

Forward thinking
Straight talking

Interim results six months ended 31 October 2022

“Strong H1 in a challenging market”

Gateley /

Presentation team



Neil Smith FCCA

Finance Director



Rod Waldie

Chief Executive Officer



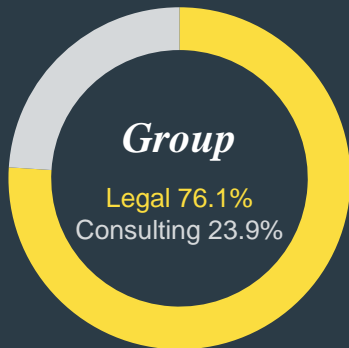
Nick Smith

Acquisitions Director

H1 Overview

- Revenues up 22.2% and Profit before tax up 9.6%
- Revenue mix – Consultancy revenue as % of total H1 revenue up from 14.4% to 23.9%

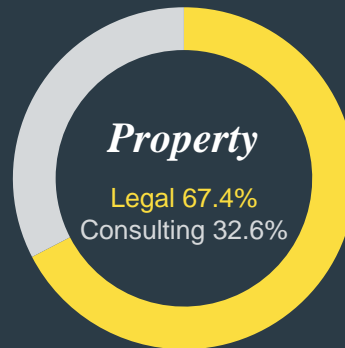
Total Revenue
£76.1m up 22.2% ↑



Legal growth 8.2%
Consulting growth 104.5%

Consulting growth
Organic 20.0%

Total Revenue
£37.6m up 36.7% ↑



Legal growth 14.4%
Consulting growth 129.3%

Consulting growth
Organic 24.8%

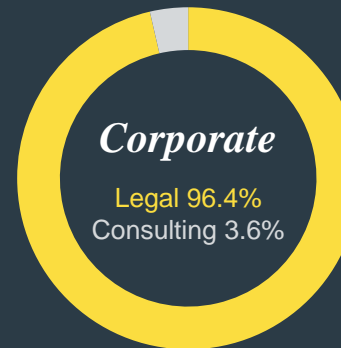
Total Revenue
£9.7 up 0.4% ↑



Legal growth (1.9)%
Consulting growth 5.4%

Consulting growth
Organic 5.4%

Total Revenue
£19.0 up 26.0% ↑



Legal growth 24.7%
Consulting growth 72.3%

Consulting growth
Organic 72.3%

Total Revenue
£9.7m down (2.3)% ↓



Legal growth (23.2)%
Consulting growth 100.0%

Consulting growth
Organic 0%

Legal movements across all Platforms organic only

H1 Overview – cont.

- Platform expansion – acquisition of Symbiosis
- Adoption of new key systems
- Responsible Business Report
- Proposed 3.3p interim dividend

People Highlights

- Headcount:
 - average fee earner headcount increased to 1,000
 - 124 internal promotions
 - 65% of employees are share or option holders
- New feedback initiatives:
 - QCIs
 - Truth Tellers
- Launched fifth diversity network – ability
- Resumption of landmark in-person events:
 - Leadership conference
 - Senior management conference



Responsible Business Report

*Delivering results that delight our clients,
inspire our people and support our communities*

Why our Responsible Business Strategy matters

- A component of our Purpose
- Business community – engine for change
- Alignment with clients' related expectations and objectives
- Culture, recruitment and employee satisfaction
- Potential costs savings
- Generating greater value over time

Progress and ambitions for 2023/24

- Second annual Responsible Business Report – 13 of 16 initial targets achieved
- Highlights include:
- Appointment of Responsible Business Manager
- Partnerships with:
 - UA92
 - NSPCC
 - SportsAid
- 15 new objectives set

Key financials

	H1 23 (£m)	H1 22 (£m)
Revenue	76.1	62.3
<i>Revenue growth</i>	22.2%	23.5%
<i>Organic revenue growth</i>	9.8%	22.7%
Operating profit before non-underlying operating and exceptional items	10.1	9.0
Margin before non-underlying and exceptional items (%)	13.2%	14.4%
<i>Staff costs (excl IFRS 2)/Revenue %</i>	61.7%	64.1%
<i>Utilisation (%)</i>	86%	84%
Underlying diluted EPS growth	6.8%	17.1%
Dividend (p)	3.3p	3.0p
Lock-up days	159	143
Free cash flow as % of Profit after tax	(22.0)%	(41.3)%
Net cash (ex IFRS 16)	1.1	8.8
Net asset value	74.1	58.0

