Our journey to growth

Annual Report
2022

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Chair's Report

The Group returned to growth in 2022 and delivered results in line with recently upgraded market expectations, despite a challenging macro-economic environment. We saw good progress across the Group with increased revenues and profit and a further reduction in debt in 2022. Significantly our Personal Injury business started repaying the investment we have made in its transformation, and not only returned to growth but was cash positive and grew market share.

We completed the year with revenues of £41.4m (2021: £38.9m), a profit before tax of £0.6m (2021: £0.2m), and a further reduction in debt to £13.3m (31 December 2021: £15.5m).

Consumer Legal Services

Overall, revenues in the Consumer Legal Services division grew by 6% to £28.3m and operating profit by 12% to £4.2m.

These results were driven by a strong performance in our Personal Injury business which was profitable and cash positive again following several years of investment into our own law firm National Accident Law (NAL). NAL now employs 147 people (2021: 129 people) and remains central to the Group's future success by enabling us to process claims ourselves and keep more of the profit from those claims. It is beginning to pay back on the investment we have made in it and for the first time we were able to fund the working capital cost of NAL from cash generated in the Personal Injury business itself.

Settlements and the resulting cash receipts in NAL increased in 2022 as claims, started in earlier years, matured. NAL collected £3.5m in cash from settlements made during the year, compared with £2.1m in 2021, representing a 67% increase.

NAL has not yet reached maturity, when the number of cases starting broadly equals the number of cases concluding in any year, and we continue to invest in it. During 2022, 8,760 new enquiries went into NAL which was an increase of 6% compared with 2021.

These new enquiries represent a future pipeline of value for NAL. By the end of 2022, NAL had increased the volume of ongoing claims by over 37% to 10,860. These claims have an estimated future cash value to NAL (before processing costs) of £11.2m, and an estimated future revenue of £8.2m. Putting more enquiries into NAL also has the effect of reducing future payments to our Joint Venture[1] partners.

Most of the enquiries that did not go to NAL went to our panel firms who pay for them. This placement model enables us to manage our cash requirements flexibly as evidenced by our strong reduction in net debt during the period.

Overall, the Personal Injury business increased the number of enquiries it generated by around 9% to 34,905 despite the number of personal injury claims in the market remaining flat. This was achieved through our strong brand and effective marketing, and our return to television advertising in 2022 after an absence of over two years due to COVID-19. Our market share in non-RTA enquiries (the majority of our book) rose to 16.8%, its highest level since 2020, and although our share of RTA enquiries remained relatively flat at 1.3%, we saw an increasing proportion of higher value claims in that mix.

1. 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, see note 1 to the financial statements for further details.

Our Residential Property business was impacted by the widely reported slowdown in the property market due to higher interest rates, but still contributed a small profit for the year.

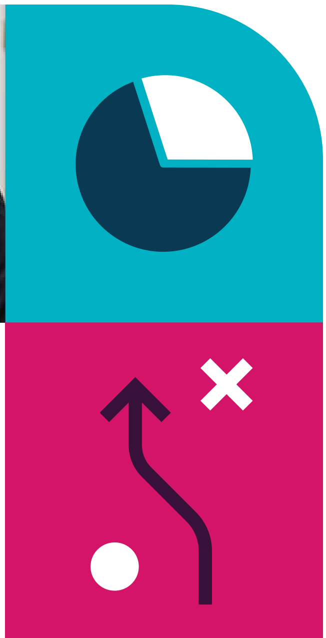
Critical Care

Bush & Co (Bush) has continued to invest in its back office and technology. This investment cycle is coming to an end and these enhancements should see efficiency gains and margin improvements in the future as well as providing a more resilient platform for growth. Bush has also strengthened its marketing and business development offering.

Case management remains the largest revenue stream in Critical Care providing support to individuals who have suffered catastrophic personal injuries. The number of ongoing cases grew by 11% during 2022 and Bush increased the number of employed case managers to help drive margin improvement. Expert witness services also saw strong revenue growth in 2022 and now accounts for 36% of our total revenue compared to 32% in 2019.

Bush Care Solutions was created in 2021 to offer nurse-led care management services. This is an adjacent market to case management and enables us to offer a fully managed solution. Revenues grew by 24% in 2022 to £0.4m. Although still relatively small, Bush Care Solutions offers significant opportunity for further growth in this adjacent market.

Overall revenues in Bush grew by 6% to £13.1m and its operating profit by 4% to £3.4m.



> The Group has created a platform for success and is on track to build a sustainable and profitable business in the medium term.

Summary

I would like to thank all our employees for their continued commitment and hard work over the last year. Our people and our culture are essential to our future success. I would also like to congratulate Chris Higham who was appointed as a director of the Company and Group Chief Financial Officer (CFO) during the year, having previously been acting CFO since August 2021.

I believe we are making good progress across the Group with an increase in revenue and profit and a further reduction in debt. The Personal Injury business has returned to growth, is cash positive and winning more market share. NAL is beginning to pay back on the investment we have made and at the end of 2022 had nearly 11,000 cases underway that represent a strong pipeline of future value. Critical Care continues to grow revenues and profit and has invested to drive future margin improvement. Bush Care Solutions is not yet two years old but is already showing its potential, offering the opportunity for growth in an adjacent market.

The Group has created a platform for success and is on track to build a sustainable and profitable business in the medium term.

Tim Aspinall
Chair

CEO Report

2022 was an important year for NAHL and I'm proud to report on the progress that our team has delivered.

Overview

Despite the well-documented headwinds across the economy and specific challenges within our own markets, NAHL achieved its financial goals in 2022 and returned to growth. The Group increased revenues by 6% and operating profit by 14%, and we continued to invest for the future. We have strengthened our financial position, reducing our debt which ended the year at £13.3m. This was a priority given the challenging and unpredictable macro-economic environment in the UK.

Both our Consumer Legal Services and Critical Care divisions advanced their strategies in the year. Our Personal Injury business returned to profit and was cash generative in 2022 – an important milestone in our plans. We continue to grow market share in Personal Injury and our law firm, National Accident Law, is demonstrating signs of growing maturity. In our Critical Care division, we have developed our services in the year, added new specialisms and experienced encouraging early growth in our new care proposition, Bush Care Solutions.

Whilst these successes demonstrate good progress made in 2022, there is more to do and we must stay on track if we are to deliver on our ambitions and build a more sustainable and profitable business over the next few years. Our strategy for each of our divisions remains on track and unchanged and we will continue to invest for future growth.

Financial performance

Group revenue increased by 6% in the year to £41.4m (2021: £38.9m) following growth in both of our trading divisions. Operating profit grew 14% during the year to £4.8m (2021: £4.2m) and was in line with recently upgraded market expectations. Our Consumer Legal Services division grew operating profit by 12% and our Critical Care division by 4%. As we started to realise the benefit of past investments in our Personal Injury business, the Group's operating profit margin increased by 0.8 ppts from 10.7% in 2021 to 11.5% during the period.

Profit before tax was £0.6m (2021: £0.2m), which was in line with recently upgraded market expectations, albeit from a low base. This was due to lower-than-expected profit attributable to non-controlling interests in LLPs but offset by an increase in borrowing costs due to the higher UK interest rates.

Pleasingly, the Group generated strong levels of cash flow throughout the year with free cash flow increasing from £0.8m in 2021 to £2.2m in the year. As a result, the Group has reduced net debt from £15.5m at 31 December 2021 to £13.3m at 31 December 2022, which was in line with recently upgraded market expectations.

The Board does not believe that it is appropriate to reinstate dividends at this time and the Directors have recommended that no final dividend payment be made in respect of 2022.

Consumer Legal Services

Financial performance

Our Consumer Legal Services division performed well during the year, delivering a 6% increase in revenues to £28.3m (2021: £26.6m) and operating profit increased by 12% to £4.2m (2021: £3.7m). This result was driven by a strong performance in our Personal Injury business, which grew its revenues by 14% to £24.0m (2021: £21.0m) and operating profit by 17% to £3.9m (2021: £3.4m).

Whilst not a statutory measure, it was particularly pleasing to see the Personal Injury business return a profit after deducting members' non-controlling interests in LLPs, which was £0.4m in 2022 compared to a loss of £0.1m in the prior year. I believe that this clearly demonstrates the sustainability of this business and the positive progress that the team have made over the past 18 months.

Revenues of

£41.4m

(2021: £38.9m)

Market conditions

The UK personal injury market was subdued through the COVID-19 pandemic and this continued into 2022.

According to industry data from the Claims Recovery Unit of the Ministry of Justice (CRU) and the Official Injury Claim portal for small claims (OIC), the number of claims registered in 2022 for road traffic accidents (RTAs) was down 7% compared to the prior year at c. 371,000 claims, and down 43% compared to the last full year prior to the pandemic (2019). Our internal analysis estimates the claimant-side personal injury market to be worth £1.1bn in 2021/22 compared with an estimated value of £1.6bn in 2019/20[1].

This reduction contrasts with traffic volumes on the roads, which moved closer to pre-pandemic levels in 2022. Government estimates[2] show motor vehicles travelled 318.6bn vehicle miles in Great Britain for the year ended March 2022, which was 30% more than that in the year ended March 2021, but still 6% lower than pre-pandemic levels (year ended December 2019). Whilst the equivalent data for the remainder of 2022 is yet to be released, it is likely that traffic levels had gone on to exceed pre-pandemic levels by the end of the year. For non-RTA claims, such as employers' liability, public liability, and occupiers' liability, claim volumes registered with the CRU in 2022 were broadly flat compared to that in 2021 at c.95,000 claims (-2%), which was 42% lower than 2019.

We believe that the cause of this trend of lower claim numbers is due to the following three factors, which have fundamentally reset the size of the market during the past 24 months:

1) Firstly, the COVID-19 pandemic resulted in significant behavioural changes amongst the UK population. This included changes to working practices and transport usage, including many more people choosing to work remotely or on a hybrid basis for part of the week. This has contributed to fewer accidents occurring during travel time, in workplaces, surrounding shops and urban areas.
2) Secondly, the implementation of the Civil Liability Act 2018 (Whiplash Reforms) significantly reduced compensation tariffs for most RTA claims worth £5,000 or less and eliminated cost awards for successful claims. Rather than encouraging victims to manage their own claims through the OIC portal, the overly complex and burdensome portal resulted in fewer than 10% of litigants pursuing a claim themselves and for those relying on a solicitor to support them, the legislation removed most of the value for the firm, resulting in many firms withdrawing from the market. We believe that the significant reduction in compensation combined with the difficulty of the process has resulted in a lower appetite from accident victims to make such a claim.
3) Thirdly, research that we commissioned in December indicated that at least £1.4bn[3] of potential personal injury settlements were unclaimed in 2022 because of people's reluctance to make a claim. An independent organisation spoke to 2,500 members of the public, of which 500 people had suffered an accident in the last three years, and the results were very insightful:
   While 11% of people had suffered a no-fault accident in the last three years, only 50% of these attempted to make a claim and only half of those went ahead. We found that a quarter of those who could have made a claim had 'no idea' they were entitled to compensation, while a similar number did not pursue a claim because they thought the process 'felt too complicated'. Other reasons for not claiming included the cost of making a claim, the stigma associated with claiming and worries about the process and any potential impact on their job.

We believe that this reluctance to make a claim and the lack of understanding surrounding the claim process is a result of a reduction in advertising by firms since the start of the pandemic.

Our analysis of these three factors leads us to conclude that whilst the size of the market is smaller now than before the pandemic, the opportunity remains very significant and there is a large latent demand that could be unlocked by a firm who can stimulate the market, educate customers on their rights and change the perception of claiming.

Strategic progress

Our strategy to succeed in the personal injury market is to grow the number of accident victims that we can support by leveraging the strength of the National Accident Helpline brand and processing an increasing number of those enquiries through our own consumer-focused law firm, National Accident Law. This will enable us to develop a sustainable, higher margin business. We will fund this through our agile and scalable placement model which is designed to balance the work we

1. Internal research produced during the year
2. Department for Transport, reported road casualties by severity and road user type: Great Britain
3. Independent research produced by Censuswide Limited, December 2022

place with our panel, and joint venture partner for in-year profit and cash, with the work we process ourselves for greater, but deferred profit and cash.

I'm pleased to report that we made clear progress with this strategy in 2022.

National Accident Helpline generated 34,905 personal injury enquiries in the year, which was an increase of 9% over 2021. This number would have been higher had it not been for our decision to stop targeting tariff-only RTA claims, from February 2022, to focus on higher-value opportunities. The brand continues to be the "first choice for people who have had an accident and want legal representation", according to independent research.

The category mix of enquiries generated was broadly consistent with last year, with 22% RTA claims, 51% non-RTA and 27% specialist claims, which we don't process in NAL. Pleasingly, the RTA claims that we attracted should ultimately be more profitable than last year, as they comprised a far lower proportion of low value tariff-only claims.

In June 2022, the business returned to TV advertising for the first time since January 2020 with its #TellYourStory campaign, giving accident victims a platform to speak up and feel listened to. Whilst brand advertising on TV is intended to develop long-term awareness, the in-year performance of the campaign was encouraging and it resulted in growth in lead numbers and improved conversion. Our high-performance digital marketing and conversion-optimised website also delivered good results in the year and the number of organic (unpaid) leads to our website increased by 9% compared to 2021.

This activity helped to generate market share gains and in our key category of non-RTA claims, we consistently grew our trailing 12-month market share from 15.0% on 1 January 2022 to 16.8% by year-end. This is our highest share of the market since early 2020 and gives me confidence that our marketing investments are delivering. Furthermore, we remain optimistic about the potential for additional opportunities when the market begins to grow again.

In line with our strategy, we continued to rapidly scale NAL during the year. We allocated 8,760 new enquiries to NAL in 2022, which was 6% more than in 2021. These enquiries cost £2.7m to generate and our proven model estimates that these will be worth £5.9m in future revenue and cash.

NAL won 1,894 claims in the year, 60% more than prior year (2021: 1,187) and this generated £3.5m in cash from settlements. This was an increase of 67% (2021: £2.1m), further demonstrating the growing maturity of the firm.

At 31 December 2022, NAL had grown its book of ongoing claims by 37% to 10,860 (2021: 7,918). This book of existing claims has an embedded value, being the future profits and cash expected to be generated by processing these claims through to settlement. At 31 December 2022, after already expensing the marketing costs to generate those claims and processing costs to that date, we anticipated that the ongoing claims will generate future revenue of £8.2m and future gross profit of £7.1m.

The division continued to utilise its flexible placement model to good effect and enjoyed strong demand for enquiries from its panel of third-party law firms, increasing its allocation by 7%. The Group's joint venture law firms, which are now mature, also performed well during the year. Over the past three years, the Group has significantly reduced the allocation of new enquiries to its joint ventures, as growth in NAL has been prioritised in order to increase profitability over the medium term. In 2022, approximately 3,000 enquiries were distributed to Law Together LLP with no new enquiries into Your Law LLP, as planned. Following investment over a number of years, these relationships continue to generate good levels of cash flow and delivered £3.3m in the year (2021: £3.6m), after deducting drawings to LLP members.

Residential Property

The division's Residential Property business, comprising Homeward Legal and Searches UK, generated revenues of £4.3m, which was 23% lower than prior year (2021: £5.6m). Operating profit was £0.3m (2021: £0.4m).

Our strategy for each of our divisions remains on track and unchanged and we will continue to invest for future growth.

The business experienced a slowdown from the second quarter of 2022, in line with the wider market, and accordingly, Homeward Legal generated 33% fewer conveyancing instructions than the prior year. Searches UK proved to be more resilient and the number of search packs its generated was just 10% lower than the previous year, reflecting several new customer mandates.

Critical Care

Financial performance

Our Critical Care division, operating as Bush & Co., increased its revenues by 6% to £13.1m (2021: £12.3m). Operating profit increased by 4% to £3.4m (2021: £3.3m) and the business generated £3.1m of cash from operations in the year.

Market conditions

Bush & Co. operates in the catastrophic injury market, with most of the work arising from serious RTA injuries and medical negligence. Whilst there is no official definition, we categorise catastrophic injuries as those resulting in damages worth £500,000 or more.

There were fewer serious RTA claims during the COVID-19 pandemic due to a reduction in traffic on the roads, but this was a temporary feature. Recent data from the Department for Transport showed that the number of seriously injured casualties on roads in Great Britain in the year to June 2022 increased by 18% in the period but was 6% lower than before the pandemic (2019). Due to the severity of the victims' injuries, this market is not affected by the Whiplash Reforms nor any reluctance to claim, as is the case in our Consumer Legal Services business.

For medical negligence claims, data from NHS Resolution shows that the number of clinical claims for catastrophic injury made against the NHS in 2021/22 was slightly down on 2020/21 (-7%). However, this was 24% more than the average number in each of the preceding four years, indicating that there has been a step change in the number of medical negligence claims since 2019/20.

Building on our platform for growth

Our strategy in Bush & Co. is to grow share in our market by appealing to a broader customer base, extending our competencies and specialisms and to be more efficient at what we do through the use of technology.

In 2022, we continued to make good progress with this strategy.

Revenues from the division's case management service grew by 3% in the year, and it issued 529 initial needs assessments (INAs), which was 5% more than the prior year. The business supported 1,354 ongoing case management clients during the year, generating recurring revenue, although at a lower average revenue per client than before the pandemic. This is a permanent change because some of our client support team meetings transitioned online during the pandemic, which has since become normal practice across the industry, meaning less time and travel costs becoming chargeable.

Our investments in marketing and business development resulted in a 14% increase in the number of new instructions for INAs to 557 (2021: 490).

We started the year trialling a new initiative in which the business delivered case management services for less complex cases through a team of three in-house, employed case managers. The results were encouraging and by the end of the year we had grown the team to seven employed case managers, operating at a higher utilisation rate, resulting in enhanced profit margins. We hope to support more customers with this service in 2023 and grow the team further.

Our expert witness service had a very strong year in 2022, and increased revenues by 13%. The business issued 974 reports, which was 10% more than in 2021, and the average revenue per report increased due to a favourable mix and additional elements being required by customers. Instruction numbers increased 7% (1,044 compared to 973 in 2021) to historically high levels.

Finally, I am pleased to report very encouraging results in Bush Care Solutions, which was launched in 2021. This proposition provides a support and management service for employing care staff, which complements our existing case management service and also attracts standalone work. Bush Care Solutions delivered revenue growth of 24% to £0.4m in 2022, delivering 10 ongoing care packages at year-end. Whilst currently modest in size, this service looks to be an important growth driver over the next few years. I am particularly proud of the excellent job the team have done in developing this service, which has been well received by customers as evidenced by its nomination for the Supporting the Industry award at the 2022 PI Awards.

Bush & Co. continued to develop its range of specialisms in the year and recruited 61 new associates in 2022 to support its growth and enhance its proposition. At 31 December 2022, the business works with 96 associate case managers and 129 expert witnesses, in addition to its in-house teams.

Our people, culture and communities

At NAHL, we aim to build a sustainable business for the long-term gain of all our stakeholders. For us, this includes being a great company to work for, creating long-term value for our shareholders and also contributing to our communities and the environment.

The Group employed 283 people at 31 December 2022, which was an increase of 10% on last year. Much of the growth in employee numbers has arisen in NAL and, as we look to scale the business, we have further invested in experienced people in technical areas of the law firm to support our growth. We also revitalised our marketing team in Consumer Legal Services during the year, recruiting a Marketing and Brand Director and several other new members of the team. I look forward to this investment helping to take our marketing performance to the next level and build on the growth in market share that we have been able to generate to date. Other areas of our recruitment focus have been employing case managers and care managers in Bush & Co. to facilitate our growth.

Due to the functionality provided by previous investments in our systems, 33% of our people now work remotely and 49% on a hybrid basis. This has been of significant benefit to our business, opening up new recruitment opportunities and expanding our access to technical legal talent to support the scaling up of NAL, as well as offering more choice and improved work-life balance for our people.

As well as recruiting the best talent available, our People Team added significant value through the delivery of several in-house training courses in the year. In addition to courses focused on developing personal strengths, dealing with imposter syndrome and developing remote management skills, the team prepared 13 employees for a leadership role in our year-long Pathway to Leadership programme. In total, 246 hours of training and coaching were delivered in 2022.

We also made some changes to our Board in the year. On 30 September 2022, Gillian Kent decided to step down as a Non- Executive Director after eight years in the role. I'd like to thank Gillian for her support and wise counsel over the years and wish her the best of luck in her future endeavours.

Also in September, I was delighted to welcome Chris Higham to the Board as an Executive Director when he was appointed to the role of CFO on a permanent basis. Chris has been with the Group for 16 years and his experience, through the IPO and the subsequent transformation of the Personal Injury business has proved invaluable. I look forward to continuing to work closely with Chris as we realise our vision for the Group. With these changes, the Directors believe that the Board composition is suitable for the Group in its current state.

Through our company culture, we aim to maintain a high-trust environment for the benefit of everyone, irrespective of who an individual is or what they do for the Group. 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.

As at 31 December 2022, the gender split across the Group was 72% female and 28% male. At a Board level, the Board was 20% female and 80% male.

The Group's values of Driven, Curious, Passionate and Unified continue to guide how we do things at NAHL. In June 2022, our annual employee survey demonstrated the progress we are making with the culture and the strong levels of employee engagement within the Group. Our overall engagement score was 78%, which was a 3 ppt improvement on the previous year and significantly higher than the UK average of 14%[5]. Significant improvements compared to 2021 were identified in communication and our contribution to our communities. In December 2022, Investors in People reaccredited our Personal Injury business with a Gold award to add to the Gold award held by our Critical Care division and Silver award held by Residential Property.

We were pleased to support a number of separate charities during the year by fundraising over £50,000 and giving up our time to help with a number of worthy causes. This included supporting the Child Brain Injury Trust, Kettering and Daventry foodbanks, and the DEC's Ukraine Appeal. We continued our work to support the environment, donating 120 hours of volunteering at the Green Patch community project in Kettering, and continuing our pledge to fund the planting of a tree for every new employee that joins the Group. By 31 December 2022 we had a total of 463 mangrove trees growing in our forest in Madagascar, which will sequester approximately 139 tonnes of CO2 over their lifetime.

4. Independent Research by The Nursery Research & Planning Ltd, March 2023
5. Gallup 'State of the Global Workplace 2022 Report'

> As I look ahead to 2023 and beyond, I am cautiously optimistic that the Group is well placed to continue its growth and strong cash generation.

Current trading and outlook

In 2022, in spite of subdued market conditions, we achieved our financial goals and returned the Group to growth. After several years of transformation, we delivered a profit before tax in our Personal Injury business and we can now start to realise a return on our investments. We also continued to build a strong platform in our Critical Care business, from which we can grow and expand into adjacent markets. Pleasingly, we finished the year strongly and this gave us momentum as we went into 2023.

For these reasons, as I look ahead to 2023 and beyond, I am cautiously optimistic that the Group is well placed to continue its growth and strong cash generation.

In our Personal Injury business, we plan to increase our advertising spend in 2023 to try to win further market share. We aim to continue to grow the embedded value of our ongoing claims and win more settlements in NAL, driving cash generation. In the first two months of the year, we are on track to deliver these plans. Excluding tariff-only RTA claims which are no longer being targeted, enquiry numbers are 3% higher than the equivalent period in 2022 driven by strong levels of RTA leads. In NAL, we have collected £0.6m of cash from settlements, 89% more than in the same period in 2022.

In Critical Care, we expect to see continued strong growth in expert witness services and Bush Care Solutions, with continued, but modest, growth in case management. Our upgrades to the case management and finance technology systems are due to be implemented this year, which should drive improvements in future operating profit margin over the coming years. In the first two months of 2023, the case management team delivered 83 INAs, which was 9% more than the same period in the prior year, although instruction numbers were flat compared to last year. In expert witness, 197 reports were issued in January and February, which was 27% more than the same period in the prior year, and instructions were up 21%.

Given the persistently high levels of inflation in the UK, the Board expects UK interest rates to remain at higher levels in 2023 leading to higher borrowing costs for the Group. In response, the Group will continue to leverage its flexible placement model to drive short-term cash flow. This, in addition to its maturing book of claims in NAL and the strong levels of cash originating from its joint ventures and Critical Care division, will enable the Group to accelerate cash collection in 2023 and further reduce net debt.

Finally, I want to take this opportunity to pay tribute to our people who go above and beyond to deliver to the best of their ability for our customers. I'm proud to be leading such a talented and committed team and look forward to delivering on our commitments to our customers and shareholders and continuing to improve our performance.

James Saralis
Chief Executive Officer

CFO Report

Overview

The year saw the business return to growth and reduce its net debt. This was despite volumes in our markets remaining subdued, a pattern we have seen continue since the COVID-19 pandemic.

Our wholly owned law firm, National Accident Law (NAL), continues to scale and is now generating significant cash receipts as the book of cases continues to mature.

We continued to invest in new technologies in the Critical Care division. This investment is now largely complete, setting the business up for future growth.

From an operational perspective, revenue grew by 6.4% to £41.4m (2021: £38.9m) and operating profit grew by 14.4% to £4.8m (2021: £4.2m) with growth seen across both divisions.

Review of income statement

	2022 £m	2021 £m	Change £m	Change %
Consumer Legal Services	28.3	26.6	1.7	6.3%
Critical Care	13.1	12.3	0.8	6.4%
Revenue	**41.4**	**38.9**	**2.5**	**6.4%**
Consumer Legal Services	4.2	3.7	0.5	12.2%
Critical Care	3.4	3.3	0.1	4.3%
Shared Services	(1.7)	(1.6)	(0.1)	5.9%
Other items	(1.1)	(1.2)	0.1	-10.2%
Operating Profit	**4.8**	**4.2**	**0.6**	**14.4%**
Profit attributable to non controlling interest in LLPs	(3.6)	(3.5)	(0.1)	3.0%
Financial income	0.1	0.1	(0.0)	-6.3%
Financial expense	(0.7)	(0.6)	(0.1)	28.6%
Profit before tax	**0.6**	**0.2**	**0.4**	**142.1%**
Taxation	**(0.2)**	**0.0**	**(0.2)**	**132.9%**
Profit and total comprehensive income for the year	**0.4**	**0.2**	**0.2**	**146.8%**

Consumer Legal Services

The Consumer Legal Services division increased revenue by 6% to £28.3m (2021: £26.6m) and operating profit grew by 12% to £4.2m (2021: £3.7m). Enquiry numbers grew by 9% to 34,905 (2021: 32,132) despite the personal injury market remaining subdued, as discussed in the CEO report and our strategic decision to stop accepting low value soft-tissue injury Road Traffic Accident (RTA) claims in the first quarter of 2022.

