

Corporate

Current price **32.5p**

Sector **Consumer Discretionary**

Code **NAH.L**

AIM **AIM**

Share Performance



Source: Thomson Reuters, Allenby Capital

Share Data

Market Cap (£m) **15.1**

Shares in issue (m) **46.33**

52 weeks High Low

53.0p 28.2p

Financial year end **December**

Source: Company Data, Allenby Capital

Key Shareholders

Harwood Capital 19.82%

Lombard Odier 17.04%

Schroder IM 16.65%

Sacisa Ltd 7.52%

Colebrook Partners Ltd 4.09%

Source: Company Data, Allenby Capital

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NAHL Group plc (NAH.L)

Remains on track to deliver against medium-term strategic goals

Interim results from NAHL demonstrated substantial progress in building a successful cash generative and profitable platform for sustainable growth. Targeted investment in both divisions has resulted in market share gains in markets that otherwise remain subdued. The Board's strategy continues to be focused on medium and long-term profitability, cash generation and debt reduction and remains on track to deliver against these aspirations. Results for the year are expected by the Board to be in line with market expectations and we continue to see NAHL as an increasingly attractive investment over the forecast period.

- **Gaining market share in a subdued market** – The first half has been characterised by NAHL bucking the trend by gaining market share in a Personal Injury (PI) market that remains subdued following the lingering impact of COVID and the introduction of the Civil Liability Act which came into effect in May 2021.
- **Revenues grow yoy and sequentially** – Group revenues were 6% higher year-on-year (yoy) at £20.7m and 7% higher than H2 2021, although as a consequence of ongoing investment in marketing and headcount, operating profit fell by 8% to £2.3m. This ongoing investment is expected to pay back strongly in future years. We are pleased to note that debt reduced from £15.5m to £14.5m, a good result in a period of internal investment.
- **Consumer Legal Services delivers strong growth in PI enquiries** – Revenues were 4% higher yoy at £13.6m, although due to a planned increase in operating costs (£1.4m was invested in generating new enquiries into NAL), operating profit fell by 14% to £2.1m. National Accident Helpline (NAH) generated almost 18,000 PI enquiries in the period, an increase of 27% yoy and held an estimated 19% share of the non-RTA PI market.
- **Enquiries placed into NAL were 61% higher yoy** – 25% of NAH's total enquiries were placed into the Group's law firm National Accident Law (NAL) which forms a key element in the Group's strategic plans over the next several years. At end June, NAL had a book of 9,884 ongoing claims and anticipates that after expensing marketing and processing costs incurred to date, these claims will generate future revenue of £7.5m and gross profit of £6.5m, figures which are expected to grow as volumes into NAL increase. £1.5m of cash was received from claim settlements in NAL in the period, some 50% higher than H1 21.
- **Critical Care continues to drive growth amid ongoing investment** – This division has continued to grow its KPIs in terms of expert witness reports and initial needs assessments (INA) and with a strong pipeline of work has recruited 41 new associates. Revenues were 12% higher yoy but operating profit 2% lower, being impacted by planned investment.
- **Outlook positive** – We remain highly encouraged by NAHL's progress in H1 and believe that the forecasts below and in Exhibit 5, illustrate how attractive an investment in this business becomes as NAL's claims book matures and becomes self-funding.

Year End: December						
(£m)	2020A	2021A	2022E	2023E	2024E	2025E
REVENUE	40.9	38.9	43.9	45.9	48.5	51.1
ADJ. EBITDA	7.7	6.1	7.3	6.4	8.3	10.3
ADJ. PBT*	1.6	1.1	1.0	2.0	4.7	7.6
ADJ. EPS (p)*	3.5	2.2	2.1	3.7	6.9	11.9
NET (DEBT)/CASH	-16.3	-15.5	-14.1	-11.5	-9.0	-2.9
EV/EBITDA (x)	4.1	5.0	4.0	4.1	2.9	1.7
PER (x)	9.2	14.8	15.9	8.9	4.7	2.7

Source: NAHL Group plc; Allenby Capital. Allenby Capital acts as Nomad & Broker to NAHL Group plc (NAH.L).

