Gateley (Holdings) Plc

Margin recovery to drive re-rating

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September 2026

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17 September 2026

Margin recovery to drive re-rating

Gateley is a well-managed professional services Group with an excellent reputation for client service and an unbroken track record of revenue growth. Recent results reaffirmed fexpectations for FY27 alongside news of a rebased dividend and CEO change. The search for Rod Waldie's successor is underway and the Group is in safe hands under interim CEO Martin Pike. Persistent share price weakness leaves the Group trading on depressed multiples (P/E <5x, yield >9%), which we consider a steep over-reaction to recent margin softness and the emergence of AI. In our view, management has a clear and credible strategy to drive a recovery in operating margins, as benefits are realised from investments in technology and AI, and growth investments begin to pay dividends. Last week's news of a class action settlement reinforces our confidence. We initiate coverage with a 150p Fair Value / share estimate.

FY26 results reinforce growth outlook and operating margin targets

FY26 results (21/07/26) confirmed a year of strong revenue growth (+6% organic, +8% overall), reflecting robust underlying client demand and good progress on fee rates. Operating margin dipped to 11.1% (FY25: 11.7%) and this is a key focus for management, who remain committed to a 13.5% medium term target. A final dividend of 2.0p was declared (FY25: 6.2p), taking the full year dividend to a rebased - but still substantial – level at 5.3p (9% yield).

Near-term share price catalysts

Last week brought positive news of a settlement in respect of the Group's first class action, an important milestone, which bodes well for the margin enhancement strategy and improving cash generation. We see scope for further potential positive catalysts as FY27 progresses (including ongoing margin initiatives; progress on working capital; gains from the adoption of the Jylo AI platform; recovery in Corporate and/or Property sectors).

Equity Development verdict – Fair value 150p / share

Whilst many listed companies in the UK trade at a discount to their long-term trend, Gateley is an extreme case, with a P/E rating of just 4.9x (4.5x EV/EBITDA) representing a c.60% discount to its 10-year average. Gateley also trades at a c.50% discount to peers. Meanwhile, Private Equity is paying up to 10x EBITDA for high-quality legal services platform businesses. Ultimately, we expect this ratings gap to narrow, either organically or via increased M&A interest in the quoted sector.

Key financials & valuation metrics

Year to 30 April (£m)	2024A	2025A	2026A	2027E	2028E
Sales	172.5	179.5	194.3	201.6	208.6
EBITDA	25.8	26.7	27.3	29.2	30.2
Adjusted PBT	23.0	23.3	21.6	23.2	24.2
FD EPS (p)	14.2	12.6	11.2	12.3	12.8
DPS (p)	9.5	9.5	5.3	5.5	5.7
Net Cash/(Debt)*	(24.8)	(32.4)	(52.4)	(49.7)	(45.6)
Net Cash/(Debt)**	3.8	(6.6)	(25.3)	(22.6)	(18.5)
P/E	4.2x	4.8x	5.3x	4.9x	4.7x
EV/EBITDA*	4.1x	4.3x	4.9x	4.5x	4.2x
Dividend yield	15.8%	15.8%	8.8%	9.2%	9.5%

*Source: ED analysis, IFRS 16 basis * including leases ** excluding leases, Shares priced at COB 16/09/26*

Company data

EPIC	GTLY
Price (last close)	60p
52 weeks Hi/Lo	139p/51p
Market cap	£81m
ED Fair Value / share	150p
Net cash / (debt) 2026A	(£25m)
Avg. daily volume (3m)	236k

Share price, p

Source: investing.com

Description

Gateley (Holdings) Plc ('Gateley') is a professional services company, combining a top 40 UK legal practice with complementary consulting businesses. It has a c.40 years track record of revenue growth and was the first UK law firm to go public, in 2015.

Next event

Trading update – late Nov/ early Dec

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Contents

Web and social media links:

https://gateleyplc.com/

www.linkedin.com/company/gateley

Revenue by Platform:

Introduction to Gateley

Gateley is a long established legal and professional services group with an enviable track record of revenue growth over a 40+ year period. It has a strong reputation as a leading UK mid-market Corporate legal adviser and one of the largest providers of legal services to the Property sector, including the UK's major housebuilders. Through acquisition, the Group has established a leading IP and People Services offering. Gateley was an early adopter of the corporate model and the first law firm to IPO, in 2015. This accelerated growth, adding significant scale and capability, whilst Gateley successfully navigated the volatility of the past decade. The Group is innovative, forward thinking and ambitious, whilst proud of its heritage, development of talent and reputation for client service.

Gateley has built a consultancy business of scale through the acquisition of complementary businesses, which have added significant breadth to the Group's four Platforms (Business Services, Corporate, People and Property). The acquisitions have brought cross-selling opportunities and value-added product capabilities to Gateley's clients. In the 10 years since IPO, Gateley has completed 15 acquisitions, with a combined initial consideration of c.£50m. Deals have typically been financed partly by cash/debt, partly by new shares in the company. Consultancy services now account for c.30% of Group sales. Overall, the Group has built a well-balanced and diversified portfolio of businesses, whilst paying an attractive dividend.

Gateley also actively targets organic growth opportunities, adding laterally hired partners (15 in FY26) to reinforce strategic growth areas, whilst carefully managing headcount. Recent years have seen the creation of a class actions practice, trading as Austen Hays, and the recruitment of a six-lawyer corporate team in Dubai during 2025, including PwC Legal's former Middle East Managing Director.

Investment Highlights

- Impressive track record of revenue growth
- Organic performance underpinned by selective investment in experienced teams
- Well executed M&A strategy
- Strong reputation for quality of service
- Diversity of service lines, market and regional coverage drive growth through economic cycle
- Loyal client base
- Culture of collaborative working
- Broad spread of employee share ownership
- Flexible incentive structure to boost recruitment
- Willingness to invest in systems and technology to enhance working practice and returns
- Embracing AI to drive service and efficiency
- Strong and experienced Board of Directors

Risk Factors

- Cyclicality of certain business streams
- Activity levels and investor sentiment influenced by UK economic outlook
- Wage inflation can put pressure on margins
- Depressed share price unhelpful for M&A strategy and staff incentivisation
- Impact of AI on legal services still evolving (potential opportunity and threat)
- Ministry of Justice (MOJ) may seize interest on law firm client accounts. Proposals under review following negative feedback. For gov.uk summary, click here.
- Mid-market sector very competitive
- Challenge of maintaining culture as headcount rises
- CEO transition (recruitment process underway)

Forecast Drivers

- Focus on fees driving organic revenue growth
- Efficiency gains (current redundancy programme, investment in AI) and activity to underpin recovery in operating margin
- Stated target to drive operating margin to 13.5% (11.1% in FY26), above current forecasts
- Future acquisitions likely but not in our forecasts
- Class actions have windfall potential (details of recent settlement TBC at H1 trading update)

Valuation

- Valuation and share price at multi-year lows. P/E rating of <5x, a 60% discount to Gateley's long-term average
- Dividend recently rebased, but remains at a very high yield of >9%
- Delivery on margin targets represents a clear potential catalyst for rerating
- Private equity M&A valuations in the sector up to 10x EBITDA

Heritage

Gateley charts its history to Victorian Birmingham, where it was founded as Stephen Gateley & Sons. Its more recent history covers a c.40-year period of revenue growth, including a period of strong organic progress in the decade ahead of the 2015 IPO, which has since been bolstered by complementary acquisitions of Consulting businesses. Gateley now comprises 16 businesses, working across four distinct Platforms, employing over 1,500 people, including nearly 1,000 professional advisors. The Group operates from 25 offices, principally across the UK, including a City of London office and Head Office in Birmingham.

Innovation

In 2015, Gateley became the first law firm to list on the LSE. The plc structure brings many advantages, including the ability to finance acquisitions, reward and incentivise all employees and to support long-term investments, in contrast to the short-term decision making that can be a feature of the partnership model.

This progressive thinking is also reflected in the breadth of services delivered to clients, collaborative working across the Group and investment in systems and tools to improve client service and efficiency. The most recent example of this is the adoption of the Jylo AI platform, which is being deployed across the Group after a seven-month structured evaluation. Jylo is a secure platform, which enables Gateley's professionals to build and use repeatable playbooks and workflows across a range of tasks.

Click for Gateley IP:

The commitment to a collaborative approach can be seen in the recent launch of *Gateley IP*, a dedicated patent and trademark attorney group in the Business Services platform. This brings three of Gateley's acquisitions under common leadership, enabling closer working with the Group's specialist IP solicitors.

Culture

"We aim to deliver results that delight our clients, inspire our people and support our communities"

Gateley has a reputation for high-quality client service and the Group's stated purpose is to "*deliver results that delight our clients, inspire our people and support our communities*." Gateley prides itself on its team ethos and is committed to providing attractive and rewarding careers to its employees. It has introduced a range of employee share schemes that ensure all employees can acquire shares and participate in the financial success of the business. Awards under the Group's Restricted Share Award Plan (RWA) are subject to a five year non dealing restriction and are forfeited should employment be terminated within that period. The aim is to encourage earlier and widespread equity ownership to retain, attract and motivate talent, and ensure alignment with the Group's external shareholders.

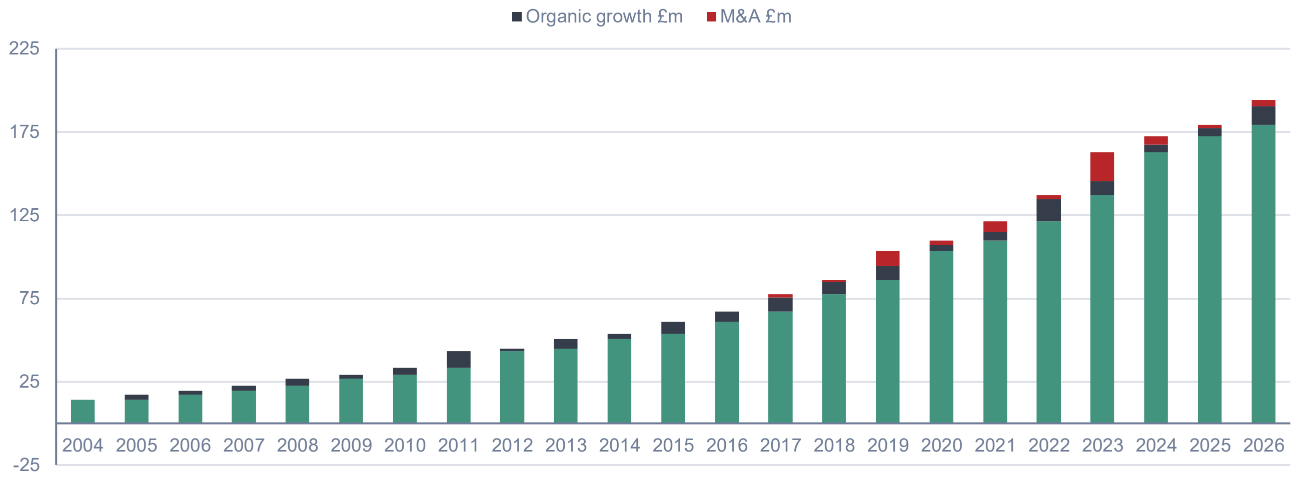
Ambition

Gateley has an excellent track record of growth, driven by a commitment to a simple strategy, which has been consistently followed in the years since IPO. The core principles of the growth strategy are:

1. Enhancing opportunities to grow organically through partner hires or teams;
2. Geographic expansion and acquisition of businesses offering complementary services;
3. Building out the Group's Platforms, which comprise clusters of complementary services; and
4. Alignment through share participation of the interests of shareholders, including employee shareholders, with those of the business

This has underpinned a highly impressive, unbroken track record of revenue growth, the most recent 20 years of which are set out on the chart on the following page. Gateley also has a positive track record of profitability, and profit growth, although margins have softened since 2022 because of the inflationary environment and the Group's own investments in longer term growth opportunities. Management is committed to rebuilding the operating margin towards a stated target of 13.5%, through pricing discipline, cost management and the maturity of recent investments (systems and people).

Highly impressive and consistent revenue growth



Source: Company, Equity Development analysis

Board of Directors

Martin Pike – Interim CEO

Martin spent just under 30 years at Willis Towers Watson. Since then, he has held board and advisory positions in organisations including Aberdeen Group plc, where he chaired the Risk & Capital Committee, AIG Life Limited, where he was Chair of the UK business, and esure Group PLC.

John Paton – CFO

John was most recently CFO at Alpha Financial Markets Consulting between 2018 and 2025. John started his career at KPMG and is a member of the Institute of Chartered Accountants of Scotland.

Victoria Garrad – Board Director, Partner and COO

Victoria is an award-winning employment lawyer. After many years as a partner in the employment team, Victoria moved into a management role for the Group as Group HR Director.

Edward Knapp – Non-Executive Director & Chair

Edward Knapp is an experienced Board Advisor, Chair and Non-Executive Director. Alongside his role as Chair of Gateley PLC, his other roles include Non-Executive Director of the FTSE 100 F&C Investment Trust PLC, and Chair of the Audit and Risk Committee and Non-Executive Director of Ten Group PLC.

Jenny Goldie-Scot – Non-Executive Director

Jenny spent nearly 23 years at Morgan Stanley, latterly as Global Head of Strategy, Operations & Technology, Finance, before joining Google where she was VP Finance, Systems & Integrations. Her other roles include NED of HSBC UK Bank plc and NED of Marks & Spencer Financial Services plc

Sunil Ghadia – Non-Executive Director

Sunil was until recently a partner for 12 years at Cleary Gottlieb Steen & Hamilton LLP, where he was a member of the firm's Global Executive Committee. Before that, he spent 15 years as a partner at Stephenson Harwood LLP and for six of those years he was Chief Executive.