The number of enquiries passed across to our wholly owned law firm, NAL, increased by 6% and the law firm continues to process all the RTA enquiries generated for accidents in England and Wales. These enquiries represented an investment of £2.7m when taking into account the cost of advertising and overheads related to the generation of these enquiries.

The enquiries processed by NAL have a longer revenue cycle than the panel relationships. The cases can take a number of years to conclude, and NAL first recognises revenue from a case when an admission of liability has been received from the defendant. The enquiries passed to NAL in the year are expected to generate c.£5.9m (2021: £6.0m) in revenue across their life cycle.

By the end of the period, NAL was processing 10,860 open cases (2021: 7,918), an increase of 37% as the law firm continues to mature. These ongoing cases are expected to contribute c.£8.2m (2021: £6.7m) in future revenue and c.£11.2m of future cash receipts (2021: £8.4m).

The law firm is yet to reach maturity but cash receipts from settled cases give an indication of the progress made. Cash receipts from cases settled grew by 67% to £3.5m in the year (2021: £2.1m) and the total cash receipts from settled cases since inception of the law firm is £7.0m. Once the law firm is fully mature we would expect cash receipts in a period to largely match the expected revenue from new enquiries added.

The Residential Property business generated a positive contribution to profit of £0.3m (2021: £0.4m) after allocation of shared costs. The business was negatively impacted by the end of the Stamp Duty Land Tax holiday on properties valued up to £500,000 as well as rising consumer borrowing costs towards the end of the year.

Critical Care

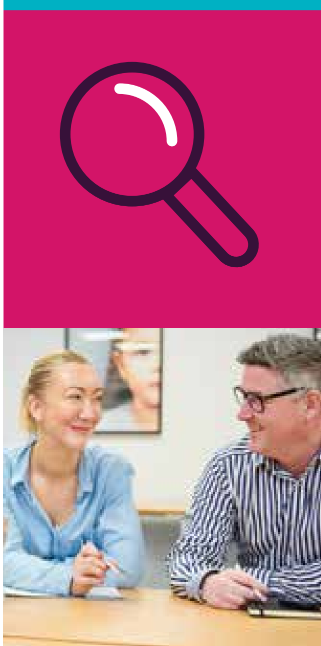
The Critical Care division grew revenue by 6% to £13.1m (2021: £12.3m) with operating profit increasing by 4% to £3.4m (2021: £3.3m).

The division benefitted from investment in business development activity contributing to a 7% increase to expert witness instructions and a 14% increase in Initial Need Assessment (INA) instructions. Average revenues per instruction on expert witness increased in the year due to mix and additional work requested by customers. Average revenues per instruction for case management has continued to be impacted by the changes in working practices brought about by the pandemic. These new patterns are expected to continue going forward.

The business also saw an encouraging performance from Bush Care Solutions which delivered £0.4m of revenue in the year following its launch towards the latter part of 2021. Although still relatively small, Bush Care Solutions offers the opportunity for further growth in an adjacent market.

Shared Services and other items

The costs for the Group's Shared Services functions increased by £0.1m to £1.7m (2021: £1.6m) and other items which include share-based payments and amortisation fell to £1.1m (2021: £1.2m).



> We carefully managed our cash resources during the year to balance an investment in processing personal injury cases with a desire to reduce net debt, particularly in light of rising interest costs towards the end of the year. As a result, net debt fell from £15.5m on 31 December 2021 to £13.3m at year-end.

Financial expense

Costs relating to the financing of debt increased to £0.7m in the year (2021: £0.6m) despite net debt falling. This is due to rising interest rates during the year. Our debt is linked to the Sterling Overnight Index Average (SONIA) plus 2.25%.

Exceptional and non-underlying items

The Group did not incur any exceptional costs in the year (2021: £0.0m).

Taxation

The Group's tax charge of £184,000 (2021: £79,000) represents an effective tax charge of 32.4% (2021: 33.6%). The tax charge is higher than the standard corporation tax rate of 19% for the reasons set out in note 8. 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 were 0.8p (2021: 0.3p) and the diluted EPS were 0.8p (2021: 0.3p), reflecting the impact of share options due to vest in future years.

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 2022 (2021: 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 totalled £17.1m at year end (2021: £17.2m).

Trade receivables and accrued income balances related to the processing of personal injury claims increased to £7.5m (2021: £6.9m). The increase is due to cases settling in the more mature joint ventures offset by a growing claims book in NAL, which is yet to reach full maturity. Accrued income on open cases in NAL within this balance was £2.7m (2021: £1.7m). These claims are yet to reach the settlement stage but have received an admission of liability from the defendant. This is in line with the Group's accounting policy for legal services revenue, in note 1 to the financial statements.

There remains a significant element of uncertainty in estimating this accrued income, as discussed further in note 1 to the financial statements. 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 remained relatively flat at £8.4m (2021: £8.3m).

Receivables not relating to the law firms decreased from £18.2m to £17.0m. This is largely due to clearing a historic £1.4m debt owed on a settlement relating to the termination of National Law Partners, as agreed in 2019.

Payables reduced from £16.2m on 31 December 2021 to £15.8m at the balance sheet date largely due to a reduction in disbursements payable as mature cases settling in the joint ventures were partly offset by immature cases in NAL.

Net debt and bank facilities

We carefully managed our cash resources during the year to balance an investment in processing personal injury cases with a desire to reduce net debt, particularly in light of rising interest costs towards the end of the year. As a result, net debt fell from £15.5m on 31 December 2021 to £13.3m at year-end. Net debt is defined in note 26 and is comprised of £2.6m of cash (2021: £2.5m) offset by borrowings of £15.9m (2021: £17.9m).

The borrowings represent a balance on the Group's £20.0m Revolving Credit Facility with its lender, Yorkshire Bank. The facility is in place to run through to 31 December 2024.

Net debt

£13.3m

(2021: £15.5m)

Review of the cash flow statement

	2022 £m	2021 £m	Change £m	Change %
Net cash generated from operating activities	**6.0**	**5.1**	**0.9**	**16.9%**
Net cash used in investing activities	**(0.3)**	**(0.6)**	**0.3**	**56.4%**
Facility arrangement fees	0.0	(0.1)	0.1	-100.0%
Principal element of lease payments	(0.3)	(0.2)	(0.1)	-59.0%
Drawings paid to LLP members	(3.2)	(3.4)	0.2	4.1%
Net cash used in financing activities (before borrowings)	**(3.5)**	**(3.7)**	**0.2**	**-2.3%**
Free cash flow	**2.2**	**0.8**	**1.4**	**158.7%**
Repayment of borrowings	(2.0)	(2.0)	0.0	0.0%
Net increase/(decrease) in cash and cash equivalents	**0.2**	**(1.2)**	**1.4**	**117.1%**

The Group's cash and cash equivalents increased by £0.2m in the year (2021: reduction of £1.2m). 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.

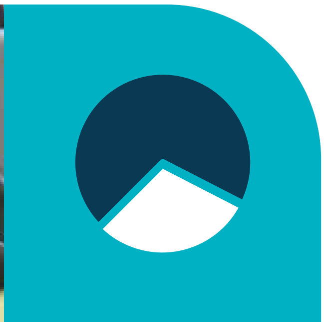
Net cash from operating activities increased from £5.1m to £6.0m. This was driven by maturing receipts from settled cases in both NAL and the joint venture relationships, generating £3.5m and £3.3m respectively. This was partly offset by the continuing investment of new cases to NAL as the law firm continues to scale as well as interest payments of £0.6m (2021: £0.4m).

The Group paid £3.2m (2021: £3.4m) 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 (2021: £0.3m) of intangible assets in the year as it continued to improve its technological offering in Critical Care.

The Group repaid £2.0m (2021: £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 2022 was £2.2m compared to £0.8m in 2021. The primary reason for this increase is an increase in personal injury cash receipts on settled cases as more cases settle in NAL and the joint venture partnerships. Personal Injury is now entirely self-funding investment into new cases.

The Group also monitors operating cash conversion. This was 143% in the year (2021: 150%), a direct reflection of the movements outlined above.



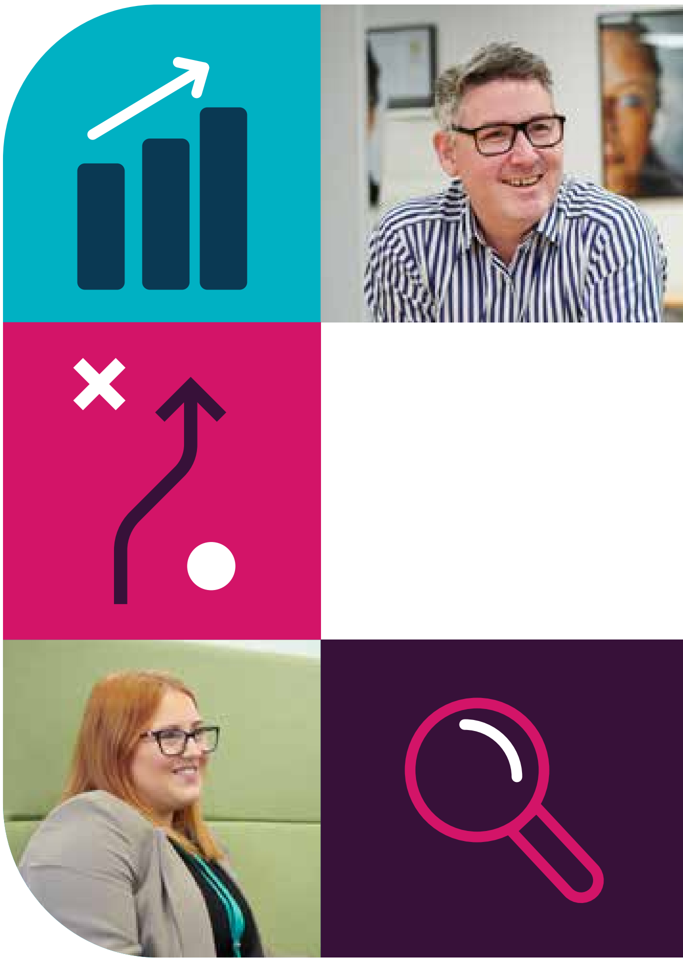
Conclusion

In conclusion, despite headwinds in our markets and the wider economy, we have continued to make progress with our strategy, investing in both divisions to deliver growth whilst continuing to manage down our debt.

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.



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.

	2022 £m	2021 £m
Statutory measure – net cash generated from operating activities	**6.0**	**5.1**
Net cash used in investing activities	**(0.3)**	**(0.6)**
Facility arrangement fees	0.0	(0.1)
Principal element of lease payments	(0.3)	(0.2)
Drawings paid to LLP members	(3.2)	(3.4)
Net cash used in financing activities (before borrowings)	**(3.5)**	**(3.7)**
Free cash flow	**2.2**	**0.8**

Underlying 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 2022, there were no exceptional cash flows.

	2022 £m	2021 £m
Statutory measure – cash generated from operations	**6.8**	**5.9**
Cash flow relating to exceptional items	0.0	0.3
Underlying operating cash flow	**6.8**	**6.2**
Statutory measure – operating profit	**4.8**	**4.2**
Operating cash conversion	**142.9%**	**150.2%**

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.

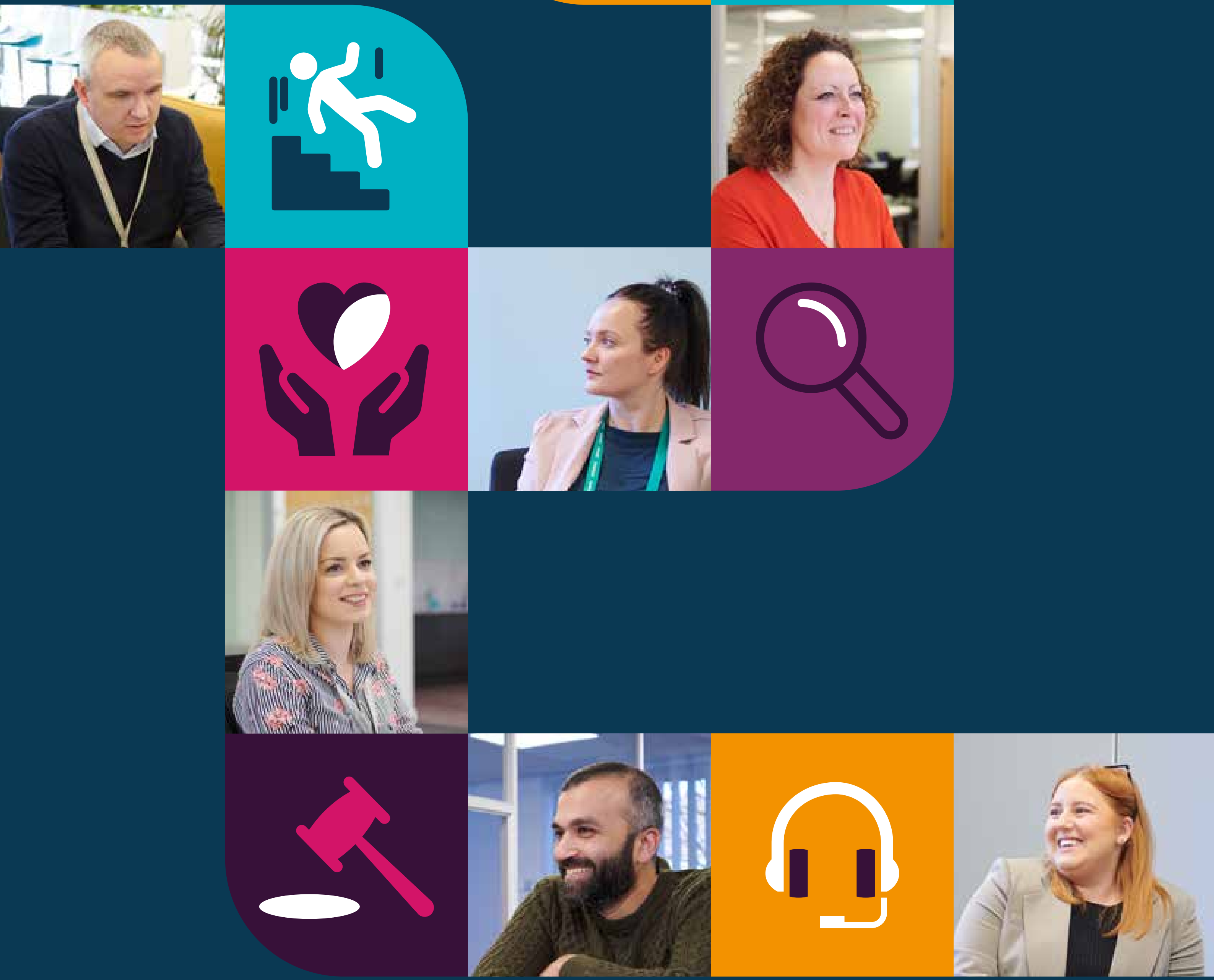
	2022 £m	2021 £m
Statutory measure – cash and cash equivalents	2.6	2.4
Statutory measure – interest-bearing borrowings	(15.9)	(17.9)
Net debt	**(13.3)**	**(15.5)**

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.

	2022 £m	2021 £m
Statutory measure – trade and other receivables	32.9	33.4
Statutory measure – trade and other payables	(15.8)	(16.2)
Working Capital	**17.1**	**17.2**

Our business



Our Group

NAHL Group plc is a leader in the consumer legal services and catastrophic injury markets, delivering products and services to consumers and businesses through its two divisions.

Consumer Legal Services

What We Do
Consumer Legal Services provides outsourced marketing services to law firms through the National Accident Helpline brand and Homeward Legal, and claims processing to individuals through National Accident Law and its joint venture partnerships, Law Together and Your Law. It also provides property searches through Searches UK.

Strategy
Our strategy is to create a higher margin, integrated law firm, underpinned by our flexible business model. We will do this by continuing to generate our own work, using our National Accident Helpline brand, by processing an increasing number of claims through our own consumer-focused law firm, National Accident Law, and by leveraging our agile and scalable placement model to manage our growth.

Revenues of
£28.3m

Underlying operating profit of
£4.2m

Employees
189

Critical Care

What We Do
Critical Care provides a range of specialist services in the catastrophic and serious injury market to both claimants and defendants through Bush & Co.

Strategy
Our strategy is to grow share in the catastrophic and serious injury markets by appealing to a broader customer base, extending our competencies and specialisms and to be more efficient at what we do through the use of technology.

Revenues of
£13.1m

Underlying operating profit of
£3.4m

Employees
73

Associates
225

Core Competencies

- Marketing capability
- Technologically enabled
- Trusted brands
- Highly skilled, empathic people
- Customer centric approach
- Strong employee culture

Shared Services

What We Do
Operating as a centralised function, Shared Services provides strategic leadership, funding and governance to support the divisions.

Cost base
£1.7m

Employees
21

Provides Board, finance, legal and people services

Consumer Legal Services

The Consumer Legal Services division serves the personal injury and residential conveyancing sectors of the legal services market. The division provides outsourced marketing services to law firms through the National Accident Helpline brand and Homeward Legal, and claims processing to individuals through National Accident Law (NAL), and its joint venture LLPs, Law Together and Your Law. In addition, it also provides property searches through Searches UK.

The personal injury market has remained subdued over the past couple of years as the country emerged from the pandemic but also due to the introduction of reforms related to whiplash and soft tissue injuries from road traffic accidents. Data provided by the Claims Recovery Unit of the Ministry of Justice (CRU) and the Official Injury Claim portal for small claims (OIC) showed that the number of new claims registered in 2022 for road traffic accidents in England and Wales (RTA) was down 7% compared to the previous year and down 43% compared to 2019, prior to the pandemic and small claims reforms. For non-RTA claims which include employer's liability, public liability and occupiers' liability, claim volumes in 2022 were broadly flat compared to 2021 but this was 42% lower than 2019. We estimate the claimant side personal injury market to be worth £1.1bn in 2021/22 compared to £1.6bn in 2019/20.

We believe the key drivers for the reduction in claim volumes to be:

1) A change in behaviours amongst the UK population following the pandemic. This has resulted in a change to working practices and transport usage. This reduced the number of people travelling to work, having accidents at work and fewer accidents in the vicinity of the workplace such as shops, cafes etc.
2) The implementation of the Civil Liability Act 2018 (Whiplash Reforms) significantly reduced the compensation payable to injured claimants and solicitors for most RTA claims worth less than £5,000. We believe this has resulted in a lower appetite from consumers to make such a claim.
3) Reluctance from people not pursuing a valid claim. Research commissioned by National Accident Helpline (NAH) in Q4 2022 showed that at least £1.4bn of personal injury settlements were unclaimed in 2022 because of people's reluctance to make a claim. Of these, around 25% had no idea they could make a claim while a similar number thought the process may be too complicated. We believe this is linked to an increased lack of awareness from consumers as the industry pulled back from expensive offline media channels such as TV and radio during the pandemic when movement was restricted, and accident numbers were lower.

To help address this, National Accident Helpline returned to TV advertising in June 2022 and during the second half of the year and this has continued into 2023. Despite the lack of growth seen in the wider market, NAH generated 9% more enquires compared to 2021, and we believe that there is an opportunity for further growth as category engagement increases.

The personal injury business operates a flexible model whereby personal injury enquiries can be placed into our own wholly owned law firm, National Accident Law (NAL), our joint venture law firms or our panel of solicitors. Placing enquiries with the panel generates quick profit and cash but at lower overall levels than processing through NAL.

Our strategy for personal injury is to grow the number of accident victims we can support via our National Accident Helpline brand and to process an increasing number of these claims through NAL to develop a sustainable, higher margin business.

Since the small claims reforms came into effect in June 2021, NAL has been processing all of the RTA enquiries generated by the National Accident Helpline brand and is processing an increasing number of Non-RTA claims. 8,760 enquiries were passed across to NAL in the year, a 6% increase on 2021.

Our Residential Property businesses continued to trade profitably throughout 2022 although we experienced a slowdown from the second quarter of 2022 in line with the wider market and as a result, our Homeward legal business generated 33% fewer conveyancing instructions than 2021. Searches UK proved to be more resilient seeing a 10% reduction in volume as acquiring new customers partially offset a reduction in market volume.

Critical Care

Our Critical Care business, Bush & Co, provides vital services supporting individuals who have suffered severe and life changing injuries whilst they pursue a compensation claim. Bush & Co holds a leading position in the medical reporting and rehabilitation market, itself a subset of the catastrophic injury market. The catastrophic injury market is defined as those cases involving the most severe and life-changing injuries, with settlement values of £500,000 and above.

Catastrophic injuries are usually complex resulting in long case life cycles and the majority of clients will require the services of an expert witness and around half will use a case management service to support their rehabilitation. These long life cycles makes the market more resilient and predictable.

Case management services usually begin when a client's solicitor instructs Bush & Co to conduct an Initial Needs Assessment. Assessments are typically carried out three to four months after an injury occurs. The outcomes are documented in a report and this may lead to ongoing case management support for the client's rehabilitation, which has an average life cycle of over two years, meaning that in any given year, more than half of the cases under management relate to accidents suffered in previous years. This timeframe extends significantly when working with children and young people; an area of specialism that grew at Bush & Co in 2022 with an expansion of the number of case managers taking on this case load to over 30.

Expert witness instructions typically happen much later in the process, on average around three years from the date of the accident. Established over 35 years ago, our expert witness service is made up of over 70 clinical professionals across the UK. Due to the time taken to instruct from the date of accident, it was previously unclear whether the full impact of the pandemic had been fully realised in relation to expert witness instructions. Our analysis shows that we have gained market share in recent years and instruction volumes are ahead of those periods before the pandemic so we do not expect a lasting impact on expert witness volumes. Instruction volumes grew by 7% in 2022.

Our investment in technology has continued to drive efficiencies through updating back-office systems and we continue to invest in growing the number of report types supported by our proprietary report writing tool first launched in 2021. This tool helps to streamline the production of reports and enhances quality, whilst delivering savings as demand grows. More than 80% of our most popular care and occupational therapy reports are being completed using this tool.

Our Care Quality Commission regulated Bush Care Solutions service continues to grow following its launch in H2 2021. This service provides a support and management service for directly employing support workers and nurses within the home. This compliments our case management service allowing us to offer clients a fully managed solution and also attracts standalone work. Throughout the year, time was invested in creating awareness of the service and working closely with solicitors and Court of Protection deputies to highlight the benefits of direct employment compared to agency care. Instructions also come from within Bush & Co from the Case Management service and in 2022 an increase of 60% of case managers using the service was achieved.

Strategic Priorities

NAHL Group plc

Strategic Priority	Progress made in 2022	Our focus in 2023
Reduction of net debt Continue to reduce borrowing levels across the group whilst balancing investment in both divisions to enable future growth.	• Reduced net debt by £2.2m to £13.3m on 31st December 2022. • The personal injury business was cash generative as a whole and is no longer consuming cash from the rest of the group. This included cash receipts from settled cases in the law firm of £3.5m (2021: £2.1m).	• Continue to re-invest cash generated from the personal injury business to grow processing volumes.

Consumer Legal Services

Strategic Priority	Progress made in 2022	Our focus in 2023
Grow the number of personal injury accident victims we support by increasing enquiry numbers Cost-efficiently generate the enquiries needed to fuel the business model and deliver growth.	• Generated 34,905 enquiries in the year, an increase of 9% over 2021 • Returned to TV advertising in June 2022 with our successful #TellYourStory campaign, maintaining high levels of brand awareness. • Increased market share in non-RTA claims from 15.0% on 1 January 2022 to 16.8% on 31 December 2022. • Built our offline media presence through thought leadership, included in mainstream media and trade publications throughout the year. • Delivered improved organic search performance on the National Accident Helpline website, delivering 9% more organic (unpaid) Leads.	• Maintain a high level of brand awareness to stimulate category engagement and support cost-effective enquiry acquisition, building brand and category awareness through TV advertising and appropriate upper funnel marketing channels. • Develop and leverage our brand portfolio to broaden our appeal to a wider group of customers. • Continue to develop our SEO performance, to optimise the cost of acquisition.
Grow the number of personal injury enquiries we process in our own consumer-focused law firm, National Accident Law Scale NAL in order to deliver a sustainable business, with more profit per enquiry.	• 8,760 enquiries allocated to NAL in the year, an increase of 6% on 2021. • 46 fee earners working in NAL on 31 December 2022 (31 December 2021; 29 fee earners), an increase of 59%. • 10,860 ongoing claims in NAL at 31 December 2022, an increase of 37% (31 December 2021: 7,918). • Key claims assumptions in our financial model maintained, with minimal adjustments to historical cohorts (net adjustments total c. £240k uplift in revenue valuation for 2019–2021 cohorts).	• Continue to optimise our processes to achieve the admission and settlement timescales in our planning assumptions. • Manage the cost of processing claims to our plan.

