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NAHL Group PLC
02 May 2024

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

Final Results

Building on strong foundations to scale the business and outperform the market, growing revenues and further reducing net debt

NAHL, a leading marketing and services business focused on the UK consumer legal market, is pleased to announce its audited results for the year ended 31 December 2023.

Financial Highlights

Year ended 31 December	FY2023	FY2022	Change
Group Revenue	£42.2m	£41.4m	2%
Operating Profit	£4.1m	£4.8m	-13%
Profit Before Tax	£0.65m	£0.57m	14%
Net Debt	£9.7m	£13.3m	-27%

- Group Revenue increased by 2% to £42.2m (2022: £41.4m).
- National Accident Law (NAL), the Group's fully integrated law firm, collected £6.0m of cash from settlements, 73% higher than the prior year (2022: £3.5m), a clear sign of its growing maturity.
- Delivered a 27% reduction in net debt to lower than anticipated level at £9.7m (31 December 2022: £13.3m).
- Generated £3.6m of free cash flow, 63% more than last year. Net cash generated from operating activities was also strong, up by 25% to £7.5m (2022: £6.0m), and operating cash conversion increased to 217% (2022: 143%).
- Operating profit for the year was £4.1m (2022: £4.8m) against a backdrop of higher costs and in line with our strategy to invest more in NAL for higher profitability in the medium term.
- Proft before tax was £0.65m (2022: profit before tax of £0.57m).
- Basic Continuing EPS increased 12.5% to 0.9p (2022: 0.8p).

Operational Highlights

- NAHL continued to make strong progress across the business in 2023, standing the Group in good stead for further success.
- Focused on growing the value of personal injury enquires placed into NAL to grow a more profitable and sustainable business:
  - Group placed 8,518 new enquiries into NAL; these were of a higher quality than previous years and it is estimated they will generate £6.6m in future revenue and cash, compared to £5.9m in 2022.
  - 3,633 claims settled, 92% more than 2022, and at year end NAL was processing 9,983 ongoing claims (31 December 2022: 10,860).
  - After expensing marketing and processing costs incurred to date, it is anticipated that NAL's book of ongoing claims will generate: future revenues of £9.9m; future gross profits of £8.6m; and future cash of £13.9m, up 24%. The Board's strategic decision to prioritise investments in NAL rather than in the Group's joint-ventures, enabled it to reduce the profit attributable to members' non-controlling interests in LLPs by 29% to £2.5m (2022: £3.6m).
- National Accident Helpline generated 35,643 enquiries, up 2% on the prior year (2022: 34,905). TV and social advertising resulted in a 7.5% increase in market share and the National Accident Helpline brand remained the "first choice for people who have had an accident and want legal representation".
- The disposal of non-core Homeward Legal in April 2023 successfully removed a drag on growth and allowed management to refocus on their strategic priorities.
- In Critical Care, the strategy to grow market share by broadening the customer base, extending competencies and specialisms and becoming more efficient is working, and the division delivered double digit growth in 2023.
  - Cash from operations in Critical Care increased by 61%.
  - Bush & Co. delivered 11% and 29% growth in revenue and operating profit respectively along with impressive margin expansion to 30%.
  - Bush & Co. Care Solutions had a strong year with revenues growing by 39% to £0.5m (2022: £0.4m) driven by a 40% increase in standalone nurse-led care packages, which generate monthly recurring revenue.
  - A record year for expert witness services, increasing revenues by 37%. The team delivered 1,136 reports to customers, a 17% increase (2022: 974).
  - Critical Care onboarded 76 new associates in 2023 and grew expert witness and case management associate numbers by 22% and 22% respectively.

Post year end

- In February 2024, the Group successfully extended its banking facility with Clydesdale Bank/Virgin Money, reducing the £20m RCF (which was due to expire on 31 December 2024) to a £15m facility which runs to 31 December 2025.
- In March 2024, the UK Supreme Court upheld a court of appeal decision in favour of the claimant in Rabot vs Hassam. The Board considers this a positive development for personal injury claimants and the Group as it will translate into increased average revenues in RTA mixed injury claims being processed by NAL.
- On 5th April 2024, the Company announced that the Board is evaluating a possible sale of Bush & Co. This remains at a very early stage and there can be no certainty a sale will occur.

James Saralis, CEO of NAHL, commented:

"I am pleased with the solid financial performance that the Group delivered in 2023 and am encouraged that we continued to outperform the market in both Consumer Legal Services and Critical Care while further reducing net debt and building a more sustainable business. I would like to take this opportunity to thank our fantastic team for their continued hard work and commitment, driving our success.

"We demonstrated further improvements in our Personal injury business, which was again profitable and cash generative, and delivered double digit growth in Critical Care. These strong results position us well to maintain our growth and realise the step-change that we have been working towards as our own fully integrated law firm, NAL, matures.

"Building on our strong foundations and proven ability to navigate market conditions, the Board is confident in delivering the growth in profits and reduction in net debt in line with 2024 market expectations."

The Annual Report and notice of Annual General Meeting will be available by the end of May 2024.

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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 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.

Throughout this document, references to 'joint venture' law firm relate to our law firms Your Law LLP and Law Together LLP which we operate in partnership with a minority member. The term 'joint venture' does not relate to the UK-adopted International Accounting Standards (IFRS) definition. These law firms are accounted for as subsidiary undertakings.

Chair's Report

The Group continued to deliver further progress across the business in 2023. National Accident Law (NAL), our wholly owned law firm, almost doubled the number of cases it settled compared with 2022 and generated £6.0m in cash from those settlements. Each year it becomes a more significant part of our Personal Injury business. Bush & Co had another strong year achieving 11% growth in revenues and improving its operating profit margin to 30%. These strong divisional performances resulted in debt falling by 27%.

Overall, we completed the year with revenues of £42.2m (2022: £41.4m), a profit before tax of £0.6m (2022: £0.6m) and a further reduction in net debt to £9.7m (2022: £13.3m).

Consumer Legal Services

Revenues in the Consumer Legal Services (CLS) division were marginally lower than last year at £27.6m (2022: £28.3m) due to the disposal of our non-core business Homeward Legal at the beginning of the year, and a reduction in the size of our joint venture LLPs. The Personal Injury business remained profitable and cash positive, growing market share.

NAL generated £6.0m in cash from settlements compared with £3.5m in 2022 and £2.1m in 2021 and is nearing an important inflection point, when the expected value of new claims started is broadly equal to the value of those settled. Investing more enquires into NAL, now that we can see the return, will increase its potential even further.

The Personal Injury business has outperformed the market; the volume of enquiries generated by NAL increased by 2%, against a decline in the overall number of claims in the market. Consequently, our market share grew by 8% compared with 2022.

The vast majority of Road Traffic Accident (RTA) claims are directed to NAL and we continue to screen out the lowest value RTA enquiries as they are not profitable to process. We have also directed our marketing efforts to target higher quality claims. This selective approach is contributing to an improvement in the average value of an RTA claim which is now similar to a non-RTA case, with the benefit of a slightly shorter lifecycle. As a result, the average future value of claims going into NAL improved again in 2023.

NAL ended the year processing 9,983 open claims (2022: 10,860) which have a combined future cash value (before future processing costs) of £13.9m (2022: £11.2m). The improvement in future value reflects our strategic focus on processing claims that have a better quality mix and higher average values and is proof our strategy is working.

