

Preliminary results

Year ended 30 April 2023

“Continuing track record of delivery”



Gateley /

Presentation team



Neil Smith FCCA

Chief Financial Officer



Rod Waldie

Chief Executive Officer

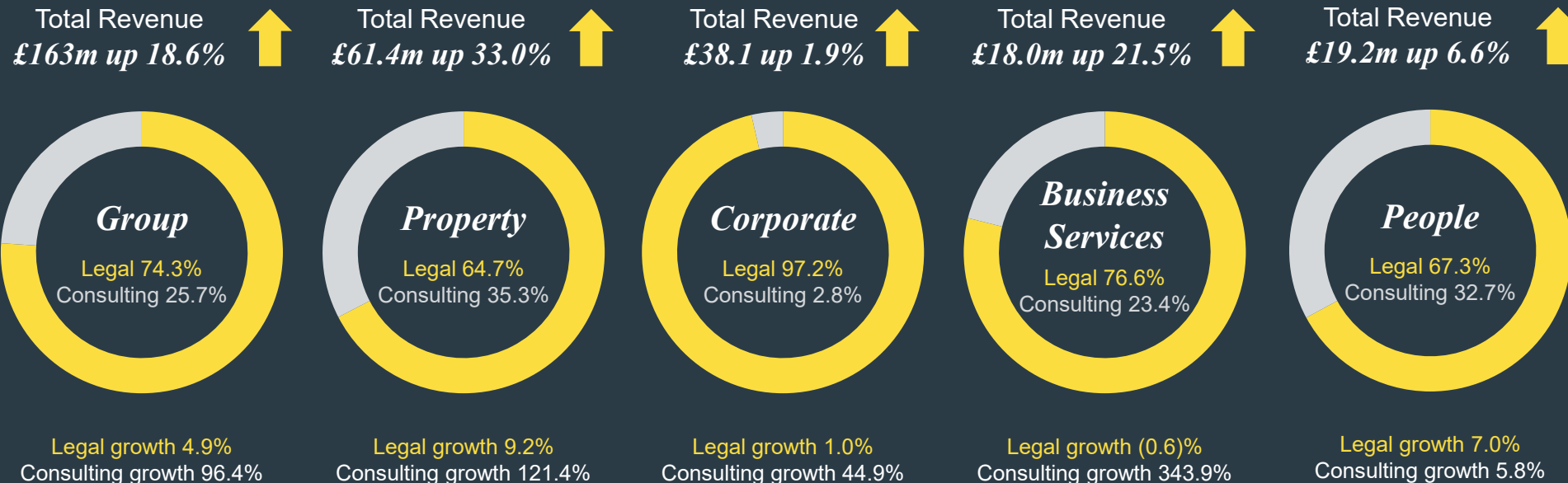


Nick Smith

Acquisitions Director

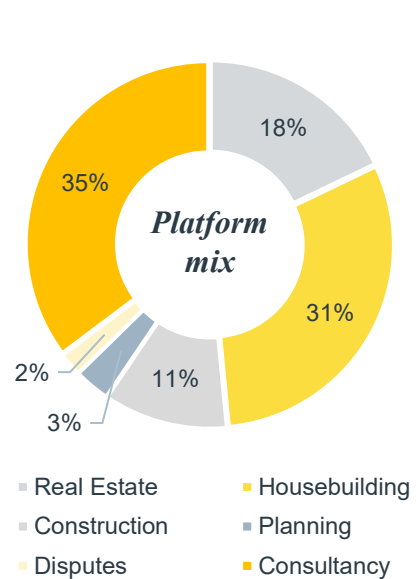
FY23 overview

- Revenues up 18.6% and underlying profit before tax up 16.2%
- Building resilience – consultancy revenue as % of total FY23 revenue up from 15.5% to 25.7%
- Platform expansion:
 - Acquisition of Symbiosis Oct 22
 - Acquisition of RJA post-period end Jul 23