Strategic Priority	Progress made in 2022	Our focus in 2023
Build a technologically enabled law firm to maximise our processing efficiency Ensure our technology and marketing supports digital sign-up and processing of cases, to delight customers and maximise efficiency.	• Digital sign ups as a % of those eligible for this route increased slightly from 11% in Q1 2022 to 12% in Q4 2022. • The number of unique sign-ins for MyAccount increased c. 14% from Q1 2022 to Q4 2022. • Ongoing improvements to our Peppermint case management system, in line with our focus on maximising processing efficiency.	• Grow the proportion of RTA small claims using our digital sign-up journey. • Continue to maximise customers' usage of our MyAccount portal. • Continue to develop our Peppermint case management system to drive further efficiency gains.
Deliver a great customer experience Ensure customer care is at the forefront of our service offering.	• Delivered leading customer satisfaction levels at sign-up resulting in 'Excellent' Trustpilot scores for National Accident Helpline (TrustScore 4.5). • Developed new customer service monitoring processes and metrics for NAL. • External Trustpilot score for NAL was 'Average' (TrustScore 3.6, from 750 reviews). This disappointing result largely stems from the large number of tariff-only RTA small claims that we received after the Whiplash Reforms, and the expectation gap between customers wanting to speak to our teams on the phone and our business model for these claims to be processed digitally. Since we stopped accepting new tariff-only work in February 2022 we have been more explicit about our approach with other small-claim customers.	• Maintain leading customer satisfaction levels at sign- up resulting in an 'Excellent' Trustpilot score for National Accident Helpline. • Continue to focus on delivering the best possible customer service for clients of NAL. • Improve external customer service metrics by proactively managing the expectations of new tariff-only RTA small claims clients, and soliciting reviews from clients who are happy with the settlement and service they have received. Use our newly introduced Customer Satisfaction (CSAT) survey to help us understand where we can improve.

Critical Care

Strategic Priority	Progress made in 2022	Our focus in 2023
Grow & Strengthen Customer Base Increase the breadth and depth of our customer base to drive an increase in new instructions year-on-year.	• Increased instruction numbers for expert witness work by 7% YoY and for initial needs assessments by 14%. • Supported 1,354 ongoing case management clients, an increase of 11% from 2021.	• Continue to grow case management and expert witness instruction numbers through developing relationships with new customers.
Extend Team Competencies and Specialisms Extend the range of competencies & specialisms across our case managers and expert witnesses to realise revenue at more stages in the case lifecycle.	• Recruited and trained 61 new associates in the period across a range of specialisms, geographies and case types to increase our capacity and improve our offering. • Recruited 14 specialist case managers to handle child and young person cases.	• Continue to grow the number of employed case managers to unlock margin growth.
Invest in Technology to Facilitate Growth Ensure Bush & Co is supported with the right technology to enable and underpin growth.	• In Q4, implemented a new Sage finance system which has already improved reporting and delivered process efficiencies. • Increased the number of our most popular care and occupational therapy reports using our in-house digital tool from 70% to 82%. • Progressed development of a portal for use by customers and clients. This is currently undergoing testing and is due to be released in H1 2023.	• Roll out customer and client portal to improve customer experience and processing efficiency. • Continue to develop the in-house report writing tool to cover more report types.
Expand into Adjacent Market Segments Continue to grow Bush Care Solutions, to complement Bush and Co.'s other services.	• Bush Care Solutions delivered 24% revenue growth in the year. • Grew the number of standalone nurse-led care packages to 10 by year-end.	• Leverage our business development capabilities to continue to grow case volumes for Bush Care Solutions.

Key Performance Indicators







Key Performance Indicators 2022

The Board monitors a number of Key Performance Indicators (KPIs) to assess the Group's performance against its strategic objectives. These KPIs include alternative performance measures that provide additional insight into performance of the business in areas that are critical for the long-term success of the Group.

These comprise non-financial, as well as financial, metrics which are not all directly reflected in the Group's financial statements but are assessed on a monthly basis and managed by divisional management.

Group KPIs

1. Revenue

Group revenue comprises amounts receivable from customers for the provision of the Group's services. The Group's key revenue streams are detailed in Note 1 to the financial statements on pages 93–94. As mentioned in the CEO report, the Group's transition to a self-processing law firm has meant that an increasing proportion of revenue is deferred until liability admission, and therefore monitoring and generating growth in revenues is key to the Group building a sustainable business model.

Revenue (£'000)

2. Cash generation – free cash flow

Free cash flow comprises the cash that the Group has generated from operations less amounts invested in capital items, lease payments and payments to and from members' non-controlling interests in our LLPs. A reconciliation of this figure to statutory measures is provided in the CFO's report on page 19. The growing maturity of NAL and the Group's joint venture law firms has contributed to an increase in free cash flow, which has been utilised to pay down debt.

Free Cash Flow (£'000)

3. Profitability – Operating Profit

Operating profit is the KPI that the Board believe reflects the overall performance of the business, and this should drive the profit attributable to shareholders, earnings per share and free cash flow.

Operating profit (£'000)

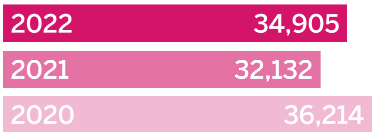
Consumer Legal Services KPIs

Our strategy to succeed in our Consumer Legal Services division is to grow the number of personal accident enquiries we generate and to process an increasing number of those enquiries in NAL, to create a more profitable and sustainable business. These KPIs reflect our progress with this.

4. Personal injury enquiry generation

Our ability to generate personal injury enquiries and balance these against market demand and available working capital, are a core element of our business model and a leading indicator of revenue.

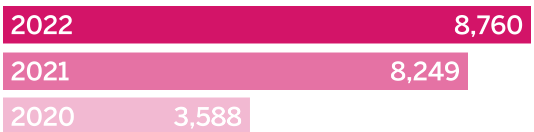
Enquiries (no.)



5. New enquiries allocated to NAL

Our placement decisions influence profit and cash flow in the current year, as well as in future years. Enquiries processed by NAL generate higher levels of profit compared to those processed by our joint venture law firms or the panel, but cash is delayed until the claim is settled. Monthly placement levels are planned as part of our annual budgetary process, but these can be flexed throughout the year depending on the volume of enquiries generated, capacity within National Accident Law and levels of capital available.

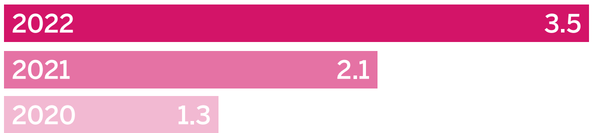
NAL placement (no.)



6. Cash generated from settlements in NAL

NAL generates cash at the point of settlement, which occurs at the very end of the claim cycle. The length of time a claim takes to settle depends on the nature of the claim but the cycle from enquiry to settlement can typically take up to two to three years. Increases in cash from settlements is an indicator of growing maturity in NAL, which leads to increased free cash flow. This free cash flow can then be reinvested in marketing and the working capital required to process claims.

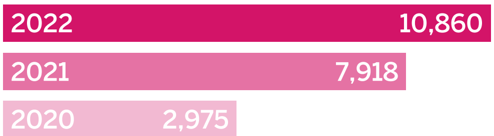
Cash generated from settlements (£m)



7. Number of ongoing claims in NAL

At any point in time, our teams in NAL will be managing a book of ongoing claims at varying stages of progression. These claims will ultimately result in future revenue and cash and so provide visibility of future earnings.

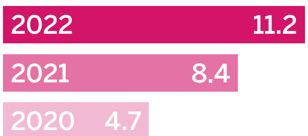
Ongoing claims (no.)



8. Value of ongoing claims in NAL

The book of ongoing claims in NAL has an embedded value, being the future cash expected to be generated by processing those claims through to settlement. We can estimate the future cash from settlements, using our financial model and assumptions, based on our experience of previous settled claims.

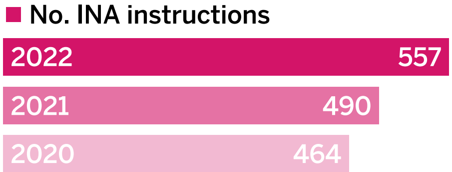
Value of ongoing claims (£m)



Critical Care KPIs

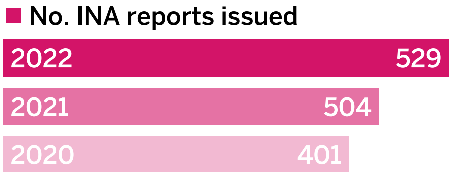
9. Number of initial needs assessment reports (INA) instructions

Customers instruct Bush & Co. to conduct face-to-face initial needs assessments to better understand their clients' rehabilitation needs. These instructions represent our pipeline of future work.



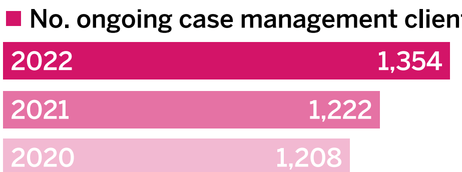
10. Number of INAs issued

Our case managers will document their INA assessments and recommendations for the most suitable interventions for their clients in reports. These reports are issued to our customers, who are charged a fee, resulting in revenue. This can lead to the client being signed up for ongoing case management work, which results in recurring revenue.



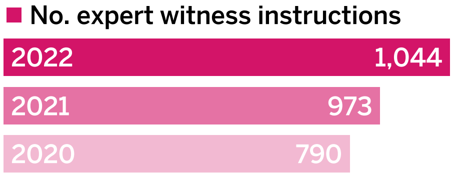
11. Number of ongoing case management clients

Through our claimant, defendant and insurer relationships, we provide a first-class case management service to enhance a client's rehabilitation. Our services are billed on a regular basis, depending on the level of support required in any given period. Given that our clients have complex needs, this support can often last years and so this revenue can be recurring, albeit the value of revenue will often be front loaded through the engagement.



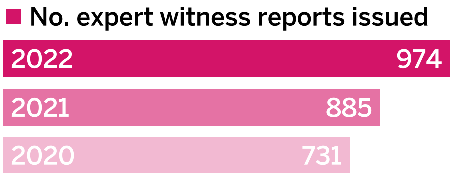
12. Number of expert witness report instructions

Our Expert Witness service provides medico-legal reports for both quantum and liability to claimant and defendant solicitor and insurers. These instructions represent our pipeline of future work.

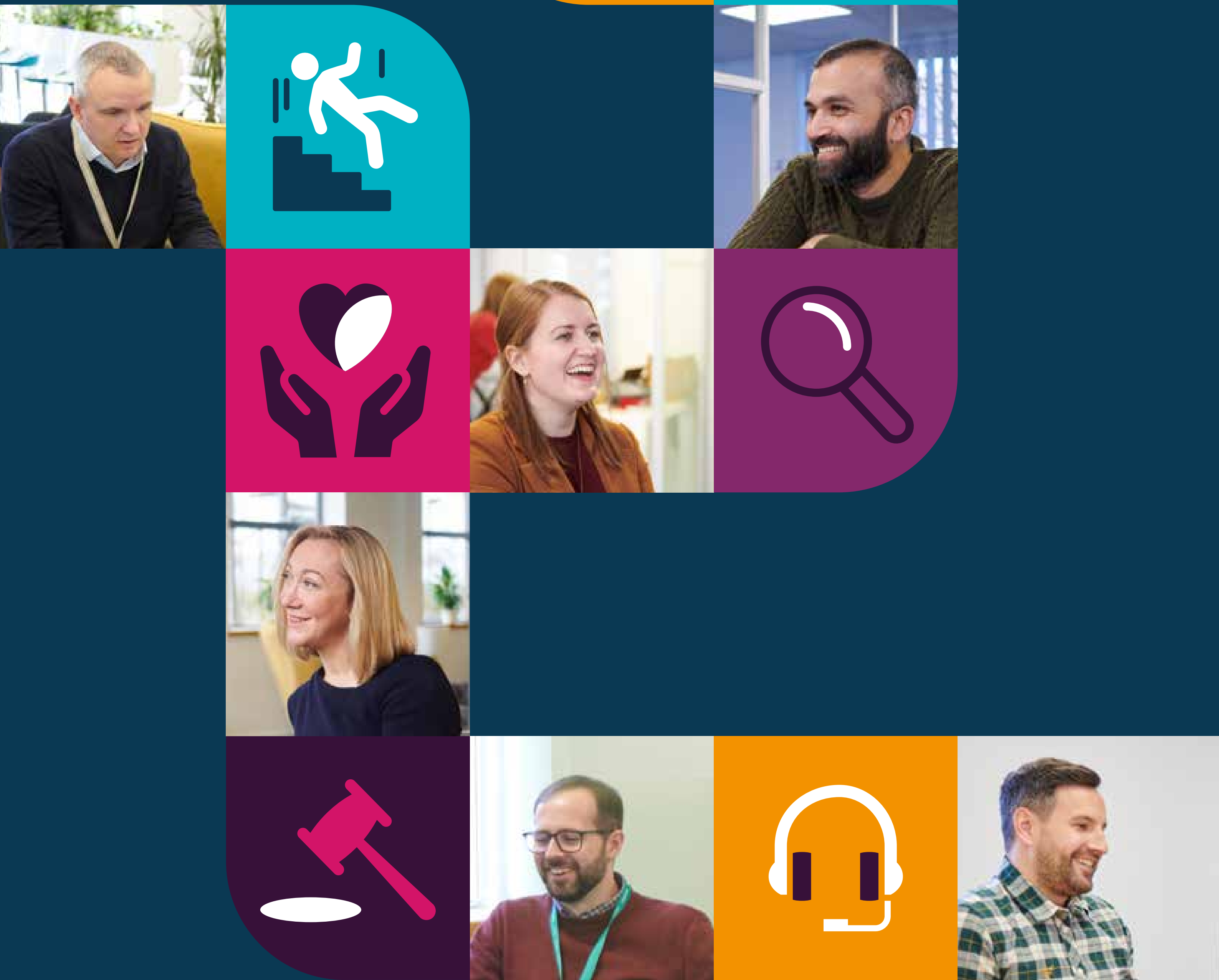


13. Number of expert witness reports issued

Our expert witness reports are written by experienced and credible associate expert witnesses who deliver objective opinion and high-quality liability and quantum reports. These reports are issued to our customers, who are charged a fee, resulting in revenue. Often, our customers will request additional follow up work, which can lead to further revenue.



Principal risks and uncertainties



Principal risks and uncertainties

The Board is mindful of the detrimental impact that the Group's principal risks and uncertainties could have on its ability to deliver on its strategic priorities. It seeks to identify, assess, and manage these risks through its risk management framework, regular reporting and, where necessary, additional assurance work. Whilst the Board has ultimate responsibility for risk, it is supported by the Audit and Risk Committee, Executive Directors, and management.

Our risk management framework

The Board maintains a risk management framework (figure 1, page 37) that combines a top- down strategic assessment of risk with a bottom-up operational identification and reporting process.

The regular review of existing risks and identification of emerging risks is managed through quarterly risk reviews held by divisional management, the Executive Directors, and the Group Legal & Compliance Director. Once risks are identified and the Group's appetite for each risk determined, risks are prioritised, and mitigating actions implemented.

Risk appetite

Every year, the Board reviews and sets the Group's appetite for risk. This is done by attributing a score to each one of six separate risk categories that the Board has identified. The categories are as follows:

1. Strategic & transformation
2. Operational
3. Financial
4. People and culture
5. Regulatory
6. IT, systems and data security

These are scored on a scale of 1 (lowest risk) to 12 (highest risk) and a score of 1–3 is described as an averse appetite, 4–6 is a cautious appetite, 7–9 is balanced appetite, and 10–12 is an entrepreneurial appetite. Individual risks are allocated a category and the associated risk appetite then informs management's approach to mitigating that risk.

Risk identification and reporting

Divisional management conducts an ongoing process of identification and assessment of key risks (both financial and non-financial) faced by their division. This includes the identification of emerging risks, whether from structural changes in their markets or transformation activity within the business.

Risks are collated on a risk register along with mitigating actions that reduce the residual risk to an acceptable level, with reference to the Board's appetite. Residual risks are assessed according to their likelihood of occurrence and potential impact on the profitability and cash flow of the Group.

Divisional risk registers are reviewed quarterly by the Executive Directors and risks are prioritised across the Group. The highest rated risks are denoted principal risks and are reported by the Executive Directors to the Audit and Risk Committee and the Board.


NAHL

Figure 1 – Risk management framework

Strategic assessment of risk and prioritisation

Board

Ultimate responsibility for risk management

- Sets strategic priorities
- Agrees the Group's appetite for each risk category
- Top-down risk identification
- Delegates authority

Audit & Risk Committee

Monitors effectiveness of risk management through reporting and assurance

- Sets scope of external audit
- Monitors internal controls through internal reviews
- Reviews critical accounting judgements and estimates

Executive Directors

Monitor performance and changes in key risk

- Provide regular reports and updates to the Board
- Report to the Board and Audit & Risk Committee on key risks
- Provide guidance and advice to divisional management through quarterly risk reviews

Divisional management

Identifies, manages and reports local risks

- Maintains local risk registers and mitigation plans
- Regular assessments of emerging risks
- Implements mitigation plans
- Reports quarterly to Executive Directors on risk

Risk identification and reporting

The principal risks identified are detailed below:

Description	Category	Risk Appetite	Mitigation
Credit exposure The Group has a number of ongoing arrangements with law firm customers and joint-venture partners, some of which include extended credit terms, which create a credit risk in the event of their insolvency or a dispute.	Financial	Cautious (6/12)	The Group has processes to approve credit limits and monitor exposures to law firm customers and partners that are consistent with its cautious appetite for risk. In Consumer Legal Services, extended credit terms have not been offered to new customers since 2020 and contractual provisions, such as set- off clauses and parental guarantees, are in place to mitigate the risk for material debts with joint-venture partners. An historic £1.4m debt owed on a settlement relating to the termination of National Law Partners, agreed in 2019, was cleared in June 2022. In Critical Care, the business offers extended credit terms on certain services and the risk is diluted by having a diverse range of customers. Material debts are monitored more closely by the credit control team and reported on the risk register.

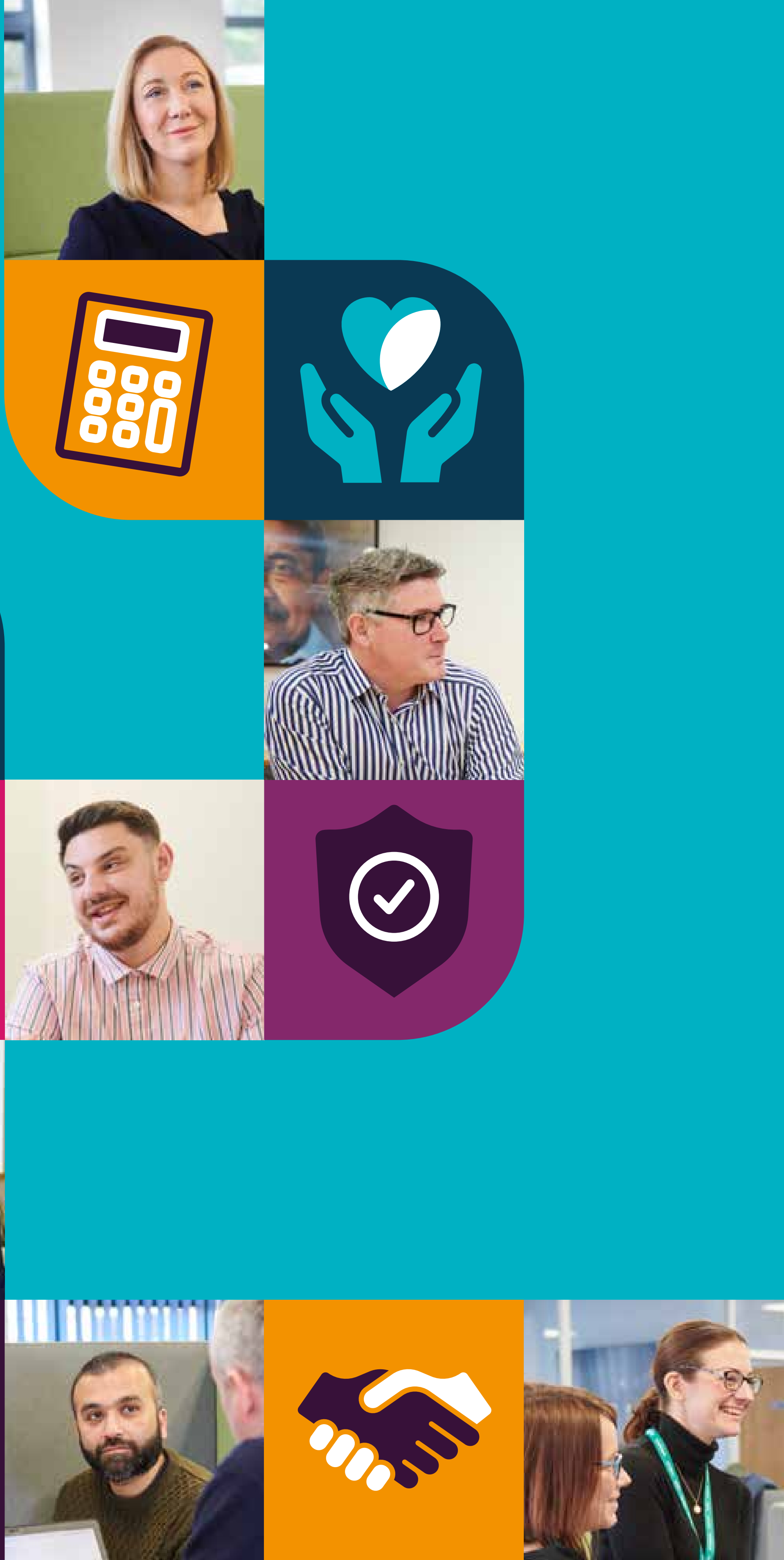
Description	Category	Risk Appetite	Mitigation
Accuracy of business model assumptions The Group's business model relies on several key assumptions which, if not delivered, could have a material impact on financial performance. These key assumptions include: • Enquiry generation costs and volumes • Placement of personal injury enquiries to panel firms • Claim processing performance • Volume of instructions in Critical Care • Average revenues for services in Critical Care	Financial	Cautious (6/12)	Model assumptions are determined by management with oversight from the Executive Directors and the Board, and sensitivities are then performed on the key assumptions. The model assumptions are scrutinised and regularly compared to actual results and updated where necessary. The 2023 budget factored in prudent assumptions relating to personal injury enquiry generation with no market growth assumed. Additional measures have been taken to de-risk certain assumptions by securing contractual guarantees from key partners.
Regulatory Breaches The Consumer Legal Services division operates in a highly regulated environment and handles high volumes of sensitive customer data, including credit card information and medical data, as well as client money. The Group's law firms are regulated by the Solicitors Regulation Authority. Breaches of regulations could result in regulatory action against those businesses, directors, and compliance officers. Critical care is audited by the Care Quality Commission (CQC), and any failings could create reputational damage and loss of customers.	Regulatory	Cautious (4/12)	Both divisions employ dedicated compliance resources responsible for managing regulatory issues and reporting directly to the Board. External legal advice is taken, including from leading counsel, where appropriate, in particular when faced with changes to the law and regulation, internal processes, or structure. In Critical Care, the divisional management have created a Clinical Governance Board to report to Executive Directors on risks arising from clinical decisions and regulation. This group comprises senior management and a Chief Medical Officer who is a consultant surgeon, at the Royal National Orthopaedic Hospital, Stanmore.

Description	Category	Risk Appetite	Mitigation
Critical Care self-employed associate model IR35 legislation requires careful interpretation to ensure arrangements do not breach tax laws, resulting in unexpected tax charges and fines.	Financial	Cautious (6/12)	To comply with IR35 rules, the Board has taken external advice from a leading accountancy and tax firm and made the necessary status determinations for each associate. These determinations are supported by contractual terms, operational processes and working practices currently in place. Bush & Co regularly monitors compliance with these processes and has controls in place to ensure the risk of a breach of the legislation is low.
Key Person Dependency and Recruitment Unavailability or loss of key individuals could have a detrimental impact on business performance. Significant intellectual property, relationships and experience is held by certain members of management. If they became unavailable there could be a short-term impact on operational performance and the progress of key projects. To support its growth agenda, the Group has successfully developed its hybrid and remote working models.	People and Culture	Balanced (8/12)	There is a succession plan in place covering all key individuals and no one person is responsible for any key relationship. Bonus schemes and share options are put in place to support retention of key employees and are regularly reviewed by the Remuneration Committee. Remote and hybrid working has been established across the Group and has proven to be a significant enabler in attracting and training new people, particularly experienced legal staff.

Description	Category	Risk Appetite	Mitigation
Working capital management and funding The Group is managing its levels of working capital as it builds its book of personal injury claims in National Accident Law. These claims can take up to three years to process and it is at the point of settlement of each successful claim that cash is received. The Group's working capital is funded through its £20m revolving credit facility (RCF), which runs to December 2024. This facility includes several financial covenants, which have been aligned with the Group's strategy and medium-term forecasts. If performance falls outside of expectations, the Group could be required to depart from its growth strategy in order to meet covenant requirements (e.g. by reducing investment in NAL).	Financial	Cautious (6/12)	The Board closely monitors the use of capital and uses short and medium-term forecasts to plan future requirements. Compliance with the debt covenants is reviewed on a monthly basis by the Executive Directors and reported to the Board.
IT Infrastructure and Security Many of the Group's interactions with its customers are online and systems are increasingly automated, creating an increased exposure to systems error. Both divisions are reliant on their IT systems to capture and protect valuable customer data obtained in the normal course of business. Theft, loss, and misappropriation of digital assets and data could result in reputational damage and/or regulatory fines. The Group relies on a number of key IT suppliers and its systems are increasingly automated, creating an increased exposure to systems error.	IT Systems & Data Security	Cautious (5/12)	The Group takes data security very seriously and has robust policies and procedures to ensure it is compliant with the Data Protection Act 2018 and the General Data Protection Regulations (GDPR). Business Continuity plans are in place and have been tested, the Group's employees are provided with regular training, and the cyber security controls are regularly stress tested. External suppliers are used to conduct regular penetration and phishing testing and the Consumer Legal Services division has secured the Cyber Essentials accreditation. A cyber security steering group meets quarterly to assess risk.

