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NAHL Group PLC
26 September 2023

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.

26 September 2023

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

Interim Results
Continued reduction in net debt and trading in line with expectations

NAHL (AIM: NAH), a leading marketing and services business focused on the UK consumer legal market, announces its interim results for the six months ended 30 June 2023 (the "Period").

Financial Highlights

- In line with expectations, revenue increased to £21.0m (H1 2022: £20.7m)
- Cash received from settled claims in the Group's fully integrated law firm, National Accident Law ("NAL"), increased by 77% to £2.7m during the Period
- Operating profit decreased by 19% to £1.8m reflecting planned investment in scaling NAL
- Profit before tax was broadly breakeven, in line with expectations (H1 2022: £0.1m)
- Net debt further reduced by £1.8m to £11.5m from £13.3m at 31 December 2022

Operational Highlights

Consumer Legal Services

- Demonstrated maturity and momentum in Personal Injury business and continued execution against our 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
- NAL settled 178% more claims (1,738) than H1 2022 and almost as many as all of 2022, demonstrating the rapid scale-up of operations within the firm
- 4,555 new enquiries placed into NAL (H1 2022: 4,531)
- NAL had a book of 10,611 ongoing claims at 30 June 2023, 7% ahead of 30 June 2022
- Ongoing claims in NAL expected to convert over coming years into £9.9m of future revenue and future gross profit of £8.6m
- Recently upgraded the value of NAL's ongoing book of claims mitigating the stagnation in the personal injury market
- The Group's market-leading brand, National Accident Helpline, continued to grow market share in a contracting personal injury claims market, generating 17,559 new enquiries
- Independent research in March 2023 revealed that the National Accident Helpline brand continues to be the "first choice for people who have had an accident and want legal representation"

Critical Care

- Critical Care went from strength to strength growing the number of expert witness reports it issued by 15% and Initial Needs Assessment ("INA") reports by 5%
- Strong pipeline of new work within the business with the number of new instructions generated increasing by 2% in expert witness services
- Growing demand in the area of medical negligence with recent data suggesting that the market is 27% larger than in 2018/19
- Bush & Co Care Solutions generated revenues of £248k, a 41% increase on H1 2022
- Critical Care recruited 40 new associates in key specialisms and now works with 117 case managers and 146 expert witnesses across the UK

Outlook

- The Group continues to trade in line and is on track to meet full year market expectations
- In Consumer Legal Services, in July and August:
  - The division delivered an encouraging 9% growth in personal injury enquiry numbers compared to last year
  - NAL collected £1m of cash from settlements, 67% more than last year. Year to date collections as at 31 August 2023 was £3.7m (2022 full year: £3.5m)
- In Critical Care, in July and August:
  - The number of expert witness reports issued was 53% ahead of last year and the number of instructions was 35% ahead
  - The number of INA reports issued was 45% lower than last year and instructions were 15% lower, albeit the run-rates returned to normal in August after a slow July
- The Group remains committed to managing net debt and anticipates it reducing further this

- The Group remains committed to managing net debt and anticipates it reducing further this year

James Saralis, CEO of NAHL, commented:

"We are very pleased with the performance of the Group in the first half of the year both from a financial and operational perspective. Trading was in line with our expectations and we made great strides in both of our divisions. In Consumer Legal Services, NAL settled 1,738 claims in the Period, an increase of 178% against last year and generated £2.7m in cash, a 77% progression on H1 2022. These numbers clearly illustrate the growing maturity of the firm and are materially contributing to the significant progress we have made on reducing our net debt. Further, we are pleased our market leading brand, National Accident Helpline, continues to grow market share in a stagnated personal injury market.

Our Critical Care division had its strongest year since the pandemic, growing revenues 9% to £7.3m and operating profit by 39% to £2.3m. Pleasingly, alongside the top line growth we have seen margin expansion within the business from 24.5% in H1 2022 to 31.2% during the Period. We continue to see good results from our business development initiatives and have significantly grown our team to support the increased workload.

Based on our performance in H1, and early indications in H2, the Board believes that it will deliver a full year outturn in line with market expectations."

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Notes to Editors

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

- **Consumer Legal Services** provides outsourced marketing services to law firms through National Accident Helpline and claims processing services to individuals through National Accident Law, Law Together and Your 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 the Strategic Report section of the 2022 Annual Report. 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 2023.

Overview

NAHL has continued to make good progress with its strategic priorities in the first half of the year and its results were in line with the board of Directors' (the "Board") expectations.

The Group has grown revenues in some challenging markets, further strengthened its balance sheet and continued to carefully invest to build a more profitable and sustainable business in the medium-term. We have seen growing carefully invest to build a more profitable and sustainable business in the medium term. We have seen growing evidence of our stated strategy paying off. Notable examples include a 178% growth in settlements in our wholly owned law firm, National Accident Law ("NAL"), and a 39% growth in profits in Critical Care, whilst we have simultaneously reduced the Group's net debt by £1.8m in the Period.