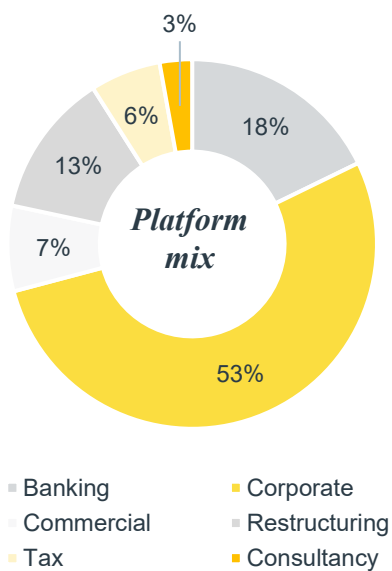


Platform insight

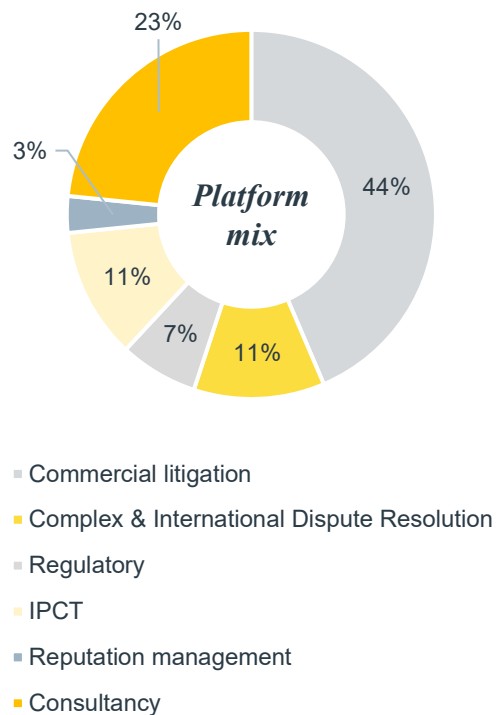
Property Platform



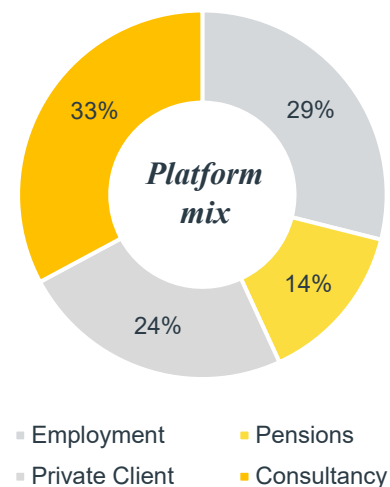
Corporate Platform



Business services Platform

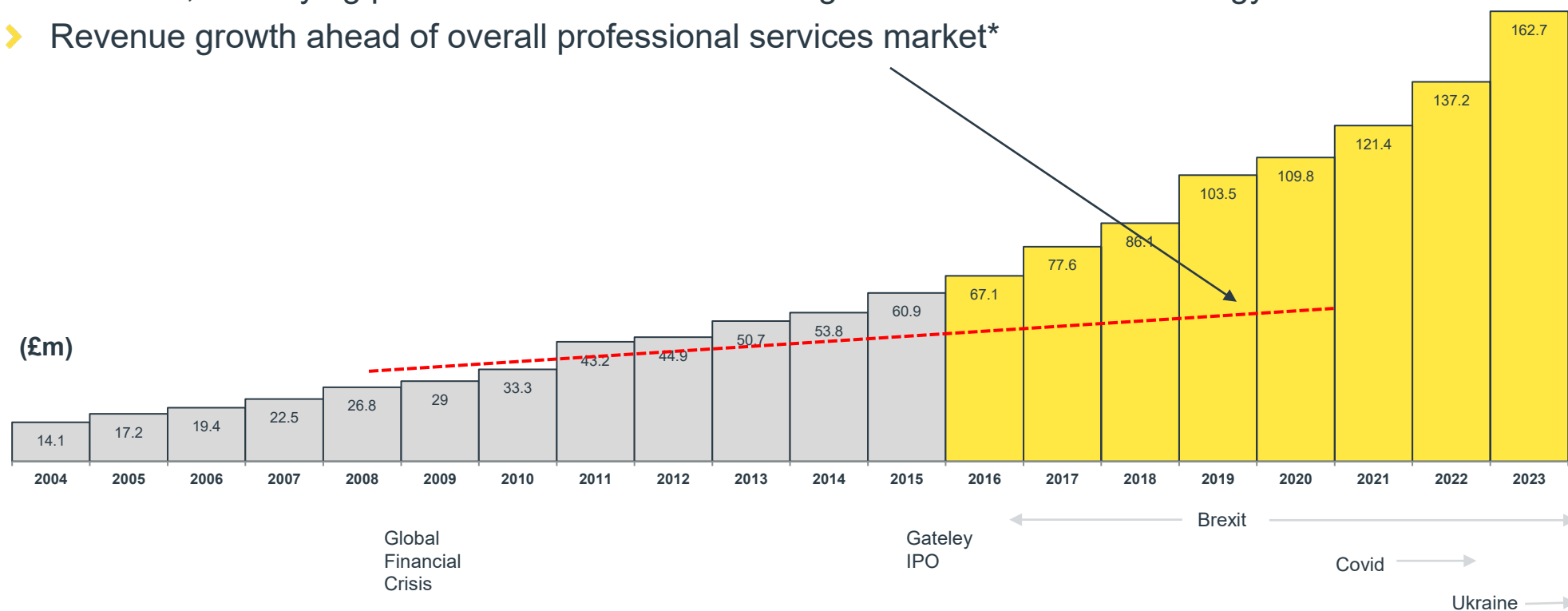


People Platform



Track record

- Revenue, underlying profit before tax and dividend growth via consistent strategy
- Revenue growth ahead of overall professional services market*



