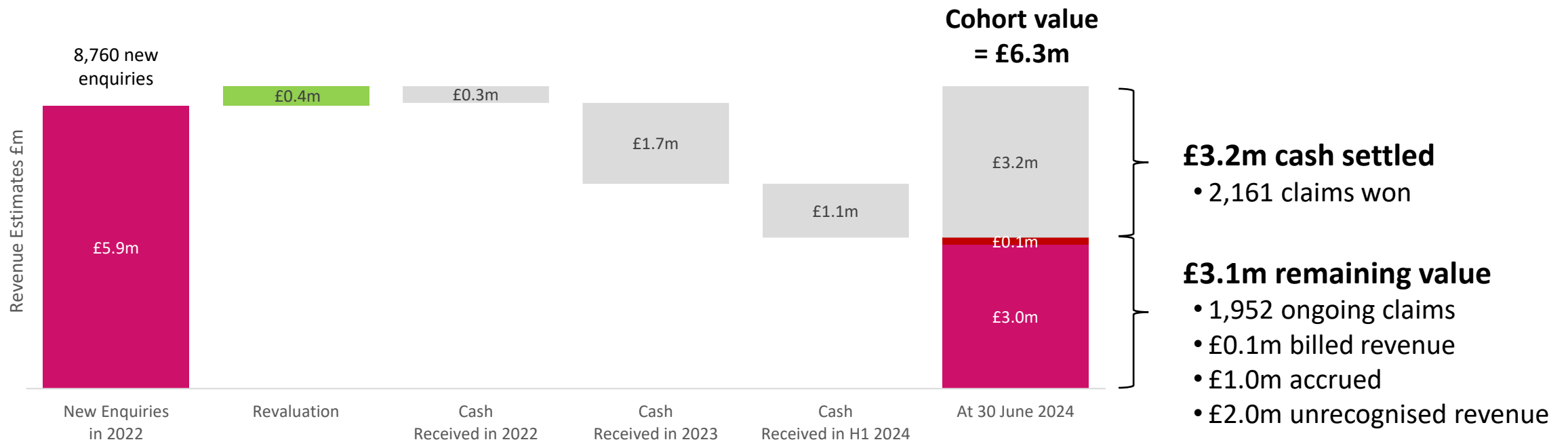
- 2,873 claims won

### £1.6m remaining value

- 1,407 ongoing claims
- £0.1m billed revenue
- £0.9m accrued
- £0.6m unrecognised revenue

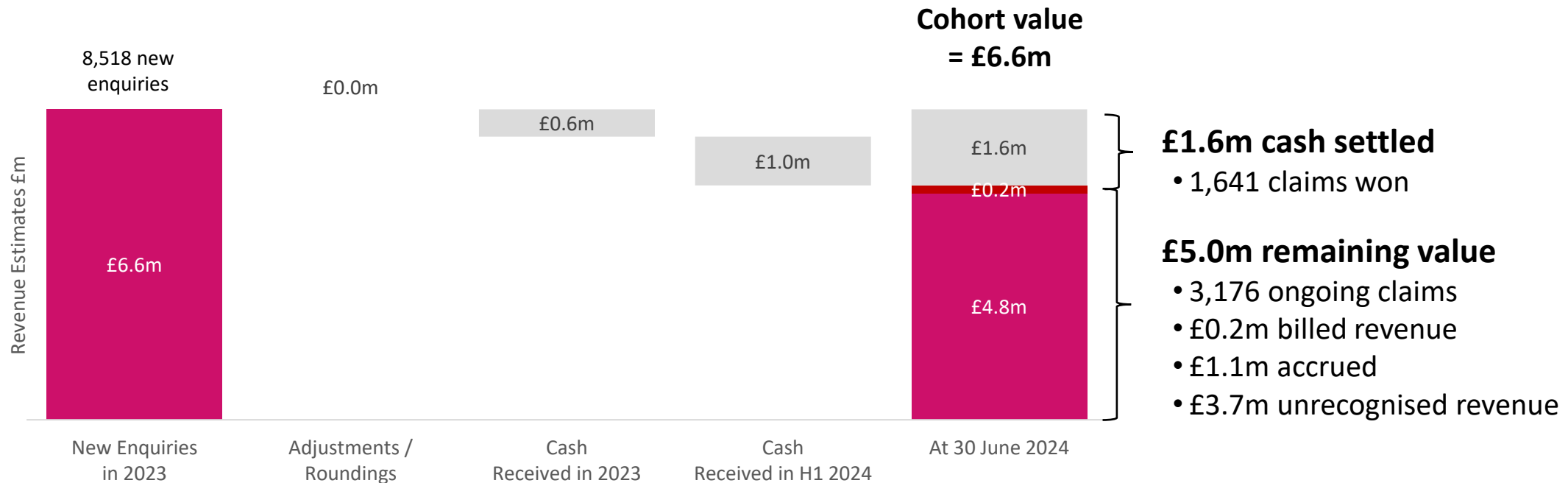
# National Accident Law – Claim Processing

## Reviewing the performance of the 2022 cohort of claims



# National Accident Law – Claim Processing

Reviewing the performance of the 2023 cohort of claims



# Personal Injury

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