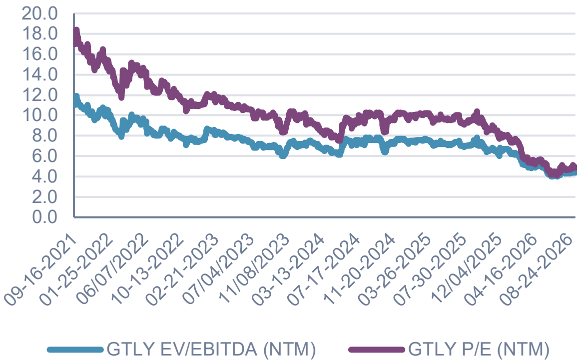
Shares have de-rated by 60% versus long-term trend

Gateley's shares are trading on a P/E of <5x with a rebased dividend yield of >9%

Whilst many UK listed companies currently trade at a discount to their long-term trend, Gateley is an extreme case, with a P/E rating of just 4.9x representing a c.60% discount to a long-term average of 12x. Gateley's shares also trade at a c.50% discount to the immediate professional services peer group and Gateley's shares have significantly underperformed peers over six-month, one-year and three-year periods.

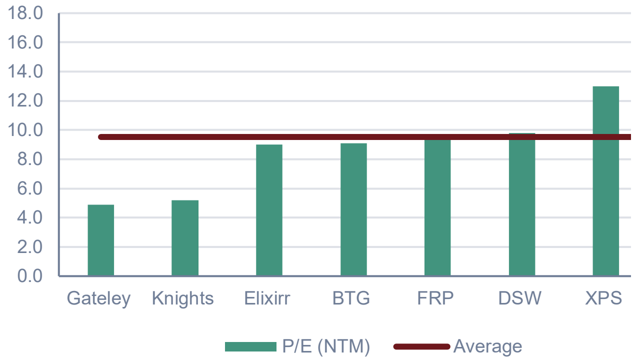
As well as the wider de-rating of UK equities over the past five years, there has also been a drift in sentiment away from the legal services sector (albeit this remains a nascent area of the stock market, with Gateley being the first to list in 2015). Sentiment was no doubt impacted by some notable failures within the peer group over the past three years (e.g. RBG Holdings and Ince Group), resulting from over-leverage, as well as poor governance and cultural issues. More recently the impact of AI has become a concern for some investors as a potential threat to professional services business models.

Consensus P/E (next 12 months)



Source: Koyfin

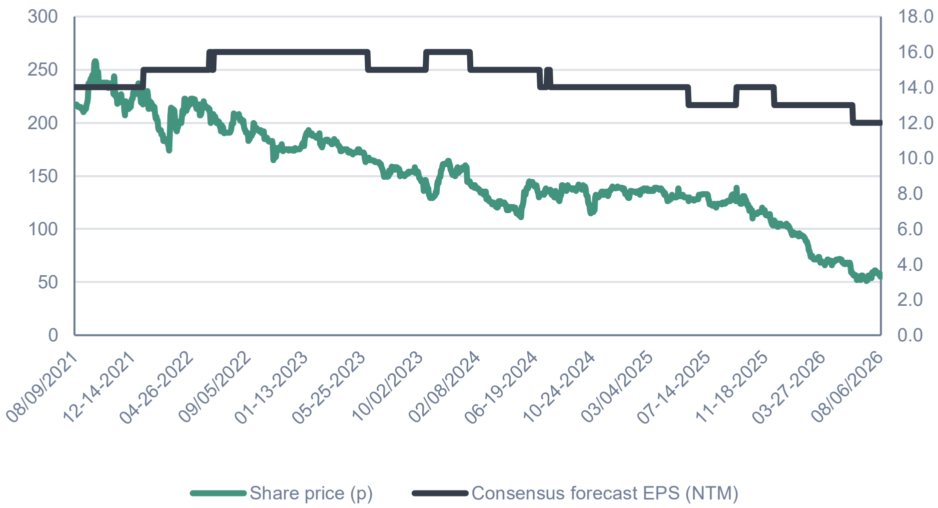
Peer group P/E ratings (next 12 months)



Source: Koyfin

Gateley has itself experienced a period of margin contraction and an increase in net debt, which has seen EPS essentially plateau while the shares have fallen sharply. In our view, Gateley's de-rating is significantly overdone and overlooks the opportunity for margin recovery, benefits from AI, improved cash generation, continued organic and acquisitive growth and the attraction of a sustainable >9% dividend yield.

Share price and EPS trend

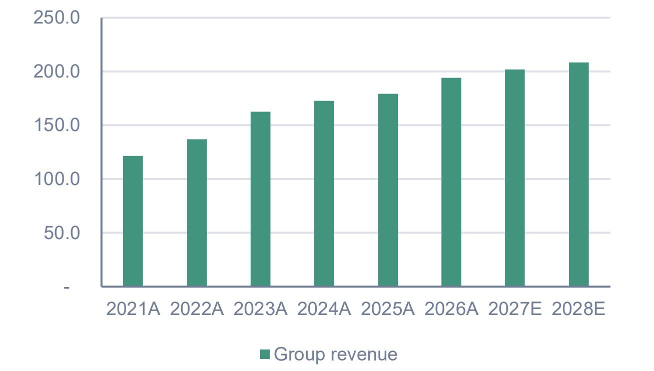


Source: Koyfin

Margin improvement underpins re-rating opportunity

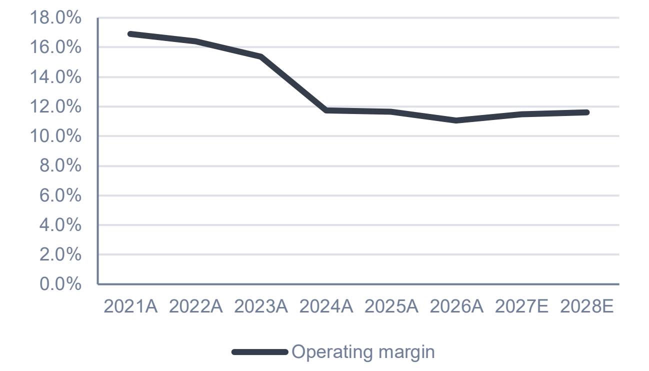
Whilst the Group's revenue performance has been consistently impressive, Gateley, in common with other firms, has seen a recent softening in its operating margin. This reflects a period of unprecedented wage inflation in the industry, end market softness in certain areas and the short-term impact of investments management has made in the interests of the Group's long-term development (e.g. investments in the Austen Hays class action business and the expansion of the offering in Dubai).

Building on track record of revenue growth



Source: Company historic data, Equity Development estimates

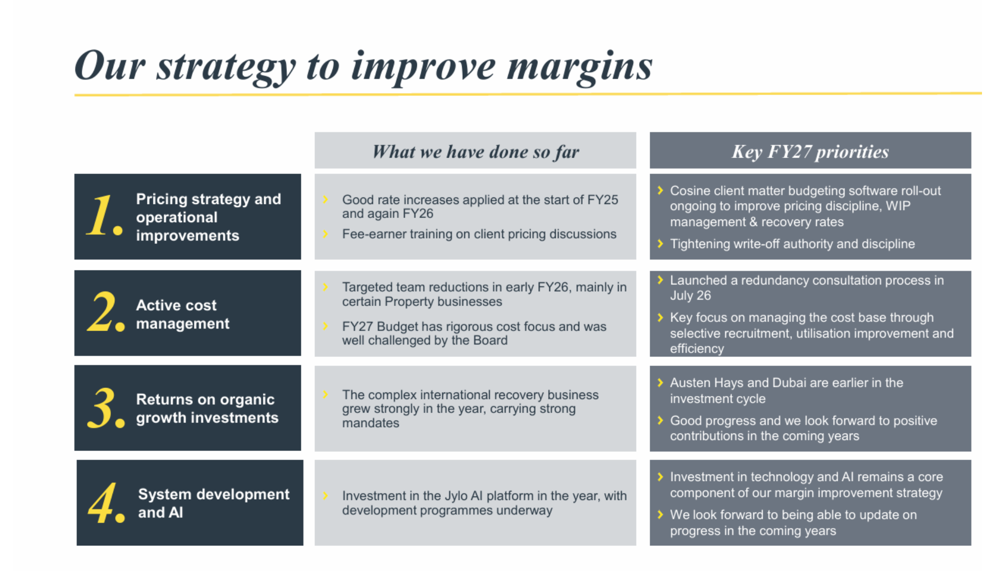
Margin improvement looks well underpinned



Source: Company historic data, Equity Development estimates

Management is committed to delivering a significant improvement in margins over the medium term and is explicitly targeting a **13.5% operating margin** (from 11.1% in FY26). In our view, this looks very achievable in the context of Gateley's track record (mid-teens margins between 2021 and 2023) and the four clear strategic initiatives set out in the recent results presentation (below).

Margin improvement is a key management priority



Our strategy to improve margins

	What we have done so far	Key FY27 priorities
1. Pricing strategy and operational improvements	Good rate increases applied at the start of FY25 and again FY26 Fee-earner training on client pricing discussions	Cosine client matter budgeting software roll-out ongoing to improve pricing discipline, WIP management & recovery rates Tightening write-off authority and discipline
2. Active cost management	Targeted team reductions in early FY26, mainly in certain Property businesses FY27 Budget has rigorous cost focus and was well challenged by the Board	Launched a redundancy consultation process in July 26 Key focus on managing the cost base through selective recruitment, utilisation improvement and efficiency
3. Returns on organic growth investments	The complex international recovery business grew strongly in the year, carrying strong mandates	Austen Hays and Dubai are earlier in the investment cycle Good progress and we look forward to positive contributions in the coming years
4. System development and AI	Investment in the Jylo AI platform in the year, with development programmes underway	Investment in technology and AI remains a core component of our margin improvement strategy We look forward to being able to update on progress in the coming years

Source: Company

Class action settlement represents tangible progress for the margin improvement strategy

Last week's Class Action Update brought news that Austen Hays has secured a settlement in respect of its first class action. Settlement payments will be made available for distribution by no later that 31 March 2027, resulting in a significantly improved contribution from Austen Hays and a cash benefit to the Group's net debt position. This is an important milestone and represents tangible progress for the margin improvement strategy. Further details will be provided at the H1 trading update in late Nov/ early Dec.

Recap of FY26 results

FY26 results (21/07/26) confirmed another year of strong revenue growth (+8.2%, of which +6.2% was organic), continuing the Group's uninterrupted long-term track record. This reflected the underlying strength of client demand and the benefits of the Group's diversified service offering (see charts on page 21 for breadth of activities). This is particularly impressive in the context of a mixed market backdrop, with specific headwinds around the UK Government's November Budget and the conflict in the Middle East.

Headcount was broadly flat year-on-year, with organic growth driven by good progress on fee rates. Closing fee earner headcount reduced by 4.0% to 983.

Income statement

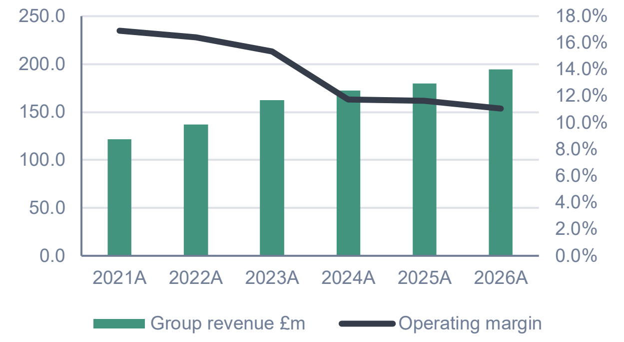
Year-end 30th April	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Group revenue	121.4	137.2	162.7	172.5	179.5	194.3	201.6	208.6
% growth	-	13%	19%	6%	4%	8%	4%	3%
COGS	-71.4	-85.6	-106.4	-112.0	-118.8	-126.5	-131.3	-135.9
Contribution	50.0	51.6	56.3	60.5	60.7	67.7	70.3	72.8
% margin	41%	38%	35%	35%	34%	35%	35%	35%
Other operating income	2.4	0.0	0.0	0.2	0.2	0.2	0.2	0.2
% of revenue	2%	0%	0%	0%	0%	0%	0%	0%
Personnel costs	-8.2	-10.5	-11.1	-18.1	-17.7	-19.7	-20.2	-20.9
% of revenue	7%	8%	7%	10%	10%	10%	10%	10%
Depreciation & amortisation	-4.8	-4.6	-5.2	-5.5	-5.8	-5.9	-6.0	-6.0
% of revenue	4%	3%	3%	3%	3%	3%	3%	3%
Other operating expenses	-18.9	-14.0	-15.1	-16.8	-16.5	-20.9	-21.2	-21.9
% of revenue	16%	10%	9%	10%	9%	11%	11%	11%
Adj. Operating profit	20.5	22.5	25.0	20.3	20.9	21.5	23.2	24.2
% margin	16.9%	16.4%	15.4%	11.7%	11.7%	11.1%	11.5%	11.6%
Depreciation PPE	4.8	4.6	5.2	5.5	5.8	5.9	6.0	6.0
Adj. EBITDA	25.3	27.2	30.2	25.8	26.7	27.5	29.4	30.4
% margin	21%	20%	19%	15%	15%	14%	15%	15%
Net interest	-1.2	-1.0	0.1	2.8	2.4	0.2	0.0	0.0
Adj. PBT	19.3	21.6	25.1	23.0	23.3	21.6	23.2	24.2

Source: Company historic data, Equity Development estimates

Inorganic growth came from the acquisition of Groom Wilkes & Wright (GWW) in September 2025, which has traded strongly and ahead of original expectations. FY27 will benefit from a first full year's contribution from GWW.

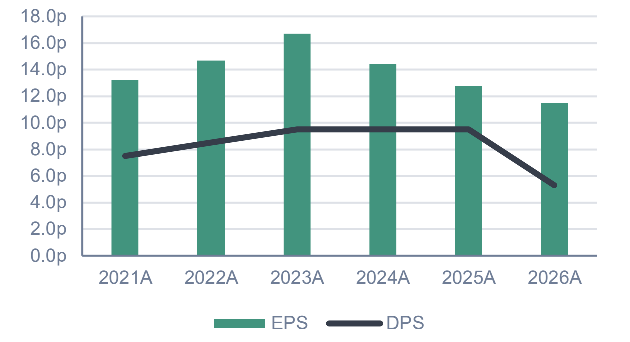
Contribution margin increased to 34.9% (FY25: 33.8%), which is a positive result in the context of the deferral of a number of Corporate transactions in Q4 and the impact of increased contingent contentious workstreams (typically the cost of this activity is recognised as incurred, with revenue only recognised in the event of a successful outcome). Operating margin dipped to 11.1% (FY25: 11.7%), reflecting a higher cost base. Steps have been taken to address this through a recent redundancy consultation process (for up to c.40 heads, largely in central operations) and margins should also benefit from investments made in new teams, as they begin to make a positive contribution. The international recovery business is a notable recent investment that is now making a meaningful positive contribution to Group performance (revenue +38% in FY26).