Currently, most of the enquiries we generate are directed to our panel, delivering cash and profit in the short term. Whilst this model does provide cash flow, the Group continues to believe that a better, but longer-term, return can be made by investing those claims in NAL. We continue to monitor the balance between these two options, as we plan the future for NAL.

Some enquires continue to be directed to our joint venture law firm, Law Together LLP, which provides an important component of our flexible placement model, particularly as the personal injury legal market continues to consolidate reducing the number of panel law firms.

The other component of our Consumer Legal Services division is our searches business. Despite difficult market conditions resulting in transaction volumes falling, Searches UK performed well. The business was cash positive and generated a profit of £0.2m on revenues of £2.7m.

Critical Care

Bush & Co had another strong year with revenues increasing by 11% to £14.6m (2022: £13.2m) and operating profit growing by 29% to £4.4m (2022: 3.4m). The operating profit margin also increased to 30% (2022: 26%). Around 49% of Bush's revenues are recurring.

Case management is the most established part of our business and we have a strong reputation for this amongst all the leading law firms in the catastrophic and serious injury market. Whilst revenues were broadly in line with the previous year, the profitability of this work has been enhanced. This was achieved through our investment in technology and back-office processes, which has now been completed.

Our expert witness offering achieved good growth again this year. It has become an increasingly important part of our Critical Care business and now accounts for 45% of Bush & Co.'s turnover (2022: 36%). We expect to see further growth in this segment of the market and are continuing to recruit associate expert witnesses to meet the strong levels of ongoing demand.

Bush & Co. Care Solutions, which was only launched towards the end of 2021, offers nurse led

Bush & Co. Care Solutions, which was only launched towards the end of 2021, offers nurse-led care management solutions in an adjacent market to case management, generally after settlement of the litigation. It has proved to be a successful and profitable initiative and grew its revenues by 39% to £0.5m (2022: £0.4m). We expect to see growth continue now we have established our position in this additional market.

Our previous investments in improving the infrastructure at Bush & Co. and developing our expert witness and care offerings has created a highly profitable business, with a strong record of growth and a platform for future success.

Summary

I would like to thank all our employees for their continued commitment and hard work. Our people and culture are central to our success.

We have made good progress again this year across the Group and delivered a further significant reduction in debt. The personal injury business remains cash generative and profitable and is winning an increasing share of enquiries in the large RTA market. Our own law firm, NAL, has a strong pipeline of value in its book of claims. It has shown what it can achieve and has the potential to become an even more important part of the Personal Injury business in the future. Critical Care has delivered a good return on the investment we have made with another year of revenue and profit growth and an impressive 30% operating profit margin. In view of its strong performance, this could be an attractive opportunity for a buyer and generate immediate value for shareholders. We are, therefore, at an early stage of investigating a potential sale of Bush & Co., but there is no certainty that a sale will happen.

The Group is in a very different place to a few years ago, and even more strongly positioned as a result. Our strategy is producing substantive results, and I am confident that we are on track for further success.

Tim Aspinall
Chair

CEO Report

We are making good progress across the Group, and in 2023 we grew revenues and earnings, and significantly reduced net debt. Our strategy is working, and we are on track to deliver substantial growth as our business matures.

Overview

In 2023, we continued building on the Group's strong foundations.

Despite the ongoing macroeconomic volatility, increasing cost pressures and high inflation, we grew our revenues and underlying earnings and made a significant reduction to our net debt, further strengthening our balance sheet position. We demonstrated further improvements in our Personal Injury business, which was again profitable and cash generative, and delivered double digit growth in our Critical Care business. The disposal of Homeward Legal, our non-core conveyancing business, in April 2023 successfully removed a drag on our growth and allowed us to refocus on our strategic priorities.

These results position us well to continue our growth and realise the step-change in profitability that we have been working towards, as our own fully integrated law firm, National Accident Law (NAL), matures.

Financial performance

Group revenue increased by 2% in the year, to £42.2m (2022: £41.4m), reflecting a strong performance in our Critical Care division. Revenues in the Consumer Legal Services division were lower than last year because of the disposal of Homeward Legal in April 2023. On a continuing basis, revenues grew by 4% to £41.9m (2022: £40.2m).

Operating profit for the year was higher than anticipated at £4.1m, (2022: £4.8m). The reduction versus prior year is due to the change in placement of work, away from our joint venture partnerships and into NAL to generate higher profits over the medium term.

Profit before tax was £0.6m (2022: profit before tax of £0.6m). Basic earnings per share on continuing operations (EPS) increased to 0.9p (2022: 0.8p).

Last year, I said that continuing to reduce borrowing levels whilst balancing investment in both divisions to enable future growth was a strategic priority for the Group, and I'm pleased to report that our results exceeded our expectations. The Group generated £3.6m of free cash flow in the year, which was 64% more than last year. Improvements came from increased cash from settlements in NAL, a higher return from our joint-ventures, and from a 61% increase in cash generation in Critical Care. Importantly, our Personal Injury business was cash generative again this year. Net cash generated from operating activities was also very strong, increasing 24% to £7.5m (2022: £6.0m) and operating cash conversion increased to 217% (2022: 143%).

As a result of this strong cash performance, net debt at 31 December 2023 was lower than anticipated at £9.7m, down 27% in 12 months (31 December 2022: £13.3m).

Divisional performance

Consumer Legal Services

The personal injury market remained subdued in 2023, but our Consumer Legal Services division performed well - growing the number of enquiries that we generated, increasing the value of our book of claims, and improving cash generation.

Revenue in the division reduced by 2% to £27.6m (2022: £28.3m) as a result of the disposal of our non-core conveyancing business, Homeward Legal, in April 2023. Excluding the discontinued business, the underlying revenues grew by 1% and the Personal Injury business increased its revenues by 3%. Operating profit decreased by 33% to £2.8m (2022: £4.2m). This reduction was a consequence of our strategic decision to prioritise investing new claims into NAL thereby reducing the flow of work to our joint-venture firms. This will help us to create a more profitable and sustainable firm in the medium term.

The division generated £2.1m of cash from operations in the year (2022: £2.2m). After deducting drawings paid to LLP members, both the Personal Injury (2023: £1.6m; 2022: £1.8m) and Residential Property (2023: £0.5m; 2022: £0.3m) businesses were cash generative.

Personal Injury

The UK personal injury market contracted further during 2023. According to official figures from the Claims Compensation Recovery Unit of the Ministry of Justice, the number of personal injury claims fell by 3% in the year, driven by a 5% decrease in road traffic accident claims (RTAs). Whilst smaller in quantum, employer liability, public liability and clinical negligence claims increased by 2%, 11%, and 3% respectively. Our internal analysis puts the value of the claimant-side personal injury market to be around £1.1bn, so whilst the trend for slowly contracting claims numbers has returned to its pre-pandemic trend, and we believe that this trend is set to continue, this remains a large and attractive market.

Our priorities during 2023 were threefold.

1) Firstly, we wanted to grow the number of personal injury accident victims we supported by increasing the number of enquiries we generated. We did this successfully and the results for 2023 showed that National Accident Helpline generated 35,643 enquiries in the year, which was 2% more than the prior year (2022: 34,905). The mix of enquiries generated changed slightly from last year, with RTA making up 25% of the total (2022: 22%), non-RTA 47% (2022: 50%) and specialist enquiries remaining consistent at 28%. In the first half of the year, the business did not have any placement options on its panel for RTA enquiries which meant that all of these were placed into NAL. These were higher quality claims than we anticipated, which will generate a lifetime return akin to non-RTA, but the additional

volume limited our capacity to grow our non-RTA book during the year.