- Proposed 6.2p final dividend giving full year dividend up 12% to 9.5p

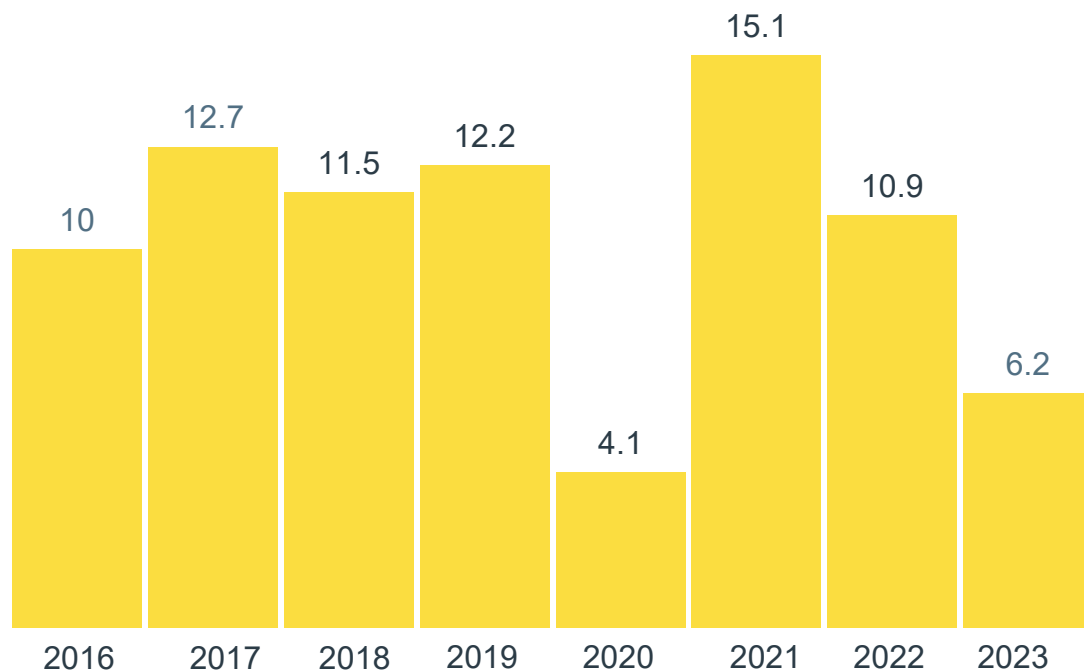
Fundamentals



Key financials

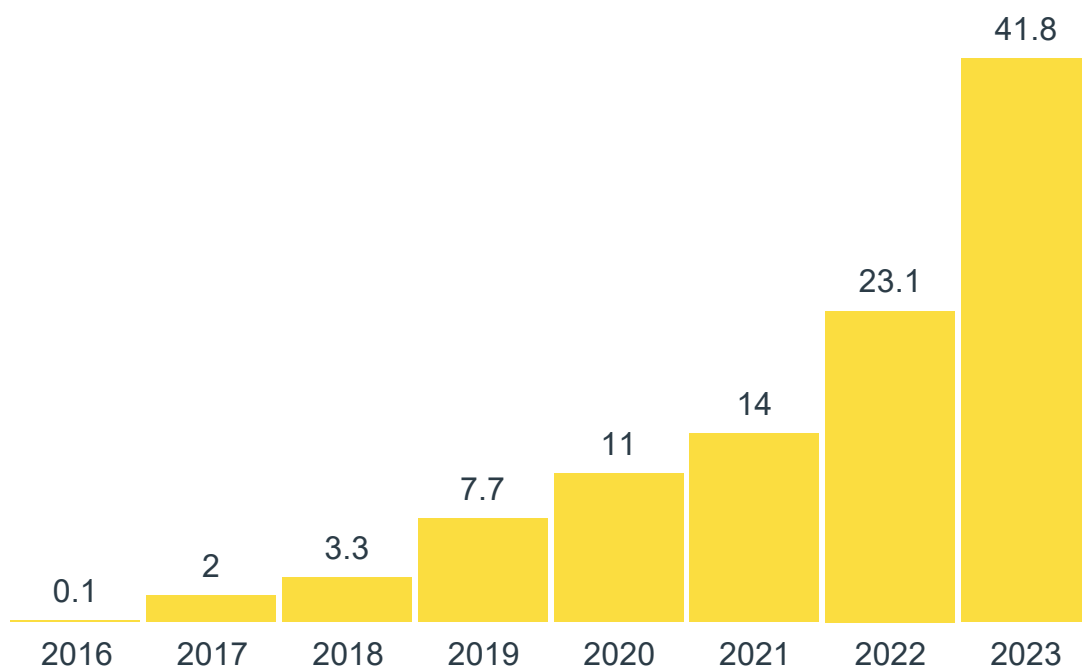
	FY23	FY22 (restated)
Revenue	£162.7m	£137.2m
<i>Revenue growth</i>	<i>18.6%</i>	<i>13.0%</i>
<i>Organic revenue growth</i>	<i>6.2%</i>	<i>10.9%</i>
Operating profit before non-underlying operating and exceptional items	£25.0m	£22.5m
Underlying profit before tax margin (%)	15.4%	16.4%
Staff costs (excl. IFRS 2)/Revenue %	59.5%	63.0%
Utilisation (%)	89%	83%
Underlying diluted EPS	16.28p	14.54p
Underlying diluted EPS growth	12.0%	6.4%
Dividend (p per share)	9.5p	8.5p
Lock-up days	166 days	166 days
Adjusted Free cash flow as % of adjusted profit after tax	28.3%	41.4%
Net cash (ex IFRS 16)	£4.3m	£10.4m
Net asset value	£78.1m	£75.1m

Organic growth (£m)



