

21 September 2021

**Fintel plc**  
("Fintel", "the Company" or the "Business")  
**Half Year Results for the Six Months ended 30 June 2021**  
**Robust Trading, Digital Acceleration, Strategic Delivery**

Fintel (AIM: FNTL), the leading provider of fintech and support services to the UK Retail Financial Services sector, today announces its unaudited consolidated results for the six months ended 30 June 2021.

**Financial highlights:**

- Solid Revenue growth - **up 10% to £31.7m** (H1'20: £28.9m)
- Strong Adjusted EBITDA\*<sup>1</sup> - **up 12% to £8.3m** (H1'20: £7.4m)
- Solid adjusted EBITDA\*<sup>1</sup> margin - **up 60 bps to 26.1%** (H1'20: 25.5%)
- Adjusted PBT\*<sup>2</sup> - **up 12% to £6.0m** (H1'20: £5.4m)
- Adjusted EPS\*<sup>3</sup> - **down 2% to 4.1p** (H1'20: 4.2p), after one off tax charges
- Robust cash flow conversion\*<sup>4</sup> **of 81%** (H1'20: 65%)
- Strategic deleveraging - proforma net debt\*<sup>5</sup> to EBITDA ratio **of c.0.2x** (H1'20: 1.5x)

**Strategic Highlights**

- Strategic disposal of non-core Zest Technology
- Strategic Technology and Distribution partnership with Tatton Asset Management
- Strategic disposal of Verbatim Funds
- Strategic launch of Distribution as a Service ("DaaS")

**Dividend**

The Board intends to pay an interim dividend of 1.0p per share, on or around 4 November 2021.

**Matt Timmins, Joint CEO of Fintel plc, commented:**

"I am delighted to report that Fintel delivered a robust financial performance in the first half of the year, and we remain confident of meeting our full year expectations.

We have also made significant strategic progress in the period, signing our largest ever fintech contract in a partnership that includes the disposal of the Verbatim funds, and realised excellent value from the sale of Zest. The launch of "distribution as a service" is off to an excellent start.

We have significant financial resources to match our ambitions for the business, both in terms of accelerating organic growth and creating value through acquisitions"

\*<sup>1</sup> Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share option charges and exceptional operating costs.

\*<sup>2</sup> Adjusted PBT is calculated as adjusted profit before tax, which excludes exceptional operating costs and amortisation of intangible assets arising on acquisition.

\*<sup>3</sup> Adjusted Earnings Per Share is calculated as adjusted profit after tax, which excludes exceptional operating costs and amortisation of intangible assets arising on acquisition, divided by the average number of ordinary shares in issue for the period.

\*<sup>4</sup> Free cash flow conversion is calculated as adjusted EBITDA, less working capital movements, lease payments, CAPEX, development expenditure, corporation tax and interest paid, as a percentage of Adjusted EBITDA.

<sup>\*5</sup>Net debt position is shown on a proforma basis at 30 June 2021 including the effect of the sale of Zest Technology and Verbatim funds.

**For further information please contact:**

**Fintel**

**via Instinctif Partners**

Matt Timmins (Joint Chief Executive Officer)  
Neil Stevens (Joint Chief Executive Officer)  
David Thompson (Chief Financial Officer)

**Zeus Capital (Nominated Adviser and Joint Broker)**

**+44 (0) 20 3829 5000**

Martin Green  
Dan Bate  
Pippa Hamnett

**Investec Bank (Joint Broker)**

**+44 (0) 20 7597 5095**

Bruce Garrow  
David Anderson  
Harry Hargreaves

**Instinctif Partners (Financial PR)**

**+44 78 3767 4600 / [fintel@instinctif.com](mailto:fintel@instinctif.com)**

George Peele  
Mark Walter

**Notes to Editors**

Fintel is the UK's leading fintech and support services business, combining the largest provider of intermediary business support, SimplyBiz, and the leading research, ratings, and Fintech business, Defaqto.

