5 March 2019

The SimplyBiz Group plc
("SimplyBiz", the "Company" or the "Group")

Full year results for the twelve months ended 31 December 2018

Full year profits exceeded expectations, with strong period of organic growth and final dividend announced

SimplyBiz (AIM: SBIZ), the leading independent provider of compliance and business services to financial advisers and financial institutions in the UK, today announces its audited consolidated results for the twelve months ended 31 December 2018.

Financial highlights:
- Group Revenue up 15.0% to £50.7m (FY17: £44.1m)
- Adjusted EBITDA* up 19.7% to £11.4m (FY17: £9.5m)
- Adjusted EBITDA* margin increased to 22.5% (FY17: 21.7%)
- Operating profit of £6.8m (FY17: £8.8m) after charging IPO related costs of £3.6m
- Adjusted profit after tax* increased 61.6% to £8.6m
- Adjusted earnings per share (EPS)* increased by 28.2% to 11.92p
- Net debt reduced from £1.6m at date of listing to net cash of £6.4m at 31 December 2018 (31 December 2017: net debt of £23.0m)
- Final dividend proposed of 2.05p per share, in respect of the nine months trading to 31 December, post IPO, as per the stated intention in the admission document. Total dividend of 3.03p per share

Operational highlights:
- Completion of IPO on London's Alternative Investment Market (AIM), raising £30m for the Group
- Acquisition and integration of Landmark Surveyors Limited (January 2018)
- Important contract wins in both divisions, including UNUM and Howard Kennedy in Intermediary Services and new providers Guardian Financial Services and Vitality Invest in Distribution Channels
- Member Firms increased by 8.5% to 3,726 (31 December 2017: 3,433)
- Launch of end-to-end financial planning system, Centra; 2,300 users signed since its launch in March 2018
- Winner of Best Support Services for Advisers at 2019 Professional Advisers Awards

Ken Davy, Chairman of The SimplyBiz Group, commented:

"I'm delighted to report a strong performance for 2018, in a transformational year which saw the Group's successful admission to AIM and continued momentum in its organic and inorganic growth strategy.

"With our impressive revenue growth, well-supported by a number of structural drivers, the strength of the Group's regulation and capital light operating model is clearly demonstrated by a significant increase in EBITDA margin.

"The continued growth in membership numbers is testament to the value of our proposition as individuals and businesses continue to adapt to an increasingly complex and highly regulated intermediary market.

"Having successfully deleveraged the business, our balance sheet strength ensures we have a strong platform from which we can take advantage of the significant market opportunities we see."

** Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, operating exceptional costs and share based payment charges. Adjusted profit before and profit after tax exclude operating exceptional costs, exceptional finance charges, amortisation and share based payment charges. A reconciliation of these metrics to GAAP measures is provided in note 5. Adjusted earnings per share is calculated based on adjusted profit after tax, as shown in note 9.*

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Notes to editors

With over 3,700 member firms in the UK, SimplyBiz is a leading independent provider of compliance and business services to financial advisers, including directly authorised IFAs, directly authorised mortgage advisers, workplace consultants and directly authorised consumer credit brokers. It also provides marketing and promotion, product panelling and co-manufacturing services to more than 135 financial institutions, through access to its membership.

On 4 April 2018, the Group was admitted to the Alternative Investment Market (AIM) of the London Stock Exchange, raising £30.0m of primary proceeds in an institutional placing.

For more information, please visit: www.simplybizgroup.co.uk/

Analyst presentation
An analyst briefing is being held at 9.30am on 5 March at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ. To register your attendance please contact SimplyBiz@instinctif.com.

JOINT CHIEF EXECUTIVES' STATEMENT

Overview

2018 was a significant year for SimplyBiz, with the period marking the Group's successful admission to AIM in April 2018, a pivotal and important step in its growth ambitions. The Group has performed strongly over the year, with profits exceeding expectations, as it continues to execute its organic and inorganic growth strategy.

The Group continued to invest in its talent base, and in particular, strengthened its compliance and policy teams at every level throughout the Group, to cater to an increase in Member Firms requiring compliance and regulation services in an increasingly complex and regulated market.

Revenue grew by 15.0% to £50.7m, reflecting a £3.7m contribution from the acquisition of Landmark Surveyors (from 23 January 2018) and £2.9m (6.6%) of organic growth. Group membership numbers increased by 8.5% to 3,726.

Strong revenue growth converted to strong adjusted EBITDA growth, which increased 19.7% to £11.4m, reflecting a prudent approach to cost control and the business' ability to generate operational leverage from its platform. Adjusted EBITDA margin increased to 22.5% from 21.7% in the prior year.

Divisional Performance

The Group's ability to increase its support to existing members, whilst diversifying into new and adjacent markets has been key to its growth and success.