*Excludes exceptional items and amortisation of intangibles relating to business combinations

Interim results summary

EXHIBIT 1: 6 MONTH FINANCIAL SUMMARY

	H1 2022	H1 2021	%
	£000	£000	
INCOME STATEMENT			
Total revenue	20,732	19,509	6.3%
Gross profit	8,748	9,258	-5.5%
<i>Gross margin</i>	42.2%	47.5%	-11.1%
Admin expenses	-4,582	-4,747	-3.5%
<i>as a % of revenue</i>	22.1%	24.3%	-9.2%
Central costs	-876	-892	-1.8%
Underlying EBITDA	3,290	3,619	-9.1%
<i>Underlying EBITDA margin</i>	15.9%	18.6%	-145.0%
D&A	-424	-398	6.5%
Share based payments	-175	-300	-41.7%
Underlying operating profit	2,691	2,921	-7.9%
<i>Underlying operating profit margin</i>	13.0%	15.0%	-13.3%
Profit attributable to members non-controlling interests in LLPs	-1,935	-1,654	17.0%
Finances	-270	-224	20.5%
Underlying PBT	486	1,043	-53.4%
Amortisation of acquired intangibles	-436	-462	-5.6%
Exceptional items	0	0	
Government grants	0	0	
Statutory PBT	50	581	-91.4%
Tax	-48	-130	-63.1%
Post tax profit/(loss)	2	451	-99.6%
BALANCE SHEET			
Non-current assets	61,279	62,720	-2.3%
Current assets:			
Current assets excluding cash	33,058	35,051	-5.7%
Cash	1,974	3,037	-35.0%
Total current assets	35,032	38,088	-8.0%
Total assets	96,311	100,808	-4.5%
Current liabilities	-20,660	-23,215	-11.0%
Non-current liabilities	-18,855	-20,780	-9.3%
Total liabilities	-39,515	-43,995	-10.2%
Net assets	56,796	56,813	0.0%
Net current assets	14,372	14,873	-3.4%
CASH FLOW			
Cash generated from operating profit before working capital changes	3,291	3,619	-9.1%
Working capital movement	125	-268	
Interest	-267	-193	38.3%
Tax	-14	0	
Net cash generated from operating activities	3,135	3,158	-0.7%
Net cash used in investing activities	-127	-391	-67.5%
Net cash used in financing activities	-3,492	-3,339	4.6%
Net cash increase/(decrease)	-484	-572	-15.4%
Period-end cash	1,974	3,037	-35.0%
Borrowings	-16,424	-17,950	-8.5%
Net debt	-14,450	-14,913	-3.1%

Source: NAHL Group plc

Income statement

Total revenue increased by 6.3% yoy to £20.7m with growth being achieved in both divisions representing a gain in market share against a still subdued PI market. Gross profit declined by 5.5% to £8.7m and the gross profit margin fell by 53bps from 47.5% to 42.2%.

Administration expenses, excluding central costs, D&A and share based charges also fell by 3.5% to £4.6m and as a percentage of revenue also reduced to 22.1% against 24.3% a year earlier. Central costs fell 1.8% to £0.9m leading to an EBITDA down 9.1% at £3.3m.

After depreciation and amortisation and share based charges, adjusted operating profit fell by 7.9% to £2.7m. The charge relating to profit attributable to members non-controlling interests in LLPs increased by 17% to £1.9m reflecting increased settlements of historical claims in the Group's two joint venture partnerships, Law Together LLP and Your Law LLP.

Net finance charges rose by 20.5% to £270k leading to an adjusted profit before tax for the half year of £0.5m against £1.0m in the comparative period.

Adding back the amortisation of acquired intangibles of £0.4m the statutory profit before tax was £50k versus £0.5m in H1 2021.

These results are lower due to the planned investment in marketing and headcount in the period and disguises the positive news that revenues are growing against generally stagnant markets and that the level of PI enquiries being placed into NAL continues to grow in line with management's strategic plans which will benefit profits and cash in later years as these claims are settled.

Balance sheet

Movement in the balance sheet were overall minor, although the level of cash reduced from £2.5m at the year end to £2.0m as a result of investment in growth although this can be flexed, if necessary, by placing more enquiries into the panel and less into NAL. Instead management seeks to strike a balance between short term cash and profit and the longer term and much higher returns from utilising NAL. The Board believes that the current ongoing claims in NAL will convert into £9.8m of future cash on settlement.

In spite of the investment undertaken in the first half, the level of net debt reduced from £14.9m to £14.5m and the Board remains committed to reducing this still further. Our forecasts see net debt falling significantly to just £2.9m by December 2025.