Revenue and operating margin trend



Source: Company historic data, Equity Development analysis

EPS and DPS trend (DPS rebased FY26)



Source: Company historic data, Equity Development analysis

Dividend rebased

Dividend rebased but remains highly attractive and sustainable

A final dividend of 2.0p (FY25: 6.2p) took the full year dividend to 5.3p (FY25: 9.5p). The rebasing of the dividend had been effectively priced-in by the market (Gateley shares were technically yielding 17% before the dividend was adjusted). From here, we expect the dividend to increase progressively and forecast a 5.5p dividend for FY27, representing a still very attractive 10% yield.

CEO transition

Whilst the dividend news did not come as a surprise, the news of Rod Waldie's departure as CEO was unexpected. Rod stepped down on 1st August for health-related reasons, having led the Group through a period of growth in his six years as CEO.

Martin Pike has been appointed Interim CEO, stepping up from Independent Non-Executive Director and Chair of the Audit Committee. Martin spent nearly 30 years at Willis Towers Watson, where he led the EMEA risk consulting and software business and was a member of the global leadership team. Whilst a process has commenced to appoint a permanent CEO, Martin's focus is on driving margin enhancement and profitable growth.

FY27 outlook

We introduce forecasts in line with consensus expectations

Trading in the early weeks of FY27 is said to be in line with the Board's expectations and there have been no meaningful changes to consensus P&L forecasts post results. We introduce forecasts within this note, which are within the existing forecast range. We make no changes for the recent Class Action settlement but expect this to be positive for margins and cashflow; we will update forecasts as further details are disclosed at the H1 trading update.

Whilst the FY26 results benefited from a previously announced focus on pricing strategy and competitor benchmarking, FY27 should benefit from the recent implementation and ongoing rollout of Cosine, the market-leading pricing and revenue management software.

A more stable political backdrop would be supportive, in underpinning confidence for customers in the Corporate and Property platforms, but there is no meaningful recovery in these areas assumed in our conservative revenue forecasts.

Management is committed to driving near-term margin improvement and has reiterated a medium-term operating margin target of 13.5% (versus 11.1% delivered in FY26). The redundancy consultation process is underway for certain teams and represents one element of the margin improvement story, as discussed on page 8 of this note.

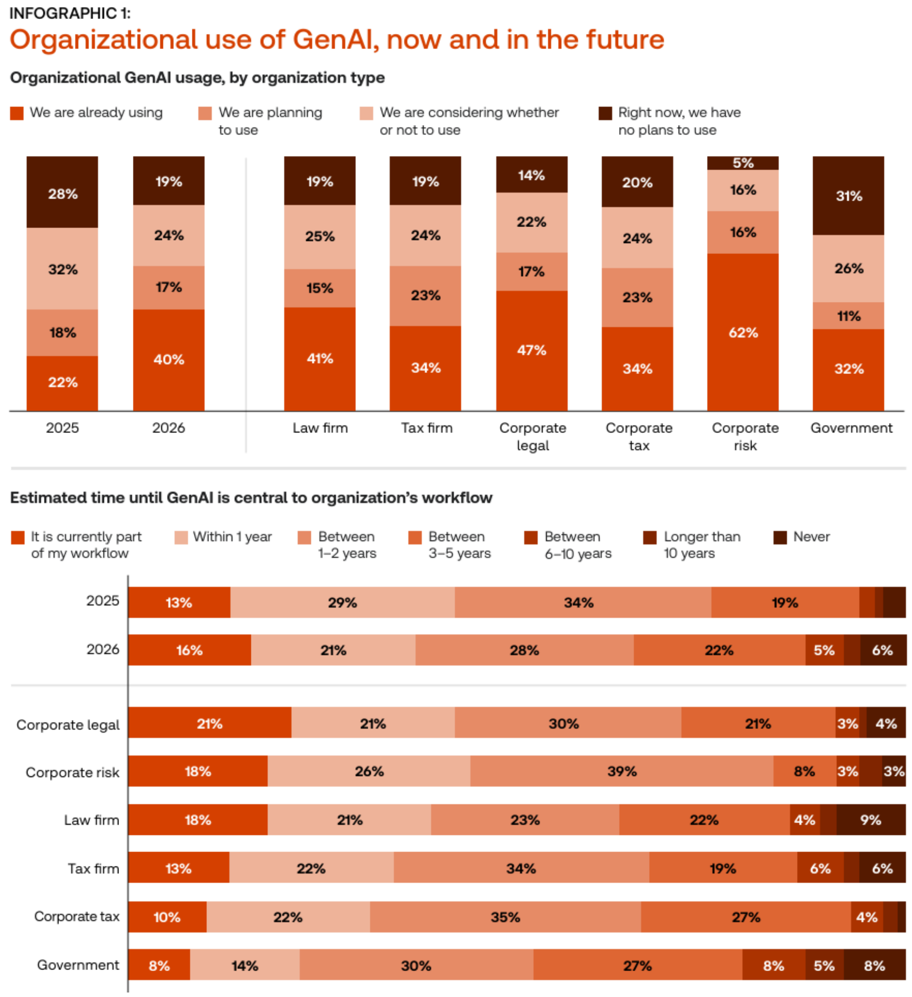
AI investment to enhance client service and efficiency

The impact of AI on the professional services sector, including legal services, has been a lively discussion point over recent periods. We touch on this in the Market Growth section of this note (p. 15), highlighting the opportunities and threats to established business models.

Gateley has been an early adopter as investment in technology and AI is central to the margin improvement strategy

AI will undoubtedly be transformative to the delivery of professional services and firms are moving ahead with AI adoption on a wide scale. A recent Thomson Reuters survey suggests that almost half of corporate law firms are already using organisational GenAI. Gateley's AI steering group oversees the identification, prioritisation and deployment of AI opportunities and reports directly to the strategic board.

Use of Gen AI within professional services – Thomson Reuters survey



Source: Thomson Reuters

Gateley invested in Jylo after evaluating a number of alternative offerings over a seven-month period. Jylo is a leading AI platform for professional services (particularly legal services) businesses (https://jylo.ai/about) and has recently announced a partnership with NetDocuments (https://www.netdocuments.com/). The attraction for Gateley included the ability to work across leading AI models (Claude, GPT etc) and to build secure workflows based on Gateley's own expertise. Key use cases include due diligence reviews, NDA reviews, commercial lease analysis, and Certificate of Title support. Gateley's approach is to use AI to deliver some aspects of client work more quickly and consistently, to increase the capacity of its professionals and allow them to prioritise the specialist advice that is central to the Group's client offering. Ultimately, this approach is expected to increase productivity, improve consistency and quality of client service and support the Group's margin enhancement targets.

Tangible near-term catalysts

Whilst it is tempting to say Gateley's share price will ultimately correct itself if the company delivers on its earnings forecasts over the next few years, the Group's low rating has persisted (and further deteriorated) over a sustained period. It is therefore important to highlight that we see several relatively near-term catalysts that have the potential to arrest the decline and support a re-rating, as follows:

- **Recovery in operating margins**. The softening of operating margins over recent periods has likely been a contributing factor to the Group's de-rating. We expect this negative trend to reverse in FY27 as the benefits of recent investments (e.g. 2026 senior hires; AI investment) and cost savings from the current redundancy programme begin to come through. We also see further scope for an improvement in fee rates, driven by pricing discipline and the recent investment in Cosine pricing and revenue management software, which is being rolled out in H1'27. It is clear that Martin Pike, as interim CEO, and John Paton, as CFO, are committed to driving operating margin improvements without relying on an end market recovery.

- **Potential upside from litigation**. We see Gateley's investment in a highly experienced litigation team as a potential positive earnings catalyst, as has been evidenced by the recent Austen Hays settlement. Gateley has a £20m litigation funding facility to help clients to finance long-term disputes. We note that Gateley has a conservative approach to accounting for these cases, with revenue deferred until a positive legal outcome for the case and costs largely recognised as incurred.

- **Recovery in Corporate & Property sectors.** The FY26 results, and particularly Q4'26 were impacted by direct and indirect effects of the Middle East conflict. This delayed some transactions within the Corporate and Property platform adding further disruption to a year, which had been impacted by the uncertainty around the November '25 budget. **Any improvement in confidence amongst Corporate and Property clients would represent a potential positive catalyst for sentiment and earnings in FY27.**

- **M&A accelerating earnings growth.** We discuss Gateley's M&A track record and strategy elsewhere in this note. Given that we do not forecast future acquisitions, we see future M&A as a likely earnings catalyst over the forecast period, although would not expect to see any meaningful transactions until a new permanent CEO is in place.

- **Private Equity activity to shine light on public market valuations.** Whilst legal services firms have fallen out of favour on public markets, private equity interest remains high. There are a number of consolidators backed by private equity in this space, showing a willingness to invest at multiples well in excess of current depressed public market valuations.

  While Gateley currently trades on <5x EV/EBITDA, Private Equity is paying up to 10x for high-quality legal services platform businesses. Ultimately, we would expect this valuation gap to narrow, either organically or via increased M&A interest in the listed sector.

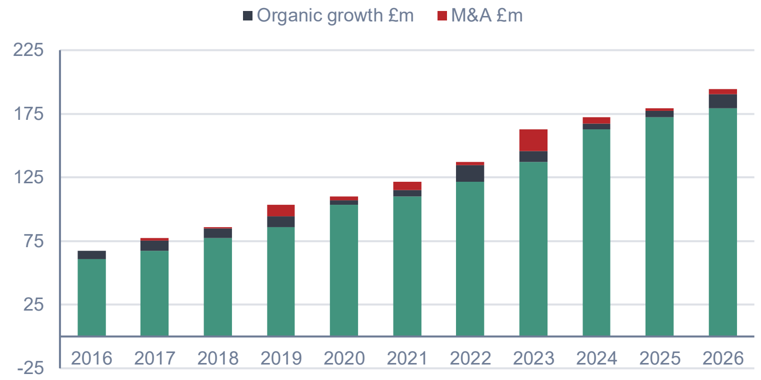
Company overview

High growth, high quality, diversified firm

- Gateley is a high growth legal and professional services Group with an excellent reputation and heritage. Growth has been achieved organically and via acquisition across four Platforms (Property, People, Corporate and Business Services)
- The consistent revenue growth profile reflects the diversity of activities, with no single client, sector or end market dependency, and a balance of cyclical and counter-cyclical workstreams
- Gateley has a high level of employee share ownership and a well-established internal share dealing marketplace, which redirects shares from exiting employees towards future stars, with no dilution

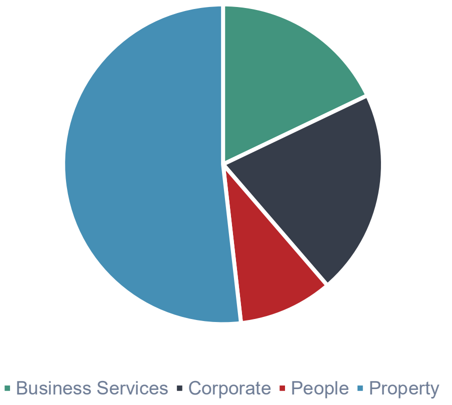
Source: Equity Development

Group revenue (2016 to 2026)



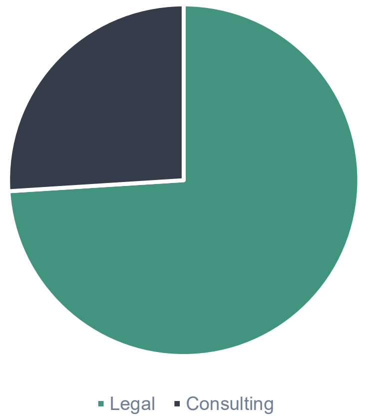
Source: Company Equity Development analysis

Revenue by Platform (2026A)



Source: Company Equity Development analysis:

Legal v Consulting revenue, £m (2026A)



Source: Company Equity Development analysis

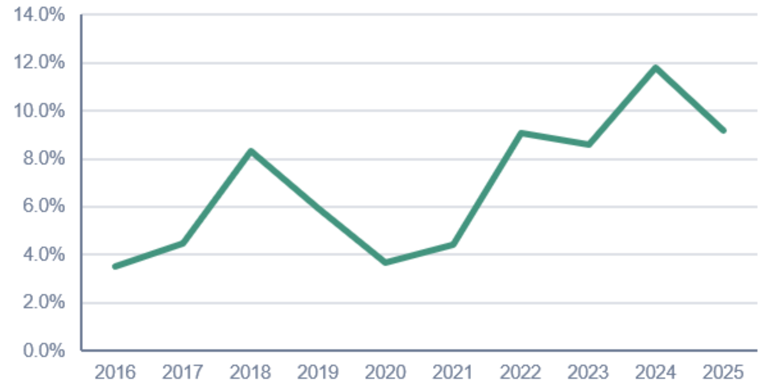
Market growth and priority areas

An attractive long-term growth market

- The UK legal services market has delivered consistent growth in fee income against a backdrop of geopolitical and economic instability.
- There are c.9,500 law firms in the UK, the majority of which follow a traditional partnership model.
- The consistent financial performance reflects the critical role law firms play in a broad range of activities, many of which have secular or countercyclical drivers.
- The inflationary backdrop of recent years has put unprecedented pressure on law firm margins as fees have struggled to keep pace with wage inflation in a highly competitive market