At the time of its launch in 2002, the Company worked with independent financial advisers, focused on wealth accumulation and decumulation. As the Group has evolved, it has successfully penetrated new markets including mortgages and protection, consumer credit, will writing and estate planning, and workplace.

The Group operates two divisions within the business; Intermediary Services and Distribution Channels.

The **Intermediary Services Division** provides compliance and business services to over 3,700 individual intermediary firms through a comprehensive membership model. The Group's membership, which includes financial advisers, mortgage advisers, and consumer credit broker firms, conduct regulated activities that require that they are authorised and regulated by the FCA.

Member Firms increased by 8.5% to 3,726 (3,628 at 30 June 2018 and 3,433 at 31 December 2017) which saw revenues increase by 5.0% to £23.3m, as a result of growth in both membership fees and software licence income. This was offset by declining income for employee benefit software as customers transitioned over to the new Zest Technology Platform.

With an increase in regulation, including the introduction of the Markets in Financial Instruments Directive 2018 ("MiFID II"), the General Data Protection Regulation ("GDPR"), and Insurance Distribution Directive ("IDD"), the Group has seen higher uptake by clients in additional services. Additional services income increased by 7.1% to £4.5m, demonstrating that SimplyBiz is a clear beneficiary of changing regulation.

In addition, 2019 will see the requirement for all solo-FCA regulated firms to implement the Senior Manager & Certification Regime. The Group remains well positioned to provide its clients with market-leading practical guidance and a range of services that will ensure a smooth and seamless transition to meet the requirements of the new regime, as well as providing support for advisers on an ongoing basis.

The Group has continued to invest in software development, which saw the launch of Centra in March 2018. Centra is an investment advice support platform, designed in consultation with advisers to be a 'one-stop-shop' for financial planning. Centra gives advisers seamless access to product research, product comparisons, independent ratings, risk and asset allocation tools and Suitability Reports, making it one of the most comprehensive in the sector. More than 2,300 advisers adopted Centra in the nine months to 31 December 2018, since its launch.

In addition, the Group continues to re-sell industry leading back office software to its membership base and users increased from 3,274 at 31 December 2017 to 4,280, contributing to a 24.8% increase in software licence income from FY 2017.

Following the Group's significant investment into Zest, the employee benefits software segment of the Intermediary Services division, it secured several long-term contracts from well-known names including UNUM and Howard Kennedy. The Group is confident that Zest will become one of the leading choices for companies offering flexible benefits to their employees.

The **Distribution Channels Division** continues to provide a highly effective, efficient distribution channel for c.135 financial institutions to reach an otherwise fragmented independent intermediary sector. The firms that the Group serves rely on SimplyBiz to provide them with relevant and timely information about product manufacturers' services and products collectively facilitating better outcomes for clients. Revenues in this division increased by 25.2% to £27.4m, and contributed 54% of Group revenue in the period, compared to 50% in 2017, partly as a result of the Landmark Surveyors acquisition.

The Group has continued to build on its extensive events programme to cater for the needs of Members, and allows product providers the opportunity to deliver engaging information that will enhance advisers' knowledge and continue to improve customer outcomes. As well as delivering a significant number of events and seminars in the period, the Group also provided a broad range of electronic and printed materials to deliver product provider brand and product communications to its members. The Group's marketing services present its strategic partners with the opportunity to access over 25% of the retail financial service marketplace. Income in the period from these relationships increased by 11.6% (£0.7m) to £6.9m, from £6.2m in FY 2017 due to the Group's growing market reach as it continues to partner with the UK's leading insurance, investment, credit and mortgage providers.

SimplyBiz Mortgages is the UK's third largest mortgage club, with over 1,600 members benefitting from access to a dedicated support service and preferred products from key lenders. Mortgage Services revenues increased by 14.1% to £6.5m (FY 2017: £5.7m), as a result of higher levels of lending through the Group's mortgage club.

Market Overview

The Group firmly believes that demand for its services will continue to grow, due to the widely acknowledged increase in regulatory pressures and increased propensity to outsource. Furthermore, the transfer of personal wealth from generation to generation means that professional advice, tax and estate planning will become increasingly important to their clients.

Retirement and later life planning has never been more important following the arrival of pension freedoms in 2015. The management team also believes that the continued increase in demand for equity release will gradually move these products into more mainstream lending and reinforce the need for financial advice.

A continuation of the culture of trust between consumers and independent financial advisers has seen client numbers increase, reflecting demand for long-term savings, investment, insurance and tax needs.

SimplyBiz strongly believes in the value of high-quality financial advice and positive outcomes for consumers and it will continue to act as a market enabler in this highly fragmented space, to improve its delivery throughout the UK.

Strategy

With the Company in a robust financial position following its successful listing on AIM in April 2018, the Group continues to pursue its strategy of both organic growth and growth by acquisition. Key to the Group's success and growth is its ability to increase its support for existing customers whilst diversifying into new markets which are strategically linked.