Fintel is the leading provider of digital, data led and expert services to product providers, intermediaries, and consumers to help them navigate the increasingly complex world of retail financial services. Fintel provides technology, compliance and regulatory support to thousands of intermediary businesses, data and targeted distribution services to hundreds of product providers and empowers millions of consumers to make better informed financial decisions. We serve our customers through three core divisions;

The Intermediary Services division provides technology, compliance, and regulatory support to thousands of intermediary businesses through a comprehensive membership model. Members include directly authorised IFAs, directly authorised mortgage advisers and wealth managers.

The Distribution Channels division delivers market Insight and analysis, product design and compliance and targeted distribution channels to financial institutions and product providers.

The Fintech and Research division comprises Defaqto which provides market leading software, financial information and product research to product providers and intermediaries. Defaqto also provides product ratings to help consumers compare products and buy with confidence.

For more information about Fintel, please visit the website: [www.wearefintel.com](http://www.wearefintel.com)

**Analyst Presentation**

An analyst briefing is being held at 09:30 GMT on 21 September 2021 via an online video conference facility. To register your attendance please contact [Fintel@instinctif.com](mailto:Fintel@instinctif.com)

For more information, please visit: [www.wearefintel.com](http://www.wearefintel.com)

**JOINT CHIEF EXECUTIVES' STATEMENT**

**Overview**

Fintel has delivered a strong financial performance while navigating continued disruption from COVID 19, with **10% growth in revenue and a 12% increase in adjusted EBITDA**.

As we accelerate our digital growth and increase focus on our core business, we remain confident of meeting our full year expectations and our longer-term strategic ambitions. Solid profitability and strong cashflow conversion are underpinned by increasing margins and higher quality earnings, demonstrating the strength of our market position and customer proposition.

**An adjusted EBITDA margin of 26.1% (H1'20: 25.5%)** demonstrates the progress we have made in improving margins and enhancing earnings quality across the business.

The robust performance in the core Intermediary division is in line with our strategy of increasing average revenue per customer and recruiting higher value new members as we continue to digitise our core offering and increase market penetration through improved adoption of our proprietary software. This has been augmented by growth from housing related transactions, driven by positive market conditions and the roll out of remote valuations.

In our Distribution division, new product development, service enhancement and packaged solutions are improving the quality of our underlying earnings as we continue to transition our industry partners to subscription and ad valorem agreements, increasing our longer-term recurring revenue towards our mid-term target of 70-80% recurring core revenues.

**A proforma net debt to EBITDA ratio of c.0.2x<sup>5</sup> and cash flow conversion of 81% (H1'20: 65%)** reflects our continued focus on balance sheet efficiency. The disposal of Zest and the Verbatim Funds has enabled us to deleverage the business, creating significant resources for future investment, and with cash flow conversion of 81% (H1'20: 65%) we are now well ahead of our mid-term target of 70%.

### **Divisional Performance**

**Intermediary Services** revenue increased 3% to £12.6m (H1'20: £12.3m)

The Intermediary division provides technology, compliance, and regulatory support to over 3,000 intermediary businesses through a comprehensive membership model. Members include directly authorised IFAs, mortgage advisers and wealth managers.

The Intermediary division delivered a robust performance with a 3% increase in membership revenues. As the regulatory landscape for our members becomes more complex, we continue to benefit from increasing demand for help with new and existing regulation. We continue to improve our average revenue per customer through digitisation of our core services and higher software adoption, with a 9% growth in Software license income during the period.

The financial highlights of the Intermediary division were as follows:

- Membership fee income increased by 4% to £5.6m (H1'20: £5.3m).
- Average Revenue per Customer ("ARPC") of £6,870 (FY'20: £6,729) - an increase of 2% on an annualized basis
- Software license income grew 9% to £2.9m (H1'20: £2.7m)

**Distribution Channels** revenue increased 22% to £11.3m (H1'20: £9.2m)

The Distribution division delivers market Insight and analysis, product design and targeted distribution channels to financial institutions and product providers.

The Distribution Channels division recovered from a weak H1'20, benefitting from the improvement in the overall housing market, the introduction of remote valuations and an increase in housing related transactions.