Our enquiry generation was achieved with a 2% increase in our direct media marketing spend, including a £0.5m investment in TV advertising in the first half of the year. Whilst our brand advertising on TV generated a positive return, subsequent analysis showed that given the prevailing market dynamics, we would generate a higher return by pivoting to social media advertising, which is what we successfully executed in the second half of the year.

Our marketing efforts resulted in an 8% increase in market share during the year and independent research revealed that the National Accident Helpline brand remained the "first choice for people who have had an accident and want legal representation". In RTA claims, NAHL increased its market share to its highest level since the Government's whiplash reforms, growing from 1.5% in December 2022 to 1.9% in December 2023, on a trailing 12-month basis. Our share of the non-RTA market (excluding industrial disease) held broadly level at 17%.

2) Our second priority was to grow the value of personal injury enquiries processed in our own consumer-focused law firm, National Accident Law, which will enable us to create a more profitable and sustainable business over time. Whilst the results show that we placed slightly fewer new claims into NAL in 2023, the value of these claims was substantially higher. Furthermore, as at 31 December 2023, the value of the book of claims that the firm was working on was 24% higher than 12 months prior.

   In 2023, the Group placed 8,518 new enquiries into NAL which cost £3.0m in marketing investment (2022: £2.7m). Whilst this was slightly fewer in number than the prior year (2022: 8,760), these enquiries were of a higher quality and are anticipated to generate a higher return over their lifecycle. Such claims can take several years to process, and not all will be won and result in settlement. However, we estimate that the new claims introduced in 2023 will be worth £6.6m in future revenue and cash by the time they mature, compared to new claims worth £5.9m in 2022.

   NAL settled 3,633 claims during the year, which was 92% more than the 1,894 settled in 2022, demonstrating the rapid scale up of operations within the firm. Throughout the year, NAL consistently improved its performance levels, reducing timescales for admissions and settlements, and the team implemented several improvements to processes and systems to help make the firm more efficient.

   At 31 December 2023, NAL was processing 9,983 ongoing claims (31 December 2022: 10,860 ongoing claims). These claims represent an embedded value to the business, being the future profits and cash to be generated by processing them through to settlement. In the second half of the year, we conducted a detailed assessment of the book including previous settlement results, which resulted in an upgrade to the value of the book by £2.1m. We estimate that after expensing the marketing costs to generate these claims and processing costs to date, our book of ongoing claims will generate future revenues of £9.9m, future gross profits of £8.6m, and future cash of £13.9m. This is 24% more than the £11.2m of future cash that we estimated the book to be worth a year ago.

3) Our final priority for 2023 was to ensure that the Personal Injury business was self-funding and that we paid for the investment in new enquiries in NAL by leveraging our agile and scalable placement model. This was also achieved as the Personal Injury business generated a net cash flow, after deduction of drawings paid to LLP members, of £1.6m (2022: £1.8m).

   NAL collected £6.0m of cash from settlements in 2023, which was 73% higher than in 2022 (2022: £3.5m), a clear sign of the growing maturity of NAL and the focus on cash collection that has been embedded in the firm.

Our panel of third-party law firms continued to provide a good service for our customers and an important source of cash flow to support our growth. In total, approximately 24,500 enquiries were placed into our panel, across all enquiry types (2022: approximately 23,500 enquiries).

Our joint-venture law firms performed well during the year. Law Together LLP, which launched in 2019, is mature and received approximately 2,500 new enquiries in the year (2022: approximately 3,000 enquiries). Our first joint-venture, Your Law LLP, is in run off and took no new enquiries in either period.

Both of these partnerships are profitable for the Group and they delivered a combined £4.4m of cash in the year (2022: £3.3m) after deducting drawings to LLP members, reflecting the investment that we have made in these partnerships over a number of years. We plan to continue to utilise the flexibility that this arrangement provides us.

Residential Property

The division's Residential Property businesses, which comprised Homeward Legal and Searches UK, generated revenues of £2.9m (2022: £4.3m) and operating profit of £0.1m (2022: £0.3m).

As previously announced, Homeward Legal was sold during the year and has been shown in the financial statements as a discontinued operation. The UK residential property market proved to be challenging in 2023, caused by high interest rates resulting in a reduction in the number of new mortgages agreed, consequently Homeward Legal made a small loss. The business was sold in April 2023 for £0.1m, which equated to the net asset value at the time of disposal. Details of the sale are presented in note 9 to the financial statements.

Searches UK, the Group's other Residential Property business which prepares property search reports for homebuyers, also experienced challenging conditions. Its revenues contracted by 13.5% to £2.7m but it reduced its costs, and it returned a profit of £0.2m (2022: £0.3m). The business also remained cash generative during the year.

Critical Care

In the Group's Critical Care division, Bush & Co. had a very strong year, delivering double-digit growth in revenue and profit, along with impressive margin expansion.

Revenues increased by 11% to £14.6m (2022: £13.2m), of which around 49% was recurring. Operating profit increased by 29% to £4.4m (2022: £3.4m) and operating profit margins increased by 4 percentage points from 26.0% to 30.0%. The business generated £4.9m of cash from operations, an increase of 61% on the prior year (2022: £3.1m).

Bush & Co. operates in the catastrophic injury and care markets, with most work arising from injuries suffered in serious RTAs or through medical negligence. Statistics from the Department of Transport show that the number of serious RTAs reduced by 1%[1] in 2023 and returned to their pre-pandemic trend of a slow decline. Conversely, data from NHS Resolution shows that the medical negligence market has been growing steadily since 2018/19. Whilst their most recent report shows the number of new claims registered in 2022/23 was down 10% on the prior year, this was still more than each of the preceding eight years, and so the trend remains positive.

In Critical Care, our strategy is to grow market share by broadening our customer base, extending our competencies and specialisms and becoming more efficient at what we do. In 2023, we successfully delivered against each of those objectives.

Expert witness services had its best year ever, continuing its strong growth and increasing revenues by 37%. The team delivered 1,136 reports to customers, an increase of 17% on the prior year (2022: 974), and there was more demand for follow up work.

In case management services, revenues were flat year-on-year. The business delivered 539 initial needs assessment (INA) reports, which was 2% higher than last year. This business is servicing 1,406 ongoing case management clients (2022: 1,354) that generate recurring revenue for the Group through our claimant, defendant and insurer relationships. These services are billed on a regular basis depending on the level of support required.

We grew and strengthened our customer base in the year, leveraging our previous investments in marketing and business development to continue to grow our pipeline of new work. Overall, instruction numbers were up 4%, with expert witness instructions up 9% to 1,142. INA instructions were down 5% to 530 but this is against the backdrop of an exceptional year in 2022 when INA instructions grew by 14%.

Our investment in the recruitment of new associates has proven key to the growth in revenue in this division. We onboarded 76 new associates in the year and grew expert witness and case management associate numbers by 22% and 22% respectively. We ended the year with 158 expert witness associates and 117 case management associates.