An increasing membership base, continued investment in its expanding service offering, and subsequent growth in average revenue per customer will allow SimplyBiz to build upon its continued organic growth.

The high rates of growth in the Group's core membership base will in turn enable the expansion of the Distribution Channels division, strengthening the Group's ability to offer distribution services to product manufacturers.

With its strong financial position, combined with the strength of its services offering, the Group will continue to scope out opportunities to develop and enhance the business through selective acquisitions within this highly-fragmented marketplace.

A responsible industry participant

The training and development division of SimplyBiz has worked hard to contribute to the sustainability of the financial services profession.

During 2018, the Group launched both the UK's only Financial Adviser Academy Programme and a Paraplanner Apprenticeship; both have been fully subscribed since launch. In addition, the firm is a strong advocate of improving financial competency amongst consumers and it has worked with its partners to create and distribute "The Young Person's Guide To Money" financial education campaign. Tens of thousands of SimplyBiz's brochures have now been distributed by financial advisers to young people across schools and colleges, and feedback on the scheme has been extremely positive.

The Group will continue to offer support and guidance to financial services professionals at every point in their career, from embarking on an apprenticeship scheme to starting a business, and from applying to the FCA for authorisation to operating a compliant and successful intermediary practice and, eventually, succession planning for the future.

Outlook

The Board strongly believes that SimplyBiz is well placed to continue to take advantage of the opportunities that arise within the markets it operates in, and that its strong business model positions it for continued growth to deliver a successful year ahead for the business, clients, staff, and Shareholders.

Matt Timmins and Neil Stevens
Joint Chief Executive Officers

FINANCIAL REVIEW

Year ended	**December 2018 £000**	**December 2017 £000**
Group revenue	50,686	44,066
Underlying operating expenses (excluding share option charges)	(39,267)	(34,523)
Adjusted EBITDA	**11,419**	**9,543**
Adjusted EBITDA margin (%)	*22.5%*	*21.7%*
Operating costs of an exceptional nature	(3,829)	(342)
EBITDA (excluding share option charges)	**7,590**	**9,201**
Depreciation	(256)	(220)
Impairment of goodwill	-	(178)
Amortisation of other intangible assets	(257)	-
Share option charges	(320)	-
Net finance costs	(2,523)	(3,322)
Profit before tax	**4,234**	**5,481**

Taxation	(1,385)	(694)
Profit after tax	**2,849**	**4,787**
Adjusted EPS	11.92p	9.30p
Revenue growth (%)	15.0%	
Adjusted EBITDA growth (%)	19.7%	

Revenue

Revenues grew by 15.0% to £50.7m, reflecting £3.7m contribution from the acquisition of Landmark Surveyors (from 23 January 2018) and £2.9m (6.6%) of organic growth.

Adjusted EBITDA and adjusted EBITDA margin

Underlying operating expenses, which exclude costs of an exceptional nature (mainly relating to the Group's IPO) and share option charges, increased by £4.7m (13.7%) to £39.3m, as compared to FY17. Landmark Surveyors accounted for £3.5m of the increase, with organic growth in operating expenses of a modest 3.3%, well below our organic revenue growth rate.

Adjusted EBITDA is used by management as a key measure of financial performance allowing better understanding of the underlying performance of the Group. Adjusted EBITDA growth of £1.9m (19.7%) included £1.7m (17.9%) of organic growth, with the Group able to benefit from its operational leverage to increase adjusted EBITDA margin in the period to 22.5% from 21.7% in FY17.

Operating costs of an exceptional nature

Operating costs of an exceptional nature include £3.6m of professional fees incurred on admission to AIM, as well as £0.1m of professional fees on the acquisition of Landmark Surveyors Limited, and £0.1m of restructuring costs.

Share-based payments

Share-based payment charges of £0.3m have been recognised in respect of the options issued on IPO and the Save As You Earn scheme issued subsequently.

Financial income and expense

Finance expense in FY18 included £0.7m interest paid in relation to the debt that was repaid on IPO. The current year expense also includes one-off charges totalling £1.6m as a result of early settlement of the retired debt and share warrant.

Taxation

The tax charge for the year includes the beneficial impact of research and development claims submitted in respect of FY17, offset by non-deductible expenses incurred during the IPO process.

Dividend

At the time of the IPO, the Directors stated an intention to implement a progressive dividend policy to seek to maximise shareholder value and reflect the Group's strong earnings potential and cash flow. The Board declared and paid an interim dividend of 0.98 pence per share in respect of the trading for the nine-month period to 31 December 2018, post-IPO, and is proposing a final dividend of 2.05 pence per share. The final dividend will be paid on 2 May 2019, to Shareholders on the register on 15 March 2019, with an ex-dividend date of 14 March 2019.