H1 23 Performance by Platform

	Business Services	Corporate	People	Property	Total
H1 23 Revenue (£m)	9.7	19.0	9.7	37.6	76.1
H1 22 Revenue (£m)	10.0	15.1	9.7	27.5	62.3
% Growth	(2.3)%	26.0%	0.4%	36.7%	22.2%
FY23 Contribution (£m)	2.4	8.3	3.2	13.6	27.5
<i>FY23 Contribution % of revenue</i>	25.0%	43.8%	32.8%	36.1%	36.2%
FY22 Contribution (£m)	3.7	5.9	3.8	11.2	24.6
<i>FY22 Contribution % of revenue</i>	36.7%	38.7%	39.3%	40.9%	39.4%

Cash flow statement

Cashflow £m	H1 23 (£m)	H1 22 (£m)	Variance %
Operating cashflows before wc movements	12.7	11.4	+11.4%
Net working capital movement	(9.2)	(9.0)	
Tax paid	(1.9)	(3.0)	
Cash generated from operating activities	1.6	(0.6)	
Profit after tax	6.4	5.9	+8.5%
Cash generation	25.0%	(10.2)%	
Repayment of lease liabilities	(2.0)	(1.5)	
Receipt/(repayment) of RCF/loans	1.0	-	
Net interest	-	-	
Capital expenditure & acquisitions	(2.1)	(1.1)	
Share schemes	0.1	1.2	
Dividends paid	(6.8)	(8.8)	
Decrease in cash	(8.2)	(10.8)	

Net debt £m	HY 23 (£m)	HY 22 (£m)
Cash at bank	7.9	8.8
Debt	(6.8)	-
Net cash	1.1	8.8

Strong cash performance

- H1 22 tax higher than H1 23 as included catch up on tax paused during covid impact
- RCF drawn to assist acquisition of Symbiosis
- Capex and acquisitions spend increase on business system and Symbiosis
- H1 22 higher as it included two dividends paid (June 21 and Oct 21) whereas H1 23 only included Oct 22 dividend

Balance sheet

	H123 (£m)	H122 (£m)	% movement
Non-current assets	65.3	43.2	+51.2%
Current assets			
- Contract assets	22.3	14.7	+51.7%
- Trade and other receivables (inc deferred tax)	52.8	41.4	+27.6%
- Cash and cash equivalents	7.9	8.8	(10.8)%
Total assets	148.3	108.1	+37.1%
Non-current liabilities	(46.5)	(27.9)	+66.6%
Current liabilities	(27.7)	(22.2)	+24.4%
Total liabilities	(74.2)	(50.1)	+28.0%
Net assets	74.1	58.0	+27.8%

- Asset investments made since H122
 - Adamson Jones – Jan 22
 - Smithers Purslow – Apr 22
 - Symbiosis – Oct 22
 - New business systems
- Contract assets increased to £22.3m and remain low in peer group as % of fees
- Trade and other receivables increased to 52.8m due to organic and acquired growth
- Bank debt for acquisitions increased to £6.7m
- Net assets of £74.1m up 27.8%