We also continued to grow our team of employed case managers, which enables us to process less complex work at a higher utilisation rate, thereby increasing margins. The team increased from seven employees at the start of the year to nine by the end. We will continue to build in this area through 2024.

In 2021, we launched Bush & Co. Care Solutions to complement our case management proposition and expand into the adjacent care market. This initiative has performed well in the year, with revenues growing by 39% to £0.5m (2022: £0.4m). This growth was driven by a 111% increase in the number of standalone nurse-led care packages from December 2022 to December 2023, which generate monthly recurring revenue. This service is regulated by the Care Quality Commission (CQC) and in December 2023 the CQC carried out an inspection, rating our services as Good across all areas of the inspection.

Over the past couple of years, the business has been investing in new systems and people in order to become more efficient and the benefits of this work became evident in 2023. We previously implemented a new finance system and through 2023 the team have been upgrading the back-office systems and processes to enhance our capabilities. As a result, the team are now able to issue invoices and statements sooner in the month, with less resource, and better analyse the debt owed from customers. As a result, debts continue to be recovered quicker and this contributed to the 61% improvement in cash from operations in the year.

Due to the efficiencies achieved, the team have been able to operate with a lower level of variable costs, resulting in improved operating leverage and the margin expansion noted above.

Our sustainable culture

At NAHL, we are creating a sustainable business for the long-term gain of all our stakeholders. To us, this starts with a focus on maintaining a progressive, inclusive culture so that we can attract and retain the very best people, whilst also being mindful of the planet and local communities. This enables us to provide a great service to our customers, in addition to creating long-term value for our shareholders. The Group's values of Driven, Curious, Passionate and Unified continue to guide how we do things at NAHL.

The Group employed 280 people at 31 December 2023, which was broadly consistent with the prior year (31 December 2022: 283), and we invested across the business, particularly in areas such as litigation, marketing and Bush & Co. Care Solutions. We have embraced the benefits of remote working at NAHL, which provide us with greater access to highly skilled colleagues from across the UK. 39% of our workforce operate on a hybrid basis, 30% work on a fully remote basis and 31% operate permanently from one of our offices. We are mindful of the challenges that working from home can present, and so in 2023 we launched our Fit for Work programme, aimed at improving working relationships, productivity and collaboration between our people. Our employees value the support and flexibility that we offer and this helped to reduce our staff turnover by 8 percentage points in the year.

Our people are recruited to join our teams from a diverse range of backgrounds and experience as we believe that makes us better able to serve our customers; and we expect our leaders to engender trust with all our stakeholders by demonstrating their ability, integrity and benevolence. When we surveyed our people during the year, 93% said that they believed that everyone in our business is treated fairly regardless of race, gender, ethnicity, disability, sexual orientation or other differences, a result I am very proud of and we remain committed to further improvements in this area.

As at 31 December 2023, the gender split across the Group was 70% female and 30% male, and on the Board it was 20% female and 80% male.

Development of our people is a key part of our employee proposition, and we invested in almost 14,000 hours of training and development across the Group in 2023. This included internally delivered courses on Strengths, Self-Confidence and Imposter Syndrome, as well as our very successful Pathway to

Leadership programme for aspiring managers. In 2023, we also launched our new Commercial Leadership Academy which is designed to develop the next generation of leaders for the Group, and we were thrilled with the results that it delivered.

Our employees are passionate about our business and also the communities in which we operate. The Group and its employees raised over £8,500 for charity in 2023, and our people volunteered 450 hours of their time to working in our local communities.

Every year we measure the engagement levels of our people through a survey which is based on the Gallup[2] Q12 Survey. I'm proud to report that in 2023, we achieved our highest ever score of 81% engagement (2022: 78%). This is an outstanding result that sets us apart from other employers. According to Gallup[2], the average engagement score of other UK companies is just 10%; and in Gallup[2]'s best performing cohort of companies globally, who are awarded Exceptional Workplaces, the average is still lower than NAHL at 72%.

Extended banking facilities

Since the year-end, the Group has successfully extended its banking facility with Clydesdale Bank/Virgin Money. In February 2024, we reduced our £20m revolving credit facility, which was due to expire on 31 December 2024, to a £15m facility which runs to 31 December 2025. The Board has determined that this lower facility should be adequate for the Group's needs as it continues to deleverage, and it will enable us to save on finance costs.

Current trading and outlook

The Group has demonstrated its ability to scale and outperform its markets in both of its divisions and we have significantly reduced net debt from a peak of over £21.0m in 2019 to under £9.7m by the end of 2023. We remain on track to deliver against our strategy in both of our divisions in 2024.

In Personal Injury, we are growing the value of claims processed through NAL, which will lead to higher future profits and cash as claims mature. In Critical Care, we have created a platform for growth with new systems, a new care proposition and an enhanced business development capability that will enable us to win further share in a fragmented and consolidating market. Our strategy remains to build on these strong foundations, and the Board is confident in delivering the growth in profits and reduction in net debt in line with market expectations.

In March 2024, the UK Supreme Court ruled in favour of the claimant in Rabot vs Hassam, which the Board considers a positive development for personal injury claimants and the Group. This case determined the approach to valuing mixed-injury RTA cases that settle in the small claims track. Mixed injury cases are those where the claimant has suffered a minor whiplash injury and a non-whiplash injury. The judges ruled that the overall award cannot be lower than the value of the non-whiplash injury alone. Non whiplash injuries generally have a higher value than whiplash injuries as they were not affected by the civil justice reforms. This important judgement will result in an increase in the average level of damages awarded in mixed-injury claims, and should reduce settlement timescales, both of which will be welcome news for accident victims. This will also translate into increased average revenues in RTA mixed-injury claims being processed by NAL, which should help to offset the broader market challenges described above.

In Q1 2024, we continued to scale NAL and the business has settled 26% more claims than in the equivalent period last year and generated £2.0m of cash from settlements, 67% more than prior year. Simultaneously, we proactively reduced the number of enquiries that we generated in National Accident Helpline by 30% to match a short-term reduction in panel demand whilst protecting cases going into NAL. This led to lower revenues in the first quarter than we anticipated, offset in part by a 45% reduction in marketing spend. Pleasingly, demand is returning, and we have increased marketing spend to grow enquiry numbers accordingly. In Critical Care, expert witness services continued its excellent performance, issuing 4% more reports in the first quarter than last year. Case management performance was largely flat year-on-year and Care Solutions continued its strong growth, increasing revenues by 40% in the first quarter.

As a Board, we are pleased with the progress that Bush & Co is making in growing its revenues and profits and continue to believe that there is an exciting opportunity for that business in its market. The Board is always considering strategic options that seek to accelerate growth in value for shareholders and consequently we are currently investigating the potential sale of Bush & Co. As advised in our announcement on 5 April 2024, whilst an adviser has been appointed to support us in this matter, we are at a very early stage and there can be no certainty that a sale of Bush & Co will occur, nor as to the terms or timing of such sale. The Board will provide an update to shareholders as and when appropriate.

Finally, I'd like to pay tribute to our fantastic team of people without whom we could not have delivered these strong results. I'm proud of our achievements in 2023 and I look forward to working together to deliver our future goals in 2024.