Looking ahead, the Group started the second half of the year positively and notwithstanding the difficult macro-economic environment, we are seeing growing resilience in our businesses. Accordingly, the Board expects the Group to meet market expectations for the full year.

Group results

Revenue for the Period was £21.0m, which was 1% higher than the first half of last year (H1 2022: £20.7m). Growth primarily came from the Critical Care division which increased its revenues by 9%, and whilst revenues in the Consumer Legal Services division fell slightly, it made good progress in transitioning revenue generation into our own consumer-focused law firm, NAL, from our joint venture partnerships. This transitioning of revenue into NAL will ultimately be more profitable for the Group.

The Group returned an operating profit of £1.8m, which was 19% lower than last year (H1 2022: £2.3m). Operating profits in Critical Care grew by 39%, as the business benefitted from ongoing investments in people, business development and systems. Within Consumer Legal Services, operating profit fell by 48% due to a combination of a change in the mix of personal injury enquiries generated in the first half, our investment in TV advertising to enhance the National Accident Helpline brand, and a reduction in profits from the division's Residential Property businesses. In this respect, we also disposed of Homeward Legal Limited in the Period and further details can be found below.

Due to our strategic decision to prioritise enquiry placement into NAL and our panel, the profit attributable to members' non-controlling interests in our joint venture LLPs was 30% lower than last year at £1.4m (H1 2022: £1.9m).

Borrowing costs on the Group's £20.0m revolving credit facility increased, due to higher UK interest rates. We accrue interest at a rate of 2.25% over the Sterling Overnight Index Average (SONIA), and SONIA has been rising in line with the Bank of England base rate. As a result, and as we anticipated, our financial expenses grew from £0.3m in H1 2022 to £0.6m in the Period.

As planned, profit before tax was broadly breakeven at £0.0m (H1 2022: £0.1m) and basic earnings per share on continuing operations (EPS) were (0.1)p (H1 2022: (0.2)p).

The Group delivered strong growth in cash generation in the Period, growing free cash flow[2] ("FCF") by 74% from £1.0m in H1 2022 to £1.8m. Operating cash conversion[3] was very strong at 270% (H1 2022: 152%). Cash generated by our Critical Care division increased by 94% in the Period as we leveraged the benefits of our investment in a new finance system and added additional credit control resource. Consumer Legal Services also increased cash generation, which included a 77% increase in cash received from settlements to £2.7m (H1 2022: £1.5m).

One of the Group's strategic priorities for 2023 was to reduce net debt whilst balancing investment in both divisions to enable future growth, and I am pleased to report excellent progress in the first half. Net debt at 30 June 2023 was £11.5m, down 13% from £13.3m at 31 December 2022 and down 20% from £14.5m at 30 June 2022.

Consumer Legal Services

In our Consumer Legal Services division, revenue fell by 3% from £14.1m to £13.7m in the Period. This was due to a 34% reduction in revenues from the division's Residential Property businesses, part of which was disposed of in April 2023. The Personal Injury business grew its revenues by 4%.

Operating profit for the Period fell by 48% to £1.1m (H1 2022: £2.1m). Approximately a quarter of this reduction was due to the contraction in the Residential Property business, which delivered a breakeven operating profit in the Period, with the remainder arising in the Personal Injury business.

The division generated £3.0m of cash from operations in the Period (H1 2022: £2.7m), and after deduction of drawings paid to LLP partners both the Personal Injury (£0.7m) and Residential Property (£0.2m) businesses were cash generative. Cash conversion was 274% (H1 2022: 148%), although this measure is before drawings paid to LLP members.

The personal injury market showed no growth in the Period, and in fact, external data from the Compensation Recovery Unit ("CRU") and Official Injury Claim ("OIC") portal shows that the number of new UK personal injury claims registered in the 12 months to 30 June 2023 fell by 1% compared to 31 December 2022. We continue to claims registered in the 12 months to 30 June 2023 fell by 1% compared to 31 December 2022. We continue to believe that the stagnation we have seen in the market since 2020 is due to three factors. Firstly, there are fewer accidents due to changes in consumer behaviour that emerged during the COVID-19 pandemic which have now become embedded in working patterns; secondly, the introduction of the Civil Liability Act 2018, which reduced compensation levels for customers with low value road traffic injury claims ("RTAs"); and finally a significant reduction in victims' appetite to make a claim due to stigma and a lack of understanding of the process, exacerbated by a reduction in advertising by law firms since the pandemic.

Our strategy to grow in the personal injury market is to increase the number of customer enquiries that we attract with our National Accident Helpline brand and process more of those enquiries through our own integrated law firm, NAL. By doing this we will create a higher margin, sustainable business and we can fund our growth through our agile and scalable placement model. This is designed to balance the work we place with our panel of third-party law firms, 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 2023, we continued to build momentum in delivering this strategy and made good progress in reducing the revenues generated in our joint-venture partnerships, in favour of those generated in NAL, which generate higher returns in the medium-term.