Marketing services revenue continued to be impacted by the lockdown restrictions in the first half of the year, but management remains highly confident of a recovery in H2'21 and into 2022. As we transition to a combination of online and physical events and our new Distribution as a Service ("DaaS") model, we will convert existing annual contracts to multi-year recurring partnership income for the provision of data and distribution channels.

The financial highlights in the Distribution division were as follows:

- Marketing services revenues of £1.7m (H1'20 £2.6m)
- Mortgage services revenues of £3.2m (H1'20: £2.3m)
- Valuation services revenues of £4.0m (H1'20: £2.1m)
- Fund revenues of £1.2m (H1'20: £1.1m)
- Insurance services revenues of £1.2m (H1'20: £1.1m)

**Fintech and Research** revenue increased 5% to £7.8m (H1'20: £7.4m)

Fintech and Research comprises Defaqto. Defaqto provides market-leading software, financial information and product research to product providers and financial intermediaries. Defaqto also provides product ratings to allow consumers compare products and buy with confidence.

Revenue growth was driven by customer growth in risk mappings and reviews due to increasing the scope of the service, an extended range of star ratings products and fund review product launches.

The financial highlights from the Fintech and Research division were:

- 52% growth in Recommendations on our fintech platform of £37.0bn (H1'20: £24.3bn)
- Software revenues of £3.7m (H1'20: £3.6m)
- Product Ratings revenue of £3.8m (H1'20: £3.5m)
- Gross profit margin of 60% (H1'20: 57%)

### **Strategic Delivery and Priorities**

Our accelerated digital strategy continues to deliver margin growth, robust cash flow and good capital efficiency.

Significant strategic progress has been made with the sale of non-core asset Zest Technology for £10m (22x trailing EBITDA). These proceeds may increase by up to a further £1.5m based on performance.

A fintech, distribution and fund management strategic partnership with Tatton Asset Management was entered into, securing long term recurring revenue via 5-year SaaS enterprise partnership (generating a minimum of £7m), with further significant potential through a near 30% increase in our fintech client base and reach. The deal also generates up to £5.8m cash through the sale of the Verbatim Funds, again facilitating our future financial flexibility. The combined effects of these two transactions reduces proforma net debt to c.0.2x<sup>5</sup> EBITDA, creating funding headroom for further strategic growth.

The Company's value creation strategy combines organic growth and selective acquisitions. Organic growth is expected to be driven by growth in our core digital, software and technology offering as well as by increasing average revenue per customer - an ongoing business focus.

Capital discipline and a strong focus on cash return on capital employed, along with a prudent balance sheet and leverage management, remains a key strategic priority for us, ensuring we can take advantage of selective and appropriate opportunities when they arise to further enhance shareholder value.

## Outlook

Current trading remains robust. Our strategic plan is being implemented efficiently and at pace. We remain confident that the Company is in a strong position to deliver in line with current market expectations for FY21.

We are Fintel.

**Neil Stevens & Matt Timmins**  
Joint Chief Executive Officers

## FINANCIAL REVIEW

	Jun-21 £m	Jun-20 £m
Revenue	31.7	28.9
Expenses	(23.4)	(21.5)
<b>Adjusted EBITDA</b>	<b>8.3</b>	<b>7.4</b>
Adjusted EBITDA margin %	26.1%	25.5%
Depreciation	(0.2)	(0.1)
Depreciation of lease asset	(0.3)	(0.4)
Amortisation of development expenditure and software	(0.9)	(0.5)
<b>Adjusted EBIT</b>	<b>6.9</b>	<b>6.4</b>
Share option charges	(0.4)	(0.4)
Net finance costs	(0.5)	(0.6)
<b>Adjusted profit before tax</b>	<b>6.0</b>	<b>5.4</b>
Taxation	(2.0)	(1.3)
<b>Adjusted profit after tax</b>	<b>4.0</b>	<b>4.1</b>
Adjusted earnings per share (EPS)	4.1p	4.2p

## Revenue

Revenues of £31.7m were 10% higher than the prior period. Our focus on core revenue growth (up 3% from £24.2m to £24.9m) continues to progress, highlighting the strength of the core business model and sustained demand for our products and services during the ongoing COVID period.