James Saralis
Chief Executive Officer

References

1. https://www.gov.uk/government/statistics/reported-road-casualties-in-great-britain-provisional-estimates-year-ending-june-2023/reported-road-casualties-in-great-britain-provisional-estimates-year-ending-june-2023

2. Gallup state of the workforce report, 2023.

CFO Report

The year saw the Group continue to grow, reduce its net debt further and dispose of the non-core Homeward Legal business. This was despite continued headwinds in the broader personal injury market, which remained subdued.

National Accident Law (NAL) is now approaching maturity on current volume levels being placed and is generating significant cash receipts. Meanwhile the investments made within the Critical Care division are starting to pay back through revenue and margin growth.

Revenue grew by 2% to £42.2m (2022: £41.4m), and 4% on a continuing basis. Operating profit fell by 13% to £4.1m (2022: £4.8m). This was offset by lower profits attributable to non-controlling interests which reduced to £2.5m (2022: £3.6m).

Review of income statement

	2023 £m	2022 £m	Change £m	Change %
Consumer Legal Services	27.6	28.3	(0.7)	-2.4%
Critical Care	14.6	13.2	1.5	11.0%
Revenue	**42.2**	**41.4**	**0.8**	**1.9%**
Consumer Legal Services	2.8	4.2	(1.4)	-32.9%
Critical Care	4.4	3.4	1.0	28.7%
Shared Services	(1.9)	(1.7)	(0.2)	12.1%
Other items	(1.2)	(1.1)	(0.0)	3.6%
Operating Profit	**4.1**	**4.8**	**(0.6)**	**-13.4%**
Profit attributable to non controlling interest in LLP	(2.5)	(3.6)	1.0	-29.5%
Financial income	0.2	0.1	0.1	97.0%
Financial expense	(1.1)	(0.7)	(0.4)	57.1%
Profit before tax	**0.6**	**0.6**	**0.1**	**14.1%**
Taxation	**(0.3)**	**(0.2)**	**(0.1)**	**44.2%**
Profit and total comprehensive income for the year	**0.4**	**0.4**	**(0.0)**	**-0.3%**

Consumer Legal Services

Revenue in the Consumer Legal Services division fell by 2% to £27.6m (2022: £28.3m), however when excluding the disposal of Homeward Legal, revenue grew by 1% to £27.3m (2022: £27.1m). Operating profit fell by 33% to £2.8m (2022: £4.2m). This was expected as the business continues to grow NAL. This profit takes longer to come through as cases settle but ultimately generates a higher return than placing with the joint ventures and panel. The division remained profitable after deducting non-controlling interests, generating profits of £0.3m (2022: £0.6m).

Enquiry numbers grew by 2% to 35,643 (2022: 34,905) arising from market share gains as the market continued to shrink slightly year on year (-3%). 8,518 enquiries were passed across to NAL during the year (2022: 8,760). This is slightly lower than the previous year but represented a higher value mix of cases following the decision to stop processing tariff only soft tissue cases in early 2022.

By the end of the period, NAL was processing 9,983 open cases (2022: 10,860). These ongoing cases are expected to contribute c.£9.9m (2022: £8.2m) in future revenue and c. £13.9m of future cash receipts. The estimated value of these open cases was uplifted by £2.1m in the year following a review of historical cases which showed that cases are settling on average at higher values than originally expected.

NAL is moving closer to maturity based on the current volumes being placed each month and this can be seen from the cash being generated from settled cases. Cash receipts from settled cases grew by 73% in the year to £6.0m (2022: £3.5m) from 3,633 settled cases (2022: 1,894). This compares to £6.6m of expected revenue across the life cycle of the new cases added during the year (2022: £5.9m). Cash collected since inception now totals £13.0m.

Profit attributable to non-controlling interests fell by 29% in the year to £2.5m (2022: £3.6m). This was expected as the book of open cases in Your Law falls as it continues to run off.

The Residential Property business generated a positive contribution to profit of £0.1m (2022: £0.3m) after allocation of shared costs. The residential property market remains depressed due to the high cost of borrowing compared to previous years. The Homeward Legal business, which is no longer part of the Group, generated a loss of £49k prior to its disposal (2022: a profit of £13k).

Critical Care

The Critical Care division had a strong year, growing revenues by 11% to £14.6m (2022: £13.2m) with operating profit increasing by 29% to £4.4m (2022: £3.4m) and operating margins grew by 400bps to 30%.

The division continues to benefit from previous investments in business development activity, contributing to a 9% increase in expert witness instructions.

A richer case mix and increased additional work per report led to an increase in the average value of expert witness report revenues, whereas little change has been seen in the average revenues per instruction in case management.

Bush & Co. Care Solutions continued to show growth, delivering revenues of £0.5m in the year (2022: £0.4m) following its launch towards the end of 2021.

Shared Services and other items

The costs for the Group's Shared Services functions increased by £0.2m to £1.9m (2022: £1.7m) largely as a result of increased staff costs due to bonuses. Other items which include share-based payments and amortisation increased by £0.1m to £1.2m (2022: £1.1m).

Financial expense

Costs relating to the financing of debt increased to £1.1m in the year (2022: £0.7m) despite net debt falling by £3.6m. This is due to rising interest rates during the year. Our debt is linked to the Sterling Overnight Index Average (SONIA) plus 2.25%.

Taxation

The Group's tax charge of £0.3m (2022: £0.2m) represents an effective tax charge of 40.9% (2022: 32.4%). This is higher than the standard corporation tax rate, which rose from 19% to 25% in April 2023, due to the reasons set out in note 3. The deferred tax credit originates from temporary differences in intangible assets acquired on business combinations.

Earnings per share (EPS) and dividend

Basic EPS for the year was 0.8p (2022: 0.8p) and the diluted EPS was 0.8p (2022: 0.8p), reflecting the impact of share options due to vest in future years. Basic EPS for continuing operations was 0.9p (2022: 0.8p)

The Board does not believe it is appropriate to re-instate dividends at this time and the Directors have recommended that no final dividend be paid in respect of 2023 (2022: nil).

Review of the statement of financial position

In reviewing the statement of financial position, I consider the significant items to be working capital, defined as trade and other receivables less trade and other payables, and net debt.

Working Capital

Trade and other receivables less trade and other payables totaled £14.3m at year end (2022: £17.1m). The reduction is primarily due to collection of deferred payments due under the arrangements with joint venture partners which moved from £5.2m to £2.4m.

Also within trade receivables and accrued income, although balances related to the processing of personal injury claims fell slightly to £7.4m (2022: £7.5m), there has been a shift between NAL and the joint ventures as NAL becomes a bigger driver of value.

There remains a significant element of uncertainty in estimating this accrued income. Management review historical case performance to inform the assumptions adopted. The Directors believe that the assumptions adopted are appropriate and based on historical experience of claims processed in our law firms and by our panel. In practice it is rare for accrued income to be downgraded once an admission of liability has been received. These assumptions are updated with actual results as claims settle.

Disbursement receivables increased to £9.0m (2022: £8.4m). This was expected as NAL continues to mature and sees an increase in the number of litigated cases which take longer to settle.

Payables increased slightly from £15.8m on 31 December 2022 to £16.2m at the balance sheet date largely due to accrued management bonuses, which were paid in March 2024.

Net debt and bank facilities

Reducing net debt remains a key focus, particularly within the current high interest cost environment. We managed our cash resources well during the year whilst continuing to add new cases into NAL. As a result, net debt fell from £13.3m on 31 December 2022 to £9.7m at year-end. Net debt is defined below and is comprised of £2.0m of cash (2022: £2.6m) offset by borrowings of £11.7m (2022: £15.9m).