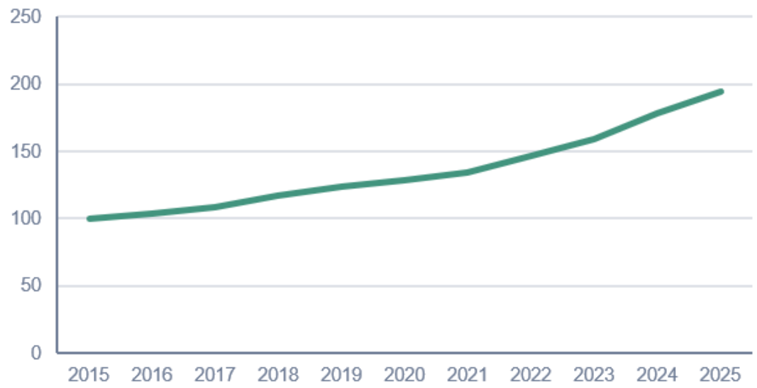
Source: Equity Development

Top 100 UK law firms, growth in fee income



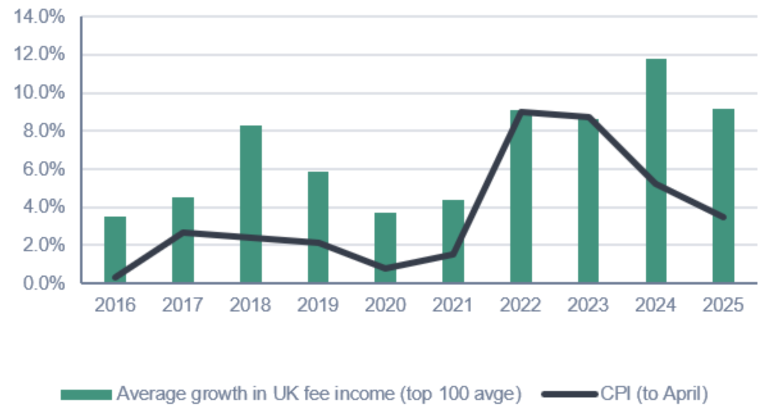
Source: PWC, Equity Development analysis

Cumulative growth in top 100 fee income (2015=100)



Source: PWC, Equity Development analysis

Top 100 fee income growth versus UK CPI (year to April)



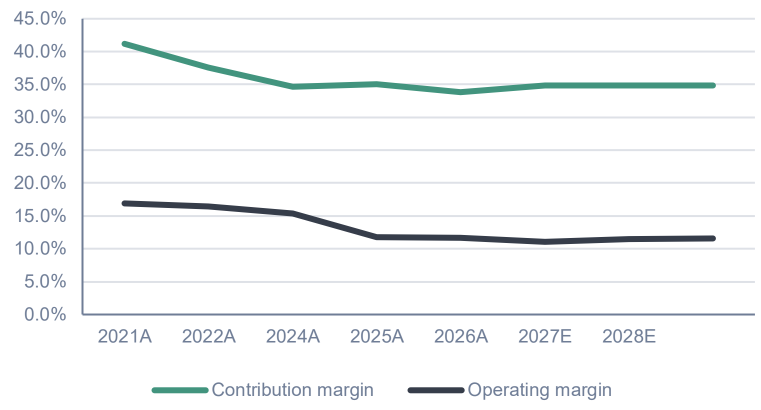
Source: PWC, Equity Development analysis

Industry priorities

- Whilst wage inflation has put pressure on law firm profit margins, the inflationary peak has now passed, and margins are being repaired. This is a focus for Gateley, and management has identified headroom for sustainable fee rate increases over the forecast period
- Another focus area for the profession is the impact of AI, whether as an opportunity (efficiency gains) or as a threat (clients adopt AI and rely less on advice, or expect lower fees). The view of the profession in terms of the net financial impact (according to PWC's annual law firm survey, chart below) has recently shifted from positive to negative.
- Management of lock up is a constant focus for the industry as a driver of revenue and cashflow and a stated priority for Gateley's management

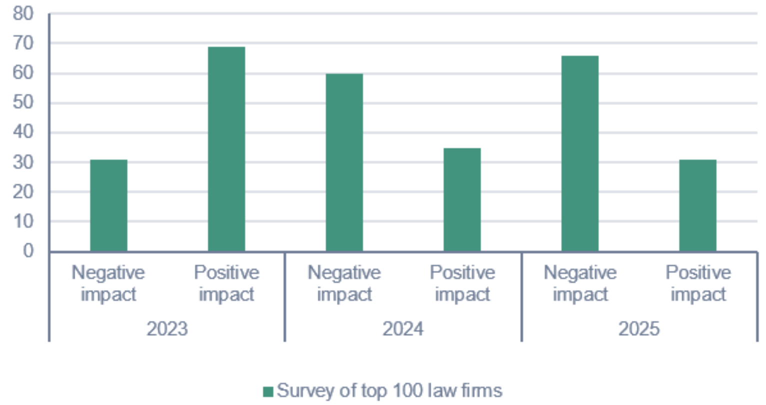
Source: Equity Development

Gateley's contribution and operating margins



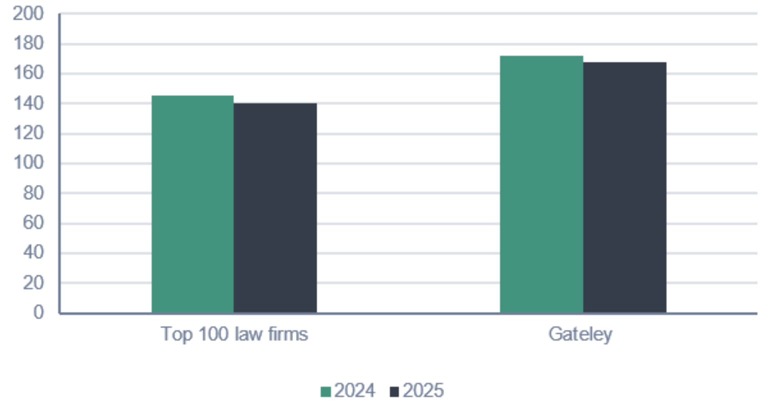
Source: Company, Equity Development analysis

Expected impact of AI on law firm results if adopted widely



Source: PWC law firm surveys, Equity Development analysis

Lock- up days



Source: PWC, Equity Development analysis

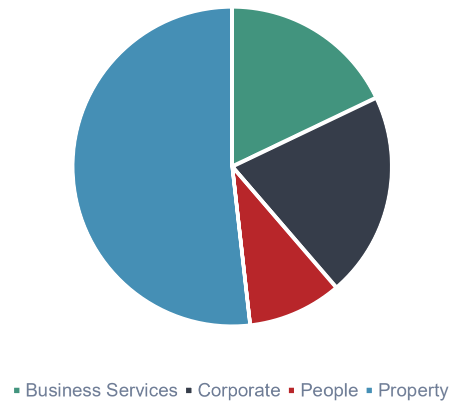
Gateley's Platform Growth Strategy

Platform breadth underpins Group revenue growth

- The breadth of the offering across the four Platforms is, by design, a key driver of Gateley's resilient growth profile
- The Property Platform has been Gateley's most significant growth driver over recent years and has the highest proportion of Consulting revenue
- Corporate is almost entirely legal services (rather than Consulting) and is the largest internal consumer of other Platform services
- Business Services has been another consistent growth engine, housing Gateley IP and most of Gateley's counter cyclical dispute businesses
- The People platform has delivered stable revenues in recent years and is currently the smallest in the Group

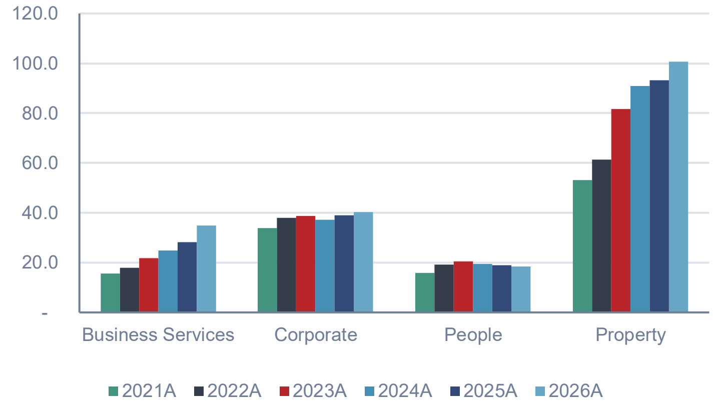
Source: Company Equity Development analysis:

Revenue by Platform (2026A)



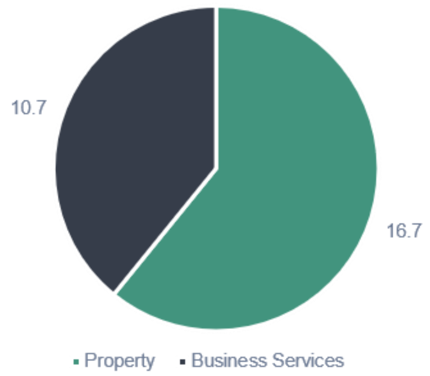
Source: Company Equity Development analysis

Revenue by Platform, £m (2021 to 2026)



Source: Company Equity Development analysis

Acquisition consideration by Platform, £m (2021 to 2026)



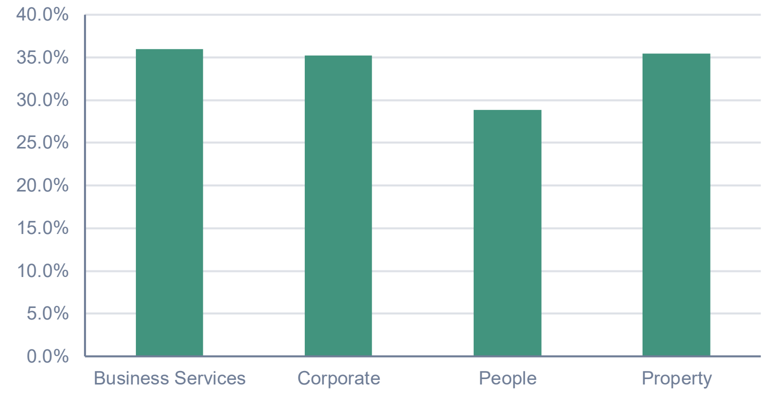
Source: Company Equity Development analysis

Platform profitability

- Contribution margins by Platform can fluctuate annually but for FY26 were broadly consistent at c.35% for Business Services, Corporate and Property, and slightly lower (28%) for People
- Contribution by Platform (£m) follows a similar pattern to revenue by Platform, with Property the largest contributor, ahead of Corporate
- Fee earner activity is a key utilisation metric monitored by management. This has ranged from c.80% to c.90% in recent years, although this KPI was not presented with the FY26 results (we assume whilst new CFO John Paton assesses KPI reporting)

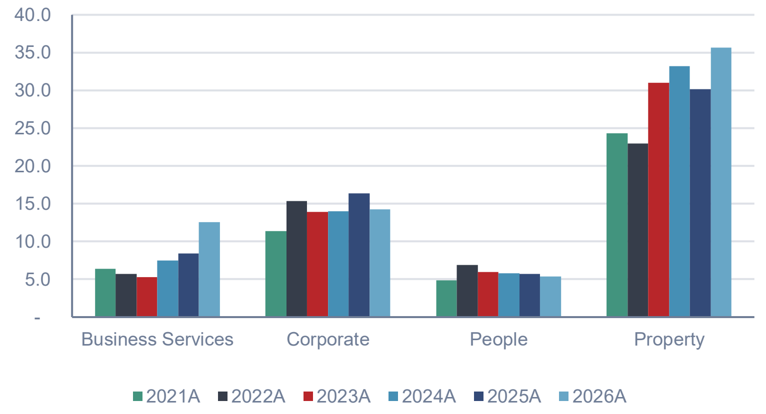
Source: Company Equity Development analysis

Contribution margin by Platform (2026A)



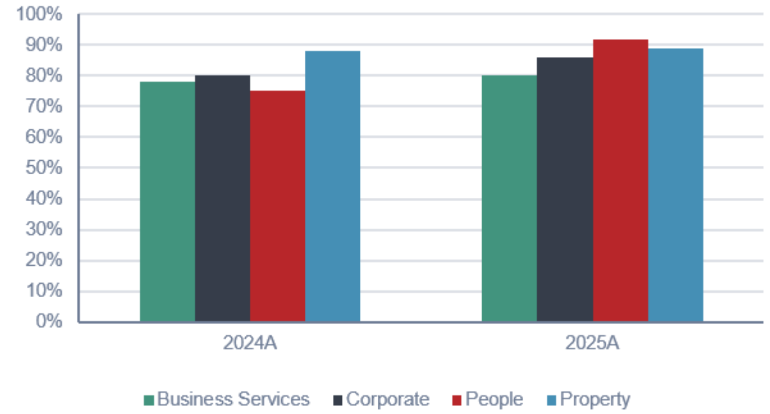
Source: Company Equity Development analysis

Contribution by Platform, £m (2021 to 2026)



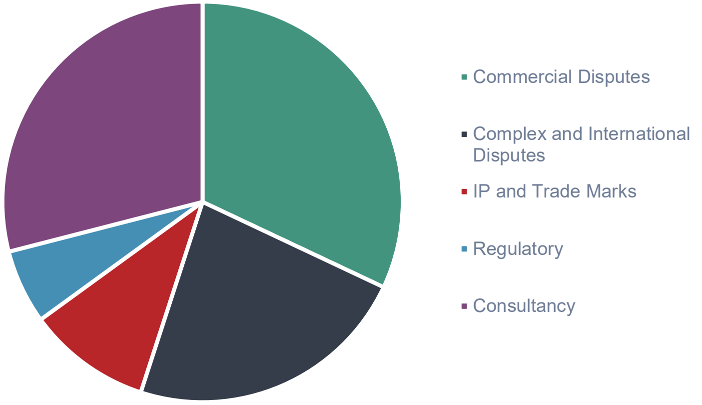
Source: Company Equity Development analysis

Activity (company KPI) by Platform %



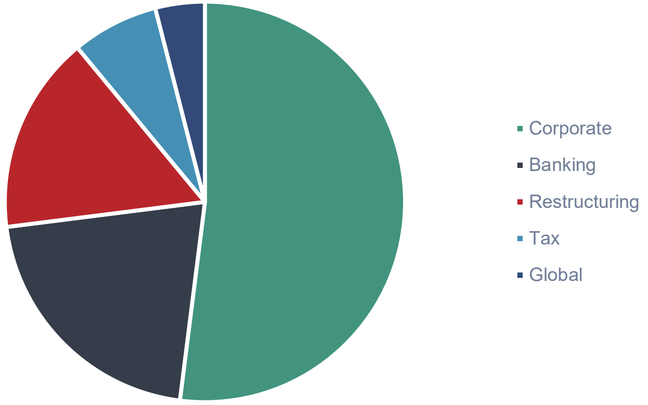
Source: Company Equity Development analysis