Cash flow

As noted, the investment in marketing and processing capacity within NAL reduced cash generated from operating activities (before working capital movement) by 9.1% to £3.3m although net cash generated from operating activities were broadly unchanged courtesy of a net working capital inflow of £125k versus and outflow in H1 21 of £268k.

Consumer Legal Services division

Activity

NAHL's Consumer Legal Services division is dominated by activities focused on the PI claims market through its own law firm National Accident Law (NAL) and the National Accident Helpline (NAH) brand. Ancillary activities are focused on the residential property market through Homeward Legal and Searches UK.

NAH is a leading provider of PI advice, services and support. Through extensive marketing it has become a household name and the most trusted brand for people seeking redress from physical or psychological injuries suffered through no fault of their own.

Of the leads generated by NAH some 75% are rejected with the remaining 25% representing high quality enquiries which are then passed through the enquiry distribution model. Enquiries are then forwarded onto panel law firms, its joint venture law firm (Law Together LLP) or, increasingly, into the Group's own consumer-focused law firm, NAL. The Group has another joint venture law firm, Your Law LLP, which is in run-off.

The Group's strategy for this division remains unchanged and is centred on generating growth in PI enquiry volumes while processing an increasing number of those enquiries into NAL.

EXHIBIT 2: KEY FINANCIALS

	H1 22	%	H1 21	2021
	£000	change	£000	£000
Revenue	14,061	3.7%	13,557	26,583
Underlying operating profit*	2,108	-13.6%	2,439	3,726
<i>Underlying operating profit margin</i>	<i>15.0%</i>	<i>-16.7%</i>	<i>18.0%</i>	<i>14.0%</i>
Profit attributable to non-controlling interests in LLPs	-1,935	17.0%	-1,654	-3,451
Net underlying operating profit	173	-78.0%	785	275
PI enquiries#	17,933	26.8%	14,141	32,132
New enquiries placed into NAL	4,531	61.4%	2,807	8,249
Total NAL claims book	9,884	132.6%	4,250	7,918

Source: NAHL Group plc.

*Before amortisation of acquired intangibles and central costs

number of enquiries not strictly comparable following decision in Feb 22 to exit tariff-only, RTA small claims

Half year results and commentary

Revenues increased by 3.7% from £13.6m to £14.1m. However, these numbers included revenues from the Residential Property activities of £2.4m and £3.3m respectively and therefore excluding these reveals an underlying increase in the PI business of 14% from £10.3m to £11.7m.

They would have been even higher were it not for the placement of more enquiries into National Accident Law (NAL) for higher future profits. Also impacting enquiry volumes was the decision made in February 2022 to reject tariff-only road traffic accident (RTA) small claims. As a result, while enquiry numbers may not be as high as they would have otherwise been, those processed since then are of a higher value.

Nevertheless, the growth in PI enquiries was strong with National Accident Helpline (NAH) generating 17,933 enquiries, a significant yoy rise of 27%, in a market that remains subdued due to the combined impact of COVID-19 related changes in consumer behaviour and the implementation of the Civil Liability Act in May 21 which have together reduced the effective size of the market. Nevertheless, management believes that NAH now holds

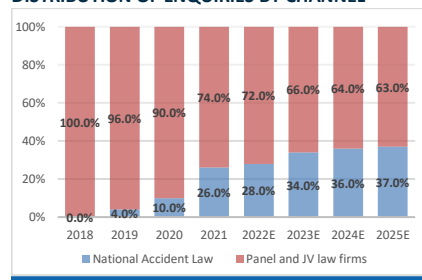
a 19% share of the non-RTA market, specifically employers', public and occupier claims and has grown consistently over the past 18 months.

NAHL estimates the full PI market to now be worth £1.1bn annually but also believes that consumer behaviour will change, investment levels will increase, and consequentially the number of new claims will increase from current levels.

Underlying operating profit fell by 13.6% to £2.1m due to the planned investment in marketing to support growth in NAL and a reintroduction of TV advertising in June 2022 which early indication suggest is having a positive effect on lead generation.

Following an increase in the members allocation of profit attributable to non-controlling interests in LLPs, net underlying operating profit fell by 78% to £173,000. This increase in non-controlling interests reflects increased settlements of historical claims in the Group's two joint venture partnerships, Law Together LLP and Your Law LLP and is forecast by us to reduce substantially over the forecast period as more claims are processed through NAL.