The borrowings represent a balance on the Group's Revolving Credit Facility with its lender, Yorkshire Bank. The facility has been reduced to £15m since the balance sheet date (£20m at 31st December 2023) and has been extended to run through to 31 December 2025.

Review of the cash flow statement

	2023 £m	2022 £m	Change £m	Change %
Net cash generated from operating activities	7.5	6.0	1.5	24.8%
Net cash used in investing activities (incl disposals of subsidiaries)	(0.3)	(0.3)	(0.1)	21.0%

Net cash used in investing activities (incl disposals of subsidiaries)	[illegible]	[illegible]	[illegible]	[illegible]
Principal element on lease payments	(0.3)	(0.3)	(0.0)	0.5%
Drawings paid to LLP members	(3.3)	(3.3)	(0.0)	0.8%
Net cash using in financing activities (before borrowings)	**(3.6)**	**(3.5)**	**(0.0)**	**0.7%**
Free cash flow	**3.6**	**2.2**	**1.4**	**64.0%**
Repayment of borrowings	(4.3)	(2.0)	(2.3)	112.3%
Net (decrease)/increase in cash and cash equivalents	**(0.6)**	**0.2**	**(0.8)**	**-427.3%**

The Group's cash and cash equivalents reduced by £0.6m in the year (2022: increase of £0.2m). The significant items in the consolidated cash flow statement are net cash from operating activities, drawings paid to LLP members and the repayment of borrowings.

Net cash from operating activities increased from £6.0m to £7.5m. This was partly driven by maturing receipts from settled cases in NAL, which generated £6.0m (2022: £3.5m) in receipts, and £4.4m (2022: £3.3m) cash received from joint venture relationships. In addition to this, the Critical Care division generated £4.9m (2022: £3.1m). This was partly offset by the continuing investment of new cases into NAL as the law firm progresses to maturity, as well as bank interest payments of £1.0m (2022: £0.6m).

The Group paid £3.3m (2022: £3.3m) of drawings to its partners in the joint venture law firms during the year, under the terms of our agreements. This reflects the continuing closure of claims won and settled during the year. The Group also acquired £0.2m (2022: £0.2m) of intangible assets in the year as it completed technology upgrades in Critical Care.

The Group repaid £4.3m (2022: £2.0m) of borrowings in the year on its Revolving Credit Facility.

Free Cash Flow (FCF) is the Group's KPI with regards to cash flow. FCF in 2023 was £3.6m compared to £2.2m in 2022. The primary reason for this increase is a rise in personal injury cash receipts on settled cases as more cases settle in NAL and the joint venture partnerships. Personal Injury continues to be entirely self-funding investment into new cases.

The Group also monitors operating cash conversion. This was 217% in the year (2022: 143%), a direct reflection of the movements outlined above.

Conclusion

In conclusion, 2023 has been a positive year towards delivering on our strategic goals. We continue to balance investing in new cases for the law firm as it builds towards maturity whilst continuing to reduce debt. This has been achieved despite continued headwinds in our markets and the wider economy.

Chris Higham
Chief Financial Officer

Alternative performance measures

Management monitors a number of non-statutory, alternative performance measures (APMs) as part of its internal performance monitoring and when assessing the future impact of operating decisions. The APMs allow a year-on-year comparison of the underlying performance of the business by removing the impact of items occurring either outside the normal course of operations or as a result of intermittent activities, such as acquisitions or strategic projects. The Directors have presented these APMs in the Strategic Report because they believe they provide additional useful information for shareholders on underlying business trends and performance. As these APMs are not defined by UK-adopted International Accounting Standards (IFRS), they may not be directly comparable to other companies' APMs. They are not intended to be a substitute for, or superior to, UK-adopted International Accounting Standards (IFRS) measurements and the Directors recommend that the UK-adopted International Accounting Standards (IFRS) measures should also be used when users of this document assess the performance of the Group. The APMs used in the Strategic Report are defined below.

performance of the Group. The APMs used in the Strategic Report are defined below.

Free Cash Flow

Calculated as net cash generated from operating activities less net cash used in investing activities less payments made to partner LLP members and less principal element of lease payments. 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.

	2023 £m	2022 £m
Statutory measure - net cash generated from operating activities	**7.5**	**6.0**
Net cash used in investing activities (excl disposals of subsidiaries)	**(0.3)**	**(0.3)**
Disposal of subsidiary	(0.0)	0.0
Principal element of lease payments	(0.3)	(0.3)
Drawings paid to LLP members	(3.3)	(3.3)
Net cash used in financing activities (before borrowings)	**(3.6)**	**(3.5)**
Free cash flow	**3.6**	**2.2**

Operating cash conversion

Calculated as cash generated from operations excluding cash flows relating to exceptional items divided by underlying operating profit. This measure allows management to monitor the conversion of underlying operating profit into operating cash. From 2023, there were no exceptional cash flows.

	2023 £m	2022 £m
Statutory measure - cash generated from operating activities	**8.9**	**6.8**
Statutory measure - operating profit	**4.1**	**4.8**
Operating cash conversion	**216.7%**	**142.9%**

Net debt

Net debt is defined as cash and cash equivalents less interest-bearing borrowings net of loan arrangement fees. Net debt allows management to monitor the overall level of debt in the business. As stated in the strategic report, managing the level of net debt is a key strategic objective for the Group.

	2023 £m	2022 £m
Statutory measure - cash and cash equivalents	**2.0**	**2.7**
Statutory measure - interest bearing borrowings	**(11.7)**	**(15.9)**
Net debt	**(9.7)**	**(13.3)**

Working capital

Working capital is defined by management as being trade and other receivables less trade and other payables. It allows management to assess the short-term cash flows from movements in the more liquid assets.

	2023 £m	2022 £m
Statutory measure - trade and other receivables	**30.5**	**32.9**
Statutory measure - trade and other payables	**(16.2)**	**(15.8)**
Working Capital	**14.3**	**17.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023** **£000**	2022 £000
Revenue	1,2	**42,193**	41,421
Cost of sales		**(23,480)**	(23,586)
Gross profit		**18,713**	17,835
Administrative expenses		**(14,595)**	(13,079)

Underlying operating profit		**4,118**	4,756
Profit attributable to members' non-controlling interests in LLPs	2	**(2,506)**	(3,554)
Financial income		**158**	80
Financial expense		**(1,121)**	(713)
Profit before tax		**649**	569
Taxation	3	**(265)**	(184)
Profit and total comprehensive income for the year		**384**	385
Profit from continuing operations for the period		**433**	372
Loss from discontinued operations for the period		**(49)**	13