Business Services



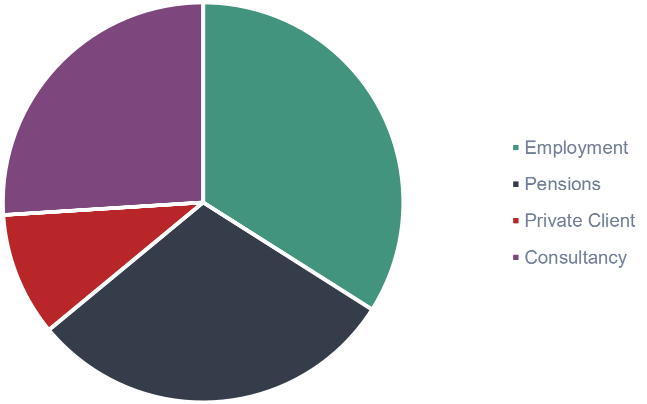
Source: Company, FY'26 results

Corporate



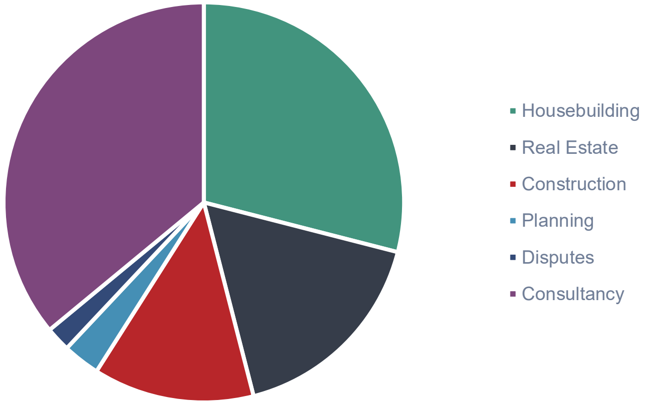
Source: Company, FY'26 results

People



Source: Company, FY'26 results

Property



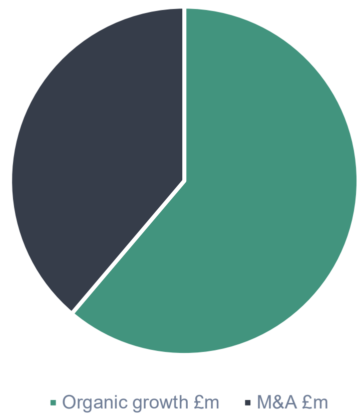
Source: Company, FY'26 results

M&A driving growth and broadening offering

A successfully executed M&A strategy

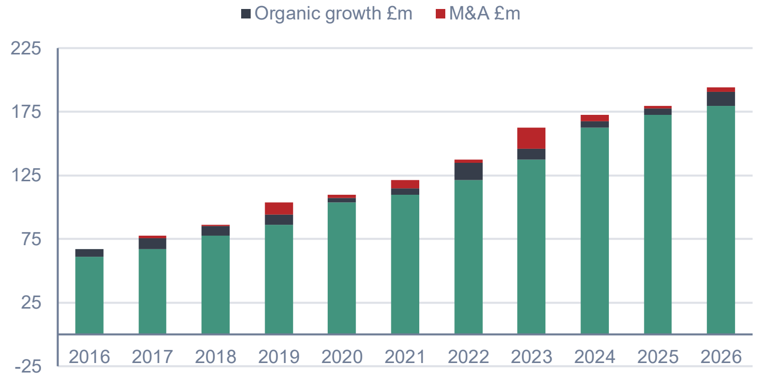
- In the ten years since IPO, we estimate that 61% of the cumulative revenue growth has been organic and 39% from acquisitions
- Property and Business Services (IP/ patents) have been the focus for M&A, see following pages
- Average EV/Sales multiple has been c.1.0x and EV/EBIT c.5.8x
- The biggest year for M&A in terms of consideration paid was 2022, driven by the Smithers Purslow QS/ structural engineering business
- We expect M&A to pause during the CEO transition period

Organic growth vs M&A (2016 to 2026)



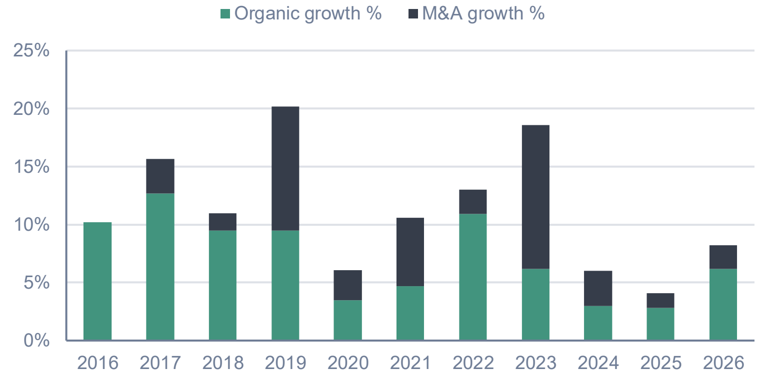
Source: Company Equity Development analysis

Group revenue, £m (2016 to 2025)



Source: Company Equity Development analysis

Revenue growth (organic vs M&A)



Source: Company Equity Development analysis

Gateley M&A track record

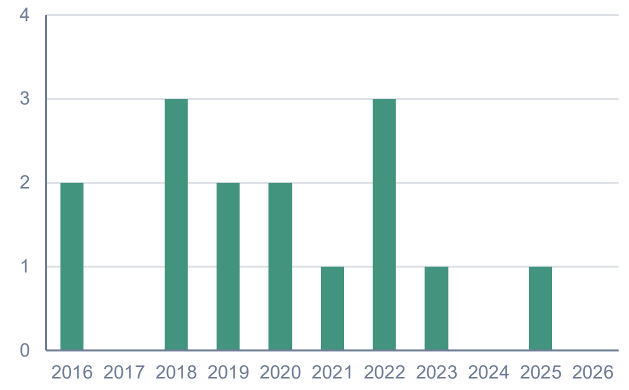
Date	Target	Specialism	Gateley Platform	Initial consideration £m	Max consideration £m
Apr-16	Capitus Ltd	Tax advisory/ commercial property	Property	2.7	2.7
Sep-16	Hamer Associates Ltd	Property consultancy (wayleaves/ utilities)	Property	1.0	2.1
May-18	GCL Solicitors LLP	Residential property (London and surrounding area)	Property	4.2	5.5
Jul-18	Kiddy & Partners	HR consultancy	People	0.9	3.0
Nov-18	International Investment Service	N/D	N/D	0.1	0.7
Jul-19	Persona Associates Limited	Property consultancy (land referencing, infrastructure)	Property	0.2	0.3
Dec-19	T-three Group	HR consultancy (leadership development, blue chip and public sector)	People	3.2	4.1
Mar-20	Paul Tweed LLP	Reputation management and media law, Northern Ireland and Ireland	People	2.0	2.0
Mar-20	The Vinden Partnership	Corporate advisory, dispute resolution	Property	6.2	6.8
Jul-21	Tozer Gallagher LLP	Chartered quantity surveyors, environmental consultancy	Property	0.6	0.7
Jan-22	Adamson Jones Holdings Limited	IP services, patent and trademark protection	Business Services	2.5	2.5
Apr-22	Smithers Purslow	Chartered quantity surveyors, structural engineers	Property	12.2	20.0
Oct-22	Symbiosis IP	IP services, patent and trademark protection	Business Services	2.5	2.5
Jul-23	Richard Julian and Associates Ltd	Chartered surveyors, project management. Affordable housing	Property	3.9	6.0
Sep-25	Groom Wilkes & Wright LLP	IP services, patent and trademark protection	Business Services	5.7	9.0
			Total	**47.7**	**67.7**

Source: Company, Equity Development analysis

Key valuation metrics (initial consideration):

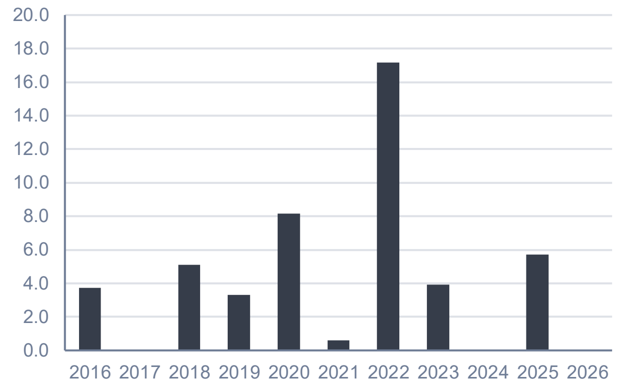
- Average EV/Sales 1.0x
- Average EV/EBIT: 5.8x
- Average EBIT margin of acquisitions; 21%

Acquisitions by calendar year (number)



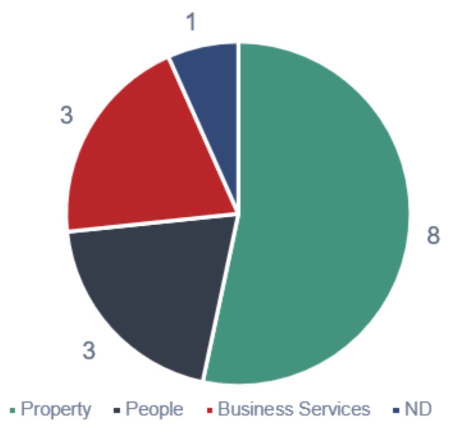
Source: Company, Equity Development analysis

Acquisitions by calendar year (initial consideration, £m)



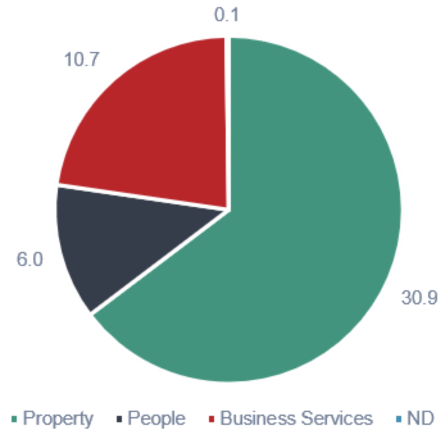
Source: Company, Equity Development analysis

Acquisitions by Platform (number)



Source: Company, Equity Development analysis

Acquisitions by Platform (initial consideration, £m)

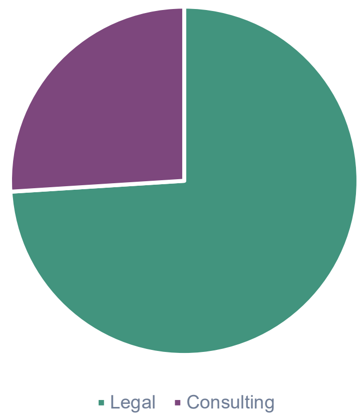


Source: Company, Equity Development analysis

Consulting is a central pillar of growth strategy

- Gateley's M&A strategy has expanded the Group's capabilities across the Platforms, with a clear emphasis on adding Consulting businesses that complement the Group's core legal service offering
- This strategy has been applied consistently and successfully since IPO, creating a Group that is now broadly 2/3:1/3 Legal services: Consulting
- Diversification has underpinned growth, opening cross-selling opportunities, greater collaboration and improving the client offering
- In our view, this has enhanced the quality of group earnings, and we expect Consulting to remain an important growth driver and differentiator for Gateley

Legal v Consulting revenue, £m (2026)

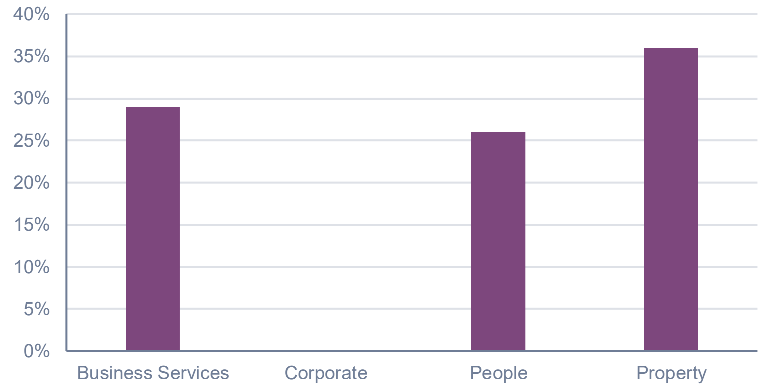


Source: Company, Equity Development analysis

Legal v Consulting revenue, £m (2021 to 2026)

Source: Company, Equity Development analysis

Proportion of Consulting revenue by Platform (2026)



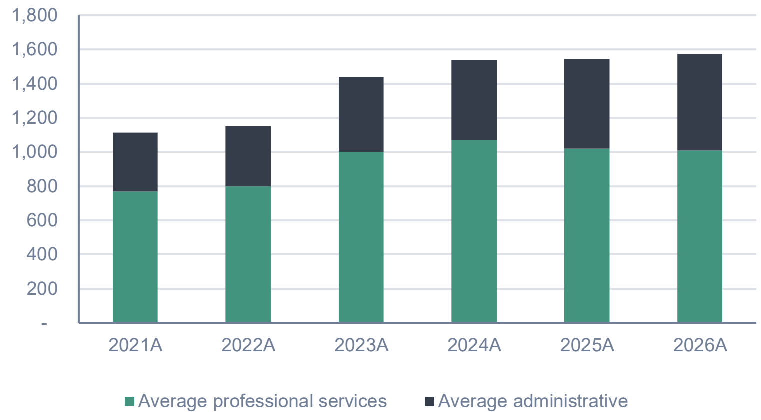
Source: Company, Equity Development analysis

Pathway to margin enhancement

Focus on margins – commitment to 13.5% operating margin

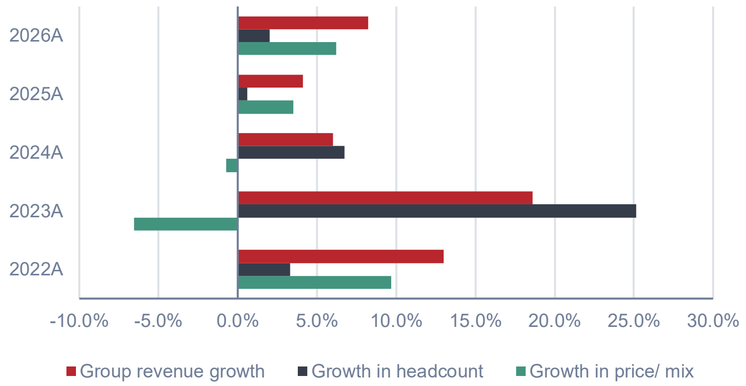
- With any professional services firm, margins are determined by the balance of headcount, utilisation, fee rates, wage and cost inflation
- Gateley, in common with other firms, has seen a softening in operating margins as a result of unprecedented wage inflation, insurance, tech costs etc. This is being addressed through strict pricing discipline and the roll out of specialised revenue management software (Cosine)
- Headcount growth reflects M&A, as well as lateral hires, offset by natural attrition and proactive steps to exit non-core activities
- Operating margins dipped to 11.1% in FY26 but we see a clear path towards management's 13.5% target, as set out on page 8.