Cash flow and closing net cash

At 31 December 2018, the Group had net cash of £6.4m, compared to net debt at the date of listing of £1.6m and net debt of £23.0m as at 31 December 2017. Operating cash flow in the period of £10.8m (2017: £10.1m) represented cash conversion of 95% (2017: 105%) of adjusted EBITDA. The reduction in cash conversion is due to higher than average working capital balances at the end of FY16, which reversed in H1 2017.

Funds raised at the IPO were used to repay the previous £35m borrowings, with a new £15m revolving credit facility implemented at IPO at a significantly lower interest rate.

Going concern

On the basis of the Group's current and forecast profitability and cash flows, and the availability of committed funding, the Directors consider and have concluded that the Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt a going concern basis in the preparation of the financial statements.

Gareth Hague
Group Finance Director

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2018

	Note	**Year ended 31 December 2018 £000**	Year ended 31 December 2017 £000
Revenue	6	**50,686**	44,066
Operating expenses	*7*	**(43,805)**	(35,263)
Amortisation of other intangible assets	*10*	**(124)**	-
Operating profit		**6,757**	8,803
Finance income	*8*	**79**	65
Finance costs	*8*	**(2,602)**	(3,387)
Profit before taxation		**4,234**	5,481
Taxation		**(1,385)**	(694)
Profit for the financial period		**2,849**	4,787
Earnings per share - basic	*9*	**3.96p**	8.39p
Earnings per share - diluted	*9*	**3.94p**	8.39p

There are no items to be included in other comprehensive income in the current or preceding period.

Consolidated Statement of Financial Position

As at 31 December 2018

	31 December 2018	*31 December 2017*

	Note	£000	£000
Assets			
Non-current assets			
Property, plant & equipment		**375**	384
Intangible assets	10	**23,137**	18,205
Total non-current assets		**23,512**	18,589
Current assets			
Trade and other receivables		**8,712**	7,505
Deferred tax asset		**116**	25
Cash and cash equivalents - unrestricted		**13,291**	10,998
Cash and cash equivalents - restricted		**545**	545
Total current assets		**22,664**	19,073
Total assets		**46,176**	37,662
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	12	**765**	10
Share premium account	12	**36,791**	52,544
Other reserves	13	**(61,067)**	(61,387)
Retained earnings		**50,081**	2,982
Total equity		**26,570**	(5,851)
Liabilities			
Current liabilities			
Trade and other payables		**10,254**	8,161
Financial liabilities - borrowings	11	**7,433**	-
Income tax liabilities		**496**	16
Total current liabilities		**18,183**	8,177
Non-current liabilities			
Financial liabilities - borrowings	11	**-**	33,665
Trade and other payables		**725**	400
Financial derivatives		**-**	848
Deferred tax liabilities		**698**	423
Total non-current liabilities		**1,423**	35,336
Total liabilities		**19,606**	43,513
Total equity and liabilities		**46,176**	37,662

Consolidated statement of changes in equity

	Share capital £000	*Share premium £000*	*Other reserve £000*	*Retained earnings £000*	*Total equity £000*
Balance at 1 January 2017	10	50,852	(63,147)	3,008	(9,277)
Total comprehensive income for period	-	-	-	4,787	4,787

Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(805)	(805)
Issue of shares	-	1,692	-	-	1,692
Purchase of minority interest	-	-	-	(2,248)	(2,248)
Transfer to retained earnings	-	-	1,760	(1,760)	-
Total contributions by and distribution to owners	-	1,692	1,760	(4,813)	(1,361)
Balance at 31 December 2017	10	52,544	(61,387)	2,982	(5,851)
Total comprehensive income for period	-	-	-	2,849	2,849
Transactions with owners, recorded directly in equity					
Issue of share capital	176	29,826	-	-	30,002
Bonus issue of shares	579	(579)	-	-	-
Transfer to retained earnings	-	(45,000)	-	45,000	-
Dividends	-	-	-	(750)	(750)
Share option charge	-	-	320	-	320
Total contributions by and distribution to owners	755	(15,753)	320	44,250	29,572
Balance at 31 December 2018	**765**	**36,791**	**(61,067)**	**50,081**	**26,570**

Consolidated statement of cash flows

for the year ended 31 December 2018

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Net cash generated from operating activities (note 15)	**6,033**	10,743
Cash flows from investing activities		
Finance income	**79**	65
Purchase of property, plant and equipment	**(109)**	(174)
Development expenditure	**(657)**	(772)
Net cash used in investing activities	**(687)**	(881)
Cash flows from financing activities		
Finance costs	**(1,078)**	(2,907)
Loan repayments made	**(38,786)**	(154)
Drawdown of loans	**10,093**	-
Purchase of shares in subsidiaries	**-**	(3,786)
Acquisitions, net of cash received	**(2,534)**	-
Issue of share capital	**30,002**	1,692
Dividends paid	**(750)**	(805)
Net cash used in financing activities	**(3,053)**	(5,960)
Net increase in cash and cash equivalents	**2,293**	3,902
Cash and cash equivalents at start of period	**11,543**	7,641
Cash and cash equivalents at end of period	**13,836**	11,543

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information and basis of preparation

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union.