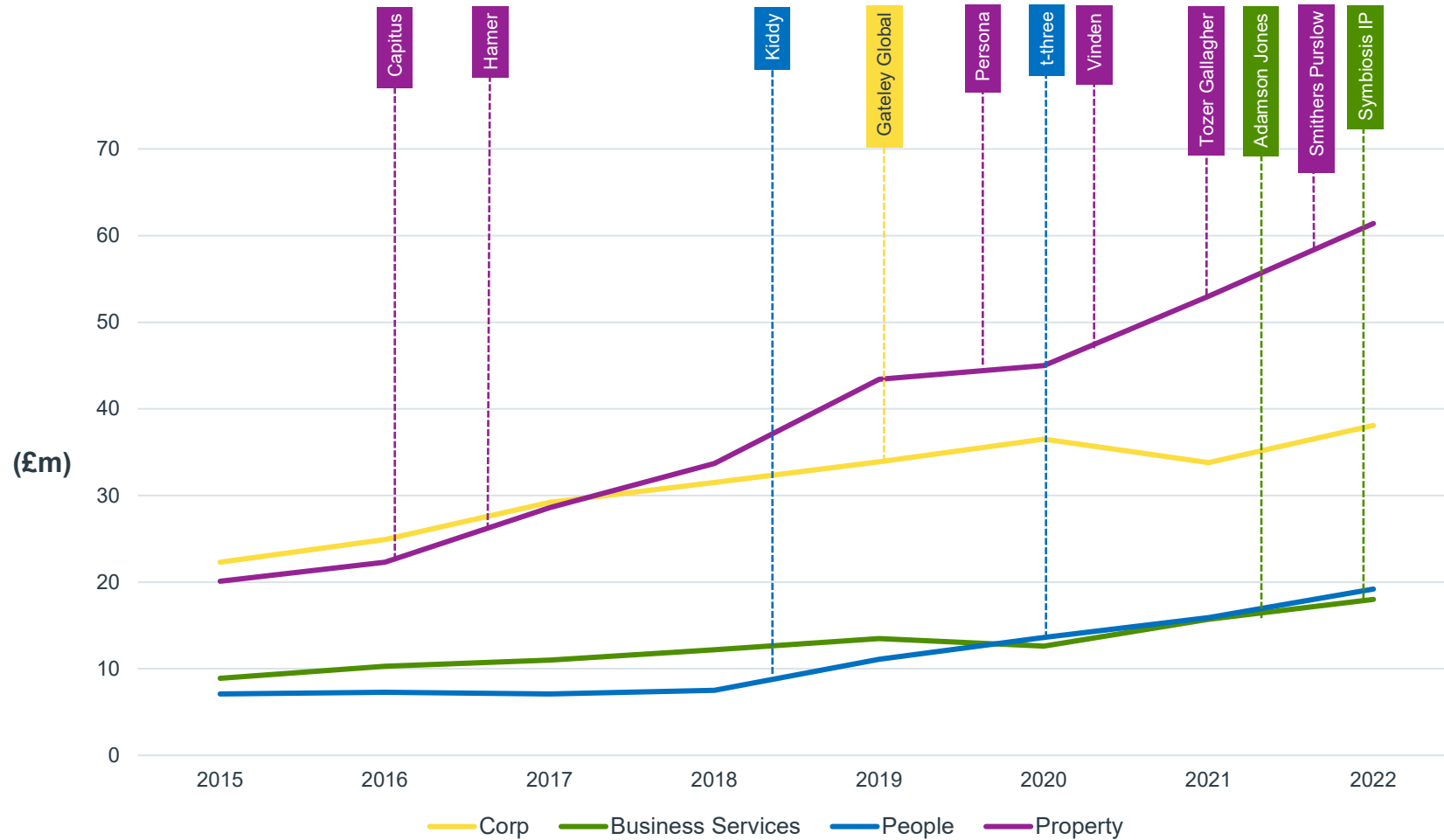
- FY23 organic revenue growth was 6.2%, comprising 4.9% in legal services and 18.4% in consultancy services
- CAGR 11.3% since IPO
- Stronger growth as a professional services business
- Resilient growth during extraordinary times
- “As we extend our range of services, our strong client relationships enable more cross-selling opportunities, which remains a key focus for us in generating further organic growth.”

Consultancy income growth (£m)



- Consultancy service lines established across all four Platforms, creating market relevance
- £41.8m or 25.7% of Group revenue from consultancy services
- Both acquisitive and organic growth opportunities exist in consultancy
- Attractive multiples in consultancy acquisitions
- Significant cross-selling and project upgrading opportunities arising
- Operational gearing opportunities especially via premises and centralisation