DISTRIBUTION OF ENQUIRIES BY CHANNEL



Source: NAHL Group plc; Allenby Capital

Overall distribution of claims in the period was 25% into NAL, 68% into the panel and 7% into the JVs which is in line with our projections shown previously in our initiation note which can be accessed [here](#) which gives management the flexibility to balance the need for short-term cash and profit with the longer term goal of achieving higher cash, return on investment (ROI) and profits through processing claims in NAL.

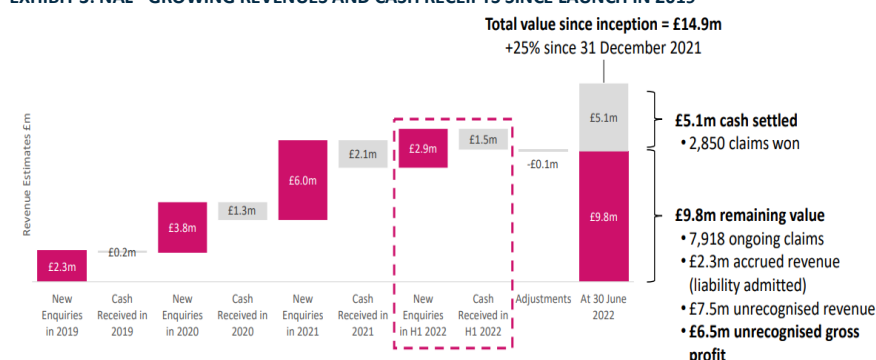
As the business scales and the fixed cost base is spread across a greater number of enquiries the ROI should increase to a level that one would suspect would be far greater than the original panel-only model could hope to achieve over the same period.

Current and future cash flows

As Exhibit 2 above illustrates, 4,531 new enquiries were placed into NAL in the period, a yoy increase of 61%. The Board estimates that these enquiries are worth £2.9m in future revenues. 626 claims were won in the Period, which resulted in £1.5m of cash from settlements for NAL, which was 50% more than the same period last year, further proving the model.

At 30 June 2022, NAL had a book of 9,884 ongoing claims, 25% more than at 31 December 2021 (31 December 2021: 7,918 claims; 30 June 2021: 4,268 claims). This book of existing, ongoing claims has an embedded value, being the future profits and cash anticipated to be generated by processing those claims through to settlement.

EXHIBIT 3: NAL - GROWING REVENUES AND CASH RECEIPTS SINCE LAUNCH IN 2019



Source: NAHL plc

As Exhibit 3 above illustrates, the total value of enquiries placed into NAL since its inception in 2019 now stands at £14.9m. Of this figure, £5.1m of cash has already been received from settled cases and £9.8m still remains to be collected over the next two to three years. Of this £9.8m, £2.3m has already been accrued as liability has been admitted leaving £7.5m of unrecognised revenue and £6.5m of unrecognised gross profit which is stated after expensing all marketing and processing costs relating to these claims to date, as well as any residual processing costs still to come on those claims.

Residential Property

The residential property activities which form a small part of the Consumer Legal Services division through Homeward Legal and Searches UK, generated revenue of 2.4m (H1 2021: £3.3m) and operating profit before shared costs of £0.3m (H1 2021: £0.5m). The business experienced a slowdown in Q2, in line with the wider market, although Searches UK proved more resilient and attracted several new customers. The market slowdown follows two years of increased activity fuelled by the stamp duty land tax holiday and sustained low interest rates.

Critical Care division

Activity

The Critical Care division is represented by Bush & Co., a business acquired by NAHL in October 2015 for £25m to broaden the Group's offering to the PI legal services market, moving it into higher value critical injury claims.

Bush is the leading UK provider of expert witness, immediate needs assessment and case management services to the catastrophic injury market, defined as those cases involving the most severe and lifechanging injuries, with settlement values of £500,000 and above.

The company is a specialist in undertaking assessments following accidents resulting in disabilities such as spinal cord injuries, acquired brain injuries, amputation, orthopaedic injuries and visual impairment. It also provides assessment and case management services to clients who have conditions arising from medical negligence such as cerebral palsy, abdominal injuries and orthopaedic injuries.

Bush also provide a range of vocational rehabilitation services, including assessment and vocational case management that enable an injured person to address any barriers to returning to work or education. It is a trusted brand and has a high reputation in a fragmented and consolidating market and enjoys a high level of recurring revenues, good levels of visibility and strong cash flow with a low level of capital requirement. It is believed to be one of only a few corporate providers capable of enacting a roll-up strategy.