All profits and losses and total comprehensive income are attributable to the owners of the Company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Note	**2023 £000**	2022 £000
Non-current assets			
Goodwill		**55,489**	55,489
Other intangible assets		**1,784**	2,714
Property, plant and equipment		**328**	392
Right of use assets		**1,751**	2,027
Deferred tax asset		**25**	50
		59,377	60,672
Current assets			
Trade and other receivables (including £5,312,000 (2022: £5,312,000) due in more than one year)	3	**30,526**	32,886
Cash and cash equivalents		**2,011**	2,654
		32,537	35,540
Total assets		**91,914**	96,212
Current liabilities			
Trade and other payables	4	**(16,246)**	(15,847)
Lease liabilities		**(244)**	(263)
Member capital accounts		**(3,692)**	(4,487)
Current tax liability		**(210)**	(162)
		(20,392)	(20,759)
Non-current liabilities			
Lease liabilities		**(1,478)**	(1,724)
Other interest-bearing loans and borrowings		**(11,719)**	(15,939)
Deferred tax liability		**(263)**	(470)
		(13,460)	(18,133)
Total liabilities		**(33,852)**	(38,892)
Net assets		**58,062**	57,320
Equity			
Share capital		**117**	116
Share option reserve		**4,985**	4,628
Share premium		**14,595**	14,595
Merger reserve		**(66,928)**	(66,928)
Retained earnings		**105,293**	104,909
Capital and reserves attributable to the owners of NAHL Group plc		**58,062**	57,320

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

Capital and reserves

	Note	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	attributable to the owners of NAHL Group plc £000
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**
Total comprehensive income for the year							
Profit for the year		-	-	-	-	384	**384**
Total comprehensive income		-	-	-	-	384	**384**
Transactions with owners, recorded directly in equity							
Share-based payments		-	357	-	-	-	**357**
Issue of share capital		1	-	-	-	-	**1**
Total transactions with owners, recorded directly in equity		1	357	-	-	-	**358**
Balance at 31 December 2023		**117**	**4,985**	**14,595**	**(66,928)**	**105,293**	**58,062**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Profit for the year	**384**	385
Adjustments for:		
Profit attributable to members' non-controlling interests in LLPs	**2,506**	3,554
Property, plant and equipment Depreciation	**126**	168
Right of use asset depreciation	**276**	288
Amortisation of intangible assets	**1,177**	1,186
Financial income	**(158)**	(80)
Financial expense	**1,121**	713
Share-based payments	**357**	316
Taxation	**265**	184
	6,054	6,714
Decrease in trade and other receivables	**2,297**	448
Increase/(Decrease) in trade and other payables	**569**	(364)
Cash generated from operations	**8,920**	6,798
Interest paid	**(1,090)**	(627)
Interest received	**84**	13
Tax paid	**(402)**	(165)
Net cash generated from operating activities	**7,512**	6,019
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(62)**	(83)
Acquisition of intangible assets	**(247)**	(199)
Disposal of subsidiary	**(30)**	-
Net cash used in investing activities	**(339)**	(282)
Cash flows from financing activities		
Repayment of borrowings	**(4,250)**	(2,000)
Issue of share capital	**1**	-
Lease payments	**(266)**	(264)
Drawings paid to LLP members	**(3,301)**	(3,277)
Net cash used in financing activities	**(7,816)**	(5,541)
Net (decrease)/increase in cash and cash equivalents	**(643)**	196
Cash and cash equivalents at 1 January	**2,654**	2,458
Cash and cash equivalents at 31 December	**2,011**	2,654

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Consolidated Financial Statements

The preliminary financial statements do not constitute statutory accounts for NAHL Group plc within the meaning of section 434 of the Companies Act 2006 but do represent extracts from those accounts.

The statutory accounts will be delivered to the Registrar of Companies in due course. The auditors' have reported on those accounts. Their report was unqualified. The auditors' report does not contain a statement under either section 498(2) of Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

The Group's financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the Companies Act 2006, IFRIC interpretations and under the historical cost convention.

Going Concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence for the foreseeable future.

The Audit and Risk Committee has reviewed the Going Concern assessment prepared by management. The assessment includes detailed financial forecasts covering the Group's adopted strategy and considers a range of scenarios as discussed below. These forecasts cover the period to the end of June 2025, being approximately 12 months from the date of signing of the 2023 Annual Report and Financial Statements. 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 refinanced its banking facilities in February 2024 and has access to a £15.0m revolving credit facility (RCF) with its bankers which is due to mature on 31 December 2025. In 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 Group's RCF is subject to quarterly covenant testing and the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

The key inputs to the forecasts that underpin the going concern assessment are the cashflows that are generated during the forecast period. These cash flows allow management to assess whether it can meet its debts as they fall due, can operate within the £15.0m facility and can meet the covenant tests in relation to this facility.

The forecasts assume that over the forecast period, a greater proportion of profit and cash is generated from National Accident Law as it now reaches maturity on its current level of enquiries and that Bush continues to operate at an operating cash conversion of over 100%.

Management have then considered scenarios in which Personal Injury profits, and therefore cashflows, are 30% lower than forecast and considers if Critical Care cash collection is 10% lower than forecast. Under both scenarios, there is still sufficient headroom in the covenant tests, and the Group is able to operate within its £15.0m facility.

Management have not considered any climate-related factors in the assessment of Going Concern as these do not present a material business risk to the Group.

Considering the above, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in existence for the foreseeable future and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

New standards and amendments adopted by the Group

The following new or amended standards are applicable to the Group for the current reporting period:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Issued December 2021)

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Issued May 2021)

Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules (Issued May 2023)

None of the amendments above have had a material effect on the amounts reported or disclosures included in the 2023 financial statements.

New standards, interpretations and amendments not yet effective

There are no new standards, interpretations and amendments that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Operating segments

	Consumer Legal Services	Critical Care	Shared Services	Other items	Eliminations[2]	Total
	£000	£000	£000	£000	£000	£000
Year ended 31 December 2023						
Revenue	**27,582**	**14,611**	**-**	**-**	**-**	**42,193**
Depreciation and amortisation	**(251)**	**(154)**	**(348)**	**(826)**	**-**	**(1,579)**
Operating profit/(loss)	**2,805**	**4,421**	**(1,924)**	**(1,184)**	**-**	**4,118**
Profit attributable to non-controlling interest members in LLPs	**(2,506)**	**-**	**-**		**-**	**(2,506)**
Financial income	**145**	**-**	**13**	**-**	**-**	**158**
Financial expenses	**-**	**(1)**	**(1,120)**	**-**	**-**	**(1,121)**
Profit/(Loss) before tax	**444**	**4,420**	**(3,031)**	**(1,184)**	**-**	**649**
Trade receivables	**2,446**	**5,728**	**-**	**-**	**-**	**8,174**
Total assets[1]	**25,935**	**7,262**	**76,223**	**-**	**(17,506)**	**91,914**
Segment liabilities[1]	**(17,021)**	**(1,479)**	**(3,160)**	**-**	**-**	**(21,660)**
Capital expenditure (including intangibles)	**77**	**232**	**-**	**-**	**-**	**309**
Year 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. Shared services and Other items do not form part of the operating segments of the Group. They include expenses incurred that cannot be attributable to an operating segment.
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. 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. Segment liabilities comprise trade and other payables (2023: 16,246,000, 2022: 15,847,000), current lease liabilities (2023: 244,000, 2022: 263,000), non-current lease liabilities (2023: 1,478,000, 2022: 1,724,000) and member capital accounts (2023: 3,692,000, 2022: £4,487,000).

Significant customers

No customer accounted for 10.0% or more of the total Group revenue (2022: one customer accounted for 10.0% of the total Group revenue).

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 those reported last year.

Consumer Legal services - Revenue is derived from two divisions being Personal Injury and Residential Property.