Description	Category	Risk Appetite	Mitigation
Interest rate risk The Group is exposed to interest rate risk through its £20m RCF, of which £16m was drawn at year- end. Interest accrues at 2.25% above the Sterling Overnight Index Average (SONIA), which closely tracks the Bank of England (BoE) base rate. Given the elevated levels of inflation in the UK, and the higher base rate set by the BoE in response, this risk is likely to remain elevated this year leading to higher borrowing costs for the Group.	Financial	Cautious (6/12)	The Group will continue to leverage its flexible placement model to drive short-term cash flow in addition to developing its maturing book of claims in NAL. Strong cash generation from the Group's joint venture law firms and Critical Care division will underpin free cash flow in 2023, leading to a further reduction in drawn debt. The Board have explored interest rate hedging strategies, such as interest rate swaps, but concluded that the cost of such tools currently outweighs the potential risk. This decision will be reviewed should the forecast for interest rates worsen further.

Our
culture



Our sustainable culture

At NAHL, we aim to build a sustainable business for the long-term gain of all our stakeholders. For us, this means being a great company to work for, delivering to the best of our abilities for our customers, adopting a partnership approach with our key suppliers, creating long-term value for our shareholders and also making a positive contribution to our communities and the environment.

The Group strives to create a culture of trust and openness underpinned by our four Values:

Unified

to work together to do the best job possible and engage with our partners and suppliers

Driven

to deliver operational and financial performance and provide outstanding levels of service for our customers

Curious

about how we can work effectively, make improvements and do things differently to create the best environment for our people and the best experience for our customers

Passionate

about the business, what we do and why we do it and each employee's own role within this

The Group is aware that its activities have a far-reaching impact across a number of different stakeholders. The Group has identified its key stakeholders as:

Our People

Our well trained, highly engaged people give us a competitive advantage and through our award-winning company culture we provide a high-trust environment where they can thrive.

Engagement

The Group takes pride in its exceptionally high levels of employee engagement, which for 2022 was measured at 78% (compared to a Gallup Europe average of 14%). Our focus for the year was on connection – bringing people back together post-pandemic in a new, hybrid working world with more face-to-face engagement with our teams and colleagues across each business unit.

In our Consumer Legal Services division, we launched our first 'OneTeam' day which allowed colleagues from across the country to come together in person at our Kettering head office. The day involved time set aside for teams to catch up and review the OwnIt! Survey results and feedback their suggestions, as well as presentations from the senior leaders to give updates on strategy, operations and goals for the year. Time was also set aside for employees to socialise with other teams across the business.

In Critical Care, the launch of 'Together Tuesday' saw all employees come together once a week in the office to create connections and enhance the culture at Bush & Co. with a focus on openness, teamworking and kindness.

2022 also saw the return of our Summer Social and End of Year Party events which celebrated the successes of the year and allowed us to recognise the achievements of our colleagues through a range of awards including our Values Champions, Graduate of the Year, Team of the Year and the Employee Choice Award.

We continued to seek feedback from our people through our annual staff survey, called 'OwnIt!', which gives our colleagues the chance to have their say and own the actions coming out of it. This covered topics such as management and leadership, training and development and work/life balance, with lots of useful comments and positive changes made as a result. After the data was collated by the Group People Director, it was presented to the Group Executive Team and the Board.

Engagement score

78%

(Gallup Europe average 14%)

Training and development

The provision of training not only helps us to achieve the best service possible for our customers but also provides opportunities for personal growth and development for our employees. The Group has a dedicated Learning & Development team who are responsible for ensuring the continual development and improvement of our operational teams and the People Team offer a range of training and development opportunities for the wider workforce. During 2022 over £240,000 was invested into employee development and the key achievements during the year included:

- The launch of a new Employee Welcome session as we welcomed an additional 125 employees in various roles across the Group.
- Over 246 hours of coaching and training provided.
- The continuation of our training programs saw 40 people participate in 'Strengths Training', 32 in 'Imposter Syndrome', 12 in 'Self-Confidence', 33 in first aid and 13 in our 'Pathway to Leadership' programme.
- 38 internal promotions (equating to c. 15% of our people promoted in the year).

The Consumer Legal Services division also rounded off the year with an 'Investors In People' Gold award demonstrating the Group's commitment to our People.

Wellbeing

At NAHL we believe in allowing our employees to be the best they can be and a healthy mindset and work-life balance are important aspects of this. During 2022, the Group provided the following tools to aid with our employees' wellbeing:

- We highlighted Mental Health Awareness Week through various activities within the office and online through our Totem engagement app. This included senior leaders throughout the business talking about their own personal mental health journeys and mindfulness sessions for all to get involved in. Mental Health first aid training was also offered to anyone who wanted to take part.
- Hosting a reading challenge in April where employees were encouraged to share recommendations, and for every book read the Group funded the planting of a tree in our forest.
- Celebrating World Kindness Week where employees were encouraged to share words of kindness with each other through Totem and in person in our offices.
- Launching breakfast in the office as a way to provide nourishment for our people and set them up for the day ahead.

Equal Opportunities and Diversity

Our people are recruited from a diverse range of backgrounds and experience to join our teams, as we believe that makes us better able to serve our customers. Following a diversity and inclusivity training programme in 2021, in 2022 the Group sought to celebrate the individuality of its workforce through:

- Marking Black History Month by encouraging employees to share their stories and inspirations on Totem and donating to the Mary Seacole Trust for every story shared.
- Celebrating International Women's Day by asking our employees to tell us who inspires them and highlighted successful women on LinkedIn.
- Celebrating Pride month for the first time which included decorating the office, dressing up and hosting a range of activities to celebrate.

The Group is committed to providing equal opportunities for all and has an equal opportunities policy which employees are able to access.

When we asked our people in the 2022 OwnIt! survey, 93% of respondents said that they believed that everyone in our business is treated fairly regardless of race, gender, ethnicity, disability, sexual orientation or other differences.

Our customers

The Group's customers fall into two distinct categories covering both business-to-business (B2B) and business-to-consumer (B2C) sales.

Our B2B customers are supported by dedicated partnership and business development teams who work to ensure that all parties are satisfied with the management of the relationship and its results. In Personal Injury, our panel law firms are an important and valued part of our strategy and regular review meetings are held with our panel firms throughout the year. These meetings typically cover areas such as feedback, risk, growth, market changes and exchange of business updates.

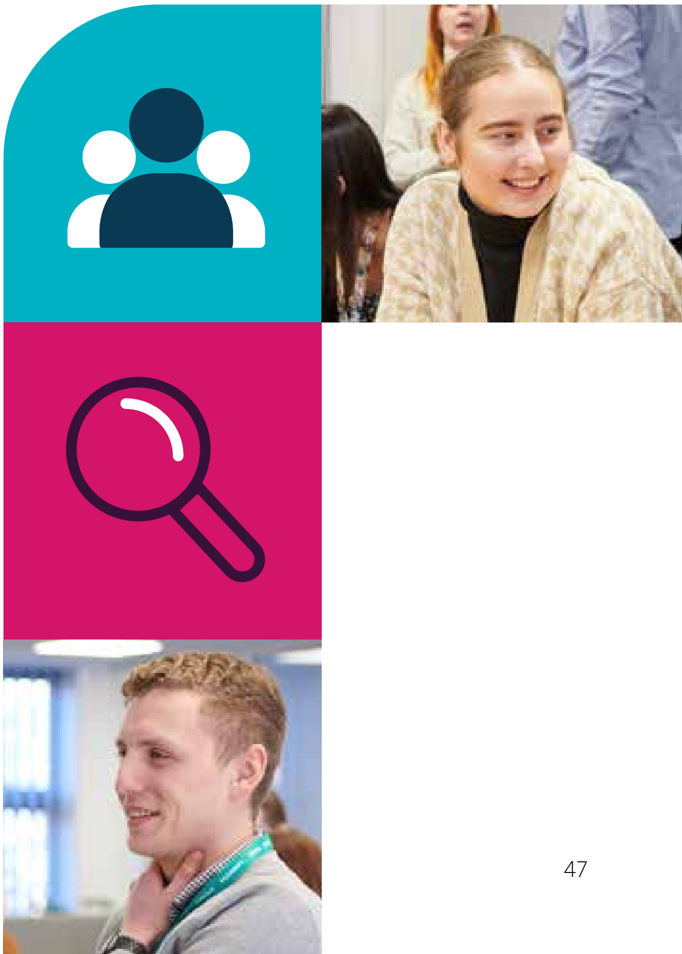
Our B2C customers benefit from the expertise of our dedicated legal support teams. National Accident Helpline remains one of the most trusted brands in our market reflecting the ethos of our customer-first approach. Our values extend to the way we approach these relationships and engage with our customers:

- We are passionate about putting things right when things go wrong. In 2022, National Accident Law has helped almost 35,000 people with their personal injury claims.
- We are curious about how we can better serve our clients. We've designed and implemented a sector leading quality process which requires our teams to carefully review our work with a fine-tooth comb and identify improvements for clients.
- We are unified with our approach in tackling client concerns. Our dedicated compliance team has extended the scope of our complaint policy to include a direct triage service between clients and file handlers to ensure any escalated concerns are prioritised as well as ensuring our clients feel that their concerns are being treated with the utmost integrity and support.
- We are driven to do better. Customer satisfaction surveys have recently been launched which will provide valuable insight about what we are doing well as well as how we can improve the service we offer clients.

In Critical Care we have continued with our 'Happy Post' campaign to stay connected to our customers and we have delivered several interesting sessions on clinical topics for our solicitor customers to support their ongoing Continual Professional Development (CPD). We have also hosted a number of networking events to get to better know our customers' needs and maintain close relationships.

35,000 people

helped with their personal injury claim



Our suppliers

The Group works with a number of key suppliers, primarily providers of marketing support services, technology providers, self-employed associates, property search agents and surveyors. Each business has dedicated marketing and operations teams who work closely with these suppliers, in partnership, to ensure the successful delivery of these services for both parties. In Critical Care, we operate a number of initiatives for our case manager and expert witness associates including hosting regional and national meetings to provide peer support and networking. In 2022, we successfully launched our new case manager mentorship programme along with monthly drop-in sessions covering CPD and key skills.

Our investors

The Group aims to maintain an ongoing dialogue with shareholders and potential investors throughout the year, to update them on business performance, receive feedback and understand shareholder voting decisions. Our Investors section of our website (www.nahlgroupplc.co.uk/investors) explains how we have sought to do this, including:

- Engaging with investors through our Annual General Meeting which in 2022 was held as a face-to-face meeting for the first time since 2019.
- Meeting larger shareholders during our twice-yearly roadshows, following the announcement of the full year and interim results.
- Meeting with retail shareholders using the InvestorMeetCompany platform enabling us to review the results of the Group, host live Q&A sessions, and engage with a wider audience.
- The Chair of the Board has made himself available to meet investors, as required.

The Board seeks to manage investor expectations whilst striving to make the right decisions as it navigates the ever-changing markets in which it operates; aiming to strike a balance between long-term shareholder value and short-term business needs.

The Environment

NAHL Group plc is conscious of its environmental impact and the need for all businesses to play their part in minimising their impact on the environment and creating sustainable business practices. With this in mind, the following directives were undertaken during the year:

Following on from the launch of the Consumer Legal Services division's 'Grow 25' strategy, the Group partnered with a company to plant trees in Madagascar. In 2022, the Group funded the planting of 291 new trees and now has 463 trees in our forest which should result in 139 tonnes of CO_2 being sequestered over their lifetime.

The Group continues to investigate ways of minimising its environmental impact and in April 2022, to coincide with Earth Day, the Group introduced further recycling bins to its offices throughout the year to collect items that are traditionally more challenging to recycle. Over 10 large bags have since been filled with items that would otherwise have gone to landfill.

Our Communities

During 2022, employees of the Group spent over 200 hours of their time volunteering in their local communities. The Group encourages employees to take advantage of community days and, in 2022, to support this initiative the Group partnered with 'The Green Patch' which is a large community garden project, based in Kettering. The Green Patch delivers children's clubs, education sessions and family events in our local community and our volunteers have helped with the upkeep of the community garden, donating money and time to ensure this valuable resource stays in great shape for those who rely on it.

Other community days included helping at the RSPCA Rushden to build a new cat enclosure and several employees also organised their own community volunteering which saw them getting involved in school trips, allotment projects and litter picking. The Group also raised funds for a number of causes throughout the year and along with our employees, donated over £50,000 to charities including the Ukraine Humanitarian Appeal, The Green Patch, Save the Children and the Mary Seacole Trust.

200 hours

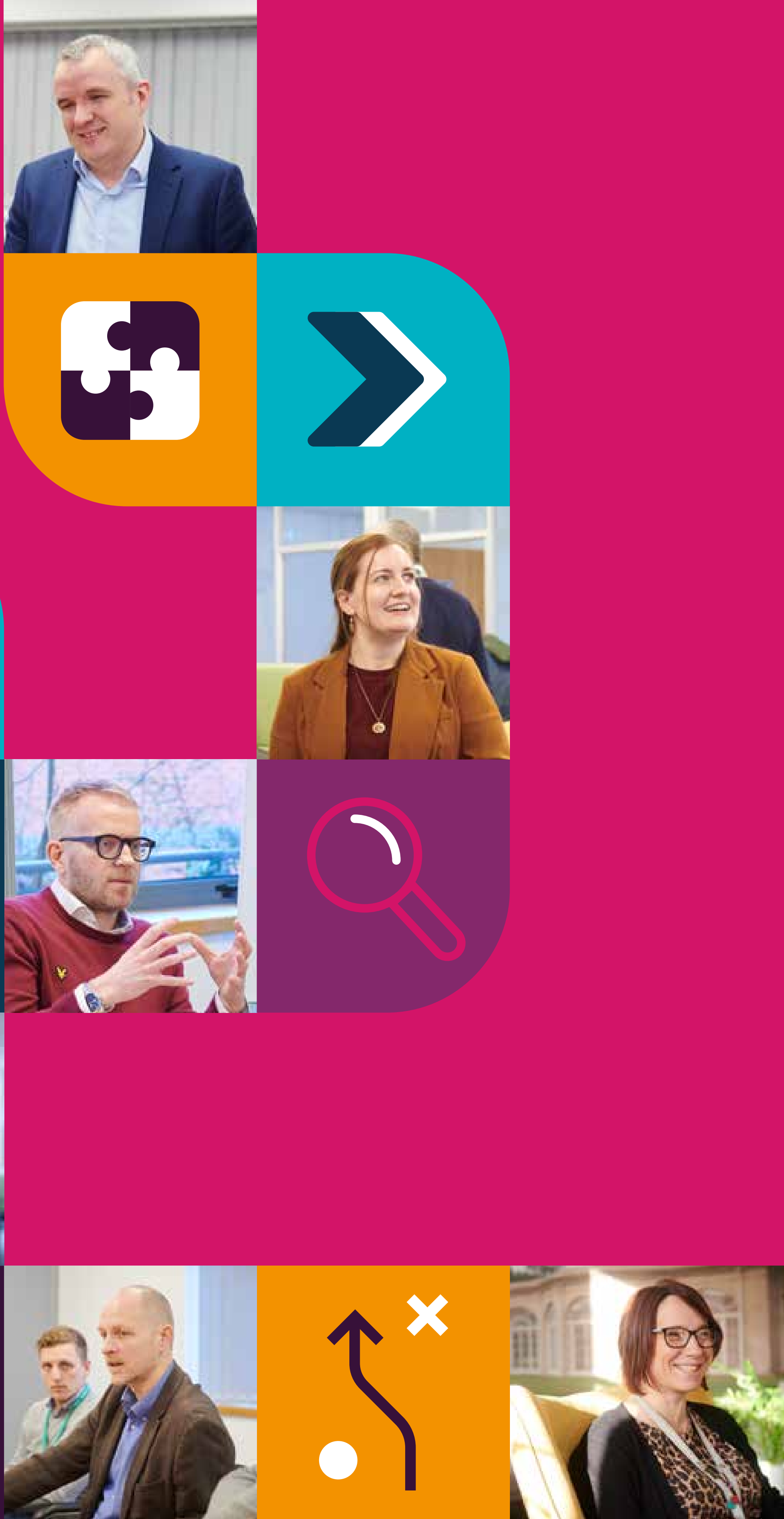
of volunterring

I love working for NAL - everyone wants to help and support each other, no matter what they have going on. My manager is open and honest with me, I feel she trusts me and I have a great relationship with her.

The company is a fantastic place to work and truly lives the values in everything it does and through the people that work here.

The support my team and manager provide me with is incredible and I couldn't be happier.

Section 172 Statement



Section 172 Statement and stakeholder engagement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard, among other matters, to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

The likely consequences of any decision in the long-term

The key decisions made by the Board during the year were:

- To focus on strengthening our financial position by targeting a reduction in net debt. This was achieved through careful cash management and close monitoring of personal injury enquiry placement decisions resulting in a free cash flow of £2.2m and a reduction in net debt from £15.5m at 31 December 2021 to £13.3m at 31 December 2022. We were pleased to see that £3.5m of this cashflow was generated by settlements in NAL.
- Increased investment in marketing and leveraging the National Accident Helpline brand to stimulate market share gains. 2022 saw the Group strengthen its marketing team through the recruitment of a new Brand and Marketing Director and several changes within the marketing team. June 2022 also saw National Accident Helpline's first return to TV advertising since January 2020 and initial in-year results are encouraging, showing an increase in both lead numbers and improved conversion.
- To continue with our chosen strategy of investing for sustainable growth. We placed 8,760 enquiries into NAL during 2022, a 6% increase on 2021 and which will generate future revenues, profit and cash for the Group. As at 31 December 2022, NAL had 10,860 ongoing claims which we anticipate will generate £11.2m of cash and £8.2m of revenue in the future.

The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. Further detail on the long- term strategy and the Board's decision-making driving this can be found in the CEO's Report on pages 7–13. Our trusted brands (CEO's report page 9) and Investors in People (CEO's report page 12) are both testament to how the business strives to maintain its reputation for high standards of business conduct. The Board sees the value of building and maintaining strong relationships with its key stakeholders, who are identified on pages 46–48.

The interests of the Company's employees

The Group's employees are at the heart of its culture and its operations and as a service provider, the Group recognises the importance of its people to drive its strategy. Employee engagement remains a primary focus for the leadership teams and the Board engages with employees through a dedicated People Team, led by the People Director and supported by the CEO and CFO. The People Director attends the monthly operations meetings with the senior leadership team and attends Board meetings by invitation on a regular basis to feedback to the Board on all employee issues including pay, engagement, training and recruitment.

The Group seeks to understand the needs of its employees primarily through its annual staff survey which covers areas such as development, relationships with management and the senior leaders, work-life balance and views on the business overall. The results of this survey are presented to both the workforce as a whole through small group meetings where results and actions can be discussed in more detail and through presentation and feedback to the Board and senior leadership team where issues can be addressed. Significant actions identified by the 2022 survey included offering more activities and opportunities to develop people, better communication of the work our business does and the impact it has on its customers and society and a focus on connection – with c. 82% of our workforce now operating in hybrid office/home environment, the latter was a particular area of focus for 2022. See Our Culture on pages 44–47 for more details.

The Group undertakes an annual pay review taking into account market benchmarks. A 2% increase in pay was awarded to our employees in March 2022. Pay increases above this 2% are considered on an individual basis and take into account personal performance, training and responsibility advances and skill/knowledge. The Group also undertakes a gender pay gap analysis annually.

The need to foster the company's business relationships with suppliers, customers and others

The Board acknowledges that in order to deliver on its strategy, it needs to ensure effective collaboration with its key stakeholders. These include its suppliers, customers, bankers and investors. Details on how the Board seeks to foster relationships with suppliers, customers and investors is given on pages 47–48. The Board ensures it keeps in regular contact with its bankers and the CEO and CFO have regular communication with Yorkshire Bank's relationship manager.

The impact of the company's operations on the community and the environment

The Board are aware that the activities of the Group and the impact of these activities has a far- reaching impact and are mindful to take actions to limit the Group's impact on the environment and to make a positive impact on its communities. Details on how it does this can be found on page 48.

The desirability of the company maintaining a reputation for high standards of business conduct

The Board believes that its success lies with its people and ensuring we have a strong leadership team that provides exceptional oversight and governance that aligns to our values is key to this. Details of the Board and Senior Leadership team can be found on pages 55–57 and details of how the Board has complied with the QCA Corporate Governance Code (its chosen corporate governance framework) can be found on page 63.

The Group is subject to regulation from a number of sources and has a duty to operate within these regulatory guidelines. In order to ensure the Group adheres to these guidelines, the Group has a dedicated legal and compliance team that ensures business is conducted in line with these requirements. Further details can be found in the principal risks and uncertainties report on page 39.

The need to act fairly with members of the company

The Board seeks to balance its long-term strategy with shareholder needs. The Board continue to explore the options for the Group and consideration is given as to how best to generate value for shareholders. The Board considers that its chosen strategy of growing its personal injury self- processing operations remains the most appropriate to drive long-term, sustainable value and the return to profitability during the year as well as the cash generated by settlements and book of ongoing claims at the year end, give the Board confidence in this decision. The Board seeks to maintain regular dialogue with shareholders throughout the year as detailed on page 48.

The strategic report on pages 4–53 was approved by the Board on 21 March 2023 and signed on its behalf by:

Tim Aspinall
Chair

Leadership and Governance

Board of Directors

Tim Aspinall

Non-Executive Chair

Tim Aspinall became Chair in October 2020, having been a Non-Executive Director since June 2016. He sits on the Group's Remuneration Committee and Chairs the Nominations Committee. He attends the Audit and Risk Committee by invitation.

Tim runs Aspinall Consultants Limited, a management consultancy business advising professional services firms on strategy, performance management and mergers and acquisitions.

Tim is also a Non-Executive Director of Kuro Health Limited which is one of the leading providers of medical reports in the UK. Tim is a qualified solicitor and his senior leadership career in the legal sector includes Managing Partner of DMH Stallard LLP where he led its transformation into an award winning and highly respected mid-market law firm.

Chris Higham

Chief Financial Officer

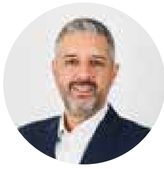
(appointed 15 September 2022)

Chris Higham is Chief Financial Officer of the Group, which he joined in 2006.

As Group Chief Financial Officer, Chris' responsibilities include management of the finance function and liaising with the Group's investors and the banks. Chris has an in-depth understanding of the Group's operations, having helped implement the Personal Injury business' transformation and developed the finance function during a period of significant change.

Chris joined the Group in 2006 as the Financial Controller of National Accident Helpline Limited. He has worked in numerous roles at NAHL, including CFO of the Personal Injury business, Commercial Director at Homeward Legal Limited (previously Fitzalan Partners Ltd) and most recently Group Finance Director.

Chris is a fellow of the Association of Chartered Certified Accountants (ACCA) and prior to joining NAHL he spent 5 years at Thomson Reuters.



James Saralis

Chief Executive Officer

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

As Chief Executive Officer, James' responsibilities include managing the day-to-day operations of the business, developing and implementing the Group's strategy, ensuring delivery of budgeted financial performance and promoting the values of the Group.

Between 1 January 2018 and 16 August 2021, James served in the role of Group Chief Financial Officer and was instrumental in the strategic and operational development of NAHL, playing a key role in navigating the challenges presented by the coronavirus pandemic and in transforming the Personal Injury business into a modern, technologically-enabled law firm.

James has a wealth of experience both operationally and of the AIM market. Previously, he spent over 10 years in the general insurance industry, including as CFO of the Direct & Partnerships and Employee Benefits divisions of Jelf, part of Marsh & McLennan Companies. James has also held various finance roles in Clearspeed Technology plc, HBOS plc and RAC plc. He is a Chartered Accountant and fellow of the ICAEW, having been a member since 2003. He holds a Bachelor of Science from the University of Bristol.

Sally Tilleray

Non-Executive Director

Sally joined the Board on 19 July 2019 and is Chair of the Group's Audit and Risk Committee, as well as sitting on the Remuneration and Nominations Committees.

Sally is Senior Independent Director of Mind Gym plc, the AIM quoted behavioural science training and business improvement group and Non-Executive Director of AIM quoted Skillcast plc, the leading provider of corporate compliance e-learning in the UK. She is Chair of UNRVLD, a digital experience agency and Non- Executive Director of Nominet the official registry for all .UK domain names.

In her executive career, Sally was previously Group Chief Operating Officer and Group Chief Financial Officer at Huntsworth plc, the fully listed international healthcare and communications firm, where she was responsible for the Group's worldwide financial functions and day to day operations. Prior to this, she served as CFO Europe for Predictive Inc., a technology consulting business which listed on Nasdaq in 2000. She is a member of the Chartered Institute of Management Accountants.

Brian Phillips

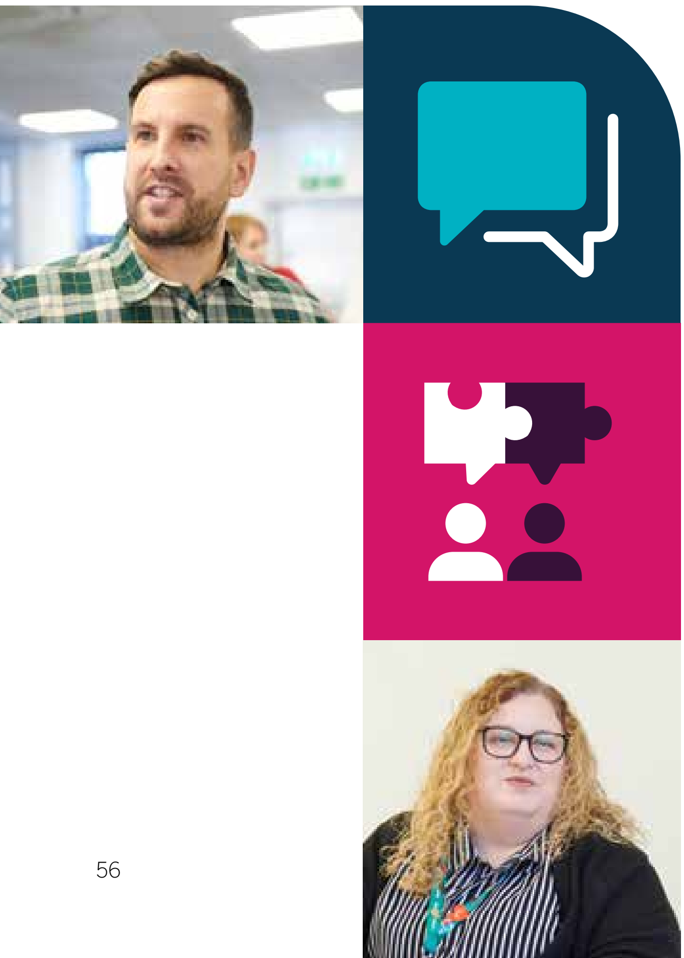
Non-Executive Director

Brian joined the Board on 25 June 2020 as a Non-Executive Director and is Chair of the Group's Remuneration Committee, as well as sitting on the Audit and Risk and Nominations Committees.