The financial information for the period ended 31 December 2018 and the period ended 31 December 2017 does not constitute the Group's statutory accounts for those periods. Statutory accounts for the period ended 31 December 2017 have been delivered to the Registrar of Companies. The statutory accounts for the period ended 31 December 2018 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

The auditors' reports on the accounts for 31 December 2018 and 31 December 2017 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Going concern

The Group meets its day-to-day working capital requirements through operating cash flows and bank loan facilities. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group is expected to have a sufficient level of financial resources available through facilities agreed and expected to be agreed when these fall due for renewal.

The Group has net current assets of £4,481,000 and net assets of £26,570,000 as at 31 December 2018 (31 December 2017: net current assets of £10,896,000 and net liabilities of £5,851,000).

On the basis of the Group's current and forecast profitability and cash flows, the Directors consider and have concluded that the Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt a going concern basis in the preparation of the financial statements.

3. Accounting policies

The accounting policies adopted are consistent with those used in preparing the consolidated financial statements for the financial year ended 31 December 2017.

The following recently adopted IFRSs have been applied by the Group for the first time in these financial statements:

- ***IFRS 9 Financial Instruments*** - adoption of IFRS 9 had no material impact on the financial statements.
- ***IFRS 15 Revenue from Contracts with Customers*** - The effect of adopting the new revenue standard has been to recognise revenue on bundled contracts based on the performance of the individual deliverables. Adoption of the new standard has no material effect on the opening balance sheet at 1 January 2018. The revenue streams and policies of the Group remain consistent with those described in the 2017 accounts.

The following adopted IFRS has been issued but have not been applied by the Group in these financial statements:

- ***IFRS 16 'Leases'*** is a replacement for IAS 17 'Leases' and will be effective for the period ending 31 December 2019 onwards. IFRS 16 required lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for lease contracts.

The Group is currently assessing the impact of IFRS 16 on its existing lease portfolio and it is expected to impact the majority of their operating lease commitments. This includes a material impact on the balance sheet, as both assets and liabilities will increase, and it is also expected to have a material impact on key components on the income statement, such as a reduction in operating expenses, which is expected to materially increase EBITDA. The adoption will also result in an increase in depreciation on the right-of-use asset and interest recognised on the lease liability. This will result in a change to the profile of the income statement over the life of the lease and will consequently impact profit after tax. There will be no impact on cashflows, although the presentation of the cash flow statement will change.

Management has begun to review and quantify the expected impact using the current lease portfolio. The impact of this will depend upon the facts and circumstances as at the time of adoption and the transition choices adopted. The impact is expected to be a material increase in the assets and liabilities of the Group, in a similar quantum to the operating lease commitments noted in the statutory accounts.

4. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows.

There are no critical judgements that are considered to have a significant risk of causing a material adjustment to the financial statements.

Identification and valuation of other intangible assets

Under IFRS accounting the Group is required to make an assessment of the identifiable intangible assets acquired in a business combination. Such an assessment involves the use of judgement, both in the identification of the assets and in the estimation of their value.

5. Reconciliation of GAAP to Non-GAAP measures

The Group uses a number of 'Non-GAAP' figures as comparable key performance measures, as they exclude the impact of one off items that are not considered part of on-going trade.

Adjusted EBITDA is calculated as follows:

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Operating profit	**6,757**	8,803
add back:		
Depreciation	**256**	220
Impairment of goodwill (note 10)	**-**	178
Amortisation of other intangible assets (note 10)	**124**	-
Amortisation of development costs (note 10)	**133**	-
Operating costs of exceptional nature (note 7)	**3,829**	342
Share option charges	**320**	-

Adjusted EBITDA	**11,419**	9,543

Operating costs of exceptional nature and share option charges have been adjusted for to provide comparability to the prior year, when these items did not occur.

Adjusted profit before tax is calculated as follows:

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Profit before tax	**4,234**	5,481
add back:		
Operating costs of exceptional nature (note 7)	**3,829**	342
Finance costs of exceptional nature (note 8)	**1,635**	-
Impairment of goodwill (note 10)	**-**	178
Amortisation of other intangible assets (note 10)	**124**	-
Amortisation of development costs (note 10)	**133**	-
Share option charges	**320**	-
Adjusted profit before tax	**10,275**	6,001

Finance costs of an exceptional nature represent the one-off costs incurred on settlement of the previous loan facility and associated share warrant, including the accelerated release of capitalised arrangement fees.