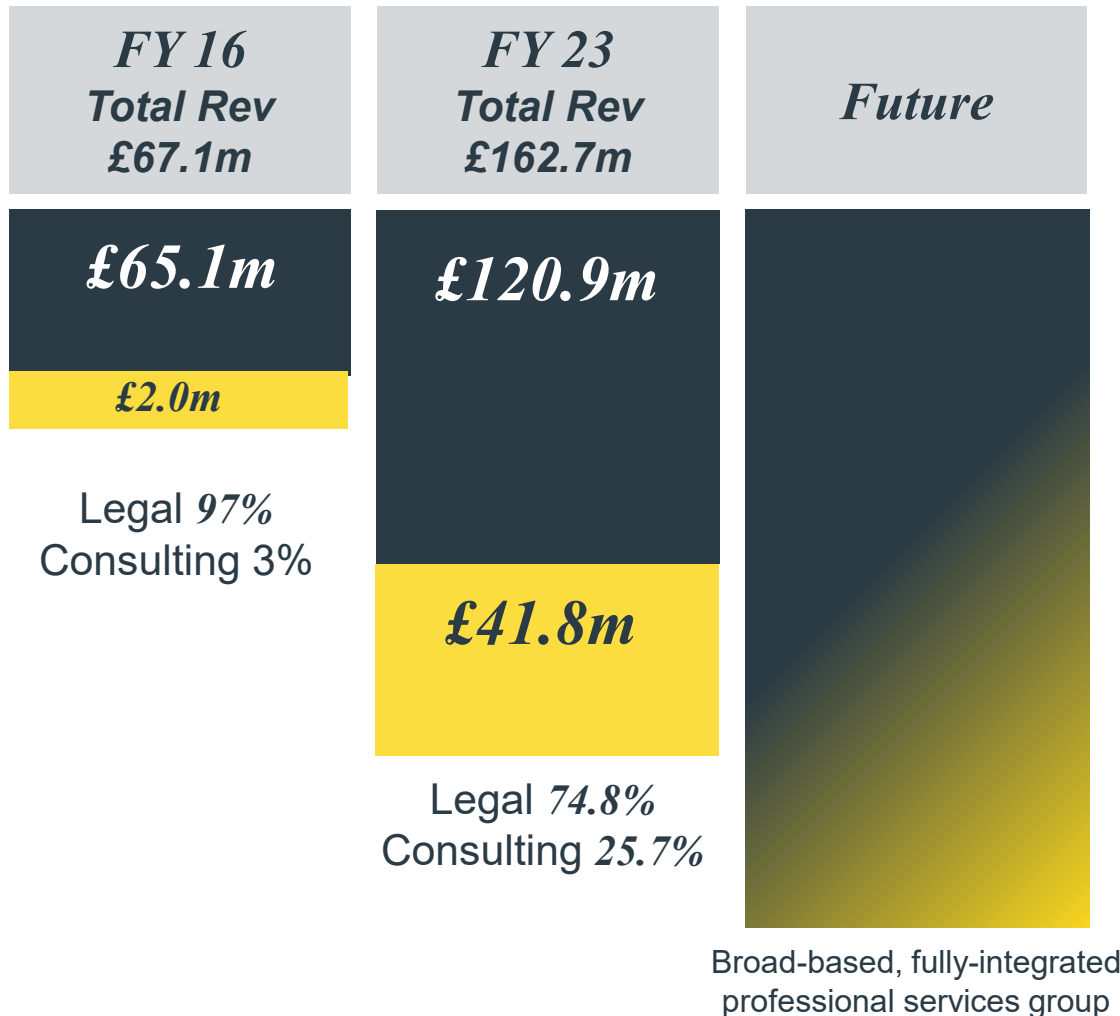
Growth enhanced by our Platforms



Platform benefits

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

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

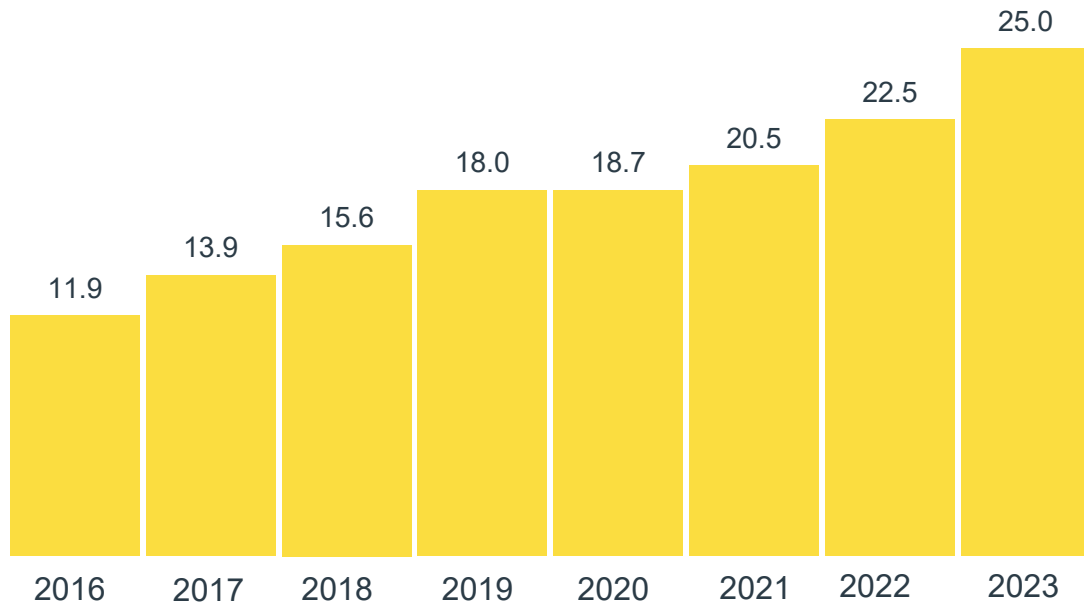
What must an acquisition deliver?