Within Personal Injury, revenue is generated from:

a) Marketing services - revenue from the provision of marketing activities to generate enquiries which are panelled to our panel law firms, based on a cost plus margin model.

b) Product Provision - consisting of commissions received from product providers for the sale of additional products by them to the panel law firms.

c) Service provision (legal services) - in the case of our ABS law firms and self- processing operation, National Accident Law, revenue receivable from clients for the provision of legal services.

Within Residential Property, revenue is generated from:

a) Marketing services - up until April 2023, Homeward Legal provided marketing services to generate residential conveyancing and survey enquiries for solicitors and surveyors

b) Expert Reports - Searches UK provides search reports.

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.

Disaggregation of revenue

The CODM monitors revenue on a divisional basis. A breakdown of revenue by each division is as follows:

	2023 £000	2022 £000
Personal Injury	**24,649**	23,989
Residential Property	**2,933**	4,275
Critical Care	**14,611**	13,157
Total	**42,193**	41,421

3 Taxation

Recognised in the consolidated statement of comprehensive income:

	2023 **£000**	2022 £000
Current tax expense		
Current tax on income for the year	**462**	352
Adjustments in respect of prior years	**(14)**	14
Total current tax	**448**	366
Deferred tax credit		
Origination and reversal of timing differences	**(183)**	(182)
Total deferred tax	**(183)**	(182)
Tax expense in statement of comprehensive income	**265**	184
Total tax charge	**265**	184

Reconciliation of effective tax rate

	2023 **£000**	2022 £000
Profit for the year	**384**	385
Total tax expense	**265**	184
Profit before taxation	**649**	569
Tax using the UK corporation tax rate of 19%/25%[1] (2022: 19.00%)	**161**	108
Non-deductible expenses[2]	**154**	68
Adjustments in respect of prior years	**(14)**	14
Share scheme deductions	**(56)**	-
De-recognition of deferred tax asset	**20**	-
Short-term timing differences	**-**	(6)
Total tax charge	**265**	184

1. A tax rate of 19% has been applied to profits apportioned to 31 March 2023 and a tax rate of 25% has been applied to profits apportioned from 1 April 2023.

Changes in tax rates and factors affecting the future tax charge

There are currently no factors that are expected to affect the future tax charge.

4 Trade and other receivables

	2023	2022
	£000	£000
Trade receivables: receivable in less than one year	**6,546**	7,077
Trade receivables: receivable in more than one year	**1,628**	1,165
Contract assets: receivable in less than one year	**8,706**	11,137
Contract assets: receivable in more than one year	**3,684**	4,147
Other receivables	**134**	26
Prepayments	**798**	954
Recoverable disbursements	**9,030**	8,380
Total trade and other receivables	**30,526**	32,886

A provision against trade receivables and accrued income of £502,000 (2022: £612,000) is included in the figures above.

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

Contract assets consist of a) balances of £6,337,000 (2022: £9,322,000) in respect of amounts due under contracts with customers that have not yet been invoiced but where there is a contractual obligation to settle funds once they become due. These amounts are increased as performance obligations are satisfied being the provision of marketing services and generation of enquiries to panel law firms and reduced by the subsequent raising of invoices and payments when the balances are due for payment; and b) law firm contact assets. These consist of estimated balances due under 'no win, no fee' agreements where liability has been admitted. These balances increase as liability is admitted on more claims underway and decrease either due to amounts being invoiced and paid on claims that have settled during the year or, in a small number of cases, where claims are subsequently abandoned prior to settlement.

5 Trade and other payables

Amounts due within one year:	**2023**	2022
	£000	£000
Trade payables	**1,723**	1,689
Disbursements payable	**6,559**	6,620
Other taxation and social security	**1,376**	1,231
Other payables, accruals and deferred revenue	**6,131**	5,850
Customer deposits	**457**	457
Total trade and other payables	**16,246**	15,847

6 Earnings per share

The calculation of basic earnings per share at 31 December 2023 is based on the profit attributable to ordinary shareholders of the parent company of £384,000 (2022: profit of £385,000) and a weighted average number of Ordinary Shares outstanding of 46,674,661 (2022: 46,325,222).

Profit attributable to ordinary shareholders

£000	**2023**	2023
Profit for the year from continuing operations	**433**	372
Profit for the year from discontinued operations	**(49)**	13
Profit for the year attributable to the shareholders	**384**	385

Weighted average number of ordinary shares

Number	**2023**	2022
Issued Ordinary Shares at 1 January	**46,325,222**	46,325,222
Weighted average number of Ordinary Shares at 31 December	**46,674,661**	46,325,222

Basic Earnings per share (p)

	2023	2022
Group - continuing operations	**0.9**	0.8
Group - discontinued operations	**(0.1)**	0.0
Group - total	**0.8**	0.8

The Group has in place share-based payment schemes to reward employees. At 31 December 2023, there were potentially dilutive share options under the Group's share option schemes. The total number of options available for these schemes included in the diluted earnings per share calculation is 2,672,476 (2022: 2,329,951). There are no other diluting items.

Diluted Earnings per share (p)

	2023	2022
Group - continuing	**0.9**	0.8

7 Dividends

No dividends were paid in 2023 or 2022.

8 Changes in liabilities arising from financing activities

Net debt includes cash and cash equivalents and other interest-bearing loans and borrowings.

Set out below is a reconciliation of movements in in interest-bearing loans and borrowings arising from financing activities:

	2023 £000	2022 £000
Net inflow from decrease in debt and debt financing	**4,250**	2,000
Movement in net borrowings resulting from cash flows	**4,250**	2,000
Non-cash movements - net release of prepaid loan arrangement fees	**(30)**	(29)
Interest bearing loans and borrowings at beginning of period	**(15,939)**	(17,910)
Interest bearing loans and borrowings at end of period	**(11,719)**	(15,939)

Set out below is a reconciliation of movements in lease liabilities arising from financing activities:

	2023 £000	2022 £000
Net outflow from decrease in lease liabilities	**312**	264
Movement in lease liabilities resulting from cash flows	**264**	264
Non-cash movements arising from initial recognition of new lease liabilities, revisions and interest charges	**(47)**	(56)
Lease liabilities at beginning of period	**(1,987)**	(2,195)
Lease liabilities at end of period	**(1,722)**	(1,987)

Set out below is a reconciliation of movements in member capital accounts arising from financing activities:

	2023 £000	2022 £000
Movement in member capital liabilities resulting from cash flows	3,301	3,277
Non-cash movements: allocation of profits for the year	(2,506)	(3,554)
Member capital liabilities at beginning of period	(4,487)	(4,210)
Member capital liabilities at end of period	(3,692)	(4,487)

9 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 in each of the two years following completion and additionally, the Group is entitled to receive contingent consideration, 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

Trade and other receivables	[illegible]
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 results up to the date of disposal, and are presented as follows:

Consolidated statement of comprehensive income:

	31 December 2023 £000	31 December 2022 £000
Revenue	**269**	1,196
Expenses	**(318)**	(1,183)
(Loss)/profit before taxation	**(49)**	13
Taxation	**-**	-
(Loss)/profit after taxation attributable to owners of the parent company	**(49)**	13

Consolidated cash flow statement:

	31 December 2023 £000	31 December 2022 £000
Cash flows from operating activities	**23**	41
Cash flows from investing activities	**-**	-
Cash flows from financing activities	**-**	-
Net cash inflow	**23**	41

END

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