National Accident Helpline generated 17,559 enquiries in the Period, which was in line with last year on a like-for-like basis[1] (H1 2022: 17,630). Within this total, we attracted a higher mix of RTA enquiries than last year, with RTA making up 25% of all enquiries, non-RTA 48% and the remaining 27% being specialist enquiries. Non-RTA comprises employers', public and occupier liability claims. This mix compares to 22% RTA, 49% non-RTA and 29% specialist in H1 2022.

In March 2023, independent research revealed that the National Accident Helpline brand continues to be the "first choice for people who have had an accident and want legal representation". We invested £0.5m in TV advertising in the first half of the year to strengthen our brand position, which contributed to a 3% increase in our overall share of the personal injury market at 30 June 2023, measured on a trailing 12-month basis. We continue to review the return on investment generated by our TV advertising and, as part of our strategic development, we continue to look at new ways of both engaging with and educating potential customers.

Our website performed well during the Period and the share of enquiries generated through organic (unpaid) leads grew by 3% compared to last year.

We placed 4,555 new enquiries into NAL in the Period, which was slightly more than last year (H1 2022: 4,531), and this cost us £1.4m in marketing spend (H1 2022: £1.4m). 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. We estimate that these enquiries will be worth £3.4m in future revenues and cash by the time they are mature.

Since the Group stopped processing the lowest value RTA claims (so called "tariff-only" official injury claims (OIC) portal claims) in February last year, our average revenue on RTA claims is now significantly higher and not materially different to a typical non-RTA claim, although RTA claims usually settle earlier. In the first half of the year, the division did not have any placement options on its panel for RTA enquiries and, hence, all RTA enquiries were put into NAL which took up almost all the available capacity. Since then, we have started to distribute some RTA enquiries to panel firms which provides further flexibility for the business.

NAL settled 1,738 claims in the Period, which was 178% more than last year (H1 2022: 626) and almost as many as in whole of 2022, demonstrating the rapid scale-up of operations within the firm. These settled claims generated £2.7m of cash for NAL, which was 77% more than last year (H1 2022: £1.5m) and contributed to the strong net debt reduction.

At 30 June 2023, NAL had 10,611 ongoing claims (31 December 2022: 10,860; 30 June 2022: 9,884) representing an embedded value to the business, being the future profits and cash expected to be generated by processing these cases through to settlement. This embedded value has not yet been recognised in the financial statements. At 30 June 2023, after expensing the marketing costs to generate those claims and processing costs to date, we anticipate that the ongoing claims will generate future revenue of £9.9m and future gross profits of £8.6m. Following recent analysis, we upgraded the value of our future book of claims by £1.6m due to the higher revenue per claim we are seeing come through. The increased revenue per claim is helping to offset the reduction in enquiry volumes seen across the market caused by the factors set out above.

The division made good use of its flexible placement model during the Period and benefitted from consistent demand

The division made good use of its flexible placement model during the Period and benefitted from consistent demand from its panel of third-party law firms, providing us with good options for short-term profit and cash generation. We also placed a modest allocation of enquiries into Law Together LLP, one of our joint venture partnerships, which performed well in the Period. We do not intend to place any new enquiries into our other joint venture, Your Law LLP, which is making good progress in settling its historical book of claims.

Following investment over several years, the Group's joint venture partnerships are returning strong levels of cash flow which is helping us to manage the investment in growing NAL. In the first six months of the year, they generated £2.0m of cash after deducting our partners' drawings, compared to £1.8m last year.

The division's Residential Property businesses, comprising Homeward Legal and Searches UK, generated revenues of £1.5m (H1 2022: £2.4m) and operating profit before shared costs of £0.0m (H1 2022: £0.3m). As previously announced, the Group disposed of Homeward Legal in April 2023, which made a small loss in the Period. Details of this transaction are presented in note 10 to the interim results.

Critical Care

Our Critical Care division performed strongly in the Period, increasing revenues by 9% from £6.7m to £7.3m, and operating profit by 39% to £2.3m (H1 2022: £1.6m). Operating profit margin expanded from 24.5% last year to 31.2% through a combination of attracting a more profitable mix of work and by reducing overheads.

The business generated £2.6m of cash from operations in the Period (H1 2022: £1.4m) and cash conversion was strong at 117% (H1 2022: 83%).

Bush & Co. operates in the catastrophic injury market with most work arising from injuries suffered in serious RTAs or through medical negligence. At 30 June 2023, the number of RTA claims registered with the CRU in the preceding 12 month period has fallen by 2% compared to the position six months prior. Furthermore, data issued by the Department for Transport in May 2023 showed that the number of serious RTAs has returned to its long-term trend of a slow decline, and in 2022 was estimated to be 3% lower than in 2019. However, data presented by NHS Resolution suggests that the medical negligence market has been growing steadily since 2019/20, and in their most recent data, the number of new claims registered in the financial year 2022/23 had increased by 27% since 2018/19.