Gateley Strategy and opportunity



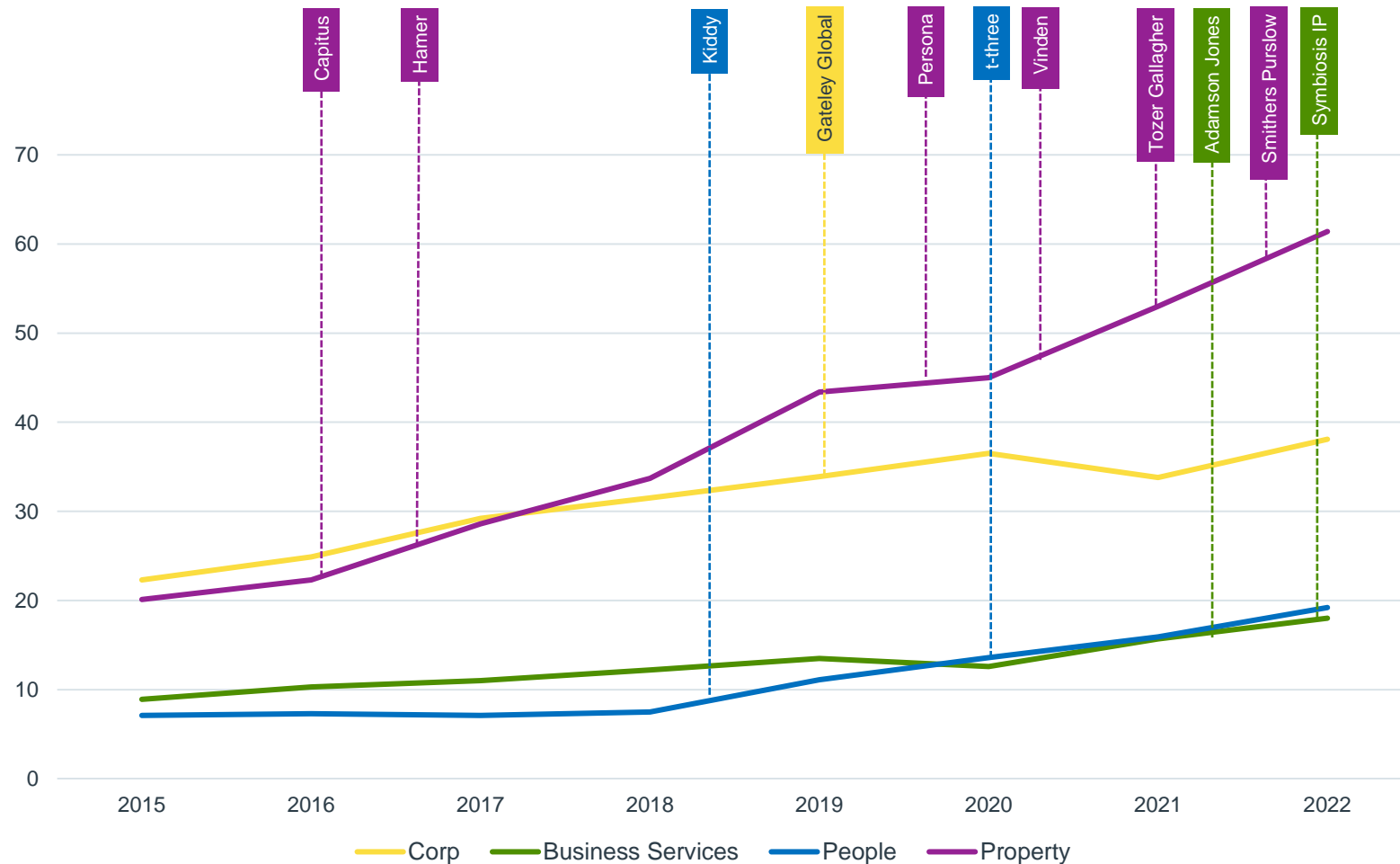
Revenue growth

- Strong pre-and post-IPO track record
- Revenue CAGR of **+13%** since 2004 and **+11%** since IPO
- Materially ahead of **mid-single digit** professional services market growth*



- Growth driven by **Core** market positioning + **Platform** strategy + **Acquisitions**
- Balanced and diversified business across clients and work type
- Proven adaptability to shifting economic conditions