Case management accounts for 68% of Bush's business with the remaining 32% being generated from expert witness services

EXHIBIT 4: KEY FINANCIALS

	H1 22	%	H1 21	2021
	£000	change	£000	£000
Revenue	6,671	12.1%	5,952	12,364
Underlying operating profit*	1,634	-2.4%	1,674	3,293
<i>Underlying operating profit margin</i>	<i>24.5%</i>	<i>-12.9%</i>	<i>28.1%</i>	<i>26.6%</i>

* Before central costs

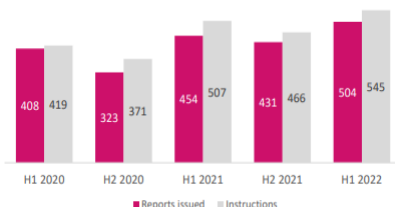
Source: NAHL Group plc

Revenue rose by a solid 12.1% to £6.7m reflecting an increase in market share although operating profit fell marginally by 2.4% to £1.6m due to continued investment in the development of the business. This included an increase in headcount and further investment in systems and back office functions which are expected to drive efficiency savings and enable further growth.

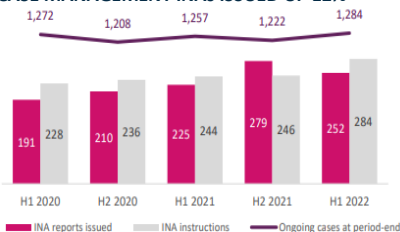
As noted above, the business operates in the catastrophic injury market, with most of its work arising from serious RTA injuries and medical negligence. Both of these types of claims suffered a temporary reduction in volume during the COVID-19 pandemic.

However, management has observed that recent data from the Department for Transport suggests that serious RTA injuries have returned to their long-term trend of a slow decline and analysis from IRN Research suggests that the number of medical negligence claims reported to NHS Resolution grew by 8% in 2020/21. Thus, the growth in revenue in Bush & Co. suggests that the business has grown market share in the first half of the year.

The division made further progress on a number of other areas of strategic focus; Bush Care Solutions, launched in August 2021, is the division's expanded care proposition to support clients who require nurse-led care in their homes. It has been accredited by the

EXPERT WITNESS REPORTS UP 11%

Source: NAHL plc

CASE MANAGEMENT INAs ISSUED UP 12%

Source: NAHL plc

Care Quality Commission and, along with its traditional case management service, provides for a fully managed solution. Last year the division also launched its differentiated case management proposition, which is targeted at serious claims valued between £100,000 and £500,000

Expert Witness shows strong top line growth

The expert witness business enjoyed a strong first half with revenues 20% higher than in the comparative period with the number of reports completed and issued to customers increasing by 11%.

Management's focus on business development and the creation of a strong pipeline of future work resulted in an 11% increase in the number of new instructions received for expert witness reports with the result that the business is well placed to generate further revenue growth.

Case management

As the operation adapts to a post-COVID world, business has been generated through a mixture of online working and a gradual return to face-to-face work.

The number of initial needs assessments increased by 12% in the period and the business enjoys a strong order book of ongoing case management clients which contribute to recurring revenue. However, actual revenues generated by this increase were 3% lower yoy as online work is charged at a lower rate than face-to-face.

New instructions for initial needs assessment were encouraging, being 19% higher than in the comparative period.

Significant increase in new associates

Last year the Group recruited 34 new associates and worked with 93 case managers and 96 expert witnesses across the UK. In the first half of 2022 NAHL recruited a further 41 new associates and increased the number of case managers it works with to 96 and the number of expert witnesses to 115, again demonstrating growth achieved to date and expected further business generation and market share gains in the future.

Outlook and conclusion

Outlook – encouraging H2 trading – no change to full year forecasts

Trading in the second half has been encouraging and personal injury enquiry numbers in July and August were 4% ahead of last year.

Cash from settlements in NAL continues to grow and £0.6m was collected in July and August. The number of INA reports issued in July and August have increased by 26% while the number of expert witness reports were 24% lower yoy mainly due to timing and the Group expects a return to growth for the remainder of the year.

Costs and discretionary spend continue to be tightly controlled and the Board reiterate that it is committed to managing net debt whilst continuing with plans to invest for growth in both divisions.