Expert witness services had a particularly strong six months, with revenues 34% higher than last year and the number of expert witness reports completed and issued to customers in the Period increased by 15% to 580 reports. The number of new instructions generated increased by 2%, indicating a strong pipeline of work for future periods.

In case management services, revenues were 2% lower than last year. The business delivered 265 initial needs assessments ("INAs") in the Period, which was 5% more than last year. Whilst instruction numbers were 6% lower than last year at 268, the mix skewed towards more complex cases in the Period which convert at a lower rate but are worth more in future billings. We will continue to monitor this to understand if it is a new trend. The business is servicing 1,369 ongoing case management clients (H1 2022: 1,284) that generate recurring revenue.

In the first half of the year, Bush & Co. has been investing to capitalise on market opportunities and made good progress with a number of our strategic initiatives.

Firstly, we have grown the number of associates we work with across a range of specialisms, geographies and case types, further increasing our capacity and improving our offering. Most recently we saw this growth across the children and young people clinicians, paediatric care and midwifery teams that we work with. In the first six months of the year, we recruited and trained 40 new associates, comprising of 18 new case managers and 22 new expert witnesses and we ended the Period working with a total of 117 case managers and 146 expert witnesses.

Secondly, we have continued our investment in growth initiatives which are currently small but which I believe will generate significant growth for the business in the coming years.

One of these is Bush & Co Care Solutions, a service that provides a range of support solutions for clients who directly employ support workers or care nurses. We have been successfully leveraging our business development capabilities to grow the number of care packages we provide and at 30 June 2023, the business was engaged to deliver 12 ongoing care packages (H1 2022: 2), each generating recurring revenue for the division. Bush & Co Care Solutions generated revenues of £248k in the first half, which was 41% more than the same period last year.

We also recruited three new colleagues to our growing team of 10 employed case managers. These colleagues deliver the same first-class case management service to enhance our client's rehabilitation as our associates, but through an in-house model which allows us to better control resource levels. This is anticipated to lead to margin expansion as the initiative develops.

expansion as the initiative develops.

These initiatives have been well received by our customers and end clients and I'm excited to see how they develop over the coming years. Finally, we have been upgrading our internal systems which have allowed us to manage increased demand and be more efficient. In the first half of this year, we reduced our overhead costs as a proportion of gross profit by 7ppts from 55.6% in 2022 to 47.9%, despite high inflationary pressures.

Shared Services and other items

The costs of the Group's Shared Services function, including plc-related costs and Other Items, which comprises share-based payments and amortisation on business combinations, were both unchanged from last year. These amounted to £0.9m and £0.6m in the Period respectively.

Our people

We employed 288 people at 30 June 2023 which was an increase of 4% from the end of 2022 (December 2022: 278). The growth in staff primarily arose in the operational teams within NAL and Bush & Co.

Our focus on making NAHL a great place to work was recognised in July with our best ever results in our annual staff engagement survey, which returned an overall engagement score of 81% (2022: 79%). This was significantly higher than Gallup's UK average of 10%, and the 72% average of their best-practice organisations.

Summary and outlook

In summary, the results for the first half of 2023 were in line with the Board's expectations and saw the Group deliver an operating profit, generate cash and significantly reduce net debt. Pleasingly, this momentum has continued into the second half of the year and the Board expects the Group to meet market expectations for the full year.

In July and August of this year, our Consumer Legal Services division delivered 9% growth in personal injury enquiry numbers compared to last year, suggesting continued share growth. Cash from settlements in NAL has continued to gain momentum, and £1.0m was collected across July and August, 67% more than last year. Year to date collections as at 31 August 2023 was £3.7m (2022 full year: £3.5m).

In Critical Care, the number of expert witness reports issued in July and August was 53% ahead of last year. The number of INAs issued was 45% lower than last year due to a slow July but, pleasingly, numbers returned to normal in August. The business has continued to benefit from encouraging levels of new instructions, contributing to a strong pipeline of future work.

Cash generation has remained strong across the Group, and we will continue to leverage our flexible placement model to drive short-term cash flow and reduce net debt, given the high interest rate environment we are operating in.

Finally, I'd like to thank all our people for their hard work and dedication to our customers during the Period. We are making good progress in executing our strategy across the Group and are starting to see the benefits come through in the results.

James Saralis

Chief Executive Officer

26 September 2023

1 Like-for-like enquiry numbers exclude tariff-only road traffic accident claims, which the Group ceased processing in February 2022.

2 Free cash flow is defined 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. This measure 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.