Average headcount



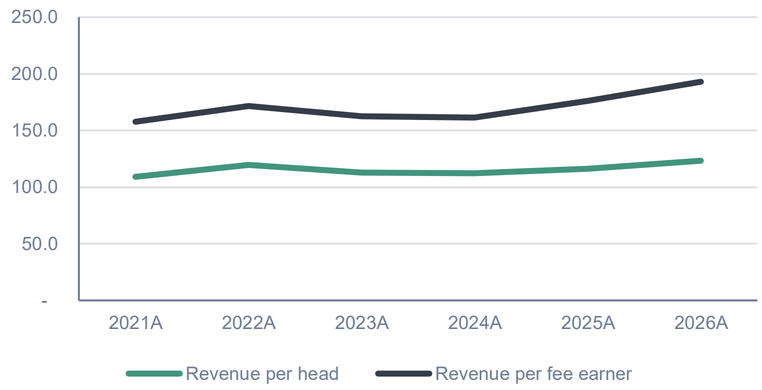
Source: Company, Equity Development analysis

Revenue growth drivers (headcount versus price/ mix)



Source: Company, Equity Development analysis

Revenue per head (£k) and revenue per fee earner (£k)



Source: Company, Equity Development analysis

Proactive management of KPIs

- Staff costs represent Gateley's most significant cost line and have been managed in a tight level at c.60% to c.65% of revenue
- Gateley targets 85% fee earner utilisation to drive revenue growth and margins. This was achieved in FY25 and FY26 utilisation was said to be similar to FY25 (although no longer separately reported)
- Lock-up is a key area of focus, and a potential catalyst for improving margins (as well as cashflow) via more proactive billing and cash collection. Gateley's lock up days increased from 168 in FY25 to 173 in FY26, which is above the average for the top 100 law firms (140). We see potential for improvement, and this is a focus area for management.

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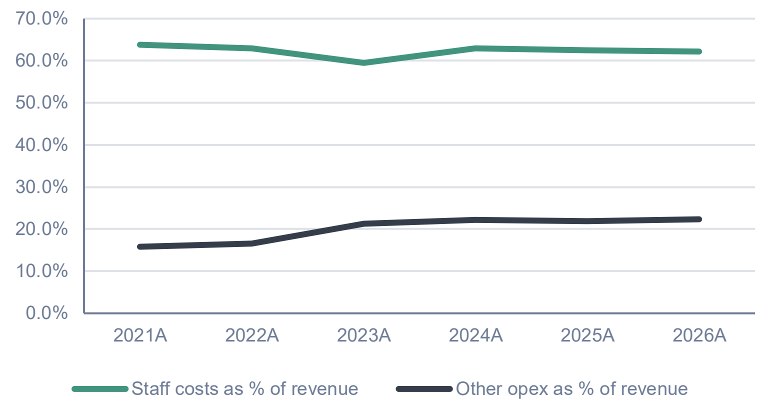
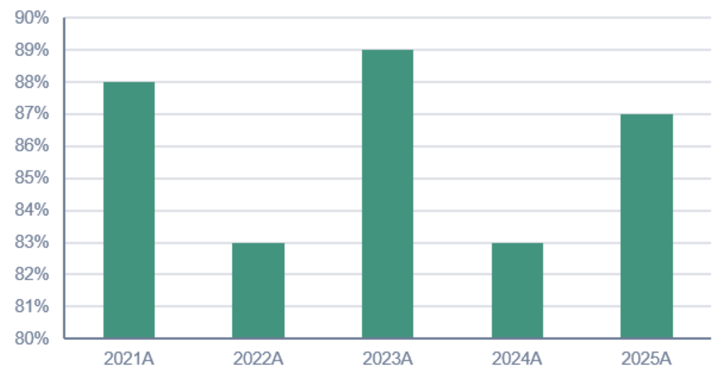
Staff costs and opex as % of revenue



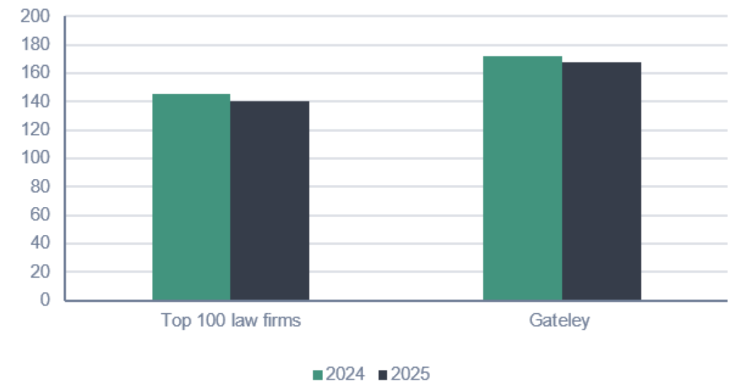
Source: Company, Equity Development analysis

Fee earner utilisation



Source: Company, Equity Development analysis

Lock- up days



Source: PWC, Equity Development analysis

Forecast overview – earnings growth and cash generation

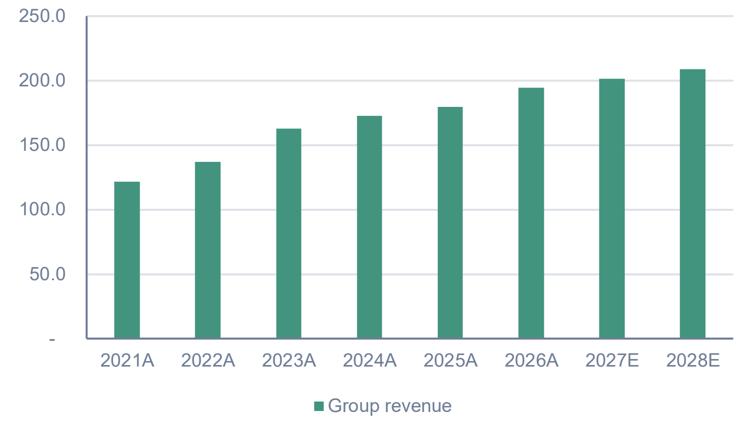
Forecast assumptions – revenue and margin drivers

- We expect revenue to continue the unbroken track record, with growth of 4% in FY27 (c.3% organic) supported by a full year's contribution from last year's GWW acquisition and the ongoing focus on fee rates. We conservatively assume 3% revenue growth in FY28. We are yet to reflect the recently announced Class Action settlement, which will benefit margins and cashflow (further details at H1 trading update).

- Margin improvement is a key management focus. We assume modest growth (to 11.5% operating margin in FY27 from 11.1% in FY26) as a first step towards management's 13.5% target. We expect this to be delivered on a flat contribution margin (i.e. central cost efficiencies).

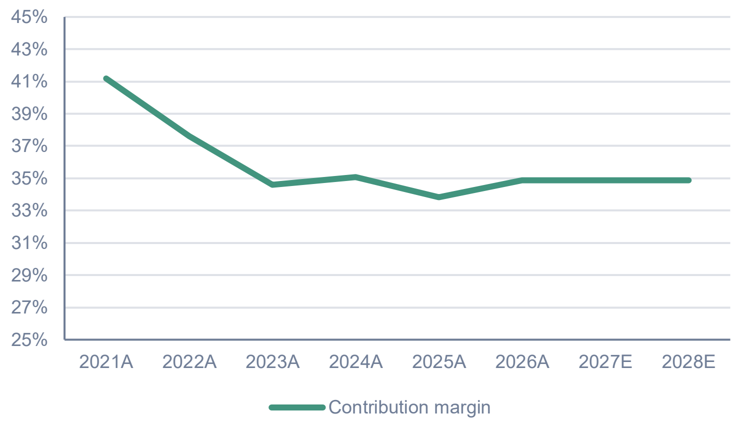
Source: Company historic data. Equity Development forecasts

Group revenue, £m



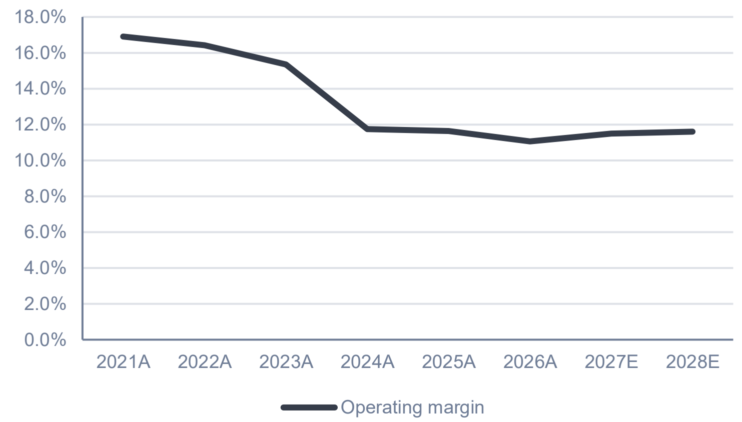
Source: Company historic data. Equity Development forecasts

Group contribution margin



Source: Company historic data. Equity Development forecasts

Group operating margin



Source: Company historic data. Equity Development forecasts

Forecast drivers – net interest, cashflow and dividend

- In FY26, net interest was £0.2m, and we forecast £0m interest in FY27 and FY28. This is the net position (c.£3m in interest on client accounts, less £3m of interest on bank debt). The Ministry of Justice proposal for law firm client accounts (click here). would have a potential impact but this remains uncertain and law firms may put mitigations in place.
- We forecast modest growth in dividends from the rebased FY26 position, with the yield currently >9%.
- Forecast dividend cover is 2.3x based on adjusted EPS. We assume the cash cost of the dividend is £6.1m in FY27/ £7.5m in FY28 (from £12.9m in FY26)

Source: Company historic data. Equity Development forecasts

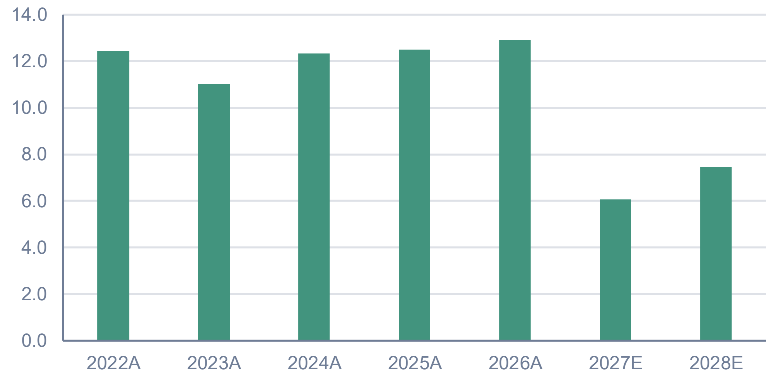
EPS and DPS (p)

Source: Company historic data. Equity Development forecasts

Dividend cover

Source: Company historic data. Equity Development forecasts

Cash cost of dividend by year, £m

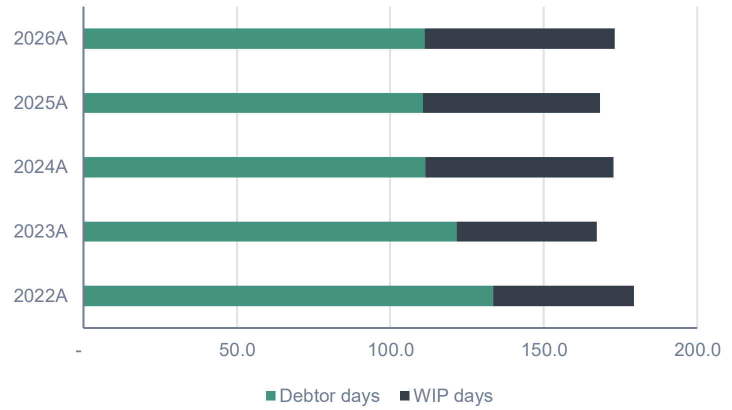


Source: Company historic data. Equity Development forecasts

Forecast drivers – improving cash generation

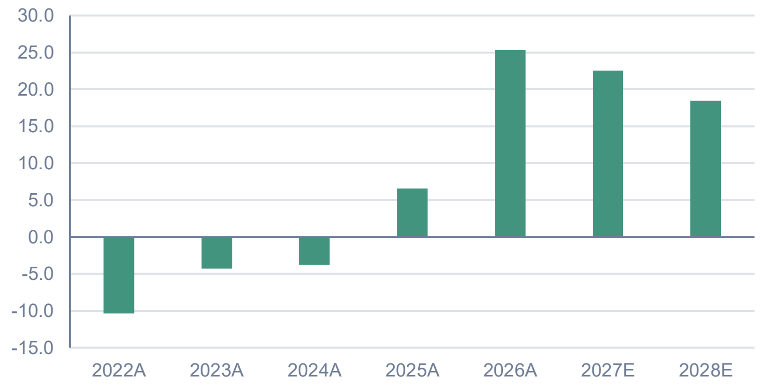
- Net debt increased in FY26 (from £6.6m to £25.3m ex. Leases) as a result of the GWW acquisition (£4.8m), as well as a working capital outflow (£6.8m) and the dividend payment (£12.9m).
- Lock up days increased in 2026 and management is targeting a reduction in FY27. Debtor days are a particular focus (111 in FY27) and management aims to reduce this to <100 as a first achievable target
- We assume a net debt reduction in FY27, reflecting dividend payments, a modest £1m working capital outflow, as well as reorganisation costs (£3.5m) and deferred payments for GWW (£1m). We will update for the class action settlement as further details are disclosed.