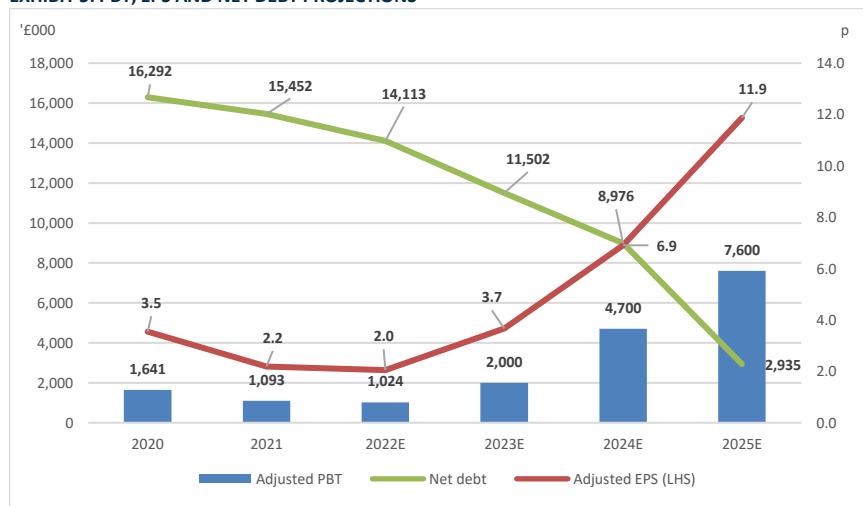
While the economic situation in the UK is not looking very promising in the short term, the Board continues to believe that it will deliver a full year outturn in line with market expectations and as a consequence we leave our forecasts unchanged.

Conclusion – on track to deliver steeply rising profit, EPS and cash from next year

NAHL remains on track to deliver against its primary strategy, that being to process an increasing number of PI claims through its own law firm NAL. By so doing, it will generate higher margins, profit and cash as cases within NAL settle and we believe that this strategy will become self-evident in Group results from 2023 onwards.

As Exhibit 4 below illustrates, the current financial year should represent the nadir before the significant investment in both divisions begins to pay back. Thus, in FY2023, we are forecasting adjusted profit before tax to double, to more than double in FY2024 and to rise by close to two thirds in FY2025 as the NAL claims book reaches a plateau when it will become self-funding.