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Audited 12 months ended 31 December 2022
Statutory measure - net cash generated from operating activities	**4.2**	3.1	6.0

Net cash used in investing activities (excluding disposal of subsidiary)	**(0.1)**	(0.1)	(0.3)
Principal elements of lease payments	(0.2)	(0.1)	(0.3)
Drawings paid to LLP members	(2.1)	(1.9)	(3.2)
Net cash used in financing activities (before borrowings)	**(2.3)**	(2.0)	(3.5)
Free Cash Flow	**1.8**	1.0	2.2

3 Operating cash conversion is calculated as cash generated from operations divided by operating profit. This measure allows management to monitor the conversion of underlying operating profit into operating cash.

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Audited 12 months ended 31 December 2022
Statutory measure - cash generation from operations	**4.9**	3.4	6.8
Statutory measure - operating profit	**1.8**	2.3	4.8
Operating cash conversion	**269.6%**	151.5%	142.9%

Consolidated statement of comprehensive income

for the 6 months ended 30 June 2023

	Note	**Unaudited 6 months ended 30 June 2023 £000**	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
Revenue	2	**20,951**	20,732	41,421
Cost of sales		**(12,021)**	(11,984)	(23,586)
Gross profit		**8,930**	8,748	17,835
Administrative expenses		**(7,110)**	(6,493)	(13,079)
Operating profit	2	**1,820**	2,255	4,756
Profit attributable to members' non-controlling interests in LLPs		**(1,360)**	(1,935)	(3,554)
Financial income		**57**	37	80
Financial expense	3	**(560)**	(307)	(713)
(Loss)/Profit before tax		**(43)**	50	569
Taxation	4	**(45)**	(48)	(184)
(Loss)/Profit and total comprehensive income for the period		**(88)**	2	385
(Loss)/Profit from discontinued operations for the period	10	**(49)**	75	13
(Loss)/Profit from continuing operations for the period		**(39)**	(73)	372

Earnings per share (p) - Continuing operations		**Unaudited 6 months ended 30 June 2023**	Unaudited 6 months ended 30 June 2022	Audited 12 months ended 31 December 2022
Basic earnings per share	7	**(0.1)**	(0.2)	0.8
Diluted earnings per share	7	**(0.1)**	(0.2)	0.8

Earnings per share (p) - Discontinued operations		**Unaudited 6 months ended 30 June 2023**	Unaudited 6 months ended 30 June 2022	Audited 12 months ended 31 December 2022
Basic earnings per share	7	**(0.1)**	0.2	0.0
Diluted earnings per share	7	**(0.1)**	0.2	0.0

Consolidated statement of financial position

At 30 June 2023

	Note	**Unaudited as at 30 June 2023 £000**	Unaudited as at 30 June 2022 £000	Audited as at 31 December 2022 £000
Non-current assets				
Goodwill		**55,489**	55,489	55,489
Other intangible assets		**2,238**	3,156	2,714
Property, plant and equipment		**365**	440	392
Right of use assets		**1,883**	2,171	2,027
Deferred tax asset		**49**	23	50
		60,024	61,279	60,672
Current assets				
Trade and other receivables (including £5,174,000 (June 2022: £4,692,000; December 2022: £5,312,000) due in more than one year)	5	**30,890**	33,058	32,886
Cash and cash equivalents		**2,422**	1,974	2,654
		33,312	35,032	35,540
Total assets		**93,336**	96,311	96,212
Current liabilities				
Trade and other payables	6	**(15,896)**	(16,096)	(15,847)
Lease liabilities		**(238)**	(258)	(263)
Member capital and current accounts		**(3,763)**	(4,232)	(4,487)
Current tax liability		**(110)**	(74)	(162)
		(20,007)	(20,660)	(20,759)
Non-current liabilities				
Lease liabilities		**(1,600)**	(1,885)	(1,724)
Other interest-bearing loans and borrowings		**(13,954)**	(16,424)	(15,939)

Deferred tax liability	**(367)**	(546)	(470)
	(15,921)	(18,855)	(18,133)
Total liabilities	**(35,928)**	(39,515)	(38,892)
Net assets	**57,408**	56,796	57,320
Equity			
Share capital	**117**	116	116
Share option reserve	**4,803**	4,487	4,628
Share premium	**14,595**	14,595	14,595
Merger reserve	**(66,928)**	(66,928)	(66,928)
Retained earnings	**104,821**	104,526	104,909
Capital and reserves attributable to the owners of NAHL Group plc	**57,408**	56,796	57,320

Consolidated statement of changes in equity

for the 6 months ended 30 June 2023

	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023	116	4,628	14,595	(66,928)	104,909	57,320
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(88)	(88)
Total comprehensive income	-	-	-	-	(88)	(88)
Transactions with owners, recorded directly in equity						
Issue of share capital	1	-	-	-	-	1
Share-based payments	-	175	-	-	-	175
Total transactions with owners recorded directly in equity	1	175	-	-	-	176
Balance at 30 June 2023	**117**	**4,803**	**14,595**	**(66,928)**	**104,821**	**57,408**
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 2022	116	4,312	14,595	(66,928)	104,524	56,619
Total comprehensive income for the year						
Profit for the year	-	-	-	-	385	385
Total comprehensive income	-	-	-	-	385	385
Transactions with owners, recorded directly in equity						
Share-based payments	-	316	-	-	-	316
Total transactions with owners recorded directly in equity	-	316	-	-	-	316
Balance at 31 December 2022	116	4,628	14,595	(66,928)	104,909	57,320