Adjusted profit after tax is calculated as follows:

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Profit after tax	**2,849**	4,787
add back:		
Operating costs of exceptional nature (note 7)	**3,829**	342
Finance costs of exceptional nature, net of tax (note 8)	**1,324**	-
Impairment of goodwill (note 10)	**-**	178
Amortisation of other intangible assets (note 10)	**124**	-
Amortisation of development costs (note 10)	**133**	-
Share option charges	**320**	-
Adjusted profit after tax	**8,579**	5,307

6. Segmental Information

During the year, the Company was domiciled in the UK and as such all revenue is derived from external customers in the United Kingdom.

The Group has two operating segments, which are considered to be reportable segments under IFRS. The two reportable segments are:

- Intermediary Services
- Distribution Channels

Intermediary Services provides compliance and regulation services to individual financial intermediary Member Firms, including directly authorised IFAs, directly authorised mortgage advisers, workplace consultants and directly authorised consumer credit brokers.

Distribution Channels provides marketing and promotion, product panelling and co-manufacturing services to financial institutions. This division of the Group also undertakes survey panelling and surveying work for Mortgage Lenders.

The reportable segments are strategic business units that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting produced to the chief operating decision-makers.

The tables below present the segmental information for the years ended 31 December 2018 and 2017.

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Intermediary Services		
Revenue	**23,329**	22,223
Operating expenses, before amortisation and depreciation	**(18,135)**	(18,290)
Intermediary Services EBITDA	**5,194**	3,933
Operating costs of exceptional nature	**(1,763)**	(144)
Intermediary Services EBITDA	**3,431**	3,789
Distribution Channels		
Revenue	**27,357**	21,843
Operating expenses, before amortisation and depreciation	**(21,132)**	(16,233)
Distribution Channels EBITDA	**6,225**	5,610
Operating costs of exceptional nature	**(2,066)**	(198)
Distribution Channels EBITDA	**4,159**	5,412
Total EBITDA	**7,590**	9,201
Impairment of goodwill	**-**	(178)
Amortisation of other intangible assets	**(124)**	-
Amortisation of development costs	**(133)**	-
Depreciation	**(256)**	(220)
Share option charges	**(320)**	-
Operating profit	**6,757**	8,803

In determining the trading performance of the operating segments central costs are allocated based on the divisional contribution of revenue to the Group.

The statement of financial position is not analysed between reporting segments for management and the chief decision-makers consider the Group statement of financial position as a whole.

No customer has generated more than 10% of total revenue during the period covered by the financial information.

7. Operating Profit

Operating profit for the period has been arrived at after charging:

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Depreciation of tangible assets	**256**	220
Payment in respect of operating leases	**4,760**	4,340
Research expenditure	**161**	561
Operating costs of exceptional nature:		
Costs in relation to corporate restructuring and refinancing	**-**	303
Restructuring costs	**77**	10
Write off of Director's loan	**-**	89
Professional fees for acquisitions	**130**	69
Release of deferred consideration	**-**	(129)
Fees in relation to IPO process	**3,622**	-
	3,829	342

8. Finance Expense and Income

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Finance Expense		
Bank interest payable	**(967)**	(3,229)
Fair value loss on financial instruments	**(345)**	(158)
Accelerated arrangement fees on settlement of previous loan	**(775)**	-
Accelerated implied interest charge on settlement of previous loan	**(515)**	-
	(2,602)	(3,387)
Finance Income		
Bank interest receivable	**79**	65
	79	65
Net finance expense	**(2,523)**	(3,322)

9. Earnings per share

Basic Earnings Per Share	**Year ended 31 December 2018 £000**	Year ended 31 December 2017 £000
Profit attributable to equity shareholders of the parent	**2,849**	4,787
Weighted average number of shares in issue	**71,974,191**	57,065,211
Basic profit per share (pence)	**3.96**	8.39

For comparable purposes the weighted average number of shares in issue has been treated as those in issue post IPO for both the current and prior year.

Diluted Earnings Per Share	**Year ended 31 December 2018 £000**	Year ended 31 December 2017 £000
Profit attributable to equity shareholders of the parent	**2,849**	4,787
Weighted average number of shares in issue	**71,974,191**	57,065,211
Diluted weighted average number of shares and options for the period	**369,892**	-
	72,344,083	57,065,211
Diluted profit per share (pence)	**3.94**	8.39

An adjusted EPS has been calculated below based on the adjusted profit after tax, which removes items not considered to be part of underlying trading.