He has had a long and distinguished career in private equity and in 2014 stepped back from full time employment to build a portfolio of investments using his own capital. He later used this experience and extensive contacts in the field to start Ethos Partners LLP in 2017, which is a private investment office operating in the UK small cap and private equity market.

During his executive career, Brian was previously the Chief Investment Officer for Greenhill Capital Partners in London where he was recruited to set up a new private equity business for Greenhill & Co., a listed US investment bank. Previous to this he was Managing Director for L&G Ventures and a Director at various firms including Bridgepoint and Gartmore Private Capital.

Brian is a Chartered Accountant and member of the Institute of Chartered Accountants of Scotland.



Group Executive team

Will Herbertson

Managing Director, Consumer Legal Services

Will joined the Group as Managing Director of the Group's Residential Property division in September 2018 before moving into the role of Director of Marketing and Strategy, Consumer Legal Services following the merger of the Residential Property Division with the Personal Injury Division in 2020.

In the current role of Managing Director – Consumer Legal Services, Will is responsible for the executive leadership and operations of the Consumer Legal Services Division which includes National Accident Law, National Accident Helpline (marketing business), Searches UK, Homeward Legal, Your Law and Law Together.

Will brings extensive commercial, marketing and digital experience to the Group. Prior to joining the Group, Will was a Commercial Director at MoneySupermarket and held UK and international sales and marketing positions with Proctor & Gamble, where he started his career.

Helen Jackson

Managing Director, Critical Care

Helen was appointed as Managing Director at Bush & Company in July 2016 having spent four years as Group HR Director.

Responsible for overall strategy and leadership within the division as well as business development, quality and clinical independence, Helen has driven a number of business improvements.

More recently of note, Helen led Bush in launching two industry leading ventures with the Spinal Injuries Association and Child Brain Injury Trust, both prominent charities in the sector, reinforcing the Company's market positioning as the leader in catastrophic injury in case management, building on Bush's 30 years of success within the Critical Care sector.

Previously, Helen held HR leadership roles at Everest, BUPA and Tesco.

Marcus Lamont

Group People Director

During his time with the Group, Marcus has embarked on delivering improvements to talent development, embedding the Group's culture and values and enhancing recruitment processes, with significant focus on an aligned approach across all divisions.

Passionate about staff engagement and recognition, Marcus recently delivered Gold Standard Investors in People status for the Personal Injury division as well as ensured its inclusion for the first time in the Sunday Times Top 100 Best Small Companies to work for.

Marcus joined from Everest where he was HR Director, taking the lead on talent management, leadership development, employee engagement and change management. Prior to that, Marcus held senior positions at UPS plc, across the globe.

Jonathan White

Group Legal & Compliance Director

Jonathan was appointed Group Legal & Compliance Director in 2020, having joined the Group in 2010.

During this time, he has supported NAHL in navigating through a decade of regulatory change and was heavily involved in the successful floatation on AIM and the subsequent creation of National Accident Law in 2019.

Jonathan was appointed to support the Government's insurance fraud task force and the FCA's claims management consultive group and has worked extensively with Government departments and regulators to tackle cold calling and unethical marketing. More recently, he has supported ACSO on a range of initiatives including cross sector COVID-19 protocols and fraud prevention.

Jonathan is an experienced solicitor with over 20 years' experience in personal injury, commercial and regulatory law.

Chair's Introduction to Governance

Dear Shareholder,

On behalf of the Board of Directors of NAHL Group plc (the "Board"), I am pleased to introduce our Corporate Governance statement for the year ended 31 December 2022. The purpose of this section of the annual report is to set out our commitment to good corporate governance, which should be read in conjunction with our website which provides further detail.

The Board is committed to a high level of corporate governance, which is the way in which companies are directed and controlled. It believes that good corporate governance is vital to support long-term growth in shareholder value. To achieve this, companies require an efficient, effective and dynamic management framework that is accompanied by clear communication, promoting confidence and trust.

Compliance with the QCA Corporate Governance Code

Companies listed on AIM are required to adopt a recognised corporate governance code. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. We believe that the QCA code is a pragmatic, principles-based tool that enhances the Group's ability to explain its approach to corporate governance. It is appropriate for the needs and circumstances of small and mid-sized quoted companies on a public market and the Board consider it still to be appropriate for NAHL Group.

The code is based around a set of ten principles to which the Group must either comply or explain why it has chosen not to. The ten principles of the code are set out in the table on page 63 and I can confirm that we are in compliance with the requirements of the code and the table provides signposts to the relevant disclosures and explanations.

Shareholder engagement

An important part of the QCA code concerns engagement and communication with our shareholders. We welcome open and regular dialogue with our shareholders and the Our Investors section of our website explains how we have sought to do this.

In 2022 we were pleased to be able to invite shareholders to attend our Annual General Meeting in person for the first time since 2019. We also sought to maintain engagement and dialogue with a wider base of shareholders by encouraging shareholders to listen to the meeting via a remote platform, InvestorMeetCompany, and submit questions prior to the meeting, which were subsequently answered by the Directors during the meeting.

It is our intention that this year we will adopt the same approach giving shareholders the opportunity to attend the AGM face-to-face or to follow proceedings via our remote platform and I would like to extend an invitation to all shareholders to attend our AGM and to engage with the Board and other members of our senior leadership team who will be in attendance.

Tim Aspinall
Chair

Governance Statement

Governance Structure

An important element of corporate governance is the governance structure that is in place to manage and control the activities of the Group and this is set out below. Details of the composition of the Board and their roles are set out on pages 60–61.

Board

Comprises the Non-Executive Chair, two Non-Executive Directors (NEDs) and two Executive Directors, the Group CEO and Group CFO.

Led by the Chair, the Board is collectively responsible for promoting the long-term success of the Group for the benefit of its shareholders and wider stakeholders. It provides oversight, sets the Group's strategy and risk appetite, and scrutinises investment cases. It makes decisions on matters reserved for the Board.

Group CEO

Leads the management team in the day- to-day running of the business, develops and executes the strategy agreed with the Board, actively engages with shareholders on the performance of the Group, and maintains an inclusive, progressive culture, for the benefit of the Group's people, communities and the environment.

Group Executive

Chaired by the Group CEO, also comprises the Group CFO, Group People Director, Legal & Compliance Director and Managing Director of each of the Group's divisions. Supports the Group CEO in leading the business and managing risk, implementing the strategy and developing investment cases.

Audit & Risk Committee

Comprises the NEDs. The Chair, Group CEO and Group CFO attend by invitation.

Oversees the integrity of the financial statements, monitors risk and internal controls, reviews accounting policies, appoints external auditor and approves their remuneration.

Remuneration Committee

Comprises the Chair and NEDs. The Group CEO attends by invitation.

Determines the remuneration policy of the Board and Group Executive.

Nominations Committee

Comprises the Chair and NEDs.Reviews structure, size and composition of the Board, succession planning and makes recommendations on Board appointments.

As Company Secretary, Kirstie Cove, supports the Board with compliance and governance matters. The Board will continue to review this structure as part of its Board effectiveness reviews.

Board composition and roles

During the year Gillian Kent stepped down from the role of Non-Executive Director and chair of the remuneration and nominations committees after 8 years of service. Chris Higham was also appointed to the Board as Chief Financial Officer (CFO) after serving as acting CFO since August 2021.

The Board now comprises the Non-Executive Chair, two independent Non-Executive Directors and two Executive Directors. Their biographies can be found on pages 55–56. The Board believes that the current Board composition provides the skills and experience necessary to meet the Group's needs, given its size and nature.

There is a clear separation of the roles of Non-Executive Chair and Executive Directors.

Role of the Chair

The Chair, Tim Aspinall, is responsible for leading the Board, ensuring it is focusing on strategic matters and setting high governance standards. The Chair adopts a leading role in determining the composition and structure of the Board and promotes and oversees the highest standards of corporate governance within the Board and the Group. He plays a pivotal role in fostering the effectiveness of the Board and individual Directors, both inside and outside the board room, encouraging an open, inclusive discussion which challenges executives, where appropriate. The Chair promotes constructive relations between the Non-Executive Directors and Executive Directors, facilitating open debate, active engagement and effective contribution by all members of the Board. He sets an agenda for the Board which is forward looking and focuses on strategic matters. He is also responsible for ensuring effective communication with shareholders and representing the Group with external parties.

Role of the CEO

The Group CEO, James Saralis, is accountable, and reports to, the Board and is responsible for leading the management team in the day-to-day running of the Group’s business, implementing its long and short-term plans, and executing the strategy and commercial objectives agreed by the Board. The Group CEO chairs the Group Executive, leading them to maximise the performance of the business and acts as liaison between the Executive and the Board, communicating its decisions and recommendations to the Board as well as reporting progress to the Board in the execution and delivery of strategic objectives. The CEO supports the Chair with stakeholder and shareholder management, ensuring the Board is made aware of the views of these stakeholders on business issues. He also supports the Chair in ensuring that appropriate standards of governance apply through all parts of the Group, providing clear leadership on responsible business conduct and maintaining a positive and inclusive company culture; setting an example to the Group’s people and other key stakeholders.

Role of the CFO

The Group CFO, Chris Higham, is responsible for managing the financial and risk actions of the Group and supporting the Group CEO in ensuring the development and execution of strategies to grow shareholder value. He provides strong, functional leadership to the Group’s finance department, including in matters of financial reporting, tax, treasury, pensions and investor relations and supports the CEO with his responsibilities for senior manager appointments and development and fostering good working relationships with the Executive team. He supports the Group CEO in ensuring that management fulfils its obligation to provide the Board with accurate, timely, balanced and clear financial information and other relevant KPIs in a form and of a quality that will enable it to discharge its duties effectively. The Group CFO also supports the Group CEO in representing the Group to its shareholders and providing regular updates on business performance and strategic developments.

Non-Executive Directors

The Non-Executive Directors, Sally Tilleray and Brian Phillips, provide positive challenge as an essential aspect of good governance and, using their wider experience outside of the Group, give constructive feedback on policies and proposals put forward by the Executive Directors. They Chair the Board Committees to provide independent oversight of these important areas of governance.

Board meetings

Board meetings were attended both virtually and in person throughout the year.

The Board met seven times during 2022 and the meetings last for approximately half a day. In addition to this, all Directors attend the Group's Annual General Meeting. Additional meetings or conference calls are convened as required. Members of the Board also chair and sit on the Board committees and these each have their own time commitments.

The following table shows the Directors' attendance at Board and Committee meetings during the year:

	Board	Audit	Remuneration	Nomination
Tim Aspinall	7/7	N/A	3/3	1/1
James Saralis	7/7	N/A	N/A	N/A
Chris Higham	7/7	N/A	N/A	N/A
Gillian Kent	6/6	3/3	2/2	1/1
Sally Tilleray	7/7	4/4	3/3	1/1
Brian Phillips	7/7	4/4	3/3	1/1

Board effectiveness

Members of the Board maintain membership of a number of professional bodies and ensure their skill sets are constantly developed. As part of our ongoing commitment to staff development, Executive Directors and senior leaders have personal development programmes which include mentoring and attendance at high level leadership programmes. In addition, they receive individual support for specific and identified development needs to ensure they are kept up to date on relevant legal developments or changes in best practice.

The Nominations Committee is responsible for considering the make-up of the Board and identifies any succession planning requirements.

No individual or group dominates the Board's decision-making processes.

The Chair annually reviews the contributions of Board members, with a focus on ensuring effectiveness and relevance. The Board periodically reviews its effectiveness and performance as a unit to ensure that it is operating collectively in an efficient, informed, productive and open manner.

As stated in the 2021 Governance Statement, the Board undertook an evaluation of its effectiveness in 2021 which was supervised by the Company Secretary and concluded that the Board operates effectively and its structures and procedures are appropriate for the current situation of the Group. The Board plans to conduct the next review into its effectiveness in the second half of 2023. The results of this review will be presented in the Group's financial statements for the financial year to 31 December 2023.

Internal control

The Group has implemented policies on internal control and corporate governance. These have been prepared in order to ensure that:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture, although the Group finance team has implemented a series of internal control reviews and reports the outcomes of these to the Audit and Risk Committee.

Board committees

To assist in carrying out its duties the Board has set up a number of committees, including the Audit and Risk Committee, the Remuneration Committee and the Nominations Committee. Each committee has formally delegated duties and responsibilities with written terms of reference. From time-to-time separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the responsibilities and composition of the committees is set out below and the terms of reference can be downloaded from our website.

Audit and Risk Committee

The Audit and Risk Committee consists of:

Sally Tilleray (Chair)

Brian Phillips

The Audit and Risk Committee is expected to meet formally at least three times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

Remuneration Committee

The Remuneration Committee consists of:

Brian Phillips (Chair)

Tim Aspinall

Sally Tilleray

The Remuneration Committee is expected to meet not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chair, the Executive and Non-Executive Directors, the Company Secretary and other senior executives. The Remuneration Committee also has responsibility for:

- determining the total individual remuneration package of the Chair and each Executive Director (including bonuses, incentive payments and share options or other share awards); and
- determining the total individual remuneration package of the Company Secretary and all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Group's policy and in consultation with the Chair of the Board and/or the Executive Directors.

No director or manager may be involved in any discussions as to their own remuneration.

Nominations Committee

The Nominations Committee consists of:

Tim Aspinall (Chair)

Sally Tilleray

Brian Phillips

The Nominations Committee is expected to meet not less than once a year and at such other times as required. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

Accountability and stakeholders

The Board considers that the 2022 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Details of how we do this are also explained in the Audit and Risk Committee report.

How we have complied with the QCA Corporate Governance Code

Deliver Growth	
Governance principles	**Reference**
1. Establish a strategy and business model which promote long-term value for shareholders	See Our Business, pages 22–25 and CEO's report (pages 7–11)
2. Seek to understand and meet shareholder needs and expectations	See Chair's Introduction to Governance (page 58)
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	See Our Culture (pages 46–48) and Section 172 Statement (pages 52–53)
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	See Principal Risks and Uncertainties (pages 35–42)
Maintain a dynamic management framework	
Governance principles	**Reference**
5. Maintain the Board as a well- functioning, balanced team led by the Chair	See Governance Statement (pages 59–62)
6. Ensure that between them the directors have the necessary up-to- date experience, skills and capabilities	See Governance Statement (pages 59–62)
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	See Governance Statement (page 61)
8. Promote a corporate culture that is based on ethical values and behaviours	See Our Culture (pages 44–48)
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	See Governance Statement (pages 59–62)
Build Trust	
Governance principles	**Reference**
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	See Chair's Introduction to Governance (page 58) and Section 172 Statement (pages 52–53)

Audit and Risk Committee Report

Dear Shareholder,

I am pleased to present my report of the Audit and Risk Committee for the year ended 31 December 2022.

The composition and responsibilities of the Committee are set out on page 62. The Chair, Chief Executive Officer, Chief Financial Officer, Group Financial Controller and external auditors attend the Committee by invitation, if required.

The main items of business considered by the Committee during the year included:

Re-appointment of external auditor

The Committee considers a number of areas when reviewing the external auditor appointment, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and remuneration. Mazars LLP (Mazars) were first appointed as the Group's external auditor in 2020 and conducted the audit of the Group's financial statements for the financial year to 31 December 2020. At the Annual General Meeting in June 2022 Mazars were re-appointed for 2022. The Committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in note 3 to the financial statements. The non-audit fees relate to a regulatory audit of compliance with the Solicitors Accounting Rules in National Accident Law.

Following the completion of this year's audit, the Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of Mazars and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

External audit process

On completion of the annual audit, the Committee reviews the overall audit process and engages with both management and Mazars to determine any areas of improvement for the coming year. The Committee determined that overall, the audit process is considered to be effective for both parties.

The external auditor prepared a plan for its audit of the full year financial statements, which, this year, was presented to the Committee in November 2022.

The audit plan set out the scope of the audit, areas of significant risk for the external auditor to focus their work on and audit timetable. This plan was reviewed and agreed in advance by the Audit and Risk Committee.

Following its review, the external auditor presented its findings to the Audit and Risk Committee for discussion. No major areas of concern were highlighted by the external auditor during the year however areas of significant risk and other matters of audit relevance were discussed.

Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements considered by the Committee during the year are set out in note 1 to the financial statements on page 92. In consideration of these judgements, the Committee reviewed the recommendations of the finance function and received reports from the external auditors on their findings.

The only area of judgement deemed to warrant disclosure under IAS 1 is the decision to consolidate the results and net assets of two Limited Liability Partnership (LLP) law firms in the financial statements. There have been no changes to this judgement since the prior year and further details are given in note 1 to the financial statements.

The Committee has also considered the key sources of estimation uncertainty set out in note 1 to the financial statements on pages 92–93, which comprises:

- Estimates in relation to the revenue recognition on provision of legal services.
- Estimates concerning recoverability of trade receivables.
- Estimates concerning the assumptions used in the annual impairment review of goodwill and parent company investment.

There have been no changes to the methodology used for estimates in relation to revenue recognition or recoverability of trade receivables and no changes in circumstances that would indicate these assumptions are no longer appropriate. Further details are given in note 1 to the financial statements.

The Audit and Risk Committee have reviewed the assumptions used in the preparation of the goodwill and parent company investment impairment reviews in detail given the narrower headroom identified this year, particularly in relation to goodwill allocated to the Personal Injury Cash Generating Unit. The reduction in headroom has been driven by an increase to the WACC rate, in turn driven by an increase to the Risk-Free Rate (RFR). The Audit Committee has focused its review on the two key inputs to the review being the WACC rate and the underlying divisional forecasts/growth rates.

WACC rate – the WACC rate has been based on inputs using external sources to verify the RFR, Beta and market risk premium. Company specific risks have then been applied to take into account the specific risks of each division. The Audit Committee have discussed and challenged these inputs to ensure they are suitable and have concluded that these inputs are appropriate.

Forecasts and growth rates – the Personal Injury market remains relatively flat and market assumptions around the speed of recovery to pre-pandemic levels have been softened to reflect this. The division has made solid progress on its strategy during the year and the Audit Committee consider these forecasts to be an appropriate base.

Sensitivities have been run on the impairment calculations that indicate the calculations are most sensitive to changes in the WACC rate. A further 22% increase to the WACC rate would likely reduce the available headroom to nil. Given the significant increase from 2021 to 2022, a further large increase is considered to be unlikely however the Audit Committee will continue to monitor this area closely throughout 2023.

In summary, the Committee is satisfied that the judgements and estimates made by management are appropriate.

Going Concern

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 sensitivities. These forecasts consist of the 2023 budget and extended forecasts and the period considered for the going concern review is to the end of March 2024, being approximately 12 months from the date of signing of the 2022 Annual Report and financial statements. The key assumption in the forecast is the growth of Personal Injury's self- processing operations as this growth is the key driver for both profitability and cash going forward. 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 December 2021 and has access to a £20.0m revolving credit facility (RCF) with its bankers which is due to mature on 31 December 2024. In all of the scenarios the Group has modelled it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

Further details of the going concern review are given on page 91. Based on this review, the Committee has a reasonable expectation that the Company and Group has adequate resources to continue in existence for the foreseeable future and has concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

New and forthcoming accounting standards

There were no new accounting standards during the year.

Risk Management Framework and controls

The Audit and Risk Committee provides support to the Board in its oversight of the Group's risk management framework, as set out on page 35 and monitors the effectiveness of risk management through reporting and assurance. During the year, the committee commissioned a review into the risk management framework and risk appetite to ensure the appetite of the senior management team was in alignment with that of the Board. This review was conducted by the Group Legal & Compliance Director and concluded that no changes to the risk management framework were needed and that the appetite of the senior management team and Board was consistent.

At present the Group does not have an internal audit function, but the finance function conducts a programme of review of the financial controls operating within each of the businesses, identifying areas to be improved and reporting the outcomes to the Committee. The Committee believes that in view of the current size and nature of the Group's businesses, this approach is sufficient to enable the Committee to derive sufficient assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves. The internal review program for 2022 focused on the following areas:

Divisional reviews

In response to a number of personnel changes within the finance function of the Critical Care division, the Group finance team were engaged to perform a review of the significant finance processes undertaken by the divisional finance team. The review identified a number of areas where improvements could be made with the majority being able to be addressed through improvements to finance systems. The Division upgraded its systems in October 2022 with the new systems already showing improvements to the quality of reporting and efficiencies in day-to-day processing.

Review into Group policies and procedures

The Committee engaged management to undertake a review of the Group policies and procedures including the Financial Policies, Practices and Procedures. This was led by the Group Legal & Compliance Director and supported by the Group financial controller. As part of this process, all policies were collated into a central directory and logged onto a tracker to ensure ease of access and review going forward. The Committee subsequently performed a review of the policies and fed back their comments to management.

Environmental, Social and Governance (ESG) reporting

Given the increasing focus on ESG reporting, the Committee reviewed its approach to this area during the year. The Committee reviewed the proposal put forward by the management team and determined that, given the Group is largely people-based and its operations have a limited impact on the environment, the current approach was considered sufficient given the strategic focus of the Group. The Committee recognises the importance of considering the Group's wider impact on both the environment and its communities and will continue to review its approach to this area.

Sally Tilleray
Chair of the Audit and Risk Committee

Directors' Remuneration Report 2022

Dear Shareholder,

This is my first year as Chair of the Remuneration Committee and on behalf of my colleagues on the Remuneration Committee and the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2022.

The composition and responsibilities of the Committee are set out on page 62.

The Directors' Remuneration Policy was approved at our 2021 AGM and is available in our 2020 Directors' Remuneration Report on our website.

The annual Directors' Remuneration Report provides details of the amounts earned in respect of the year ended 31 December 2022 and how the Directors' Remuneration Policy will be operated for the year commencing 1 January 2023.

Review of the 2022 financial year

2022 saw the Group achieve its financial goals and return to growth. Group revenue increased by 6% to £41.4m and operating profit increased from £4.2m to £4.8m. The Group also made progress on reducing its net debt from £15.5m at 31 December 2021 to £13.3m at 31 December 2022. Both of our divisions made good progress on their strategic plans as we increased the number of enquiries processed in-house by National Accident Law and Critical Care expanded its services and specialisms.

The above context informed and shaped the decisions of the Committee during the year.

Remuneration decisions in respect of 2022

Board changes

Chris Higham was appointed Acting CFO on 17 August 2021 and in recognition of his progression in this role and performance during the year, was promoted to the Board on 15 September 2022. At the same time, his salary was set at £150,000. For reference, James Saralis' salary, in his previous role as CFO, was set at £170,000. Taking into account Chris Higham's promotion to the Board, his 2023 annual bonus and restricted share award opportunity have each been set at 50% of salary. Further details are provided below.

On 30 September 2022, Gillian Kent resigned from her role as Non-Executive Director and Chair of the Remuneration Committee. The Board asked me to take over as Chair of the Committee and I agreed.

Salary and Fees

The CEO was awarded a 2% increase in salary with effect from 1 March 2022 in line with the percentage increase awarded to the wider workforce. It was announced in the 2021 Directors' Remuneration Report that the Non-Executive Directors would receive a 2% increase to base fees with effect from 1 March 2022, however, the Non-Executive Directors subsequently declined this increase.

Annual bonus outcomes

The 2022 annual bonus required the Group to achieve stretching operating profit targets in order to pay out. The threshold operating profit target of £5.5m was not achieved and therefore the Executive Directors did not receive a bonus payment.

Long-term incentives

There were no long-term incentive awards vesting during the 2022 financial year.

On 27 April 2022, restricted share awards were granted to James Saralis and Chris Higham as follows:

- For James Saralis, an award over 261,070 shares (with a value at grant date equivalent to 50% of his April 2022 salary) which will vest on the third anniversary of the grant date, subject to continued employment and a business performance underpin.
- For Chris Higham, an award over 85,000 shares (with a value at grant date equivalent to 25% of his April 2022 salary) which will vest on the third anniversary of the grant date, subject to continued employment and a business performance underpin.

Implementation of Directors' Remuneration Policy for 2023

Salary/Fees

The Executive Directors were awarded a 3% increase in salary with effect from 1 March 2023, in line with the average salary increase awarded to the wider workforce.

There was no increase in Non-Executive Directors' or the Chair's fees, which have remained unchanged since 2019.

Annual bonus plan

The CEO's annual bonus opportunity for 2023 will remain at a maximum of 100% of salary and the CFO's will be set at 50% of salary. The bonuses are subject to stretching operating profit targets for 2023. The performance targets are considered commercially sensitive and will be disclosed in next years' Directors' Remuneration Report.

Long-term incentives

It is proposed that the Executive Directors will be granted a restricted share award equal to 50% of salary at grant. The award will vest on the third anniversary of the grant date subject to continued employment and a business performance underpin.

Conclusion

We are committed to a responsible and transparent approach in respect of executive pay. The Committee believes that the advisory vote provides accountability and gives shareholders a say on this important area of corporate governance. We continue to welcome any feedback from shareholders and hope to receive your support at the 2023 AGM.

Brian Phillips
Chair of the Remuneration Committee
21 March 2023

Single figure of remuneration (audited)

The table below details the elements of remuneration receivable by each Director for the financial year ended 31 December 2022 and the total remuneration receivable by each Director for that financial year and for the financial year ended 31 December 2021.