Consolidated cash flow statement

for the 6 months ended 30 June 2023

	Note	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
Cash flows from operating activities				
(Loss)/Profit for the period		**(88)**	2	385
Adjustments for:				
Profit attributable to members' non-controlling interests in LLPs		**1,360**	1,935	3,554
Property, plant and equipment depreciation		**69**	91	168
Right of use asset depreciation		**144**	145	288
Amortisation of intangible assets		**586**	624	1,186
Financial income		**(57)**	(36)	(80)
Financial expense		**560**	307	713
Share-based payments		**175**	175	316
Taxation		**45**	48	184
		2,794	3,291	6,714
Decrease in trade and other receivables		**1,896**	240	448
Increase/(Decrease) in trade and other payables		**218**	(115)	(364)
Cash generation from operations		**4,908**	3,416	6,798
Interest paid		**(520)**	(267)	(627)
Tax paid		**(201)**	(14)	(165)
Net cash generated from operating activities		**4,187**	3,135	6,006
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(42)**	(54)	(83)
Acquisition of intangible assets		**(110)**	(79)	(199)
Interest received		**20**	6	13
Disposal of subsidiary		**(30)**	-	-
Net cash used in investing activities		**(162)**	(127)	(269)
Cash flows from financing activities				
Repayment of borrowings		**(2,000)**	(1,500)	(2,000)
Issue of share capital		**1**	-	-
Principal element of lease payments		**(174)**	(80)	(264)
Drawings paid to LLP members		**(2,084)**	(1,912)	(3,277)
Net cash used in financing activities		**(4,257)**	(3,492)	(5,541)

Net (decrease)/increase in cash and cash equivalents	**(232)**	(484)	196
Cash and cash equivalents at beginning of period	**2,654**	2,458	2,458
Cash and cash equivalents at end of period	**2,422**	1,974	2,654

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 2022 were approved by the Board of Directors on 21 March 2023 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 25 September 2023.

Basis of preparation
Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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 2022, 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 2022.

Significant accounting policies
The accounting policies used in the preparation of these interim financial statements for the 6 months ended 30 June 2023 are the accounting policies as applied to the Group's financial statements for the year ended 31 December 2022.

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

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.

	Consumer Legal Services £000	Critical Care £000	Shared services £000	Other items £000	Eliminations[2] £000	Total £000
6 months ended 30 June 2023						
Revenue	13,688	7,263	-	-	-	20,951
Depreciation and amortisation	(127)	(82)	(177)	(413)	-	(799)
Operating profit/(loss)	1,099	2,266	(924)	(621)	-	1,820
Profit attributable to members' non-controlling interests in LLPs	(1,360)	-	-	-	-	(1,360)
Financial income	52	-	5	-	-	57
Financial expenses	-	(1)	(559)	-	-	(560)
(Loss)/profit before tax	(209)	2,265	(1,478)	(621)	-	(43)
Trade receivables	2,840	5,617	-	-	-	8,457
Total assets[1]	27,086	6,874	76,882	-	(17,506)	93,336
Segment liabilities[1]	(16,912)	(1,564)	(3,021)	-	-	(21,497)
Capital expenditure (including intangibles)	(36)	(116)	-	-	-	(152)
6 months ended 30 June 2022						
Revenue	14,061	6,671	-	-	-	20,732
Depreciation and amortisation	(129)	(116)	(179)	(436)	-	(860)
Operating profit/(loss)	2,108	1,634	(876)	(611)	-	2,255
Profit attributable to members' non-controlling interests in LLPs	(1,935)	-	-	-	-	(1,935)
Financial income	35	-	2	-	-	37
Financial expenses	-	(3)	(304)	-	-	(307)
Profit/(loss) before tax	208	1,631	(1,178)	(611)	-	50
Trade receivables	2,726	5,567	-	-	-	8,293
Total assets[1]	29,106	6,585	78,126	-	(17,506)	96,311
Segment liabilities[1]	(15,824)	(1,438)	(5,208)	-	-	(22,470)
Capital expenditure (including intangibles)	(59)	(74)	-	-	-	(133)
12 months ended 31 December 2022						
Revenue	28,264	13,157	-	-	-	41,421
Depreciation and amortisation	(257)	(201)	(358)	(826)	-	(1,642)
Operating profit/(loss)	4,179	3,434	(1,715)	(1,142)	-	4,756
Profit attributable to non-controlling interest members in LLPs	(3,554)	-	-	-	-	(3,554)
Financial income	77	-	3	-	-	80
Financial expenses	-	(5)	(708)	-	-	(713)
Profit/(loss) before tax	702	3,429	(2,420)	(1,142)	-	569
Trade receivables	2,632	5,610	-	-	-	8,242
Total assets[1]	29,222	6,780	77,716	-	(17,506)	96,212
Segment liabilities[1]	(17,874)	(1,258)	(3,189)	-	-	(22,321)
Capital expenditure (including intangibles)	(95)	(187)	-	-	-	(282)

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.