Lock-up days



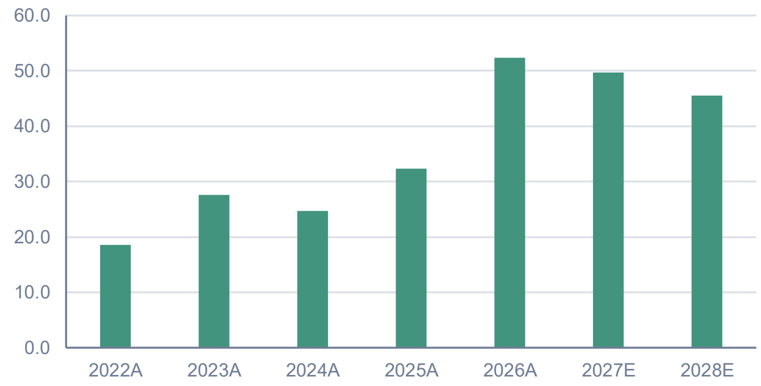
Source: Company historic data. Equity Development forecasts

Net bank debt, £m (cash shown as negative)



Source: Company historic data

Net debt including leases, £m



Source: Company historic data. Equity Development forecasts

Significant discount to our Fair Value

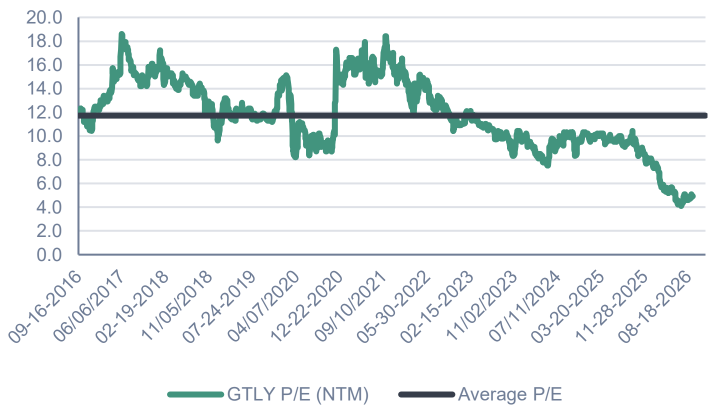
Share price performance since IPO

- Gateley's share price performed well post IPO, reflecting the Group's positive revenue and profit growth in the subsequent years
- After an initial impact as the market fell during the COVID pandemic, Gateley recovered strongly. The shares began to de-rate from 2022 ahead of adjusted PBT reaching its peak to date of £25.1m in FY23.
- On average, Gateley has traded on a P/E rating of 11.7x and an EV/EBITDA of 8.5x over the past ten years
- **We set our Fair Value/ Share estimate at 150p, based on an FY28 P/E rating of 11.8x, in line with the Group's long-term average**

Gateley share price (last 10 years) £

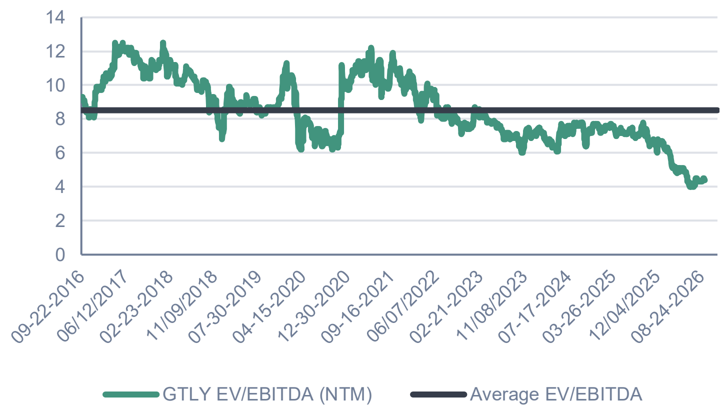
Source: Koyfin

Gateley P/E rating and average P/E (last ten years)



Source: Koyfin, NTM P/E ratings

Gateley EV/EBITDA and average EV/EBITDA (last ten years)



Source: Koyfin, NTM EV/EBITDA ratings

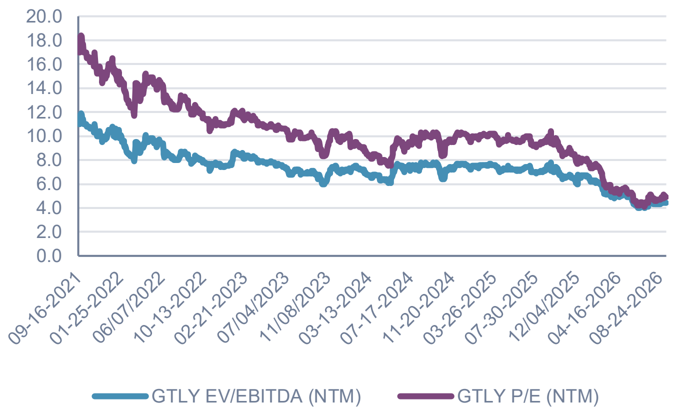
Marked de-rating over last five years

- The performance over the past five years has been very disappointing, as the shares have lost c.75% of their value
- This has principally been caused by a deterioration in the forward P/E rating from c.16x to <5x
- As highlighted on page 7, earnings have reduced slightly over the period, which would explain a partial de-rating, but the impact has been very severe indeed
- **We see a significant disconnect between the share price (60p) and our estimate of current Fair Value/ share (150p)**

Gateley share price (last five years) £

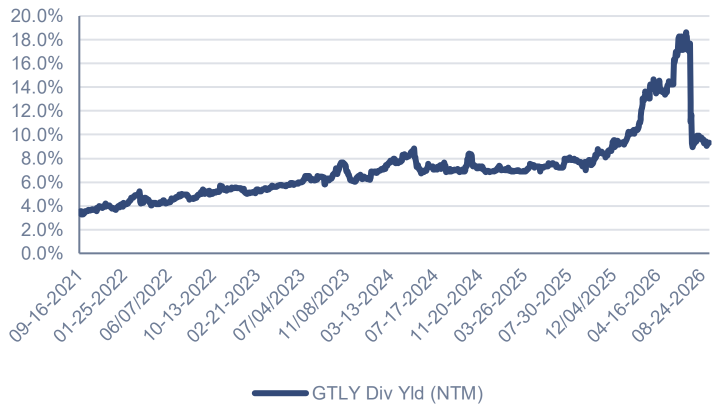
Source: Koyfin

Gateley P/E and EV/EBITDA ratings (last five years)



Source: Koyfin

Gateley dividend yield (last five years)

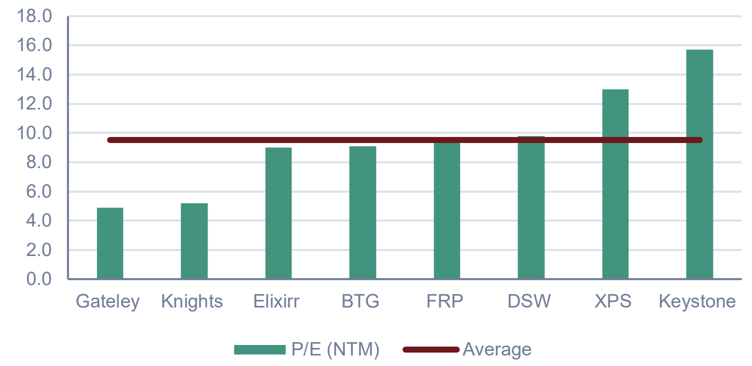


Source: Koyfin

50% discount to peers (based on P/E rating)

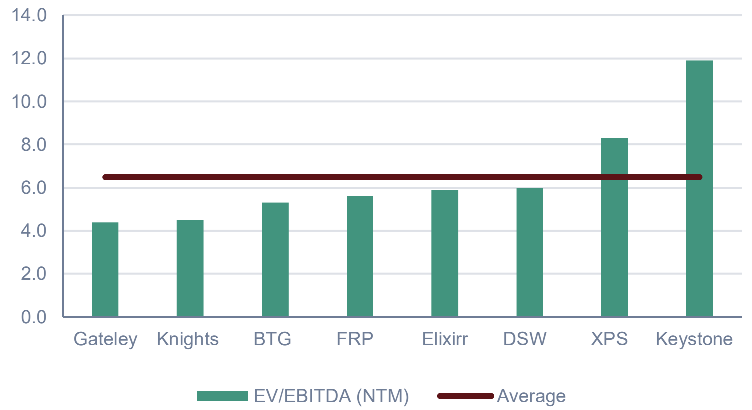
- Whilst other UK listed companies have also de-rated over recent years, we note that Gateley has the lowest P/E and EV/EBITDA rating in its immediate peer group (Knights, Elixirr International, BTG Consulting, FRP Advisory, DSW Capital, XPS Pensions, Keystone Law)
- Gateley's P/E and EV/EBITDA ratings (4.9x and 4.5x) represent discounts respectively of c.50% and c.30% to the peer group average
- **Even after the recent rebasing of the dividend, Gateley's yield is c.9%, some 70% above the peer group average of 5.5%**

Professional Services P/E ratings (NTM)



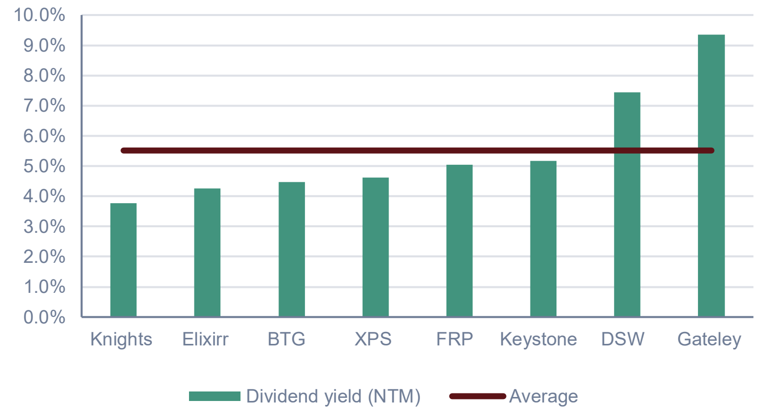
Source: Koyfin, Next Twelve-Month ratings, priced at 14/09/26

Professional Services EV/EBITDA ratings (NTM)



Source: Koyfin, Next Twelve-Month ratings, priced at 14/09/26

Professional Services dividend yield (NTM)

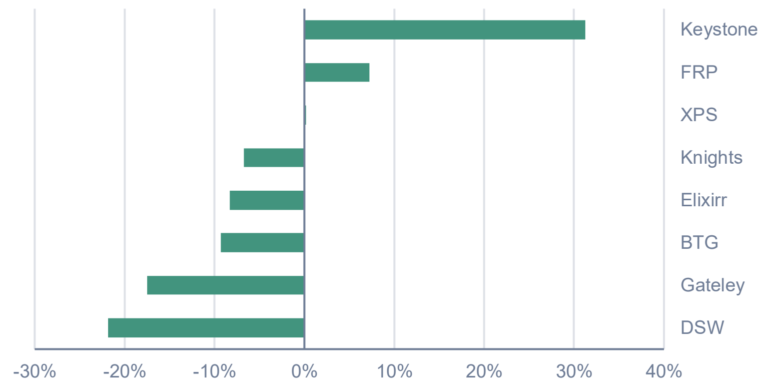


Source: Koyfin, Next Twelve-Month ratings, priced at 14/09/26

Material share price underperformance vs peers

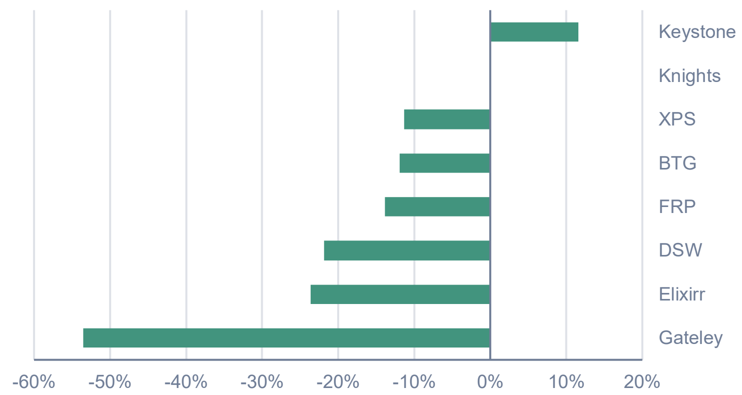
- Gateley's shares have underperformed peers on a six-month, one-year and three-year timeframe
- This suggests that the market is factoring in company-specific concerns, as opposed to macro or sector-specific issues
- **We therefore believe that the catalysts we have identified on page 12, and the margin improvement strategy outlined on page 8, have the potential to trigger a meaningful improvement in sentiment towards Gateley**

Peer group share price performance - last six months



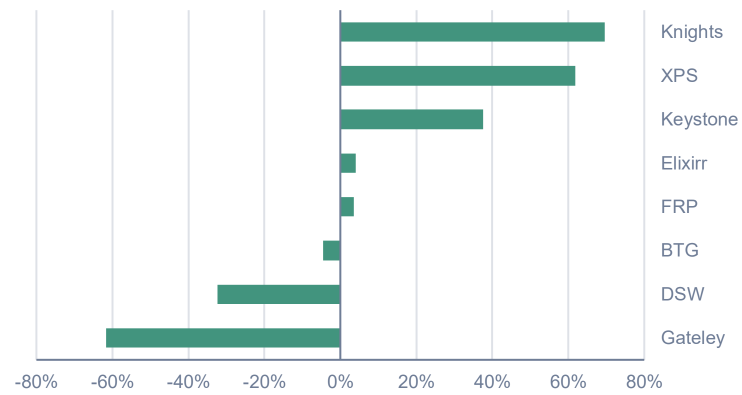
Source: Koyfin, priced at 14/09/26

Peer group share price performance - last twelve months



Source: Koyfin, priced at 14/09/26

Peer group share price performance - last three years



Source: Koyfin, priced at 14/09/26

Financials

Segmental revenue

Year end 30th April	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
Segmental revenue	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Business Services	15.7	18.0	21.8	24.9	28.2	34.8	37.6	39.8
Corporate	33.8	38.1	38.8	37.1	39.1	40.4	42.4	44.5
People	15.9	19.2	20.4	19.6	18.9	18.5	19.1	19.6
Property	53.0	61.4	81.6	91.0	93.3	100.6	102.6	104.7
Other	3.0	0.6	0.0	-	-	-	0.0	0.0
Group	**121.4**	**137.2**	**162.7**	**172.5**	**179.5**	**194.3**	**201.6**	**208.6**