- Growth
- Margin

Progress to date

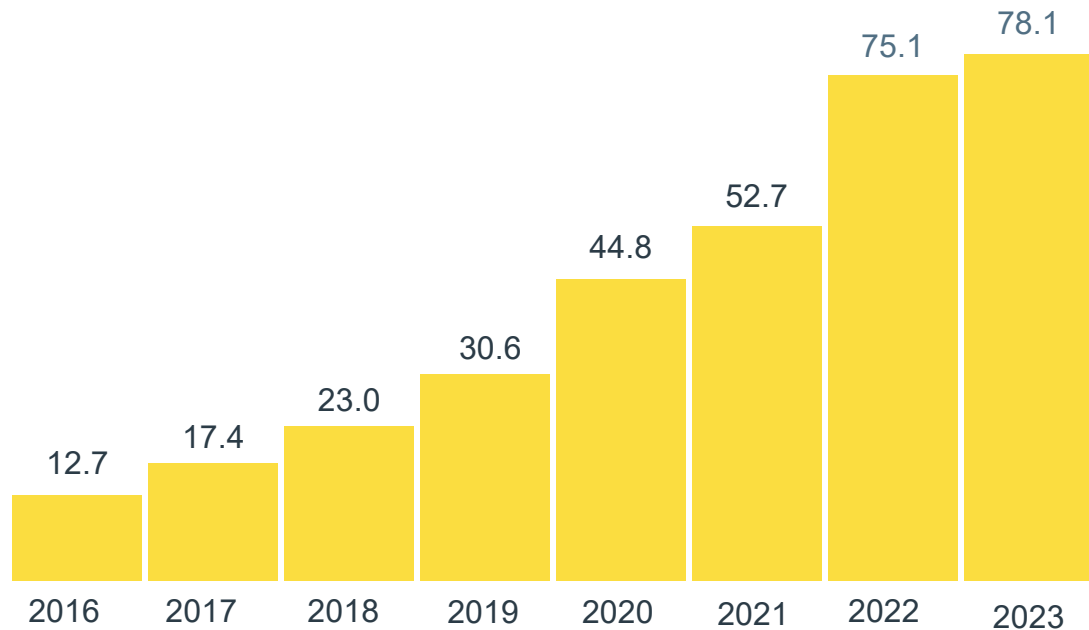
- 14 acquisitions completed
- 12 Consultancy, 2 Legal
- 7 Property, 2 People, 2 Business Services, 2 Legal and 1 Corporate
- Consultancy revenue now £41.8m, 25.7% (FY23 £23.1m, 23.1%)
- 358 total headcount, 279 professionals trading out of 15 locations

Underlying profit before tax growth (£m)



- CAGR 11.5% since IPO
- Underlying operating profit margin
- Underlying diluted EPS 16.3p
- Operational gearing
- Significant future opportunities to grow top line and enhance profitability

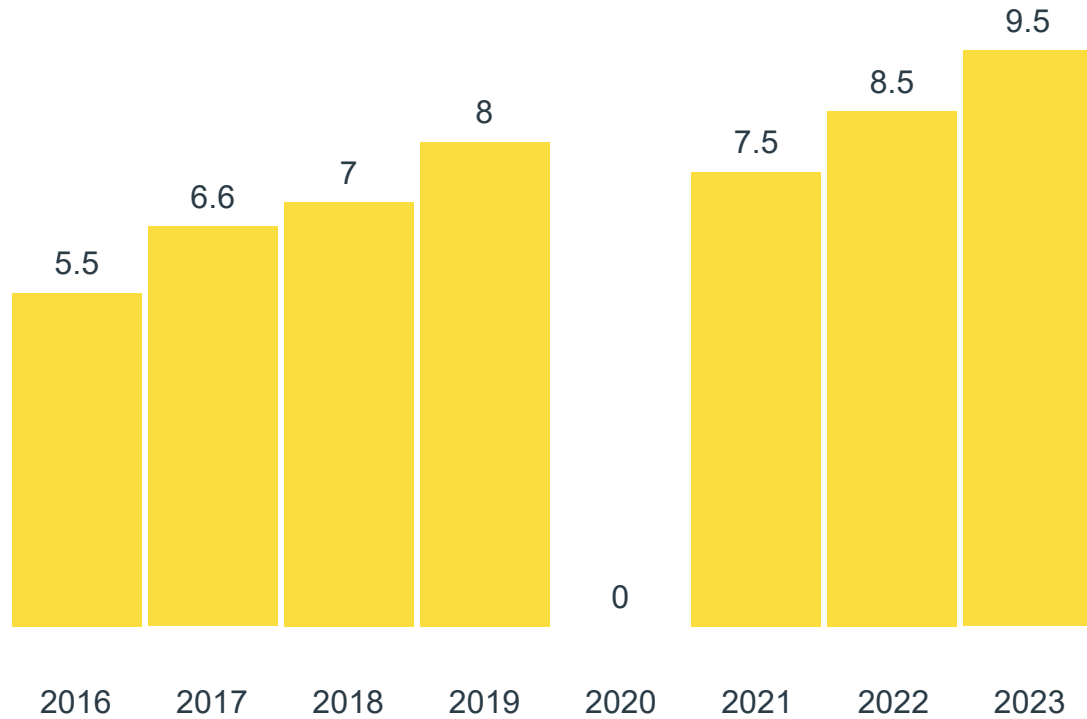
Balance sheet growth (£m)