Adjusted basic Earnings Per Share	**Year ended 31 December 2018 £000**	Year ended 31 December 2017 £000
Adjusted profit after tax (note 5)	**8,579**	5,307
Weighted average number of shares in issue	**71,974,191**	57,065,211
Adjusted earnings per share (pence)	**11.92**	9.30

10. Intangible assets

		Other Intangible Assets			
	Goodwill	**Brand**	**Customer Relationships**	**Development expenditure**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Cost					
At 1 January 2017	16,250	-	-	1,361	17,611
Additions	-	-	-	772	772
At 31 December 2017	16,250	-	-	2,133	18,383
Additions	3,520	115	897	657	5,189
At 31 December 2018	**19,770**	**115**	**897**	**2,790**	**23,572**
Amortisation and impairment					
At 1 January 2017	-	-	-	-	-
Charge in the period	178	-	-	-	178

At 31 December 2017	178	-	-	-	178
Charge in the period	-	12	112	133	257
At 31 December 2018	**178**	**12**	**112**	**133**	**435**
Net book value					
At 31 December 2018	**19,592**	**103**	**785**	**2,657**	**23,137**
At 31 December 2017	16,072	-	-	2,133	18,205

11. Borrowings

	31 December 2018 £000	31 December 2017 £000
Secured bank loan:		
Current	**7,500**	-
Non-current	**-**	34,486
Less; loan arrangement fees	**(67)**	(821)
	7,433	33,665

On 5 April 2018, the Group repaid its previous loan in full and drew down £10.1m from a new £15.0m Revolving Credit Facility ('RCF') provided by Yorkshire Bank. £2.6m of the RCF has since been repaid.

The previous loan was due to be settled in June 2022. On settlement of the loan, £775k of capitalised loan arrangement fees were accelerated into the profit and loss account, along with £515k of implied interest (due to the discounting of the amount repayable to the present date). £90k of loan arrangement fees were incurred on the new RCF, which have been capitalised and amortised over 3 years. The margin payable on the facility is based on the net leverage of the Group, with a range of 1.6% to 2.0% above LIBOR.

12. Share Capital & Share Premium

Share capital

	Ordinary A shares	**Ordinary B shares**	**Ordinary C shares**	**Ordinary D shares**	**Ordinary Shares**	**Total**
Number of fully paid shares:						
At 1 January 2017	8,349,148	50,852	1,331,112	256,974	-	9,988,086
Issue of share capital	-	281,380	-	-	-	281,380
Repurchase of shares and cancellation	-	-	-	(26,075)	-	(26,075)
At 31 December 2017	8,349,148	332,232	1,331,112	230,899	-	10,243,391
Repurchase of shares and cancellation	-	-	-	(1,093)	-	(1,093)
Bonus issue of shares	75,142,332	2,990,088	11,980,008	2,068,254	-	92,180,682
Share consolidation	(75,142,332)	(2,990,088)	(11,980,008)	(2,068,254)	-	(92,180,682)
Bonus issue of shares	45,295,619	1,802,410	1,275,069	208,043	-	48,581,141
Share conversion	(53,644,767)	(2,134,642)	(2,606,181)	(437,849)	58,823,439	-
Issue of share capital	-	-	-	-	17,647,149	17,647,149
At 31 December 2018	**-**	**-**	**-**	**-**	**76,470,588**	**76,470,588**

During 2017 the Company bought back and cancelled 26,075 D ordinary shares. On 5 December 2017, the company issued 281,380 B ordinary shares.

During 2018, prior to the IPO listing, the Company bought back and cancelled 1,093 D ordinary shares.

As part of the IPO process, the following share restructuring took place on 4 April 2018:

- An initial bonus issue of shares in the ratio of 9 new shares to 1 existing share was issued across all share categories.
- A share consolidation across all share categories, at a rate of 10 shares to 1.
- A second bonus issue of shares across all share categories at differing share ratios.
- A conversion of all categories of shares, in a ratio of 1 to 1, into a new category of Ordinary shares.

In addition to the above, an issue of 17,647,149 new ordinary shares was made on 4 April 2018, and the Company undertook a reduction of its share capital by cancelling £45,000,000 of its share premium account.

Share Premium

	Share Premium £'000
At 1 January 2017	50,852
Issue of share capital	1,692
At 31 December 2017	52,544
Issue of share capital	29,826
Transfer to retained earnings	(45,000)
Bonus issue	(579)
At 31 December 2018	**36,791**

13. Other reserves

	Merger Reserve £'000	Capital redemption reserve £'000	Put and Call Option reserve £'000	Share Option Reserve £'000	Total Other Reserves £'000
At 1 January 2017	(61,395)	8	(1,760)	-	(63,147)
Transfer to retained earnings	-	-	1,760	-	1,760
At 31 December 2017	(61,395)	8	-	-	(61,387)
Share option charge	-	-	-	320	320
At 31 December 2018	**(61,395)**	**8**	**-**	**320**	**(61,067)**

14. Share-based payment arrangements

At 31 December 2018, the Group had the following share-based payment arrangements.