Source: Company historic data, Equity Development forecasts

Segmental growth rates

Year end 30th April	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
Growth rate %								
Business Services	-	*14.4%*	*21.5%*	*14.0%*	*13.5%*	*23.2%*	*8.0%*	*6.0%*
Corporate	-	*12.6%*	*1.9%*	*-4.4%*	*5.4%*	*3.3%*	*5.0%*	*5.0%*
People	-	*20.5%*	*6.6%*	*-4.3%*	*-3.2%*	*-2.3%*	*3.0%*	*3.0%*
Property	-	*15.9%*	*32.9%*	*11.4%*	*2.5%*	*7.9%*	*2.0%*	*2.0%*
Group	**-**	***13.1%***	***18.5%***	***6.0%***	***4.1%***	***8.2%***	***3.8%***	***3.5%***
Proportion of Group %								
Business Services	*12.9%*	*13.1%*	*13.4%*	*14.4%*	*15.7%*	*17.9%*	*18.6%*	*19.1%*
Corporate	*27.8%*	*27.7%*	*23.8%*	*21.5%*	*21.8%*	*20.8%*	*21.0%*	*21.3%*
People	*13.1%*	*14.0%*	*12.6%*	*11.3%*	*10.5%*	*9.5%*	*9.4%*	*9.4%*
Property	*43.7%*	*44.8%*	*50.2%*	*52.7%*	*52.0%*	*51.8%*	*50.9%*	*50.2%*
Group	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***

Source: Company historic data, Equity Development forecasts

Segmental contribution

Year end 30th April	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
Segmental contribution	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Business Services	6.4	5.7	5.3	7.5	8.5	12.5	13.5	14.3
Corporate	11.4	15.4	13.9	14.0	16.4	14.2	14.9	15.7
People	4.9	6.9	6.0	5.8	5.7	5.3	5.4	5.6
Property	24.4	23.0	31.0	33.2	30.2	35.7	36.4	37.2
Other	3.0	0.6	0.0	-	-	-	0.0	0.0
Group	**50.0**	**51.6**	**56.3**	**60.5**	**60.7**	**67.7**	**70.3**	**72.8**

Source: Company historic data, Equity Development forecasts:

Segmental contribution margin

Year end 30th April	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
Segmental contribution margin								
Business Services	*40.8%*	*31.9%*	*24.4%*	*30.2%*	*29.9%*	*36.0%*	*36.0%*	*36.0%*
Corporate	*33.7%*	*40.4%*	*36.0%*	*37.7%*	*41.9%*	*35.2%*	*35.2%*	*35.2%*
People	*30.8%*	*36.1%*	*29.3%*	*29.5%*	*30.2%*	*28.9%*	*28.5%*	*28.5%*
Property	*45.9%*	*37.4%*	*38.0%*	*36.5%*	*32.3%*	*35.4%*	*35.5%*	*35.5%*
Group	***41.2%***	***37.6%***	***34.6%***	***35.1%***	***33.8%***	***34.9%***	***34.9%***	***34.9%***

Source: Company historic data, Equity Development forecasts

Income statement

Income statement	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Group revenue	**121.4**	**137.2**	**162.7**	**172.5**	**179.5**	**194.3**	**201.6**	**208.6**
% growth	-	*13%*	*19%*	*6%*	*4%*	*8%*	*4%*	*3%*
COGS	-71.4	-85.6	-106.4	-112.0	-118.8	-126.5	-131.3	-135.9
% of revenue	*59%*	*62%*	*65%*	*65%*	*66%*	*65%*	*65%*	*65%*
Contribution	50.0	51.6	56.3	60.5	60.7	67.7	70.3	72.8
% margin	*41%*	*38%*	*35%*	*35%*	*34%*	*35%*	*35%*	*35%*
Other operating income	2.4	0.0	0.0	0.2	0.2	0.2	0.2	0.2
% of revenue	*2%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Personnel costs	-8.2	-10.5	-11.1	-18.1	-17.7	-19.7	-20.2	-20.9
% of revenue	*7%*	*8%*	*7%*	*10%*	*10%*	*10%*	*10%*	*10%*
Depreciation & amortisation	-4.8	-4.6	-5.2	-5.5	-5.8	-5.9	-6.0	-6.0
% of revenue	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Other operating expenses	-18.9	-14.0	-15.1	-16.8	-16.5	-20.9	-21.2	-21.9
% of revenue	*16%*	*10%*	*9%*	*10%*	*9%*	*11%*	*11%*	*11%*
Adj. Operating profit	**20.5**	**22.5**	**25.0**	**20.3**	**20.9**	**21.5**	**23.2**	**24.2**
% margin	*16.9%*	*16.4%*	*15.4%*	*11.7%*	*11.7%*	*11.1%*	*11.5%*	*11.6%*
Depreciation PPE	4.8	4.6	5.2	5.5	5.8	5.9	6.0	6.0
Adj. EBITDA	**25.3**	**27.2**	**30.2**	**25.8**	**26.7**	**27.5**	**29.4**	**30.4**
% margin	*21%*	*20%*	*19%*	*15%*	*15%*	*14%*	*15%*	*15%*
Net interest	-1.2	-1.0	0.1	2.8	2.4	0.2	0.0	0.0
Adj. PBT	**19.3**	**21.6**	**25.1**	**23.0**	**23.3**	**21.6**	**23.2**	**24.2**

Source: Company historic data, Equity Development forecasts

Income statement – adjusted to reported PBT

Income statement	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Adj. PBT	**19.3**	**21.6**	**25.1**	**23.0**	**23.3**	**21.6**	**23.2**	**24.2**
% margin	16%	16%	15%	13%	13%	11%	11%	12%
Gains on bargain purchase	0.0	0.0	1.4	3.6	0.0	3.0	0.0	0.0
Share based payment charges	-1.0	-1.2	-2.0	-1.7	-1.4	-2.9	-2.0	-2.0
Consideration treated as remuneration	0.0	0.0	-6.2	-7.0	-10.9	-8.5	-6.0	-3.0
Exceptional items	0.0	-0.7	0.0	-1.6	-1.9	-3.5	-3.5	0.0
Amortisation	-2.1	-1.6	-2.1	-2.5	-2.7	-2.1	-2.1	-2.1
Reported PBT	**16.3**	**18.0**	**16.2**	**14.0**	**6.4**	**7.7**	**9.6**	**17.1**

Source: Company historic data, Equity Development forecasts

Income statement EPS and DPS

Income statement	2021A	2022A	2023A	2024A	2025A	2026A	2027E	2028E
Adjusted EPS	13.3p	14.7p	16.7p	14.4p	12.8p	11.5p	12.5p	13.0p
Fully diluted adjusted EPS	**13.2p**	**14.3p**	**16.3p**	**14.2p**	**12.6p**	**11.2p**	**12.3p**	**12.8p**
Growth	-	*9%*	*14%*	*-13%*	*-11%*	*-11%*	*10%*	*4%*
Basic EPS	11.2p	12.0p	9.8p	7.7p	1.0p	2.2p	5.2p	9.2p
Fully diluted basic EPS	11.1p	11.7p	9.5p	7.6p	1.0p	2.2p	5.1p	9.0p
Interim dividend	2.5p	3.0p	3.3p	3.3p	3.3p	3.3p	2.5p	2.5p
Final dividend	5.0p	5.5p	6.2p	6.2p	6.2p	2.0p	3.0p	3.2p
Full year dividend	**7.5p**	**8.5p**	**9.5p**	**9.5p**	**9.5p**	**5.3p**	**5.5p**	**5.7p**
Dividend growth	-	*13%*	*12%*	*0%*	*0%*	*-44%*	*4%*	*4%*
Dividend Cover (based on adjusted EPS)	1.8x	1.7x	1.8x	1.5x	1.3x	2.2x	2.3x	2.3x

Source: Company historic data, Equity Development forecasts:

Cashflow statement

Year-end 30th April	2022A	2023A	2024A	2025A	2026A	2027E	2028E
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Adj. EBITA	**22.5**	**25.0**	**20.3**	**20.9**	**21.5**	**23.2**	**24.2**
Depreciation & Amortisation	4.6	5.2	5.5	5.8	5.9	6.0	6.0
Exceptionals	-0.7	-0.9	-1.6	-2.6	-4.7	-4.8	-2.0
Other non-cash	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease trade receivables/prepayments	*-10.2*	*-6.9*	*-10.7*	*-2.3*	*-8.3*	*-3.0*	*-3.0*
Increase/(decrease) in trade and other payables	*0.8*	*-7.3*	*8.6*	*-7.0*	*1.6*	*2.0*	*2.0*
Increase in provisions	*0.0*	*0.4*	*2.5*	*-1.0*	*-0.1*	*0.0*	*0.0*
Working Capital Movement	**-9.5**	**-13.8**	**0.5**	**-10.3**	**-6.8**	**-1.0**	**-1.0**
Operating Cash Flow	**16.8**	**15.5**	**24.7**	**13.8**	**15.9**	**23.4**	**27.2**
Net Interest	0.0	1.4	4.0	3.5	1.3	0.0	0.0
Tax	-4.5	-4.3	-4.9	-5.4	-6.7	-2.6	-4.6
Net Operating Cash Flow	**12.3**	**12.6**	**23.9**	**11.8**	**10.5**	**20.8**	**22.6**
Purchase of PPE	-1.1	-2.1	-1.0	-1.5	-2.8	-2.0	-2.0
Total Net Capex	-1.1	-2.1	-1.0	-1.5	-2.8	-2.0	-2.0
Leases	-2.4	-7.6	-1.6	-2.6	-6.5	-5.0	-5.0
Equity Free Cash Flow	**8.9**	**2.9**	**21.2**	**7.6**	**1.2**	**13.8**	**15.6**
M&A	-6.0	-1.0	-4.6	-0.4	-4.8	-3.0	-2.0
Dividend	-12.4	-11.0	-12.3	-12.5	-12.9	-6.1	-7.5
Share Issue	1.8	0.1	-1.2	-2.4	-3.4	-2.0	-2.0
Other	0.0	-0.1	-0.1	0.0	-0.2	0.0	0.0
Net Change in Net Debt	**-7.7**	**-9.1**	**2.9**	**-7.6**	**-20.0**	**2.7**	**4.1**
Net Debt – Start of Year	-10.8	-18.5	-27.7	-24.8	-32.4	-52.4	-49.7
Net Debt – End of Year	**-18.5**	**-27.7**	**-24.8**	**-32.4**	**-52.4**	**-49.7**	**-45.6**

Source: Company historic data, Equity Development forecasts

Balance sheet – Assets

Year-end 30th April	2022A	2023A	2024A	2025A	2026A	2027E	2028E
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Non-Current assets							
Property, Plant & Equipment	1.3	1.6	1.6	1.8	3.2	3.2	3.2
Right of use assets	24.6	27.1	23.6	21.1	22.3	18.3	14.3
Investment Property	0.2	0.2	0.2	0.0	0.0	0.0	0.0
Deferred tax asset	0.6	0.8	0.4	0.6	0.6	0.6	0.6
Intangible assets & goodwill	14.0	12.9	13.8	11.1	13.2	13.2	13.2
Other intangible assets	0.6	1.1	0.6	0.2	0.1	0.1	0.1
Trade and other receivables	0.0	0.0	8.4	2.6	0.9	3.9	6.9
Other investments	0.2	0.1	0.3	0.1	0.0	0.0	0.0
Sub-total NCAs	**41.5**	**43.9**	**48.8**	**37.5**	**40.3**	**39.3**	**38.3**
Current Assets							
Contract assets	17.2	20.4	23.5	24.9	27.5	34.0	36.0
Trade and other receivables	71.6	73.3	74.1	70.6	78.4	78.4	78.4
Cash and cash equivalents	16.1	11.1	16.7	12.1	8.0	10.7	14.8
Sub-total CAs	**104.9**	**104.8**	**114.3**	**107.5**	**113.9**	**123.1**	**129.2**
Total Assets	**146.4**	**148.7**	**163.1**	**145.0**	**154.2**	**162.5**	**167.6**

Source: Company historic data, Equity Development forecasts

Balance sheet – Liabilities

Year-end 30th April	2022A	2023A	2024A	2025A	2026A	2027E	2028E
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Current liabilities							
Other interest-bearing loans and borrowings	0.0	0.0	-12.9	0.0	0.0	0.0	0.0
Lease liability	-3.7	-3.3	-4.3	-4.2	-4.3	-4.3	-4.3
Trade and other payables	-31.7	-25.9	-33.1	-25.9	-28.0	-30.0	-32.0
Provisions	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3
Current tax liabilities	-0.8	-1.5	-1.4	-1.8	-1.0	-1.0	-1.0
Sub-total CLs	**-36.4**	**-30.8**	**-51.9**	**-32.1**	**-33.5**	**-35.5**	**-37.5**
Non-Current liabilities							
Other interest-bearing loans and borrowings	-5.7	-6.8	0.0	-18.7	-33.3	-33.3	-33.3
Lease liability	-25.2	-28.7	-24.2	-21.6	-22.8	-22.8	-22.8
Other payables	0.0	0.0	0.0	0.0	-0.4	0.0	0.0
Deferred tax liability	-3.1	-2.9	-3.0	-2.4	-3.0	-3.0	-2.0
Provisions	-0.9	-1.3	-3.7	-2.7	-3.6	-3.6	-3.6
Sub-total NCLs	**-34.9**	**-39.8**	**-30.9**	**-45.4**	**-63.1**	**-62.7**	**-61.7**
Total Liabilities	**-71.3**	**-70.5**	**-82.8**	**-77.5**	**-96.7**	**-98.3**	**-99.3**

Source: Company historic data, Equity Development forecasts:

Balance sheet – Net Assets

Year-end 30th April	2022A	2023A	2024A	2025A	2026A	2027E	2028E
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
NET ASSETS	**75.1**	**78.1**	**80.3**	**67.5**	**57.6**	**64.2**	**68.3**

Source: Company historic data, Equity Development forecasts

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