- Balance sheet growth continues
- Lock up days consistent with FY22
- Conservative WIP recognition policy
 - WIP as % of fees lowest of peers
- Strong net cash position
- Significant funding headroom from supportive long term banks aligned with Group strategy
- Net assets lowered by IFRS 3 adjustments

Growth in dividend return

(pence per share)



- Capital increase since flotation 95p to +150p (highest price 257p)
- 52.6p total dividend paid since flotation for 95p
- Annual FY23 dividend per share of 9.5p
- Free float 52%

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
- Generating greater value over time

Progress and ambitions for 2023/24

- Third annual Responsible Business Report imminent – 15 of 15 targets achieved
- Highlights include:
 - Launched volunteering policy;
 - Set attainment of net zero emissions by 2040;
 - Launched new charity partnership with Alzheimer's Research UK;
 - Further enhanced partnerships with:
 - UA92
 - SportsAid
- 15 new objectives set for 2023/24

People highlights

- Key statistics:
 - Total Group headcount increased to **1,455**
 - Fee earner headcount increased to **1005 (+6%)**
 - **126** internal promotions
 - **65%** of employees are share or option holders
- Embedded fifth diversity network – Ability
- Launched two new internal networking groups:
 - Influence; and
 - Ignite
- Continuation of landmark in-person events:
 - Leadership conference
 - Senior management conference
- Appointment of Colin Jones as NED



Summary and outlook

- Track record of “market+” results
- Enhanced by in-built resilience and progressive differentiation via value enhancing acquisitions in consultancy services
- 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 in RCF providing flexibility to drive organic and in-organic investment
- Consistent application of investment thesis
- Commitment to progressive dividend policy
- Cautiously optimistic for FY24

Gateley /

gateleypkc.com

Appendices

- Gateley at a glance
- 5 reasons to invest
- Income statement
- Balance sheet
- Cashflow statement

What makes us *forward thinking*

- › The first UK commercial law firm to list on the London Stock Exchange enabling us to develop our service offering to clients through acquisition
- › A professional services group which combines legal advice with consultancy expertise through our market facing Business Services, Corporate, People and Property Platforms.
- › 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
- › 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

FY23 key client account management programme:

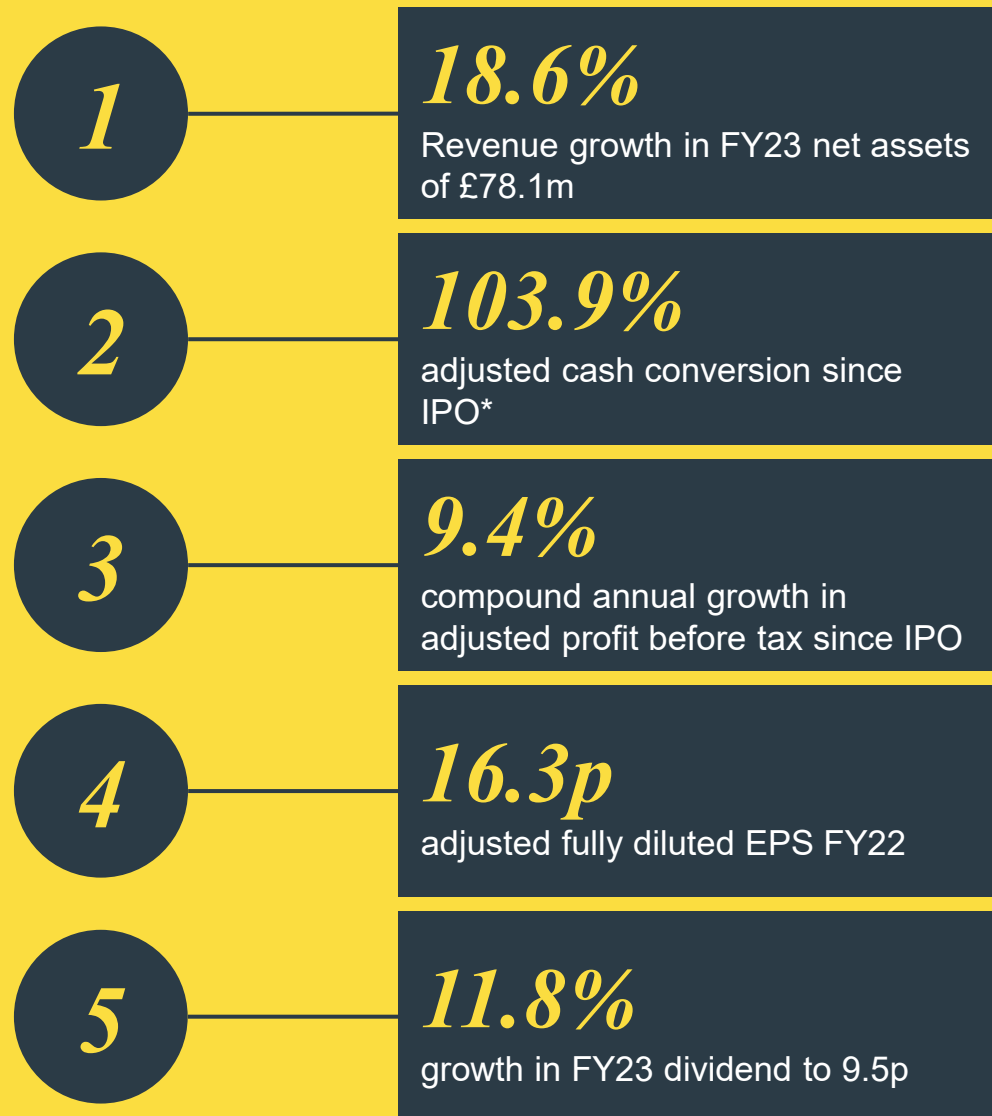
- › 450 new client relationships were nurtured
- › Over 2000 hours of client investment time recorded
- › Over 90 Stellar Talks completed
- › Rated 5 star/excellent on independent legal review platform, Review Solicitors.