Company Share Option Plan ("CSOP")
On 4 April 2018, the Group established the Company Share Option Plan ("CSOP"), which granted share options to certain key management personnel. The CSOP consists of two parts, and all options are to be settled by physical delivery of

shares. The terms and conditions of the share option schemes granted during the year ended 31 December 2018 are as follows:

Scheme	Grant Date	Number of awards	Vesting conditions	Contractual life of options
Approved Scheme	4 April 2018	229,412	3 years' service from grant date	3 to 10 years
Unapproved Scheme	4 April 2018	250,000	3 years' service from grant date	3 to 10 years

Management Incentive Plan ("MIP")

On 4 April 2018, the Group established the Management Incentive Plan ("MIP") which invited eligible employees to subscribe for A Shares in the Company's subsidiary SimplyBiz Limited. Participants have a put option to sell the A shares to the Company in exchange for ordinary shares of the Company at any point between 3 years and 10 years after the date of grant, provided that they are still employed and an equity hurdle is met. The terms and conditions of the MIP are as follows:

Grant Date	Number of awards	Vesting conditions	Contractual life of options
4 April 2018	2,250	3 years' service from grant date, subject to an equity hurdle of 40% above the IPO price.	3 to 10 years

The fair value of services received in return for share options granted is based on the fair value of the share options granted. The fair value has been measured using the Black-Scholes model for the unapproved CSOP scheme, and the Monte Carlo model for the MIP and approved CSOP scheme.

The following inputs were used in the measurement of the fair values at grant date of the share based payment plans.

	Approved CSOP	Unapproved CSOP	Management incentive plan
Fair value at grant date	£0.64	£1.59	£290.22
Share price at grant date	£1.70	£1.70	£1.70
Exercise price	£1.70	£0.01	£1.785
Expected volatility	40%	40%	40%
Option life (expected weighted average life)	3	3	3
Expected dividends	2%	2%	2%
Risk-free interest rate (based on government bonds)	1.2%	1.2%	1.2%

Save As You Earn ("SAYE") scheme

On 24 September 2018, the Group established the Save As You Earn ("SAYE") scheme and invited all Group employees to enter into a three-year savings contract linked to an option which entitles them to acquire Ordinary Shares in the Company.

537,618 options were issued under the scheme, with an exercise price of £1.70. The fair value of the shares at date of grant (1 December 2018) was £0.70, and the share options are due to vest in three years from grant. Expected volatility, dividends and the risk-free interest rate have been assumed to be consistent with the approved CSOP scheme noted above.

15. Notes to the cash flow statement

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000

Cash flow from operating activities		
Profit after taxation	**2,849**	4,787
Add back / (deduct):		
Finance income	**(79)**	(65)
Finance cost	**2,257**	3,229
Fair value losses on derivative financial instruments	**345**	158
Taxation	**1,385**	694
	6,757	8,803
Adjustments for:		
Impairment of goodwill	**-**	178
Depreciation of property, plant and equipment	**256**	220
Amortisation of other intangible assets	**257**	-
Share option charge	**320**	-
Operating cash flow before movements in working capital	**7,590**	9,201
Increase in receivables	**(1,186)**	(446)
Increase in trade and other payables	**620**	1,017
Cash generated from operations	**7,024**	9,772
Income taxes (paid) / received	**(991)**	971
Net cash generated from operating activities	**6,033**	10,743

16. Acquisitions

On 23 January 2018 the Group purchased 100% of the share capital of Landmark Surveyors Limited for £4,834,000. The principal activity of the company is residential surveying and the purchase price includes £1,450,000 of deferred consideration, which is payable in two equal tranches on the 1st and 2nd anniversary of the acquisition.

The acquisition of Landmark Surveyors strengthens the Group's capabilities in providing home valuations, with the business highly aligned and complementary to Sonas Surveyors, an existing Group company. In the year to 31 December 2018, Landmark Surveyors contributed revenue of £3.7m and adjusted EBITDA of £0.2m. If the acquisition had occurred on 1 January 2018, management estimates that revenue would have been £3.9m and adjusted EBITDA would have been £0.1m.

The Group incurred acquisition related costs of £0.1m relating to external legal and professional fees. These costs have been included in 'operating expenses' in the consolidated statement of profit or loss and other comprehensive income.

The following fair values have been determined:

	Fair Value £000
Net assets acquired	
Property, plant & equipment	138
Trade and other receivables	296
Cash and cash equivalents	1,052
Trade and other payables	(924)
Income tax liabilities	(68)
Intangible assets - Brands	115
Intangible assets - Customer relationships	897
Deferred tax liability	(192)
	1,314
Consideration paid	
Initial cash price paid	3,384

Deferred consideration	1,450
	4,834
Goodwill	3,520

Goodwill acquired on the acquisition relates to the assembled workforce and the synergies expected to be achieved from integrating the company into the Group's existing business.

17. Subsequent Events

No material subsequent events have arisen since the balance sheet date.

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