A key performance measure within core revenue is the quality of revenue; our focus is on generating an increasing percentage of our revenue from SaaS and Subscriptions, delivering longer term recurring revenue streams at high margins. SaaS and Subscriptions now represent 67.0% (H1'20: 61.3%) of our core revenue.

This combination of growth and increasing quality of our core revenue period on period keeps us on track to achieve our medium-term financial objectives.

Non-core revenues increased 48% to £6.8m (prior period £4.6m). The principal driver of this was the recovery in our housing survey and valuations business following the easing of lockdown restrictions.

## Revenue by Segment

Revenues in the Intermediary Services division grew by 3% to £12.6m, as a result of continued growth in membership revenues, improved penetration of additional services and new software licenses.

Distribution Channels achieved revenues of £11.3m (up 22%). Marketing Services, experienced reduced demand due to restrictions on meetings and events. The re-opening of the valuations market and increased housing transactions more than compensated with increased revenue to £4.0m (H1'20 £2.1m).

Fintech and Research revenues increased by 5% to £7.8m with continued growth across the full range of products offered, with Product Ratings particularly strong. This highlights increased uptake and usage of the service, providing a further platform to grow SaaS and Subscriptions revenues.

## Gross profit by Segment

We report our segments to the gross profit level as this highlights the contribution each segment makes in its own right, taking account of directly attributable costs, but before allocation of shared infrastructure costs which serve the business as a whole. At an EBITDA level, economies of scale in shared support costs will help us achieve our key strategic aim of increasing EBITDA margin over the next 2/3 years.

Gross profit has increased to £13.7m (H1:20 £12.8m) however the greater proportion of valuation services, a lower margin activity, in the current period slightly outweighs the positive impact of growth in Fintech and Research, with gross margin reducing marginally in total by 90 basis points from 44.2% to 43.3%.

### Intermediary Services

We have continued to invest in our intermediary services providing additional value and support for our members, which underpins the ongoing growth in our recurring revenues. Gross margin therefore reduced by 70 basis points from 31.6% to 30.9%, with Average Revenue Per Customer ("ARPC") growing 2% to £6,870 and revenues overall increasing by 3%.

### Distribution Channels

The gross margin has reduced 490 basis points from 50.9% to 46.0% largely due to a change in mix. Although the weight of core mortgage related income served to offset a reduction in events activity, which generate our highest margin contribution, the reduction was the result of increased surveying and valuation activity which typically generates a lower margin.

### Fintech and Research

As more customers take up the SaaS and Subscriptions element of our service offering, the gross margin improves. With a well-managed cost base, the contribution to margin from incremental revenue growth generated an additional 320 basis points to gross margin, growing from 56.5% to 59.7%.

## Adjusted EBITDA

Adjusted EBITDA margin is calculated as adjusted EBITDA (as defined in note 6), divided by revenue. Whilst adjusted EBITDA is not a statutory measure, the Board believes it remains a highly useful measure of the cash profit from underlying trade and operations, excluding one-off and non-cash items.

The Company delivered a strong adjusted EBITDA margin of 26.1% (H1'20: 25.5%). Infrastructure and support costs have remained flat period on period at £5.4m (see note 7).

## Share-based payments

Share-based payment charges of £0.4m (H1'20: £0.4m) have been recognised in respect of the options in issue.

## Financial income and expense

Net finance expenses of £0.5m (H1'20: £0.6m) relate to the utilisation of the Company's 5-year revolving credit facility, which is due for renewal in March 2024.

### **Taxation**

The tax charge for the period has been accrued using the tax rate that is expected to apply to the full financial year.

The corporate tax rate in the UK will increase from 19% to 25% from 1 April 2023. The increase was announced in the March 2021 Budget, and was substantively enacted on 10 June 2021.

This has an FY21 impact on our deferred tax balances which need to be increased by this 6 percent tax rate movement. The gross impact of this on a full year basis will be c.£1.6m, effectively increasing our deferred tax liability from £5.1m (19% effective rate) to £6.7m (25% effective rate). As a result, in the interim results for the period ended 30 June 2021 the net deferred tax liability has increased by £0.8m, being the half year equivalent charge of the full year adjustment. This is a non-cash charge and will unwind in future years.