Ambitious for *success*

A strong and resilient business.



Five key reasons to invest



- › Gateley's experienced management team has delivered an unbroken track record of revenue and profit growth through multiple economic cycles
- › The market in UK legal services provides a strong foundation on which to base a strategy for growing a wider professional services group, further increasing the Group's resilience
- › Gateley's strategic position creates strong organic growth opportunities and a platform upon which it can diversify through acquisition
- › A strong balance sheet, with net cash and committed acquisition finance facilities placing Gateley in an excellent position to invest for further growth
- › Established and resilient revenue streams with a high conversion of profit into cash
- › Gateley provides an attractive income stream with 70% of adjusted post-tax profits earmarked for dividends. Since IPO in 2015 (at 95p) it has returned 52p to shareholders
- › Significant internal share ownership and a strong people culture with purpose-led responsible business objectives

Income statement

	FY 23 (£m)	FY 22 restated (£m)	FY 22 prior year adjustment (£m)	FY 22 prior to restatement (£m)
Revenue	162.7	137.2	-	137.2
<i>Personnel costs, excluding IFRS 2 charge</i>	(96.8)	(86.5)	-	(86.5)
<i>Depreciation</i>	(4.9)	(4.6)	-	(4.6)
<i>Impairment of trade receivables</i>	(1.3)	(0.9)	-	(0.9)
<i>Other operating expenses</i>	(34.7)	(22.7)	-	(22.7)
Operating profit before non-underlying operating and exceptional items	25.0	22.5	-	22.5
Non-underlying operating items	(8.9)	6.1	8.8	(2.7)
<i>Exceptional items</i>	-	(0.9)	-	(0.9)
Operating profit	16.1	27.7	8.8	18.9
Net finance income	0.1	(0.9)	-	(0.9)
Profit before tax	16.2	26.8	8.8	18.0
Taxation	(4.0)	(3.8)	-	(3.8)
Profit after tax	12.2	23.0	8.8	14.2

Balance sheet

	FY23 (£m)	FY22 (£m)	FY 22 prior year adjustment (£m)	FY 22 prior to restatement (£m)
Non-current assets	43.9	41.5	(18.6)	60.1
Current assets				
- Contract assets	20.4	17.2	-	17.2
- Trade and other receivables (inc deferred tax)	73.3	71.6	15.4	56.2
- Cash and cash equivalents	11.1	16.1	-	16.1
Total assets	148.7	146.4	3.2	149.6
Non-current liabilities	(39.8)	(34.9)	-	(34.9)
Current liabilities	(30.8)	(36.4)	5.4	(41.8)
Total liabilities	(70.6)	(71.3)	5.4	(65.9)
Net assets	78.1	75.1	2.2	72.9

Cash flow statement

Cashflow £m	FY 23 (£m)	FY 22 (£m)	FY 22 prior year adjustment (£m)	FY 22 prior to restatement (£m)
Profit after tax	12.2	23.0	8.8	14.2
Operating cashflows before wc movements	15.6	(3.7)	(15.8)	12.1
Net working capital movement	(13.4)	(9.5)	-	(9.5)
Tax paid	(4.3)	(4.5)	-	(4.5)
Cash generated from operating activities	9.7	5.3	(7.0)	12.3
Investing activities	0.1	0.2	7.0	(6.8)
Repayment of lease liabilities	(4.6)	(3.9)	-	(3.9)
Receipt/(repayment) of RCF/loans	1.0	5.7	-	5.7
Dividends paid	(11.0)	(12.4)	-	(12.4)
Other investments	(0.3)	1.6	-	1.6
Financing activities	(14.9)	(9.0)	-	(9.0)
Decrease in cash	(5.0)	(3.5)	-	(3.5)
Cash b/fwd	16.1	19.6	-	19.6
Cash c/fwd	11.1	16.1	-	16.1