3. Financial expense

	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
Interest on bank loans	**520**	267	628
Amortisation of facility arrangement fees	**15**	14	29
Interest on lease liabilities	**25**	26	56
Total	**560**	307	713

Interest on bank loans consists of interest incurred in respect of a revolving credit facility of £20m which is due to terminate on 31 December 2024. Interest is payable at 2.25% above SONIA per annum. There have been no changes to the terms of the revolving credit facility agreement since the year ended 31 December 2022 and details of the amounts outstanding in respect of this facility are given in Note 9.

4. Taxation

	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
Current tax expense			

Current tax on income for the year	**148**	127	352
Adjustments in respect of prior years	**-**	-	14
Total current tax	**148**	127	366
Deferred tax credit			
Origination and reversal of timing differences	**(103)**	(79)	(182)
Total deferred tax	**(103)**	(79)	(182)
Total expense in statement of comprehensive income	**45**	48	184
Total tax charge	**45**	48	184

Reconciliation of effective tax rate:

	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
(Loss)/Profit for the period	**(88)**	2	385
Total tax expense	**45**	48	184
(Loss)/Profit before taxation	**(43)**	50	569
Tax using the UK corporation tax rate of 19.0%/25.0% (June 2022: 19.0%, December 2022:19.0%)	**10**	10	108
Non-deductible expenses	**35**	38	68
Adjustments in respect of prior years	**-**	-	14
Short term timing differences for which no deferred tax is recognised	**-**	-	(6)
Total tax charge	**45**	48	184

The Group's tax charge of £45,000 (June 2022: £48,000, December 2022: £184,000) represents an effective tax rate of 104.7% (June 2022: 96.5%, December 2022: 32.3%). The effective tax rate is higher than the standard corporation tax rate of 25.0% for the reasons as set out above.

5. Trade and other receivables

	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
Trade receivables: receivable in less than one year	**7,138**	7,711	7,077
Trade receivables: receivable in more than one year	**1,319**	820	1,165
Accrued income: receivable in less than one year	**9,925**	11,356	11,137
Accrued income: receivable in more than one year	**3,855**	3,872	4,147
Other receivables	**103**	14	26
Prepayments	**781**	934	954
Recoverable disbursements	**7,769**	8,351	8,380
Total	**30,890**	33,058	32,886

A provision against trade receivables and accrued income of £464,000 (June 2022: £467,000, December 2022: £612,000) 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 some commercial agreements.

6. Trade and other payables

	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
Trade payables	**1,662**	1,434	1,689
Disbursements payable	**5,813**	7,388	6,620
Other taxation and social security	**1,763**	1,299	1,231
Other payables, accruals and deferred revenue	**6,201**	5,518	5,850
Customer deposits	**457**	457	457
Total	**15,896**	16,096	15,847

7. Earnings per share

The calculation of basic earnings per share at 30 June 2023 is based on a loss attributable to ordinary shareholders of the parent company of £88,000 (June 2022: profit of £2,000, December 2022: profit of £385,000) and a weighted average number of Ordinary Shares outstanding of 46,450,977 (June 2022: 46,325,222, December 2022: 46,325,222).

(Loss)/profit attributable to ordinary shareholders

	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited 12 months ended 31 December 2022 £000
(Loss)/profit for the period from continuing operations	**(49)**	(73)	372
(Loss)/profit for the period from discontinued operations	**(39)**	75	13
(Loss)/profit for the period attributable to the shareholders	**(88)**	2	385

Weighted average number of Ordinary Shares

Number	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Audited 12 months ended 31 December 2022
Issued Ordinary Shares at start of period	**46,325,222**	**46,325,222**	46,325,222
Weighted average number of Ordinary Shares at end of period	**46,450,977**	**46,325,222**	46,325,222

Basic earnings per share (p)

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Audited 12 months ended 31 December 2022
Group (p) - continuing operations	**(0.1)**	(0.2)	0.8
Group (p) - discontinued operations	**(0.1)**	0.2	0.0
Group (p) - total	**(0.2)**	0.0	0.8

The Company operates a share-based payment schemes to reward employees. In line with IAS 33, as the Group has a negative earnings per share at 30 June 2023, it is assumed there are no dilutive shares. As at 30 December 2022 and 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 as at 30 June 2022 was 2,329,951 and as at 30 Dec 2022 was 2,329,951. There are no other diluting items.