EXHIBIT 5: PBT, EPS AND NET DEBT PROJECTIONS



Source: NAHL Group plc; Allenby Capital

Income statement - forecasts unchanged

EXHIBIT 6: INCOME STATEMENT

Years to December	2020	2021	2022E	2023E	2024E	2025E
	£000	£000	£000	£000	£000	£000
UNDERLYING						
Consumer Legal Services (PI and Property)	29,537	26,583	30,000	30,200	31,100	32,100
Critical Care	11,338	12,364	13,900	15,700	17,400	19,000
Total revenues	40,875	38,947	43,900	45,900	48,500	51,100
Cost of sales	-21,602	-21,352	-24,660	-26,622	-27,160	-27,594
Gross Profit	19,273	17,595	19,240	19,278	21,340	23,506
margin	47.2%	45.2%	43.8%	42.0%	44.0%	46.0%
Administrative expenses	-9,662	-9,857	-10,196	-11,058	-11,170	-11,286
as a % of revenues	23.6%	25.3%	23.2%	24.1%	23.0%	22.1%
Central costs	-1,895	-1,592	-1,700	-1,800	-1,850	-1,900
as a % of revenues	4.6%	4.1%	3.9%	3.9%	3.8%	3.7%
Underlying EBITDA	7,716	6,146	7,344	6,420	8,320	10,320
margin	18.9%	15.8%	16.7%	14.0%	17.2%	20.2%
Depreciation (PP&E)	-169	-102	-170	-170	-170	-170
Depreciation (ROU assets))	-430	-306	-430	-430	-430	-430
Amortisation of intangible assets	-421	-324	-420	-420	-420	-420
Share based payments	-523	-400	-600	-600	-600	-600
Underlying operating profit	6,173	5,014	5,724	4,800	6,700	8,700
Consumer Legal Services	5,407	3,727	4,224	2,500	3,750	5,100
margin	18.3%	14.0%	14.1%	8.3%	12.1%	15.9%
Critical Care	3,594	3,293	3,800	4,700	5,400	6,100
margin	31.7%	26.6%	27.3%	29.9%	31.0%	32.1%
Shared services (central costs)	-1,895	-1,592	-1,700	-1,800	-1,850	-1,900
Share based payments	-523	-400	-600	-600	-600	-600
Less government grants	-410	-13	0	0	0	0
Underlying operating profit	6,173	5,014	5,724	4,800	6,700	8,700
margin	15.1%	12.9%	13.0%	10.5%	13.8%	17.0%
Profit attributable to members non-controlling interests in LLPs	-4,115	-3,451	-4,200	-2,300	-1,600	-900
as a % of revenues	13.9%	13.0%	14.0%	7.6%	5.1%	2.8%
Finance income	168	85	100	100	100	100
Finance expense	-585	-555	-600	-600	-500	-300
Underlying pre-tax profit	1,641	1,093	1,024	2,000	4,700	7,600
Tax	-2	-79	-75	-400	-1,500	-2,100
Underlying net profit	1,639	1,014	949	1,700	3,200	5,500
STATUTORY						
Underlying operating profit	6,173	5,014	5,724	4,800	6,700	8,700
Government grants	410	13	0	0	0	0
Exceptional items	-1,350	0	0	0	0	0
Amortisation of intangibles relating to business combinations	-924	-871	-924	-924	-924	0
Profit attributable to members non-controlling interests in LLPs	-4,115	-3,451	-4,200	-2,300	-1,600	-900
Finance income	168	85	100	100	100	100
Finance expense	-585	-555	-600	-600	-500	-300
Statutory pre-tax profit	-223	235	100	1,076	3,776	7,600
Tax	-2	-79	-75	-400	-1,500	-2,100
Net profit	-225	156	25	676	2,276	5,500
WAS basic (m)	46.239	46.245	46.325	46.325	46.325	46.325
Options (m)	1.688	1.316	1.316	1.316	1.316	1.316
WAS FD (m)	47.927	47.561	47.641	47.641	47.641	47.641
Year-end shares (m)	46.178	46.178	46.325	46.325	46.325	46.325
Underlying EPS Basic (p)	3.54	2.19	2.05	3.67	6.91	11.87
Underlying EPS FD (p)	3.42	2.13	1.99	3.57	6.72	11.54
Statutory EPS Basic (p)	-0.49	0.34	0.05	1.46	4.91	11.87
Statutory EPS FD (p)	-0.47	0.33	0.05	1.42	4.78	11.54

Source: NAHL; Allenby Capital

Balance sheet

EXHIBIT 7: BALANCE SHEET

Years to December	2020	2021	2022E	2023E	2024E	2025E
	£000	£000	£000	£000	£000	£000
Non-current assets						
Goodwill	55,489	55,489	55,489	55,489	55,489	55,489
Other intangibles	4,557	3,701	2,777	1,906	1,035	1,035
PP&E	367	477	555	593	629	619
ROU assets	2,761	2,315	2,035	1,755	1,475	1,195
Deferred tax	14	23	0	0	0	0
Trade receivables	799	839	0	0	0	0
Accrued income receivable	7,029	3,718	2,503	2,551	1,395	1,395
Total non-current assets	71,016	66,562	63,359	62,294	60,023	59,733
Current assets						
Trade receivables	7,493	7,056	10,570	9,446	9,454	8,947
Accrued income receivable	11,398	12,414	12,400	13,000	13,500	14,000
Other receivables	14	22	0	0	0	0
Prepayments	703	913	900	900	900	900
Tax	88	136	0	0	0	0
Recoverable disbursements	6,761	8,307	8,783	8,298	8,037	7,243
Cash	3,609	2,458	2,637	2,498	2,024	2,065
Total current assets	30,066	31,306	35,290	34,142	33,915	33,155
Total assets	101,082	97,868	98,649	96,436	93,938	92,888
Current liabilities						
Trade payables	-3,201	-1,452	-1,898	-2,141	-1,670	-1,628
Disbursements payable	-6,001	-7,222	-7,636	-7,214	-6,988	-6,297
Other tax & social security	-1,791	-1,216	-1,200	-1,200	-1,200	-1,200
Other payables, accruals and deferred revenue	-5,849	-5,864	-5,000	-5,000	-4,500	-3,500
Customer deposits	-705	-457	-500	-500	-500	-500
Lease liabilities	-248	-242	-300	-300	-300	-300
Member capital and current accounts	-4,177	-4,210	-3,615	-2,725	-2,148	-1,198
Tax	-126	-97	-102	-267	-643	-958
Total current liabilities	-22,098	-20,760	-20,251	-19,347	-17,949	-15,581
Non-current liabilities						
Lease liabilities	-2,195	-1,953	-1,677	-1,446	-1,202	-950
Loans and borrowings	-19,901	-17,910	-16,750	-14,000	-11,000	-5,000
Deferred Tax	-826	-625	-345	0	0	0
Total non-current liabilities	-22,922	-20,488	-18,772	-15,446	-12,202	-5,950
Total liabilities	-45,020	-41,248	-39,023	-34,793	-30,151	-21,531
Current assets	7,968	10,546	15,039	14,795	15,966	17,574
Net assets	56,062	56,620	59,626	61,643	63,787	71,357
BALANCE SHEET RATIOS						
Cash	3,609	2,458	2,637	2,498	2,024	2,065
Borrowings	-19,901	-17,910	-16,750	-14,000	-11,000	-5,000
Net cash/(borrowings)	-16,292	-15,452	-14,113	-11,502	-8,976	-2,935
Long-term financial debts	-19,901	-17,910	-16,750	-14,000	-11,000	-5,000
Short term financial debts	0	0	0	0	0	0
Gross debt	-19,901	-17,910	-16,750	-14,000	-11,000	-5,000
Cash and cash equivalents	3,609	2,458	2,637	2,498	2,024	2,065
Net (debt) / cash	-16,292	-15,452	-14,113	-11,502	-8,976	-2,935
Acid test (Current Assets less inventory / Current Liabilities)	1.4	1.5	1.7	1.8	1.9	2.1