Growth enhanced by our Platforms



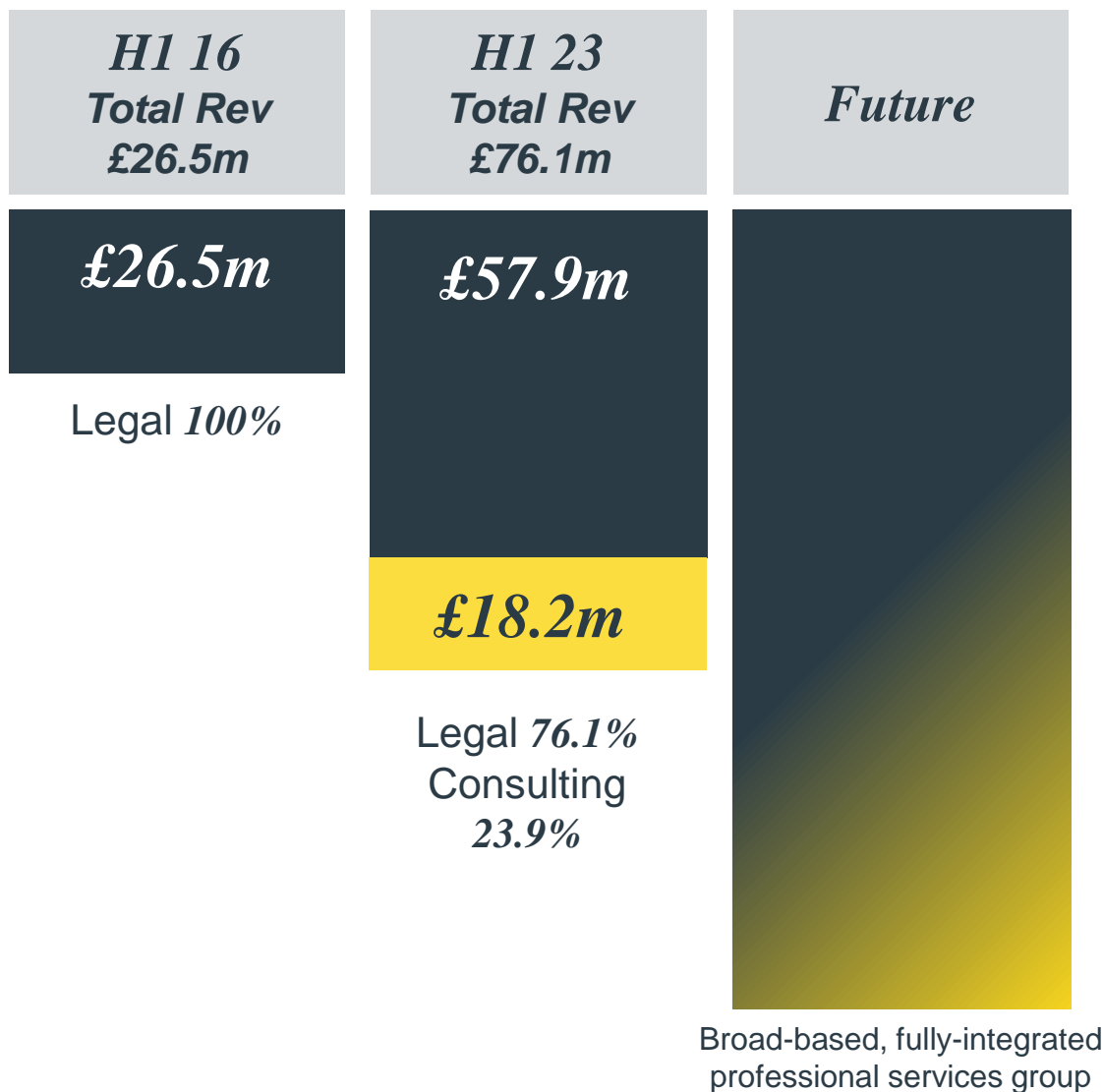
Platform benefits

- Client alignment
- Client expansion
- De-risking new business pipeline
- Targeted framework for M&A

Platform update

- Maturing as new businesses added and combined offerings developed
- Opportunity to become leading supplier across all four Platforms
- Broadening mix of services appealing to clients and adding greater resilience
- Platform offerings flexible as market conditions change

Acquisitions – consistent application of criteria and approach



What must an acquisition bring?

- A strategic opportunity
- New or complementary service line
- Client or sector adjacency
- Cross sales opportunities
- Establishment of market relevance

What must an acquisition deliver?