	Salary and fees £000	Benefits £000	Annual Bonus £000	Pension £000	**Total Remuneration 2022 £000**	Total Remuneration 2021 £000
J D Saralis[1]	219	18	–	2	**239**	219
C Higham[2]	44	5	–	1	**50**	–
Non-Executive Directors						
T J M Aspinall	80	–	–	–	**80**	80
G D C Kent[3]	38	–	–	–	**38**	50
S A Tilleray	50	–	–	–	**50**	50
B Phillips[4]	46	–	–	–	**46**	45

1. J D Saralis was appointed as CEO on 17 August 2021. The total remuneration figure for 2021 is based on a combination of the salary he received prior to and following appointment as CEO.
2. C Higham was appointed to the Board as CFO from 15 September 2022. Previously he was not a member of the Board. The salary, benefits and pension figures above represent his pro-rated remuneration from the date of his appointment to the Board to 31 December 2022.
3. G D C Kent resigned from the Board on 30 September 2022.
4. B Phillips was appointed to Chair of the Remuneration Committee from 30 September 2022.

The taxable benefits received during the financial year ended 31 December 2022 are principally car allowance and private medical insurance.

Individual elements of remuneration (audited)

Base salary and fees

The base salaries for 2022 and 2023 are as set out below:

	2023 base salary £000	2022 base salary[1] £000	% increase
J D Saralis	**226**	219	3%
C Higham	**155**	150[1]	3%

1. The 2022 figure represents C Higham's salary on his appointment to the Board.

Details of Non-Executive Directors' fees for 2022 and 2023 are as set out below:

	2023 fee £000	2022 fee £000	% increase
Chair's fee	**80**	80	0%
Non-Executive Director's fee	**45**	45	0%
Chair of the Audit and Risk Committee	**5**	5	0%
Chair of the Remuneration Committee	**5**	5	0%

Annual bonus plan (audited)

The maximum annual bonus opportunity for the CEO was capped at 100% of salary and for the CFO 30% of salary in respect of the year ended 31 December 2022. 100% of the annual bonus was assessed against underlying operating profit performance.

The threshold operating profit target was not achieved and therefore the Executive Directors did not receive a bonus payment.

The following table sets out the bonus criteria for the CEO and CFO.

Performance measure	Performance measure	Proportion of bonus determined by measure	Performance target	Bonus earned £000
James Saralis	Operating profit	100%	Operating profit threshold of £5.5m was not achieved.	0
Chris Higham	Operating profit	100%	Operating profit threshold of £5.5m was not achieved.	0

Long-term incentives (audited)

No long-term incentive awards vested during the year ended 31 December 2022.

Awards granted during the year

On 27 April 2022, restricted share awards were granted to James Saralis and Chris Higham as follows:

Performance measure	Number of shares	Face value at grant (% salary)	Face value at grant (£000)[1]	Vesting period
James Saralis	261,070	50% of April 2022 salary	110	3 years
Chris Higham	85,000	25% of April 2022 salary	36	3 years

1. The 3 day average mid-market closing share price prior to grant (£0.42) was used to determine the face value of the awards.

Awards will vest on the third anniversary of the grant date subject to continued employment and a business performance underpin.

Statement of Directors' shareholding and share interests

The interests of the Directors and their immediate families in the Company's Ordinary Shares as at 31 December 2022 and as at 31 December 2021 were as follows:

	31 December 2022	31 December 2021
Executive Director		
J D Saralis	**0.10%**	0.10%
C Higham[1]	**0.34%**	n/a
Non-Executive Directors		
T J M Aspinall	**0.02%**	0.02%
B Phillips	**0.00%**	0.00%
S A Tilleray	**0.00%**	0.00%

1. Chris Higham was appointed to the Board on 15 September 2022.

The interests of the CEO and CFO as at 31 December 2022 in the Company's share schemes were as follows:

Director	Plan	Exercised during the year	Vested but unexercised during the year	Unvested and subject to performance measures	Unvested and not subject to performance measures	**Total as at 31 December 2022**
J D Saralis	Restricted share award	–	–	689,313	–	**689,313**
C Higham	EMI[1]	–	124,999	–	–	**124,999**
	Restricted share award	–	–	177,000	–	**177,000**

1. C Higham's EMI awards relate to share options granted in 2014. These vested in 2017 and are exercisable until 31 December 2024 at an exercise price of £2.00.

Consideration by the Directors of matters relating to Directors' remuneration

During the year ended 31 December 2022, the Committee was composed of the Company's independent Non-Executive Directors, Gillian Kent (Chair, to 30 September 2022), Brian Phillips (Chair, from 30 September 2022), Tim Aspinall and Sally Tilleray.

Executive Directors only attend meetings by invitation.

The Committee's key responsibilities are:

- reviewing the ongoing appropriateness and relevance of remuneration policy and its application to the business;
- reviewing and approving the remuneration packages of the Executive Directors;
- the grant of 2022 restricted share awards for Executive Directors and senior management and the outturn of prior long-term incentive awards;
- monitoring the level and structure of remuneration of the senior management; and
- production of the Annual Report on the Directors' Remuneration.

Advisors

During the year ended 31 December 2022, the Committee received independent advice from Deloitte LLP. Deloitte is a founder member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealings with the Committee. Fees for this service were £4,750.

Directors' Remuneration Report voting at the 2022 AGM

The table below sets out the voting outcome at the Group's AGM held on 15 June 2022 in respect of the resolution to approve the 2021 Directors' Remuneration Report.

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld (abstentions)
Approval of Directors' Remuneration Report	26,390,856	99.6	100,877	0.4	26,491,733	13,157

Directors' Report

The Directors of NAHL Group plc present their Annual Report and audited consolidated financial statements for the year ended 31 December 2022.

Results and dividend

The Group's profit after tax for the year was £0.4m (2021: profit of £0.2m). The Directors do not propose a final dividend (2021: 0.0p per share).

A review of the business, including future developments, is included in the Strategic Report on pages 4–53.

Post balance sheet events

There are no significant events affecting the Company and the Group since the statement of financial position date.

Substantial shareholdings

The Group was notified of the following interests amounting to 10% or more of its issued share capital at the financial year end:

Harwood Capital 19.82%

Lombard Odier Asset Management 18.02%

Schroder Investment Management 16.65%

Directors' third-party indemnity provisions

The Company maintained during the year and to the date of approval of the financial statements, indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Capital structure

Details of the capital structure can be found in note 19 of the consolidated financial statements. The Group has employee share option plans in place, full details of which can be found in note 20 to the financial statements.

Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, interest-bearing loans and trade and other payables. Further details on financial instruments are given in note 22 to the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

T J M Aspinall (Chair)

J D Saralis (Chief Executive Officer)

C Higham (Chief Financial Officer, appointed 15th September 2022)

G D C Kent (Independent Non-Executive, resigned 30th September 2022)

S P Tilleray (Independent Non-Executive)

B Phillips (Independent Non-Executive)

Biographies of the present Directors of the Company are listed on pages 55–56.

Details of the remuneration of the Directors is disclosed in the Remuneration Report on pages 67–72.

Political donations

No political donations were made during the year or the previous year.

Statement on engagement with employees

For information on how the Group has engaged with employees during the year, see Our Culture on pages 46–47.

Statement of relationships with suppliers, customers and others

For information on how the Group has maintained relationships with suppliers, customers and others, see Section 172 statement on page 53.

Group's policy concerning employment of disabled persons

NAHL Group plc is committed to providing equal opportunities for all and taking action on unlawful discrimination. We seek to recruit, train and promote based on experience, skills and performance and provide our employees with the necessary tools and equipment to allow them to perform their duties to the best of their abilities.

Auditor

Mazars LLP was appointed as Auditor during the year and have expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the year have been included in the Strategic Report on pages 4–53 along with information regarding employee matters. Information regarding the Group's financial risk management objectives and policies is included in note 22 to the financial statements on pages 115–119.

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 Board have considered detailed financial forecasts of future trading, profits and cash flows covering the Group's adopted strategy and considers a range of sensitivities. 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 December 2021 and has access to a £20.0m revolving credit facility (RCF) with its bankers which is due to mature on 31 December 2024. In all of the scenarios the Group has modelled, it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

Further details of the going concern review are given on page 91. Based on this review, the Board has a reasonable expectation that the Company and Group has adequate resources to continue in existence for the foreseeable future and has concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Energy and Carbon Reporting

This is the third year the Group has been required to comply with the Streamline Energy and Carbon Reporting (SECR) legislation.

Methodology

The report follows the SECR guidance and the GHG Reporting Protocol – Corporate Standard as the accepted methodology to meet the mandatory requirements. No additional optional elements have been included. The UK Government's greenhouse gas conversion factors have been used to calculate the carbon emissions.

The below table demonstrates the GHG Emissions and Energy Usage Data for the financial year ended 31 December 2022. For offices where electricity is part of a service charge, usage has been estimated based on adjusting the bills received for other offices around the Group. No data has been included for business mileage which falls under scope 3 as the Group does not consider this material to voluntarily disclose.

Energy consumption used to calculate emissions (electricity/mWh) 61.9 (2021: 85.5)

Energy consumption used to calculate emissions (gas/mWh) 0 (2021: 0)

Emissions from purchased gas tCO_2e (scope 1) 0 (2021: 0)

Emissions from purchased electricity tCO_2e (scope 2) 13.13 (2021: 19.76)

Intensity measurement (tonnes CO_2e per employee) 0.05 (2021: 0.08)

All energy use is in the UK.

Intensity measurement

The Group has chosen tonnes of gross CO_2e per employee as the reported SECR intensity metric. This is considered to be the most appropriate basis for an office-based operation that relies heavily on its workforce to provide services to its customers. This is a relevant and common business metric and will serve as a consistent comparative for reporting purposes going forwards.

Energy efficiency actions taken

The Group operates from three locations around the UK and its workforce is largely office and home-based.

As an office-based operation, the Group considers its largest carbon footprint to come from the use of energy used in an office environment e.g. light, heat and computer usage and therefore it has continued to focus its efficiency actions around this area.

The Group switched to a green energy supplier for its Kettering head office in 2021 and continued to use this supplier throughout 2022. The Group also moved to a formal hybrid working model, reducing the emissions generated through its staff base travelling to the office each day.

Further details on how the Group has sought to limit its impact on the environment are given in Our Sustainable Culture on page 48.

Group response to Modern Slavery Act 2015

1. Organisational structure and recruitment processes

The Group's organisational structures include the Board, Senior Management teams across two divisions, a contact centre at one of the three locations and standard support functions across all sites. Recruitment processes include the monitoring of passport documentation, with all new recruits expected to show their passport as a proof of identity. The Group also reviews shared addresses. In addition, the Group monitors the ongoing wellbeing of its employees through line management relationships and operates an Employee Assistance Programme.

Where recruitment agencies are used to employ staff, the Group ensures these agencies also have an approved statement in support of the Modern Slavery Act 2015.

As these structures and recruitment processes apply to UK-based operations, the Group considers these to be very low risk.

2. Services

The services NAHL Group plc provides to its customers and consumers are UK office-based, with UK field based service providers in regular contact with their operational management teams. The Group's supply chain in relation to services consists on the whole of marketing and legal services in Personal Injury and specialist associates in Critical Care and Residential Property. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

3. Goods

In terms of goods supplied to the Group, the majority of goods will be goods for use in an office environment such as stationery and office equipment. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the

Group financial statements in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 and Company financial statements in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards have been followed for the Group financial statements and whether applicable international accounting standards have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors of the ultimate parent Company are responsible for the maintenance and integrity of the ultimate parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Parent Company auditors are aware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board

James Saralis
Chief Executive Officer
21 March 2023

Financial statements

Independent auditor's report to the members of NAHL Group Plc

Opinion

We have audited the financial statements of NAHL Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Obtaining management's formal going concern assessment along with the supporting budgets and forecasts for the period;
- Challenging management on assumptions made in the going concern assessment;
- Reviewing headroom on net debt, identifying points of particular pressure on the business and assessing mitigating actions that management might take;
- Reviewing forecasts in conjunction with funding covenants in place to identify any potential breaches;
- Applying sensitivity analysis to the forecasts to assess the potential impact of changes to assumptions to available working capital; and
- Reviewing the appropriateness of disclosures around going concern in the financial statements.
- Reviewing the financing arrangements and covenants to ensure these have been adhered to during the year and are forecast to be met in the future

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Carrying Value of Goodwill (Group) The group's accounting policies in respect of goodwill and impairment are set out in the accounting policy notes on pages 95 and 97 respectively (of the Annual Report). The carrying value of goodwill is £55.5m (2021: £55.5m). In assessing the recoverability of goodwill, management prepare value in use calculations which involve forward looking assumptions. Due to the subjectivity involved in estimating future performance and the significance of the carrying value of goodwill, we identified this as a significant risk and key audit matter.	Our audit procedures included, but were not limited to: • Assessing the design and implementation of relevant controls; • Obtaining and reviewing management's goodwill impairment assessment; • Challenging management's allocation of CGUs; • Engaging our internal valuation expert to assess the reasonableness of the Weighted Average Cost of Capital (WACC) rate and the model methodology used and reviewing the cashflow assumptions used in the value in use calculation; • Reviewing management's sensitivity analysis to further assess the potential for impairment; • Assessing the reasonableness of other key assumptions in the value in use calculation with reference to externally available data, and applying our own sensitivity analysis to assess the impact of potential changes in assumptions; • Checking consistency between value in use calculations used for impairment assessment and forecasts used for assessment of going concern; and • Reviewing the reasonableness of the disclosures made in the financial statements in relation to the carrying value of goodwill. **Our observations** Based on the procedures performed, we are satisfied that the carrying value of the goodwill in the financial statements is reasonable.

Key Audit Matter	How our scope addressed this matter
Valuation of investments (Parent company) The group's accounting policies in respect of impairment of investments is set out in the accounting policy notes on page 124 (of the Annual Report). The carrying value of NAHL Group Plc's investments in subsidiaries is £52.7m (2021: £52.7m) and is the most significant balance in the parent company statement of financial position. Given this, we identified it as a significant risk and key audit matter.	Our audit procedures included, but were not limited to: • Assessing the design and implementation of relevant controls; • Obtaining and reviewing management's impairment review and future forecasts; • Assessing and challenging the underlying assumptions to check these are reasonable; • Engaging with our internal valuation experts to assess the reasonableness of the WACC rate used and reviewing the cashflow assumptions used in the value in use calculation; • Performing our own sensitivity analysis to assess the impact of potential changes in the WACC; • Reviewing the forecasts to check they are consistent with those used in the going concern assessment; • Reviewing the carrying value with specific reference to the year end market capitalisation of the Group; • Testing individual investments for indicators of impairment; and • Reviewing the disclosures made in the financial statements to ensure they cover the requirements of IAS 36. **Our observations** Based on the procedures performed, we are satisfied that the carrying value of the investments in the financial statements is reasonable.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group and Parent materiality

Overall materiality	Group financial statements £416k Parent financial statements £850k Where items in the parent company financial statements were included in the group financial statements, materiality was restricted to that applied to the group.
How we determined it	Group materiality has been calculated by reference to adjusted profit before tax, of which it represents 7%. Parent company materiality has been calculated by reference to total assets, of which it represents 1%.
Rationale for benchmark applied	Profit before tax (adjusted for net financing costs, share based payments, amortisation and other exceptional items) has been identified as the principal benchmark within the group financial statements due to this being the primary focus of shareholders. Total assets has been identified as the principal benchmark within the parent company financial statements as it is considered to be the focus of shareholders due to being a holding company with no trade.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality applied in our audit as: Group financial statements £312k Parent financial statements £637k
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £12k for the group financial statements and £25k for the parent company financial statements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures in response to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements of NAHL Group Plc. Based on our risk assessment, the parent company and four components of the group were subject to full scope audit and one component was subject to specific audit procedures on certain key balances. For the remaining components, in addition to desktop analytical review, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The parent company and those components of the group which were subject to full scope audit or specific audit procedures accounted for the following percentages of the group's results for the year ended 31 December 2022.

	Number of components	Total group revenue	Total profits and losses that make up group profit before tax	Total group assets
Full scope audits	5	77%	80%	99%
Specific scope audits	1	5%	9%	0%
Desktop procedures	9	18%	11%	1%
Total	15	100%	100%	100%

One full scope audit was performed by a component auditor. This component accounted for the following percentages of the group's results for the year ended 31 December 2022:

	Number of components	Total group revenue	Total profits and losses that make up group profit before tax	Total group assets
Performed by component auditor	1	10%	13%	3%

For that entity, the group engagement team issued group instructions to the component auditor to direct their work. Group reporting appendices were returned by the component auditor and we reviewed their working papers to assess whether sufficient and appropriate audit procedures had been performed. Meetings were held with the component auditor at the planning and completion stage, to ensure the work was sufficiently directed by the group engagement team and the group engagement team attended the clearance meeting between the component auditor and component management. The audit work for all other components was completed by the group engagement team.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 75–76, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Anti-Bribery, Living Wage, AIM listing rules, QCA Corporate Governance Code, Employment laws, Regulation by the Claims Management Regulation Unit or Solicitors Regulation Authority, Enterprise Act 2002, Competition Act 1998, Modern Slavery Act, GDPR, Gender-pay gap and Environmental regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the SRA;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates including goodwill impairment and investment valuation, significant one-off or unusual transactions, and revenue recognition in relation to cut-off.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Maintaining awareness and discussing amongst the engagement team throughout the audit over the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the “Key audit matters” section of this report.

A further description of our responsibilities is available on the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of the audit report

This report is made solely to the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Brown (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
March 21, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Revenue	1,2	**41,421**	38,947
Cost of sales		**(23,586)**	(21,352)
Gross profit		**17,835**	17,595
Administrative expenses	3	**(13,079)**	(13,439)
Operating profit	2	**4,756**	4,156
Profit attributable to members' non-controlling interests in LLPs		**(3,554)**	(3,451)
Financial income	6	**80**	85
Financial expense	7	**(713)**	(555)
Profit before tax		**569**	235
Taxation	8	**(184)**	(79)
Profit and total comprehensive income for the year		**385**	156

	Note	2022 p	2021 p
Earnings per share (p)			
Basic earnings per share	21	**0.8**	0.3
Diluted earnings per share	21	**0.8**	0.3

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

All profits and losses relate to continuing operations.

The notes on pages 91–120 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Non-current assets			
Goodwill	11	**55,489**	55,489
Other intangible assets	13	**2,714**	3,701
Property, plant and equipment	14	**392**	477
Right of use assets	15	**2,027**	2,315
Deferred tax asset	9	**50**	23
		60,672	62,005
Current assets			
Trade and other receivables (including £5,312,000 (2021: £4,557,000) due in more than one year)	16	**32,886**	33,404
Cash and cash equivalents		**2,654**	2,458
		35,540	35,862
Total assets		**96,212**	97,867
Current liabilities			
Trade and other payables	18	**(15,847)**	(16,211)
Lease liabilities	15	**(263)**	(242)
Member capital and current accounts	12	**(4,487)**	(4,210)
Current tax liability		**(162)**	(97)
		(20,759)	(20,760)
Non-current liabilities			
Lease liabilities	15	**(1,724)**	(1,953)
Other interest-bearing loans and borrowings	17	**(15,939)**	(17,910)
Deferred tax liability	10	**(470)**	(625)
		(18,133)	(20,488)
Total liabilities		**(38,892)**	(41,248)
Net assets		**57,320**	56,619
Equity			
Share capital	19	**116**	116
Share option reserve		**4,628**	4,312
Share premium		**14,595**	14,595
Merger reserve		**(66,928)**	(66,928)
Retained earnings		**104,909**	104,524
Capital and reserves attributable to the owners of NAHL Group plc		**57,320**	56,619

The notes on pages 91–120 form part of these financial statements.

These financial statements on pages 87–120 were approved by the Board of Directors on 21 March 2023 and were signed on its behalf by:

J D Saralis
Director

Company registered number: 08996352

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Capital and reserves attributable to the owners of NAHL Group plc £000
Balance at 1 January 2021		115	3,912	14,595	(66,928)	104,368	56,062
Total comprehensive income for the year							
Profit for the year		–	–	–	–	156	156
Total comprehensive income		–	–	–	–	156	156
Transactions with owners, recorded directly in equity							
Issue of share capital	19	1	–	–	–	–	1
Share-based payments	20	–	400	–	–	–	400
Total transactions with owners, recorded directly in equity		1	400	–	–	–	401
Balance at 31 December 2021		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	20	–	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**

The notes on pages 91–120 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the year		**385**	156
Adjustments for:			
Profit attributable to members' non-controlling interests in LLPs		**3,554**	3,451
Property, plant and equipment depreciation	14	**168**	171
Right of use asset depreciation	15	**288**	306
Amortisation of intangible assets	13	**1,186**	1,195
Financial income	6	**(80)**	(85)
Financial expense	7	**713**	555
Share-based payments		**316**	400
Taxation		**184**	79
		6,714	6,228
Decrease in trade and other receivables		**448**	1,012
Decrease in trade and other payables		**(364)**	(1,337)
Cash generated from operations		**6,798**	5,903
Interest paid		**(627)**	(398)
Tax paid		**(165)**	(365)
Net cash generated from operating activities		**6,006**	5,140
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(83)**	(281)
Acquisition of intangible assets		**(199)**	(339)
Interest received		**13**	2
Net cash used in investing activities		**(269)**	(618)
Cash flows from financing activities			
Repayment of borrowings		**(2,000)**	(2,000)
Issue of share capital	19	**–**	1
Facility arrangement fees		**–**	(90)
Principal element of lease payments		**(264)**	(166)
Drawings paid to LLP members		**(3,277)**	(3,418)
Net cash used in financing activities		**(5,541)**	(5,673)
Net increase/(decrease) in cash and cash equivalents		**196**	(1,151)
Cash and cash equivalents at 1 January		**2,458**	3,609
Cash and cash equivalents at 31 December		**2,654**	2,458

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Consolidated Financial Statements

NAHL Group plc (the "Company") is a public company limited by shares registered, incorporated and domiciled in England and Wales. The registered number is 08996352 and the registered address is Bevan House, Kettering Parkway, Kettering, Northants, England, NN15 6XR. The financial statements are presented in Sterling (£) rounded to the nearest £'000.

The Consolidated Financial Statements for the year ended 31 December 2022 have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The consolidated financial information has been prepared on a going concern basis and under the historical cost convention.

The following accounting policies have been applied consistently year on year except where new policies have been adopted as stated below.

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 sensitivities. These forecasts consist of the 2023 budget and extended forecasts and the period considered for the going concern review is to the end of March 2024, being approximately 12 months from the date of signing of the 2022 Annual Report and Financial Statements. The key assumption in the forecast is the growth of the Personal Injury division's self-processing operations as this growth is the key driver for both profitability and cash going forward. 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 December 2021 and has access to a £20.0m revolving credit facility (RCF) with its bankers which is due to mature on 31 December 2024. In all of the scenarios the Group has modelled it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

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.

Basis of consolidation

The financial statements represent a consolidation of the Company and its subsidiary undertakings as at the Statement of Financial Position date and for the year then ended. In accordance with IFRS 10 the definition of control is such that an investor has control over an investee when: a) it has power over the investee, b) it is exposed, or has the rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. All subsidiary undertakings for which the Group meets these three criteria for control have been consolidated in the Group's results.

The consolidated financial information incorporates the results of business combinations using the purchase method. In the Group statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. Acquisition costs are expensed as incurred. This policy does not apply on the acquisition of Consumer Champion Group Limited for which reverse acquisition accounting has been applied.

1 Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted international accounting standards (IFRS) requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on past experience and other reasonable assessment criteria. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty.

Critical accounting judgements

Within its Consumer Legal Services division, the Group has interests in two Limited Liability Partnerships (LLPs) in conjunction with third party law firms. The LLPs are called Your Law LLP and Law Together LLP.

The Group has exercised judgement by considering the criteria for consolidation in IFRS 10 and has determined that each LLP meets the definition of a subsidiary and is therefore required to be included within the Group's results.

Key to this determination is that each LLP is run by a management board, which is responsible for the day-to-day operations, decision-making and strategic development of the LLPs. Through its 100% subsidiary, Project Jupiter Limited, the Group has determined that it exercises control over these LLPs as it is entitled to appoint the majority of members to each of the management Boards, with the remainder being appointed by the respective third-party law firm.

In accordance with IFRS 10 Consolidated Financial Statements and given that the Group has overall control, the results and net assets of the LLPs have been consolidated within these financial statements with a corresponding liability recognised for the other member firms' share of profit.

Key sources of estimation uncertainty

Revenue recognition – provision of legal services

There is a significant element of estimation in determining the transaction price for revenue in relation to the provision of legal services for personal injury claims. Due to the nature of personal injury claims, the revenue the Group earns from a case is variable and dependent upon: a) the stage at which a claim settles as this will determine the fixed fee and b) the final damages awarded to the client, of which the Group recognises a percentage as revenue. The Group must therefore estimate the revenue it expects to earn from a case once the first milestone is achieved (admission of liability). This estimation is based on an expected value method and assumes that cases can be grouped into categories of a similar nature (i.e. RTA vs. Non-RTA) that have similar characteristics. This assumption is considered appropriate as ultimately all cases follow one of a number of routes in the claims process.

Management uses historical experience of the likelihood of claims settling at each stage and the average fee earned when a claim settles at each stage to estimate the transaction price. This estimate is revised as a claim moves through the process. No revenue is recognised until the first milestone is reached, being admission of liability, as it is at this point that it becomes highly probable that a case will succeed and therefore there is less risk of significant revenue write-offs in the future. Profits and losses arising from the differences in the estimated fee and the final fee are recognised on settlement of a case.

At the year-end, the Group has contract asset balances of £6,042,000 (2021: £5,242,000) calculated using this estimation technique.