Source: NAHL; Allenby Capital

Cash Flow

EXHIBIT 8: CASH FLOW

Years to December	2020	2021	2022E	2023E	2024E	2025E
	£000	£000	£000	£000	£000	£000
Profit for the year	-225	156	25	676	2,276	5,500
Profit attributable to members' non-controlling interests in LLPs	4,115	3,451	4,166	2,304	1,584	896
PP&E depreciation	169	171	170	169	168	167
ROU asset depreciation	430	306	280	280	280	280
Amortisation of intangibles	1,345	1,195	1,282	1,315	1,315	424
Impairment	0	0	0	0	0	0
Financial income	-168	-85	0	0	0	0
Financial expense	585	555	468	508	436	281
Share based payments	523	400	600	600	600	600
Tax	2	79	75	422	1,521	2,150
Operating cash flow before WC movements	6,776	6,228	7,066	6,274	8,180	10,298
Decrease/(increase) in receivables	2,223	1,012	710	1,699	177	2,270
Increase/(decrease) in payables	2,945	-1,337	20	-179	-1,197	-1,733
Net movement in WC	5,168	-325	730	1,520	-1,020	537
Interest paid	-469	-398	-500	-508	-436	-281
Tax paid	-450	-365	-373	-603	-1,144	-1,835
Net cash generated from operations	11,025	5,140	6,923	6,683	5,580	8,719
PP&E (net of disposals)	-269	-281	-248	-207	-205	-156
Acquisition of intangible assets	-820	-339	-357	-440	-444	-424
Interest received	10	2	0	0	0	0
Disposal of subsidiary	-1,273	0	0	0	0	0
Net cash used in investing activities	-2,352	-618	-605	-647	-649	-580
New shares issued	0	1	0	0	0	0
(Repayment of)/proceeds from borrowings	-3,750	-2,000	-1,160	-2,750	-3,000	-6,000
Facility arrangement fees	-121	-90	0	0	0	0
Principal element of lease payments	-558	-166	-218	-231	-244	-252
Dividends paid	0	0	0	0	0	0
Drawings (paid to)/capital receipts from LLP members	-3,199	-3,418	-4,761	-3,194	-2,161	-1,846
Net cash (used in)/generated from financing activities	-7,628	-5,673	-6,139	-6,175	-5,405	-8,098
Cash increase	1,045	-1,152	179	-139	-474	41
Cash from previous year	2,564	3,609	2,458	2,637	2,498	2,024
Cash at year end	3,609	2,458	2,637	2,498	2,024	2,065

Source: NAHL; Allenby Capital

For more information, please refer to our initiation research dated 29 March 2022:

<https://www.allenbycapital.com/client/nahl-group-plc/>

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