- Growth
- Margin

Progress to date

- 13 acquisitions completed
- 11 Consultancy, 2 Legal
- 6 Property, 2 People, 2 Business Services, 2 Legal and 1 Corporate
- Consultancy Revenue now £18.2m, 23.9% (H1 22 £8.8m, 14.4%)
- 397 total headcount, 282 professionals trading out of 15 locations

Summary and Outlook

- Proven resilience of and growth in the UK legal and professional services sector
- Gateley's track record of "market+" results
- Experienced management team delivering an unbroken track record of revenue and profit growth and value enhancing acquisitions
- Continuing to invest in infrastructure, people and offering
- Strong internal culture fully aligned with long-term value creation
- A strong balance sheet, with net cash and significant headroom (£23m) in RCF providing flexibility to drive organic and in-organic investment
- Consistent application of investment thesis
- Cautiously optimistic for FY23 and beyond
- Continuation of progressive dividend policy

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At a *glance*

What makes us *forward thinking*

- › The first UK commercial law firm to list on the London Stock Exchange in 2015
- › A legal and professional services group which combines legal advice with consultancy expertise through our market facing Business Services, Corporate, People and Property Platforms.
- › Forward thinking about the services that we deliver, helping our clients to solve challenges and to maximise opportunities
- › A responsible business committed to levelling up the world in which we work
- › Being straight talking about what matters, inside and outside of our business: supporting diversity and inclusion, encouraging potential and ensuring a sustainable future
- › Delivering results without ever losing sight of our Gateley Team Spirit values

Working *together*

- › Proud that 45% of colleagues participate in our Sharesave scheme vs. 25% UK average and 65% of all colleagues participate in at least one or more of our share schemes.
- › Investors in People accredited
- › A Levelling Up Partner and member of the Levelling Up Measurement TaskForce
- › Signatory to the Better Business Act
- › The only UK legal business to be ranked in the Glassdoor top 25 best companies for senior leadership.



Room to *breathe*

- › Stonewall Diversity Champions and Law Society Gold Standard for our Diversity and Inclusion Charter
- › Active wellbeing programme and proud to be a signatory to the Mindful Business Charter
- › Engaged staff networks to support diversity and inclusion including Women in Leadership and Working Parents programmes
- › A Halo Code workplace
- › Sustainable working practices including paperlite, recycling and use of virtual technology
- › Disability confident employer

Trusted to do

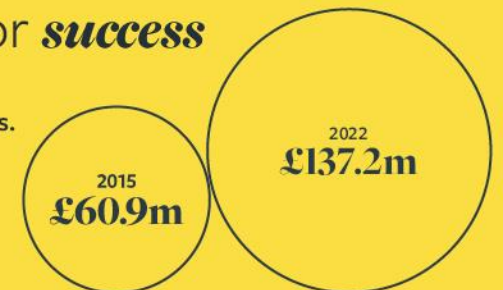
Excellent ★★★★★ 170 reviews on review solicitors

FY22 key client account management programme:

- › 67% of clients in the programme increased their fees in FY22
- › c£17m of fees generated across our account management programme last year; with
- › 350 new client relationships were nurtured
- › Rated 5 star/excellent on independent legal review platform, Review Solicitors.

Ambitious for *success*

Double digit revenue growth in the last 7 years.



Financial highlights

REVENUE INCREASED

22.2 % 

from £62.3m to
£76.1m

PBT INCREASED

9.6 % 

from £8.0m
to £7.3m

ADJUSTED FULLY DILUTED EPS INCREASED

6.8 % 

from 5.76 to
6.15p

Adjusted fully diluted EPS excludes share based payment charges, amortisation and exceptional items. It also adjusts for the future weighted average number of expected unissued shares from granted but unexercised share option schemes in issue based on a share price at the end of the financial year

BALANCE SHEET STRENGTH

Net assets increased

27.8 % 

from £58.0m to
£74.1m

Net cash

£1.1m

Net cash excludes IFRS 16 liabilities

DIVIDEND INCREASED

10.0 % 

from 3.0 to
3.3p

Reduction due to strategic redeployment of cash:

- M&A
- Continued growth and expansion

Headroom in facilities

- RCF up to £30m - £23m headroom
- Litigation funding facility - £20m with option to increase to £50m