Recoverability of trade receivables

Trade receivables are reflected net of an estimated provision for impairment losses. In line with IFRS 9, the Group uses an expected credit loss model to determine the provision for doubtful debts and also specific provisions for balances for which it has specific concerns over recoverability. The expected credit loss model involves segmenting debtors into groups and applying specific percentages to each of these debtor groupings. The Group has considered the profile of its debtor balance and has determined that a grouping based on credit terms is considered to be appropriate given the significant level of debt on extended credit terms.

1 Accounting policies continued

These groupings are based on those debtors due on standard terms, 12 month terms, 24 month terms and 36 month terms with higher percentages being applied the longer the term with the view that there is a greater risk of unforeseen circumstances arising the further away the settlement date. Standard debtors are also then reviewed for those past due and a percentage applied to those that are current, between 30–60 days, 60–90 days and 90+ days overdue. See note 22 for further information. At the year end, the Group had provisions for receivables of £612,000 (2021: £740,000) calculated using this method. The percentages applied to each grouping of debtors ranged from 0.5% to 100% with the final provision equating to 2.5% of the total gross trade receivables and accrued income balances.

New standards and amendments adopted by the Group
There are no new or amended standards applicable for the current reporting period.

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.

Profit attributable to members' non-controlling interests in LLPs
Profit attributable to member's non-controlling interests in LLPs represents the operating profit for the year which is attributable to minority members in our LLP subsidiaries under the terms of the partnership agreements. It is presented as a separate expense outside of the operating profit of the Group for the year.

Revenue

Marketing services

Consumer Legal Services – Solicitor income (personal injury)
Marketing services resulting in the provision of enquiries to Panel Law Firms. Management have determined that there is a single performance obligation being the provision of marketing services. These services include generating enquiries through web-based channels, triaging of enquiries and provision of call centre support staff on a daily basis. As the Group undertakes this service on behalf of its customers, the service is considered to be simultaneously delivered and consumed by the customer and so it is considered to be satisfied over time. The transaction price is set for each customer based on a cost plus margin model, and is allocated to the performance obligation using the input method based on the costs incurred of providing the service. Invoices are raised monthly for the services provided in that month and the revenue for that month is recognised at this point.

Consumer Legal Services – Conveyancing and surveyor instructions (residential property)
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.

Management consider there to be one performance obligation being the delivery of the instruction to the Panel Law Firms and surveyors. Revenue is recognised at a point in time being the transfer of instruction to the Panel Law Firm or surveyor as it is at this point at which the Group has no further obligations in respect of the instruction and so control of the instruction passes to the customer. The full transaction price being the contractually agreed upon fixed fee per instruction is recognised as revenue at this point.

Service provision

Consumer Legal Services – Provision of legal services
Income from the provision of legal services for personal injury claims on a 'no win – no fee' arrangement. Management consider that this service comprises a single distinct performance obligation, being the provision of legal services to the customer and the transaction price is allocated to this single performance obligation. Revenue is recognised once control of the service is passed to the customer which is considered to be over time as the customer simultaneously receives and consumes the service provided.

The transaction price is variable in nature as on settlement of a successful case the Group will be entitled to a fee consisting of a) fixed recoverable costs recouped from the liable third party. These fees are set by the Ministry of Justice and the value of fees claimed are determined based on the stage at which the claim settles and the value of the claim damages; and b) a percentage of awarded damages. As these amounts are unknown at the outset of a case, management estimate the transaction price based on an expected value method. The expected value is based on prior and historical knowledge and experience of case settlement and is considered appropriate as all cases follow the same process.

1 Accounting policies continued

Management consider that it is appropriate to recognise revenue on an output basis using milestones. Due to the nature of personal injury claims, the revenue receivable from progressing a case is not directly attributable to the hours worked as a case can still fail despite hours being worked on it. Due to the no-win, no-fee arrangement, no revenue would be receivable if the case fails despite the hours worked. An input method is therefore considered to be inappropriate. An output approach based on key milestones to progress a case is therefore considered to be appropriate as it best reflects the value of the service to the customer. These milestones are 1. Admission of liability and 2. Settlement of the case. No revenue is recognised up until the first milestone, admission of liability, has been achieved as it is at this point that it becomes highly probable that recognising revenue would not lead to a reversal in the future. A proportion of the total transaction price is recognised once the first milestone has been achieved. This proportion is determined based on the average percentage of time worked to bring the claim to that point based on historic performance across all cases of a similar nature.

Critical Care – Case management services

Case management support within the medico-legal framework for multi-track cases. Management consider that the performance obligation is the provision of case management support and as the service is simultaneously delivered and consumed by the customer then revenue is measured over time based on an input approach being the hours worked by each consultant. The transaction price, being the contractually agreed upon hourly fee rate, is allocated on a per hour basis. Revenue is invoiced monthly based on the hours worked in that month and recognised at this point.

Expert Reports

Critical Care – Expert witness revenue

Provision of expert witness reports. In line with IFRS 15, revenue is measured on satisfaction of the performance obligation when control of the report is passed to the customer. Management consider there to be one performance obligation which is the provision of the expert witness report. Where the terms of the contract allow for an enforceable right to payment for work performed to date an adjustment is made at each month end to accrue for revenue on any such reports in progress. This is subsequently reversed and the full transaction price recognised on provision of the final report.

Consumer Legal Services – Search reports

Provision of search reports. Management consider there to be one performance obligation being the delivery of the search report. Revenue is recognised at a point in time being the transfer of the report to the customer. The full transaction price being the contractually agreed upon fixed fee per report is recognised as revenue at this point.

Product provision

Consumer Legal services – Product income

Commissions received from product providers for the sale of additional products to the Panel Law Firms. Revenue is recognised at a point in time on satisfaction of the performance obligation being the sale of the product to a Panel Law Firm with provisions in place for clawbacks.

Pre-LASPO ATE – Revenue from commissions received from the insurance provider for the use of after the event policies by Panel Law Firms. From 1 April 2013, this product was no longer available as a result of LASPO regulatory changes. Consequently, there is a remaining liability which is being unwound through revenue as historic cases are settled.

All revenue is stated net of Value Added Tax. The entire revenue arose in the United Kingdom.

Government grants

As a result of the economic impact of the COVID-19 pandemic, the Group made use of the Government's Coronavirus Job Retention Scheme.

Income from this scheme has been accounted for under IAS 20: Government Grants and is included within the consolidated statement of comprehensive income as a deduction from the corresponding expense.

1 Accounting policies continued

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised but is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment. Any impairment is recognised in the statement of comprehensive income.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Software assets are measured at the cost of bringing the asset into use. This may include externally incurred consultant costs or a proportion of internal time and salary where internal resources have been used to build the asset. Internally allocated time is based on hours spent bringing the asset into use multiplied by hourly salary rates. Technology related intangibles, contract related intangibles and brand names were acquired through business combinations. These were independently valued and determined to be separately identifiable from goodwill.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Technology related intangibles	–	5 to 10 years
Contract related intangibles	–	3 to 10 years
Brand names	–	3 to 10 years
Software	–	3 to 5 years

No amortisation is charged on assets under construction until the point they are brought into use.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Depreciation

Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings (including computer equipment) – 3 to 10 years.

Lease assets

The Group as a lessee

For any new contracts entered into, on or after 1 January 2020, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

1 Accounting policies continued

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Taxation

Tax in the statement of comprehensive income for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of equity) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in equity.

1 Accounting policies continued

Financial assets and liabilities

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing borrowings.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, trade and other receivables are stated at amortised cost using the effective interest method, less any impairment losses calculated in line with IFRS 9.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Cash and cash equivalents are repayable on demand and are recognised at their carrying amount.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Recoverable disbursements and disbursements payable

Disbursement payables represent the balance of disbursements incurred in the processing of personal injury claims. These disbursements will ultimately be billed on settlement of a case or recovered from insurance if a case should fail and so the recoverable disbursements represents the value of disbursements still to be billed.

Disbursement payables and receivables are recognised initially at fair value and subsequent to initial recognition, are stated at amortised cost using the effective interest method.

Member capital and current accounts

Member capital and current accounts represent the balances owed to non-controlling members' in the LLPs. These consist of any capital advances and unpaid allocated profits as at the year end. Members capital and current accounts are classified as financial liabilities and are recognised initially at fair value. Subsequent to initial recognition, members capital and current accounts are stated at amortised cost using the effective interest method.

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Impairment

The carrying amounts of the Group's non- financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the Cash Generating Unit or CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

1 Accounting policies continued

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Pensions

The Group operates a stakeholder defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the statement of comprehensive income.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends, when paid.

Member drawings

Drawings are made to members in line with the provisions as stated in the partnership agreements. Members may draw an amount not in excess of their profit share for the relevant accounting period and drawings may be limited depending on the cash requirements of the LLP. Drawings are recognised once paid.

Share premium account

The share premium account represents the excess of amounts paid per share above the nominal cost of each share.

Share option reserve

The share option reserve is the corresponding charge to equity in respect of the IFRS 2 share based payment charge.

The share option reserve forms part of distributable reserves and should the Group need to make a distribution, the share option reserve will be transferred to retained earnings.

Merger reserve

The merger reserve represents the excess of the fair value of shares acquired through share for share exchange. In 2014 NAHL Group plc declared a bonus issue of a single deferred share of £0.0001 (a Deferred Share) with a share premium of £50,000,000. This transaction resulted in £50,000,000 of the merger reserve being transferred to the share premium account. In 2015 a further amount standing to the credit of the Company's merger reserve in the sum of £16,928,000 was capitalised by way of a bonus issue of newly created Capital Reduction Shares.

Retained earnings

Retained earnings represents the cumulative historical profits of the Group less historical losses.

Financial income and expenses

Interest income and interest payable is recognised in the consolidated statement of comprehensive income as it accrues, using the effective interest method. Issue costs of borrowings are initially held on balance sheet within the fair value of interest-bearing borrowings and are subsequently expensed to the statement of comprehensive income over the contractual life of the associated borrowings.

2 Operating segments

Year ended 31 December 2022	Consumer Legal Services £000	Critical Care £000	Shared Services £000	Other items £000	Eliminations[2] £000	Total £000
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**

Year ended 31 December 2021	Consumer Legal Services £000	Critical Care £000	Shared Services £000	Other items £000	Eliminations[2] £000	Total £000
Revenue	26,583	12,364	–	–	–	38,947
Depreciation and amortisation	(272)	(166)	(363)	(871)	–	(1,672)
Operating profit/ (loss)	3,726	3,293	(1,592)	(1,271)	–	4,156
Profit attributable to non-controlling interest members in LLPs	(3,451)	–	–	–	–	(3,451)
Financial income	85	–	–	–	–	85
Financial expenses	–	(10)	(545)	–	–	(555)
Profit/(Loss) before tax	360	3,283	(2,137)	(1,271)	–	235
Trade receivables	2,999	4,896	–	–	–	7,895
Total assets[1]	29,625	6,335	79,413	–	(17,506)	97,867
Segment liabilities[1]	(17,754)	(1,306)	(3,556)	–	–	(22,616)
Capital expenditure (including intangibles)	60	326	234	–	–	620

1. Total assets and segment liabilities exclude intercompany loan balances as these are not included in the segment results reviewed by the chief operating decision maker.
2. Eliminations represents the difference between the cost of subsidiary investments included in the total assets figure for each segment and the value of goodwill arising on consolidation.

2 Operating segments continued

Significant customers
One customer in the Consumer Legal Services segment accounted for 10.0% of the total Group revenue. No other customers accounted for greater than 10% of the total Group revenue (2021: no customers).

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 split along three separate streams being:
a) Panel – revenue from the provision of personal injury and conveyancing enquiries to the Panel Law Firms, based on a cost plus margin model,
b) Products – consisting of commissions received from providers for the sale of additional products by them to the Panel Law Firms, surveys and the provision of conveyancing searches and
c) Processing – in the case of our ABS law firms and self- processing operations, revenue receivable from clients for the provision of legal services.

Critical Care – Revenue from the provision of expert witness reports and case management support within the medico-legal framework for multi-track cases.

Shared services – Costs that are incurred in managing Group activities or not specifically related to a product.

Other items – Other items represent share-based payment charges and amortisation charges on intangible assets recognised as part of business combinations.

3 Administrative expenses and auditor's remuneration

Included in the consolidated statement of comprehensive income are the following:

	2022 £000	2021 £000
Depreciation of property, plant and equipment	**168**	171
Depreciation of right of use assets	**288**	306
Amortisation of intangible assets (not relating to business combinations)	**360**	324
Amortisation of intangible assets relating to business combinations	**826**	871
IFRS 9 provision (credit)/charge	**(128)**	67
Government grants	**–**	(13)
Auditor's remuneration	**158**	130

The analysis of the auditor's remuneration is as follows:

	2022 £000	2021 £000
Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements	**150**	125
Fees payable to the Company's auditors for other services: SAR audit	**8**	5

4 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of Employees	
	2022	2021
Directors	**2**	2
Others	**272**	257
	274	259

The Group also has an average of 4 Non-executive directors (2021: 4) who provided services to the Group under service contracts.

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	**9,648**	9,298
Share based payments (see note 20)	**316**	400
Social security costs	**960**	859
Other pension costs	**247**	223
	11,171	10,780

5 Directors' emoluments

	2022 £000	2021 £000
Statutory Directors' emoluments	503	444

Statutory Directors' emoluments

	Salary and fees £000	Benefits £000	Annual bonus £000	Pension £000	Total £000
Year ended 31 December 2022					
Executive Directors					
J D Saralis	219	18	–	2	239
C Higham	44	5	–	1	50
Non-Executive					
T J M Aspinall	80	–	–	–	80
G D C Kent	38	–	–	–	38
S P Tilleray	50	–	–	–	50
B Phillips	46	–	–	–	46
	477	23	–	3	503

	Salary and fees £000	Benefits £000	Annual bonus £000	Pension £000	Total £000
Year ended 31 December 2021					
Executive Directors					
J D Saralis	200	17	–	2	219
Non-Executive					
T J M Aspinall	80	–	–	–	80
G D C Kent	50	–	–	–	50
S P Tilleray	50	–	–	–	50
B Phillips	45	–	–	–	45
	425	17	–	2	444

The Group contributed £3,000 to pension schemes in respect of Directors during the year (2021: £2,000). The emoluments of the highest paid Director were £239,000 (2021: £219,000).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include members of the leadership team who are not statutory directors in addition to the main Board. Disclosure of transactions with key management is detailed in note 25.

6 Financial income

	2022 £000	2021 £000
Bank interest income	13	2
Other income[1]	67	83
	80	85

1 Other income relates to financing income in respect of the time value of money adjustments required by IFRS 15 on receivables and accrued income expected to be settled within greater than 12 months.

7 Financial expense

	2022 £000	2021 £000
Interest on bank loans	628	398
Amortisation of facility arrangement fees	29	99
Interest on lease liabilities	56	58
	713	555

8 Taxation

Recognised in the consolidated statement of comprehensive income

	2022 £000	2021 £000
Current tax expense		
Current tax on income for the year	352	276
Adjustments in respect of prior years	14	13
Total current tax	366	289
Deferred tax credit Origination and reversal of timing differences	(182)	(210)
Total deferred tax	(182)	(210)
Tax expense in statement of comprehensive income	184	79
Total tax charge	184	79

Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit for the year	385	156
Total tax expense	184	79
Profit before taxation	569	235
Tax using the UK corporation tax rate of 19.00% (2021: 19.00%)	108	45
Non-deductible expenses	68	97
Adjustments in respect of prior years	14	13
Share scheme deductions	–	(8)
Short-term timing differences	(6)	(68)
Total tax charge	184	79

Changes in tax rates and factors affecting the future tax charge

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. This was substantively enacted at the reporting date and the effects are included within these financial statements.

9 Deferred tax asset

The asset for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment £000
At 1 January 2021	14
Reclassified to deferred tax liability (see note 10)	36
Recognised in statement of comprehensive income (see note 8)	(27)
At 31 December 2021	23
Recognised in statement of comprehensive income (see note 8)	22
Reclassified from deferred tax liability (see note 10)	5
At 31 December 2022	**50**

10 Deferred tax liability

The liability for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment £000	**Intangible assets acquired on business combinations £000**	**Total £000**
At 1 January 2021	38	788	826
Reclassified from deferred tax asset (see note 9)	36	–	36
Recognised in statement of comprehensive income (see note 8)	4	(241)	(237)
At 31 December 2021	78	547	625
Reclassified from deferred tax asset (see note 9)	5	–	5
Recognised in statement of comprehensive income (see note 8)	(3)	(157)	(160)
At 31 December 2022	**80**	**390**	**470**

11 Goodwill

	Personal Injury £000	Critical Care £000	Residential Property £000	Total £000
Cost				
At 1 January 2021	39,897	15,592	4,873	60,362
At 31 December 2021	39,897	15,592	4,873	60,362
At 31 December 2022	**39,897**	**15,592**	**4,873**	**60,362**
Impairment				
At 1 January 2021	–	–	(4,873)	(4,873)
At 31 December 2021	–	–	(4,873)	(4,873)
At 31 December 2022	**–**	**–**	**(4,873)**	**(4,873)**
Net book value				
At 31 December 2021	39,897	15,592	–	55,489
At 31 December 2022	**39,897**	**15,592**	**–**	**55,489**

In 2020 the Group undertook a review of its operations and merged the Personal Injury and Residential Property cash generating units (CGUs) into one segment, Consumer Legal Services (see note 2). For the purposes of allocating goodwill, the goodwill relating to personal injury and residential property was allocated prior to this merger when the two businesses operated as separate CGUs. The impairment of the residential property CGU took place in 2019, prior to the restructure.

In 2019, in light of the losses incurred by the Residential Property CGU and the continued uncertainty in the market, the directors undertook an impairment review by considering the CGU's value in use compared to its recoverable amount and concluded that there were insufficient cash flows to support the recoverable value of goodwill attributable to the Residential Property CGU. As such, an impairment loss of £4,873,000 was recognised in the statement of comprehensive income in 2019.

Where goodwill arose as part of a business acquisition, it forms part of the CGU's asset carrying value which is tested for impairment annually. The Group has determined that for the purposes of impairment testing, each segment being Personal Injury, Critical Care and Residential Property, is the appropriate level at which to test, as this represents the lowest level at which the goodwill is monitored for internal management reporting.

The recoverable amounts for the CGUs are based on value in use which is calculated on the operating cash flows expected to be generated by the division using the latest budget data for the coming year and forecasts for the next five years. These cash flows are discounted at a weighted average cost of capital (WACC) of 10.2% for Critical Care (2021: 7.8%) and 10.4% (2021: 8.4%) for Personal Injury. The range of WACCs represents the different risk profiles of each CGU.

We include a terminal value within each forecast which represents the cash flows of the CGU into perpetuity with 0% growth assumed, as permitted under IAS36 Impairment of Assets.

Management has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of the discount rates and growth rates.

11 Goodwill continued

The operating profit compound annual growth rate assumptions across the forecast period are as follows:

	2022	2021
Personal Injury	80.2%	86.4%
Critical Care	14.5%	15.8%

The key factor influencing the Personal Injury growth assumptions is the increasing number of enquiries to be self-processed through National Accident Law (NAL) and a steady growth in enquiries through market share gains. The Group retains a higher proportion of profits from NAL than it does from passing enquiries to its panel law firms or joint venture law firm partners and so the forecasts assume that from 2023 - 2027, an increasing number of enquiries are generated from a recovering market and of these enquiries, a greater proportion of non-RTA claims are processed through NAL.

The growth rate of Critical Care assumes top level growth across all services and takes into account the strategic plans for the division over the coming years.

Operating cash flows are based on the operating profits of the division and take into account changes in working capital movements.

The amount by which each CGUs recoverable amount exceeds its carrying amount is as follows:

Personal Injury – £14.6m

Critical Care – £41.5m

Management have performed sensitivity analysis on the key assumptions (WACC and operating cash flows) and have determined that there is ample headroom under the value in use calculation to determine that no significant changes to key assumptions regarding operating cash flows would affect the overall judgement as to whether the CGUs are impaired.

The impairment calculations are most sensitive to changes in assumptions regarding the WACC. If the WACC were to increase by 25% the following decreases in cash flows would be needed in order to reduce the available headroom to nil:

Personal Injury – 0% (2021: 12.7%)

Critical Care – 42.0% (2021: 55.9%)

A 22% increase to the WACC rate would lead to a breakeven headroom in Personal Injury. The Board note that the 2022 WACC rate represents a 24.8% increase to the 2021 rate driven by increases to the risk-free rate which are in turn driven by factors outside of the control of the Group. The Board considers that the current assumptions used to derive the WACC rate of 10.4% are supportable, reasonable and based on the best evidence available at present. Given the current economic uncertainties in the wider markets, an increase to the risk-free rate is not unexpected and there is inherent uncertainty as to whether this rate will continue to increase or decrease in the short to medium term. This could in turn lead to a higher or lower WACC for the Group and consequently an impairment for the Group should the rate rise significantly. At present, the Board consider it appropriate not to recognise any impairment loss in relation to Personal Injury given the current WACC rate is deemed to be the most appropriate and the Board will continue to monitor this going forward.

12 Members' non-controlling interests in LLPs

The Group has the following investments in non-wholly owned subsidiaries:

Name of subsidiary	Country of incorporation and principal place of business	Nature of interest	Principal activity	Ownership 2022	Ownership 2021
Your Law LLP	United Kingdom	LLP member	Personal injury lawyers	**75%**	75%
Law Together LLP	United Kingdom	LLP member	Personal injury lawyers	**50%**	50%

The ownership percentage is based on the proportion of capital contribution advanced by each of the corporate members. Profit share allocations and control are not determined by reference to this ownership percentage. The Group, through its 100% owned subsidiary Project Jupiter Limited, is entitled to appoint 60% of the members to the Management Board of each LLP. Profit and net assets are shared between members based on the provisions of the partnership agreements.

The balances owed to the non-controlling members' of these LLPs at the end of the year and movements during the year are as follows:

	2022 £000	2021 £000
Balance at start of the year	**4,210**	4,177
Profit allocation for the year	**3,554**	3,451
Drawings paid	**(3,277)**	(3,418)
Balance at the end of the year	**4,487**	4,210

13 Other intangible assets

	Technology related £000	Contract related £000	Brand names £000	Software £000	Assets under construction £000	Total £000
Cost						
At 1 January 2022	167	8,466	885	2,734	277	12,529
Additions	–	–	–	34	165	199
Reclassifications	–	–	–	184	(184)	–
At 31 December 2022	**167**	**8,466**	**885**	**2,952**	**258**	**12,728**
Amortisation and impairment						
At 1 January 2022	167	6,031	885	1,745	–	8,828
Amortisation charge for the year	–	826	–	360	–	1,186
At 31 December 2022	**167**	**6,857**	**885**	**2,105**	**–**	**10,014**
Net book value						
At 31 December 2021	–	2,435	–	989	277	3,701
At 31 December 2022	**–**	**1,609**	**–**	**847**	**258**	**2,714**

13 Other intangible assets continued

	Technology related £000	Contract related £000	Brand names £000	Software £000	Assets under construction £000	Total £000
Cost						
At 1 January 2021	167	8,466	885	2,455	217	12,190
Additions	–	–	–	99	240	339
Reclassifications	–	–	–	180	(180)	–
At 31 December 2021	**167**	**8,466**	**885**	**2,734**	**277**	**12,529**
Amortisation and impairment						
At 1 January 2021	167	5,206	839	1,421	–	7,633
Amortisation charge for the year	–	825	46	324	–	1,195
At 31 December 2021	**167**	**6,031**	**885**	**1,745**	**–**	**8,828**
Net book value						
At 31 December 2020	–	3,260	46	1,034	217	4,557
At 31 December 2021	**–**	**2,435**	**–**	**989**	**277**	**3,701**

In the statement of comprehensive income, the amortisation charge on business combinations and the amortisation charge for the year (on other assets) is included within 'administrative expenses'.

14 Property, plant and equipment

	Fixtures & fittings & total £000
Cost	
At 1 January 2022	**2,417**
Additions	**83**
At 31 December 2022	**2,500**
Depreciation and impairment	
At 1 January 2022	**1,940**
Depreciation charge for the year	**168**
At 31 December 2022	**2,108**
Net book value	
At 31 December 2021	**477**
At 31 December 2022	**392**

14 Property, plant and equipment continued

	Fixtures & fittings & total £000
Cost	
At 1 January 2021	**2,205**
Additions	**281**
Disposals	**(69)**
At 31 December 2021	**2,417**
Depreciation and impairment	
At 1 January 2021	**1,838**
Depreciation charge for the year	**171**
Disposals	**(69)**
At 31 December 2021	**1,940**
Net book value	
At 31 December 2020	**367**
At 31 December 2021	**477**

15 Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the balance sheet

	2022 £000	2021 £000
Right of use assets		
Buildings	**2,015**	2,278
Office equipment	**12**	37
	2,027	2,315

	2022 £000	2021 £000
Lease liabilities		
Current	**263**	242
Non-current	**1,724**	1,953

Right of use assets relate to the two head offices at Kettering and Daventry and printer leases. Additions to right of use assets of £nil (2021: £nil) were made during the year.

The statement of comprehensive income includes the following amounts relating to leases:

	2022 £000	2021 £000
Depreciation charge of right of use assets		
Buildings	**264**	280
Office equipment	**24**	26
	288	306
Interest expense	**56**	58
Expenses relating to leases of low value assets	**–**	–

The total cash outflow for leases in 2022 was £264,000 (2021: £166,000).

16 Trade and other receivables

	2022 £000	2021 £000
Trade receivables: receivable in less than one year	**7,077**	7,056
Trade receivables: receivable in more than one year	**1,165**	839
Accrued income: receivable in less than one year	**11,137**	12,414
Accrued income: receivable in more than one year	**4,147**	3,718
Other receivables	**26**	21
Prepayments	**954**	913
Corporation tax	**–**	136
Recoverable disbursements	**8,380**	8,307
Total trade and other receivables	**32,886**	33,404

A provision against trade receivables and accrued income of £612,000 (2021: £740,000) is included in the figures above.