Diluted earnings per share (p)

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Audited 12 months ended 31 December 2022
Group (p) - continuing operations	**(0.1)**	(0.2)	0.8
Group (p) - discontinued operations	**(0.1)**	0.2	0.0
Group (p) - total	**(0.2)**	0.0	0.8

8. Dividends

No dividends were paid in 2022 and the Directors have recommended an interim dividend in respect of 2023 of nil p (2022: interim dividend of nil p).

9. Net debt

Net debt comprises cash and cash equivalents and secured bank loans. Secured bank loans consist of a revolving credit facility of £20m which is due to terminate on 31 December 2024. Repayments are made periodically depending on the level of free cash flow generated by the Group. Interest is payable at 2.25% above SONIA per annum. There have been no changes to the terms of the revolving credit facility agreement since the year ended 31 December 2022.

	Unaudited as at 30 June 2023 £000	Unaudited as at 30 June 2022 £000	Audited as at 31 December 2022 £000
Cash and cash equivalents	**2,422**	1,974	2,654
Other interest-bearing loans and loan notes	**(13,954)**	(16,424)	(15,939)
Net debt	**(11,532)**	(14,450)	(13,285)
Lease liabilities	**(1,838)**	(2,143)	(1,987)

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

	Unaudited as at 30 June 2023 £000	Unaudited as at 30 June 2022 £000	Audited as at 31 December 2022 £000
Net (decrease)/increase in cash and cash equivalents	**(232)**	(484)	196
Net decrease from repayment of debt and debt financing	**2,000**	1,500	2,000
Movement in net borrowings resulting from cash flows	**1,768**	1,016	2,196
Non-cash movements - net release of prepaid loan arrangement fees	**(15)**	(14)	(29)
Net debt at beginning of period	**(13,285)**	(15,452)	(15,452)
Net debt at end of period	**(11,532)**	(14,450)	(13,285)

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

	Unaudited as at 30 June 2023 £000	Unaudited as at 30 June 2022 £000	Audited as at 31 December 2022 £000
Net outflow from decrease in lease liabilities	**174**	80	264
Movement in net borrowings resulting from cash flows	**174**	80	264
Non-cash movements arising from initial recognition of new lease liabilities, revisions and interest charges	**(25)**	(28)	(56)
Lease liabilities at beginning of the period	**(1,987)**	(2,195)	(2,195)
Lease liabilities at end of period	**(1,838)**	(2,143)	(1,987)

10. Discontinued Operations

On 25 April 2023, the Group announced the sale of its wholly owned subsidiary Homeward Legal Limited. Homeward Legal utilises online marketing to target homebuyers and sellers in England and Wales to generate leads and instructions which it then passes to panel law firms and surveyors in the conveyancing sector for a fixed cost. The subsidiary is considered to be non-core to the Group's principal operations.

Consideration for the sale was finalised at £117,000 which was equivalent to the net asset value of Homeward Legal at the date of sale. The Group incurred legal and consultancy costs amounting to £55,000 in respect of the sale. The consideration is payable in two annual instalments and additionally, the Group is entitled to receive contingent consideration in each of the two years following completion, contingent upon Homeward Legal achieving certain performance milestones. The contingent consideration will be based on a share of profits and trade debtors recovered above certain amounts. The Board believes that the contingent consideration will not be material and has estimated the fair value as nil.

At the date of disposal, the carrying amounts of Homeward Legal's net assets were as follows:

	£000
Property, plant and equipment	-
Deferred tax asset	1
Trade and other receivables	255
Cash and cash equivalents	30
Total assets	**286**
Trade and other creditors	(169)
Total liabilities	**(169)**
Net assets	**117**

The gain on disposal is calculated as:

	£000
Consideration received or receivable:	
Cash	**117**
Fair value of contingent consideration	**-**
Total disposal consideration	**117**
Carrying amount of net assets sold	**(117)**
Gain on sale before income tax	**-**
Income tax expense on gain	**-**
Gain on sale after income tax	**-**

The results of these discontinued operations are included in the 2023 interim results up to the date of disposal, and are presented as follows:

Consolidated statement of comprehensive income:

	Unaudited as at 30 June 2023 £000	Unaudited as at 30 June 2022 £000	Audited as at 31 December 2022 £000
Revenue	**269**	651	1,196
Expenses	**(318)**	(576)	(1,183)
(Loss)/profit before taxation	**(49)**	75	13
Taxation	**-**	-	-
(Loss)/profit after taxation attributable to owners of the parent company	**(49)**	75	13

Consolidated cash flow statement:

	Unaudited as at 30 June 2023 £000	Unaudited as at 30 June 2022 £000	Audited as at 31 December 2022 £000
Cash flows from operating activities	**23**	187	41
Cash flows from investing activities	**-**	-	-
Cash flows from financing activities	**-**	-	-
Net cash inflow	**23**	187	41

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