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

17 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's other interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 22.

	2022 £000	2021 £000
Non-current liabilities		
Revolving credit facility	**16,000**	18,000
Less facility arrangement fees	**(61)**	(90)
Total other interest-bearing loans and borrowings	**15,939**	17,910

The revolving credit facility is secured by a fixed and floating charge over the assets of the Group.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Fair value 2022 £000	Carrying amount 2022 £000	Fair value 2021 £000	Carrying amount 2021 £000
Bank loan[1]	GBP	2.25% above SONIA	2024	**15,939**	**15,939**	17,910	17,910
				15,939	**15,939**	17,910	17,910

1. The company renewed its banking facilities in September 2017 by taking out a revolving credit facility of £25,000,000 and repaying the outstanding term loan at that date of £9,375,000. The facility was reduced to £20,000,000 in December 2021 and was extended with the facility now due to terminate on 31 December 2024. Interest is payable at 2.25% above SONIA per annum.

18 Trade and other payables

Amounts due within one year:

	2022 £000	2021 £000
Trade payables	**1,689**	1,452
Disbursements payable	**6,620**	7,222
Other taxation and social security	**1,231**	1,216
Other payables, accruals and deferred revenue	**5,850**	5,864
Customer deposits	**457**	457
Total trade and other payables	**15,847**	16,211

19 Share capital

	2022	2021
Number of shares		
Opening: ‘A’ Ordinary Shares of £0.0025 each	**46,325,222**	46,240,222
Issued during the year	**–**	85,000
Closing: ‘A’ Ordinary Shares of £0.0025 each	**46,325,222**	46,325,222
	£000	**£000**
Allotted, called up and fully paid		
Opening: 46,325,222 (2021: 46,240,222) ‘A’		
Ordinary Shares of £0.0025 each	**116**	115
Issued during the year: 85,000 ‘A’ Ordinary shares of £0.0025 each	**–**	1
Closing: 46,325,222 (2021: 46,325,222) ‘A’ Ordinary Shares of £0.0025 each	**116**	116
Shares classified in equity		
Opening shares classified in equity	**116**	115
Issued during the year	**–**	1
Closing balance	**116**	116

The holders of 'A' Ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares.

20 Share based payments

The Group operates three employee share plans as follows:

SAYE plan

Options may be satisfied by newly issued Ordinary Shares, or by the transfer of Ordinary Shares held in treasury. The SAYE scheme is open to all employees of the Group. The scheme runs over three years with employees choosing to save between £0 – £500 per month, the proceeds of which can then be used to purchase the shares under option.

EMI Scheme

Options may be granted as tax-favoured enterprise management incentive options (EMI Options) or non-tax favoured Options. The EMI Plan provides for the grant, to selected employees of the Group, of rights to acquire (whether by subscription or market purchase) Ordinary Shares in the Company (Options).

Nominal Cost LTIP

The nominal cost LTIP will enable selected employees (including Executive Directors) to be granted awards in respect of Ordinary Shares. Awards may be granted in the form of nil or nominal cost options to acquire Ordinary Shares; or contingent rights to receive Ordinary Shares. Awards may be satisfied by newly issued Ordinary Shares, or by the transfer of Ordinary Shares held in treasury.

The terms and conditions of grants of share options to employees of the Group, in the shares of NAHL Group plc are as follows:

Grant date/employees entitled/ nature of scheme	Number of instruments	Vesting conditions	Vesting period and maximum life of options
EMI Equity-settled award to 6 employees granted by the parent company on 11 December 2014	583,331 ordinary shares	Performance-based	Third anniversary of Date of Grant
Restricted equity-settled award to 8 employees granted by the parent company on 23 April 2021	569,475 ordinary shares	Performance-based	Second anniversary of grant date
Restricted equity-settled award to 8 employees granted by the parent company on 23 April 2021	654,406 ordinary shares	Performance-based	Third anniversary of Date of Grant
Restricted equity-settled award to 19 employees granted by the parent company on 27 April 2022	1,106,070 ordinary shares	Performance-based	Third anniversary of Date of Grant

The number and weighted average exercise prices of share options are as follows

	2022		2021	
	Weighted average exercise price £	**Number of options No.**	Weighted average exercise price £	Number of options No.
Outstanding at the beginning of the year	**0.0025**	**1,315,881**	0.20	1,039,791
Granted during the year	**0.0025**	**1,106,070**	0.0025	1,686,327
Cancelled during the year	**–**	**–**	(0.86)	(79,016)
Lapsed during the year	**–**	**–**	(0.0025)	(637,446)
Vested during the year	**–**	**–**	(0.46)	(182,143)
Forfeited during the year	**0.0025**	**(92,000)**	(0.15)	(511,632)
Outstanding at the end of the year	**0.0025**	**2,329,951**	0.0025	1,315,881
Exercisable at the end of the year	**2.00**	**583,331**	1.84	680,474
Exercised during the year	**–**	**–**	0.0025	85,000

20 Share based payments continued

A charge of £316,000 (2021: £400,000) has been made through the statement of comprehensive income in the current year in relation to the IFRS 2 share option charge. No shares were exercised during the year. The weighted average share price of those shares exercised during 2021 was £0.0025. For shares outstanding at the year end, these are exercisable at an exercise price of £0.0025 and have a weighted average remaining life of 565 days.

There were 1,106,070 share options issued in 2022 (2021: 1,686,327). The fair value of each employee share option has been measured using the Black-Scholes formula where an expected volatility of 65.0% has been used as well as a risk-free interest rate (based on government bonds) of 1.54%. The weighted average share price used in the model is £0.43 and a dividend yield of 0.0% has been assumed. Service and non- market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Expected volatility has been based on evaluation of historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

21 Earnings per share

The calculation of basic earnings per share at 31 December 2022 is based on profit attributable to ordinary shareholders of the parent company of £385,000 (2021: £156,000) and a weighted average number of Ordinary Shares outstanding of 46,325,222 (2021: 46,245,345).

Profit attributable to ordinary shareholders

£000	2022	2021
Profit for the year attributable to the shareholders	**385**	156

Weighted average number of ordinary shares

Number	Note	2022	2021
Issued Ordinary Shares at 1 January	19	**46,325,222**	46,240,222
Weighted average number of Ordinary Shares at 31 December		**46,325,222**	46,245,345

Basic Earnings per share (p)

	2022	2021
Group	**0.8**	0.3

The Group has in place share-based payment schemes to reward employees. At 31 December 2022, 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 2,329,951 (2021: 1,315,881). There are no other diluting items.

Diluted Earnings per share (p)

	2022	2021
Group	**0.8**	0.3

22 Financial instruments

(a) Fair values of financial instruments

The Group's principal financial instruments comprise interest-bearing borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (specifically interest rate risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below. There have been no substantive changes in the Group's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

The fair values of all financial assets and financial liabilities by class, which approximate to their carrying values, shown in the balance sheet are as follows:

	Carrying amount 2022 £000	**Fair value 2022 £000**	Carrying amount 2021 £000	Fair value 2021 £000
Financial assets measured at amortised cost				
Cash and cash equivalents	**2,654**	**2,654**	2,458	2,458
Trade and other receivables	**17,590**	**17,590**	18,863	18,863
Disbursements (note 16)	**8,380**	**8,380**	8,307	8,307
Total financial assets	**28,624**	**28,624**	29,628	29,628
Financial liabilities measured at amortised cost				
Other interest-bearing loans and borrowings (note 17)	**15,939**	**15,939**	17,910	17,910
Lease liabilities (note 15)	**1,987**	**1,987**	2,195	2,195
Trade payables (note 18)	**1,689**	**1,689**	1,452	1,452
Disbursements payable (note 18)	**6,620**	**6,620**	7,222	7,222
Other payables and accruals (note 18)	**5,850**	**5,850**	5,864	5,864
Total financial liabilities measured at amortised cost	**32,085**	**32,085**	34,643	34,643

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

A customer is considered to have defaulted on their debt if payment is not made within the agreed terms. Debts are written off only when there are indicators that there is no reasonable expectation of recovery. Debts subject to enforcement activity are considered for impairment and the appropriate provisions are applied against them until there is no reasonable expectation of recovery at which point they are written off.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2022 £000	**2021 £000**
Trade receivables	**8,242**	7,895
Accrued income	**9,322**	10,946
	17,564	18,841

22 Financial instruments continued

Management consider the credit risk to be mitigated as a result of a) the holding of deposits for all significant panel law firm customers and b) only offering significant deferred terms to those panel law firms with whom we hold strategic partnerships and after satisfactory credit checks have been obtained. As at 31 December 2022 these deposits reflect 5.5% (2021: 5.8%) of the balance of trade receivables. At each balance sheet date, the amount of deposit held was:

	2022 £000	2021 £000
Customer deposits	457	457

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross: Standard Terms 2022 £000	Gross: Deferred Terms 2022 £000	Impairment 2022 £000	Total 2022 £000	Gross: Standard Terms 2021 £000	Gross: Deferred Terms 2021 £000	Impairment 2021 £000	Total 2021 £000
Not past due	2,421	1,344	(29)	3,736	2,273	1,752	(120)	3,905
Past due (1–30 days)	880	–	(10)	870	945	32	(38)	939
Past due (30–120 days)	1,143	25	(18)	1,150	1,025	62	(40)	1,047
Past due (Over 120 days)	2,855	56	(425)	2,486	2,183	223	(402)	2,004
	7,299	1,425	(482)	8,242	6,426	2,069	(600)	7,895

The Group offers standard credit terms of between 30–60 days to the majority of its customers. Deferred terms of between 12–36 months are offered to those panel law firms or customers with whom we hold strategic partnerships. The impairment for trade receivables is calculated based on a lifetime expected credit loss.

39.1 % of standard terms trade receivables are 120 days or more past due (2021: 34.0%). These receivables arise primarily in Critical Care and Your Law where our standard credit terms are 30 days. Increasing cost pressures on solicitors mean they often do not settle these balances until interim funds are available or a case has settled. This is often within 12 months and, therefore, formal deferred terms are not utilised. We monitor these debts closely through regular contact with these solicitors and do not consider there to be any significant risks regarding recoverability.

Accrued income balances of £9,322,000 (2021: £10,946,000) represent amounts contractually due from customers that have not yet been invoiced but where there is a contractual obligation to settle funds once they become due. All accrued income of this nature is granted on extended credit terms of up to 24 months and none is yet due for payment.

22 Financial instruments continued

The movement in the allowance for impairment in respect of trade receivables and accrued income during the year was as follows:

	2022 £000	2021 £000
Balance at 1 January	**740**	673
Additional allowance (note 3)	**–**	67
Allowance released (note 3)	**(128)**	–
Balance at 31 December	**612**	740

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

The determination of the expected credit losses is detailed in the accounting policies under critical accounting judgements and key sources of estimation uncertainty.

The Group determines whether its assets have a high level of credit risk or low level of credit risk on initial recognition by considering the past history of that customer (if known) or where assets relate to a new customer, credit checks are performed and the risk assessed based on the outcome of these reports. The Group determines whether the credit risk of its financial assets has increased since initial recognition by considering a) historical factors such as adherence to payment terms and length of time to settle payments and b) forward looking factors such as the anticipated condition of the market in which its customers operate. The Group has not identified any significant increases to the credit risk of any of its financial assets in 2022. This assessment applies to both trade receivables and accrued income.

(c) Liquidity risk

Financial risk management

Liquidity risk arises from the Group's management of working capital and the finance charges on its debt instruments and repayments of principal. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its revolving credit facility to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2022	Secured bank loans £000	Lease liabilities £000	Trade and other payables £000	Total £000
Carrying amount	**(16,000)**	**(1,987)**	**(15,390)**	**(33,377)**
Contractual cash flows:				
1 year or less	**(800)**	**(290)**	**(8,770)**	**(9,860)**
1 to 2 years	**(16,800)**	**(284)**	**(6,620)**	**(23,704)**
2 to 5 years	**–**	**(865)**	**–**	**(865)**
5 years or more	**–**	**(727)**	**–**	**(727)**
	(17,600)	**(2,166)**	**(15,390)**	**(35,156)**

22 Financial instruments continued

2021	Secured bank loans £000	Lease liabilities £000	Trade and other payables £000	Total £000
Carrying amount	(18,000)	(2,195)	(15,754)	(35,949)
Contractual cash flows:				
1 year or less	(468)	(295)	(8,532)	(9,295)
1 to 2 years	(468)	(277)	(7,222)	(7,967)
2 to 5 years	(18,468)	(858)	–	(19,326)
5 years or more	–	(1,015)	–	(1,015)
	(19,404)	(2,445)	(15,754)	(37,603)

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk – foreign currency risk

The Group has no foreign currency risk as all transactions are in Sterling.

Market risk – interest rate risk

Profile

The Group is exposed to interest rate risk from its use of interest-bearing financial instruments. This is a market risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

At the balance sheet dates, the only interest-bearing financial asset is cash. Cash is held to meet liabilities as they fall due and is not held for investment purposes, therefore there is not considered to be an interest rate risk associated with cash.

	2022 £000	2021 £000
Variable rate instruments		
Financial liabilities	**16,000**	18,000
Total interest-bearing financial instruments	**16,000**	18,000

The Group manages the interest rate risk arising from its financial liabilities by monitoring its interest rates and the general market and consulting with its bankers to find the best way to mitigate any movements if it anticipates any significant changes to interest rates.

Sensitivity analysis

A change of 0.5% in interest rates at the balance sheet date would increase/(decrease) profit or loss in the following year by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative periods.

	2022 £000	2021 £000
Profit for the year		
Increase	**80**	90
Decrease	**(80)**	(90)

Market risk – equity price risk

The Group does not have an exposure to equity price risk as it holds no investment in equity securities which are classified as fair value through profit or loss or other comprehensive income.

(e) Capital management

Group

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Group's equity, i.e. share capital including preference shares, share premium, own shares and retained earnings, as well as bank loans. The Group's debt/equity ratio as at 31 December 2022 is 0.3:1.0 (2021: 0.3:1.0). The balance of the Group's capital as at 31 December 2022 was £73,320,000 comprising equity of £57,320,000 and bank loans of £16,000,000. The Group is subject to quarterly covenant testing against its bank loans. These covenants include minimum EBITDA and minimum free cash flow. The Group adhered to both these covenants in 2022 and is forecasting compliance for the foreseeable future.

23 Commitments

Capital commitments

At 31 December 2022 the Group had capital commitments of £nil (2021: £nil).

24 Dividends

No dividends were paid in 2022 or 2021.

25 Related parties

Transactions with key management personnel

Key management personnel in situ at the 31 December 2022 and their immediate relatives control 0.5% (2021: 0.3%) of the voting shares of the Company.

Key management personnel are considered to be the Directors of the Company as well as those of National Accident Law Limited, Homeward Legal Limited, Bush & Company Rehabilitation Limited and any other management serving as part of the executive team. Detailed below is the total value of transactions with these individuals

	2022 £000	2021 £000
Short-term employment benefits	**1,749**	1,918
Termination benefits	**–**	129
	1,749	2,047

26 Net debt

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

	2022 £000	2021 £000
Cash and cash equivalents	**2,654**	2,458
Other interest-bearing loans and borrowings	**(15,939)**	(17,910)
Net debt	**(13,285)**	(15,452)
Lease liabilities	**(1,987)**	(2,195)

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

	2022 £000	2021 £000
Net increase/(decrease) in cash and cash equivalents	**196**	(1,151)
Net inflow from decrease in debt and debt financing	**2,000**	2,000
Movement in net borrowings resulting from cash flows	**2,196**	849
Non-cash movements – net release of prepaid loan arrangement fees	**(29)**	(9)
Net debt at beginning of period	**(15,452)**	(16,292)
Net debt at end of period	**(13,285)**	(15,452)

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

	2022 £000	2021 £000
Net outflow from decrease in lease liabilities	**264**	166
Movement in lease liabilities resulting from cash flows	**264**	166
Non-cash movements arising from initial recognition of new lease liabilities, revisions and interest charges	**(56)**	82
Lease liabilities at beginning of period	**(2,195)**	(2,443)
Lease liabilities at end of period	**(1,987)**	(2,195)

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investments	2	**52,700**	52,700
Current assets			
Trade and other receivables	3	**32,650**	32,334
Net assets		**85,350**	85,034
Equity			
Share capital	5	**116**	116
Share option reserve		**4,628**	4,312
Share premium		**14,595**	14,595
Retained earnings at end of year		**66,011**	66,011
Shareholders' funds		**85,350**	85,034

The Company profit for the year was £nil (2021: £nil).

The notes on pages 123–128 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 March 2023 and were signed on its behalf by:

J D Saralis
Director

Company registered number: 08996352

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Note	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021		115	3,912	14,595	–	66,011	84,633
Total comprehensive income for the year							
Profit for the year		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–
Transactions with owners, recorded directly in equity							
Share based payments		–	400	–	–	–	400
Issue of share capital	6	1	–	–	–	–	1
Balance at 31 December 2021		**116**	**4,312**	**14,595**	**–**	**66,011**	**85,034**
Total comprehensive income for the year							
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**
Transactions with owners, recorded directly in equity							
Share based payments	6	**–**	**316**	**–**	**–**	**–**	**316**
Balance at 31 December 2022		**116**	**4,628**	**14,595**	**–**	**66,011**	**85,350**

COMPANY CASH FLOW STATEMENT
for the year ended 31 December 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the year	**–**	–
Adjustments for:		
Share based payments	**316**	400
	316	400
Increase in trade and other receivables	**(316)**	(401)
Net cash generated from operating activities	**–**	(1)
Cash flows from financing activities		
New share issue	**–**	1
Net cash used in financing activities	**–**	1
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at 1 January	**–**	–
Cash and cash equivalents at 31 December	**–**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Financial Statements

The Financial Statements for the year ended 31 December 2022 have been prepared in accordance with UK-adopted international accounting standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The financial statements are presented in Sterling (£) rounded to the nearest £'000.

The financial information has been prepared on a going concern basis and under the historical cost convention. The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit includes a profit after tax for the parent company of £nil (2021: £nil).

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted international accounting standards (IFRS) requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on past experience and other reasonable assessment criteria. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty.

Judgements

In applying the Company's accounting policies, management have not made any judgements that have a significant impact on the amounts recognised in the financial statements.

Estimates

The Board has determined that the impairment calculations are most sensitive to assumptions regarding the growth of the business and the WACC rate.

The Board has reviewed its five year forecasts based on current market trends and has factored in a further slower market recovery than that used in previous years, with the majority of growth in the short term being driven by internal factors. Because of the inherent unknown speed of market recovery, the estimation of value in use may differ should the market recover at a differing speed than expected. This could lead to either a higher value in use if the market recovers quicker than anticipated or lower if there is a prolonged period of cautious consumer behaviour. A lower value in use may result in a potential impairment.

The Board considers that the assumptions adopted in the calculation of valuation in use are supportable, reasonable and based on the best evidence available at present. The key determination for the calculation is the number of enquiries generated by the Personal Injury business and growth in Critical Care and the self-processing operations. The Board has adopted a conservative approach to both of these assumptions.

A 0.4pp increase to the WACC rate would lead to a breakeven headroom. The Board note that the 2022 WACC rate represents a 23% increase to the 2021 rate driven by increases to the risk-free rate which are in turn driven by factors outside of the control of the Group. The Board considers that the current assumptions used to derive the WACC rate of 10.3% (being a blended rate for the Group) are supportable, reasonable and based on the best evidence available at present. Given the current economic uncertainties in the wider markets, an increase to the risk-free rate is not unexpected and there is inherent uncertainty as to whether this rate will continue to increase or decrease in the short to medium term. This could in turn lead to a higher or lower WACC for the Group and consequently an impairment for the Group should the rate rise significantly. At present, the Board consider it appropriate not to recognise any impairment loss given the current WACC rate is deemed to be the most appropriate and will continue to monitor this going forward.

New standards and amendments adopted by the Company

The Company has not adopted any new standards or amendments.

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 Company in the current or future reporting periods and on foreseeable future transactions.

1 Accounting policies continued

Going concern

The Company had net assets of £85,350,000 (2021: £85,034,000) and net current assets of £32,650,000 (2021: £32,334,000) as at each year end.

Details of the Directors' going concern assessment for the Group and Company can be found under 'Going Concern' in note 1 to the Group financial statements on page 91.

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. The share- based payment charge represents the charge in respect of the employees of the Group.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated re-coverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Investments

The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation and principal place of business	Class of shares held	Principal activity	Ownership 2022	Ownership 2021
Consumer Champion Group Limited[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
Bush & Company Rehabilitation Limited[2]	United Kingdom	Ordinary	Critical care services	**100%**	100%
Homeward Legal Limited[2]	United Kingdom	Ordinary	Agency services for solicitors	**100%**	100%
NAH Holdings Limited[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
NAH Group Ltd[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
NAHL Support Services Limited[2]	United Kingdom	Ordinary	Provision of shared services to the Group	**100%**	100%
Lawyers Agency Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Accident Helpline Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
NAH Support Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Tiger Claims Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
National Accident Helpline Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
NAH Legal Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Searches UK Limited[2]	United Kingdom	Ordinary	Agency services for solici-tors	**100%**	100%
Inside Eye Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Project Jupiter Limited[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
Your Law LLP[1]	United Kingdom	n/a	Personal Injury lawyers	**75%**	75%
National Accident Law Limited[2]	United Kingdom	Ordinary	Personal Injury lawyers	**100%**	100%
Law Together LLP[1]	United Kingdom	n/a	Personal Injury lawyers	**50%**	50%
National Conveyancing Partners Ltd	United Kingdom	Ordinary	Dormant	**100%**	100%

1. Your Law LLP and Law Together LLP are Limited Liability Partnerships. The Group, through its 100% owned subsidiary Project Jupiter Limited, is entitled to appoint 60% of the members to the Management Board of each LLP. Profit and net assets are shared between members based on the provisions of the partnership agreements.
2. The above 100% subsidiaries have taken the exemption from audit under section 479a of the Companies Act 2006.

The registered office of all of the above 100% subsidiaries is Bevan House, Kettering Parkway, Kettering, Northamptonshire, NN15 6XR.

The registered office of Your Law LLP is Helmont House, Churchill Way, Cardiff, CF10 2HE.

The registered office of Law Together LLP is Suites 10S and 11S Trafford House, Chester Road, Stretford, Manchester, M32 0RS.

2 Investments continued

At 31 December 2022 the value of the investment in Consumer Champion Group Limited, its only directly owned subsidiary, was as follows:

Valuation	Total £000
At 1 January 2022 and 31 December 2022	**52,700**

The Directors have determined that due to the net assets of NAHL Group plc being in excess of the market capitalisation of the Group headed by NAHL Group plc as at 31 December 2022 then an indication of impairment exists.

The recoverable amount of the investment has been assessed on a value in use basis using the below assumptions behind each valuation technique. A value in use valuation is considered to be appropriate as the investment is being held for its long-term profit potential.

Value in use
On a value in use basis the future cash flows from the investment have been assessed. The future cash flows are considered to be the future dividends that could be generated by each CGU (i.e. future retained earnings generated by each of the trading subsidiaries) using the latest budget data for the coming year and forecasts for the next five years, discounted at a pre-tax WACC of 10.3%. We include a terminal value within each forecast which represents the cash flows of the CGU into perpetuity with 0% growth assumed, as permitted under IAS36 Impairment of Assets. The key assumptions under this basis are the WACC and operating profits of each subsidiary. More details on how these have been calculated are given in note 11, Goodwill, to the consolidated financial statements.

Under this basis the carrying value of assets is below the recoverable amount valued on a value in use basis and therefore there would be no impairment required.

Sensitivity analysis has been performed that indicates the value in use is most sensitive to changes in assumptions concerning the WACC rate. See critical accounting judgements and key sources of estimation uncertainty in note 1 for further details.

3 Trade and other receivables

	2022 £000	2021 £000
Amounts due from Group undertakings	**32,650**	32,334

Amounts due from Group undertakings are interest free and repayable upon demand.

4 Financial instruments

a) Amounts due from Group undertakings

The fair value of amounts owed by Group undertakings are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Management believes there are no risks arising from these financial instruments on the grounds that management have undertaken a review of recoverability as part of their annual impairment assessment and have concluded that the subsidiaries are expected to be able to generate sufficient future cash flows to repay the balances in full. There have been no substantive changes in the Company's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

	Carrying amount 2022 £000	**Fair value 2022 £000**	Carrying amount 2021 £000	Fair value 2021 £000
Amounts due from Group undertakings	**32,650**	**32,650**	32,334	32,334
Total financial assets	**32,650**	**32,650**	32,334	32,334

b) Capital management

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Company's equity, i.e. share capital including preference shares, share premium, own shares and retained earnings. The balance of the Company's capital as at 31 December 2022 was £85,350,000 (2021: 85,034,000).

5 Share capital

Number of shares	**2022**	**2021**
Opening: 'A' Ordinary Shares of £0.0025 each	**46,325,222**	**46,240,222**
Issued during the year	**–**	**85,000**
Closing: 'A' Ordinary Shares of £0.0025 each	**46,325,222**	**46,325,222**
	£000	**£000**
Allotted, called up and fully paid		
Opening: 46,325,222 (2021: 46,240,222) 'A' Ordinary Shares of £0.0025 each	**116**	**115**
Issued during the year: nil (2021: 85,000) 'A' Ordinary shares of £0.0025 each	**–**	**1**
Closing: 46,325,222 (2021: 46,325,222) 'A' Ordinary Shares of £0.0025 each	**116**	**116**
Shares classified in equity		
Opening shares classified in equity	**116**	**115**
Issued during the year	**–**	**1**
Closing balance	**116**	**116**

The holders of 'A' Ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares.

6 Share based payments

The Company operates three employee share plans. Details of these can be found in note 20 to the Group accounts.

7 Staff costs and numbers

During the year the Company employed no members of staff and incurred no staff costs.

8 Related parties

Details of transactions with key management personnel can be found in note 25 to the Group accounts.

Advisers

Company registration number
08996352

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