### **Earnings per share**

Earnings per share has been calculated based on the weighted average number of shares in issue in both years. Adjusted earnings per share in the year amounted to 4.1 pence per share; a decrease of 2% year-on-year (H1'20: 4.2 pence per share). It should be noted that had tax rates remained constant with the prior year at 19%, the adjusted earnings per share would have increased to 5.0p in the period - a year on year increase of c.18%.

### **Dividend**

Recognising the improved financial performance and strong liquidity of the business, the Board intends to announce an interim dividend of 1.0p (H1'20: nil). It is the Board's intention that this will be paid on or around 4 November 2021 to shareholders on the register on 1 October 2021. The Board intends the ex-dividend date to be 30 September 2021.

As previously communicated in our annual results for the year ended 31 December 2020, the Board intends to adopt a progressive dividend going forward.

### **Cash flow and closing net debt**

At 30 June 2021, the Company had net debt of £15.5m, compared with £25.8m at 30 June 2020. This represents a net debt to EBITDA ratio of 0.9x (H1'20: 1.5x). Net debt is calculated as borrowings less cash and cash equivalents, and amortised arrangement fees. This deleveraging highlights the strong cash generative nature of the business.

Following the sale of Zest Technology on 21 July 2021 and the sale of the Verbatim Funds on 15 September 2021 these total sale proceeds were used to further reduce our net debt, resulting in a pro forma<sup>5</sup> Net Debt EBITDA ratio of c.0.2x including the effect of these two transactions.

Free cash flow conversion was strong at 81% in H1'21 (H1'20: 65%). Free cash flow for the period of £6.8m (H1'20: £4.7m) was driven by an increased EBITDA, a reduction in capital expenditure on tangible fixed assets and good working capital management.

Free cash flow conversion is calculated as adjusted EBITDA, less working capital movements, lease payments, CAPEX, development expenditure, corporation tax paid and interest, as a percentage of Adjusted EBITDA. A reconciliation of free cash flow is provided in note 6.

### **Accounting policies**

The Company's consolidated financial information has been prepared consistently in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS").

### **Going concern**

The Directors have undertaken a comprehensive assessment to consider the Company's ability to trade as a going concern for at least the next 12 months. The Directors have considered the Company's financial position and its committed borrowing facilities and performed various sensitivity analyses to assess the impact of more severe but plausible downside scenarios.

On the basis of the Company's current and forecast profitability and cash flows, and the availability of committed funding, the Directors consider and have concluded that the Company will have adequate resources to continue in operational existence for at least the next 12 months from the date of approving the unaudited financial statements. As a result, they continue to adopt a going concern basis in the preparation of the financial statements.

**David Thompson**  
**Chief Financial Officer**

**Consolidated statement of profit or loss and other comprehensive income**  
**for the six months ended 30 June 2021**

	Note	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m
<b>Revenue</b>	7	<b>31.7</b>	28.9
Operating expenses	8	(25.2)	(22.9)
Amortisation of other intangible assets	12	(1.0)	(1.0)
<b>Operating profit</b>		<b>5.5</b>	5.0
Finance income	9	-	0.1
Finance costs	9	(0.5)	(0.7)
<b>Profit before taxation</b>		<b>5.0</b>	4.4
Taxation	10	(1.8)	(1.6)
<b>Profit for the financial period</b>		<b>3.2</b>	2.8
Profit attributable to shareholders:			
Owners of the Company		<b>3.1</b>	2.7
Non-controlling interests		<b>0.1</b>	0.1
		<b>3.2</b>	2.8
Earnings per share - basic	11	<b>3.2p</b>	2.8p
Earnings per share - diluted	11	<b>3.2p</b>	2.8p

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

#### **Consolidated Statement of Financial Position** **As at 30 June 2021**

	Note	Unaudited 30 June 2021 £m	Unaudited 30 June 2020 £m	Audited 31 December 2020 £m
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant & equipment	13	1.3	1.3	1.5
Lease asset	13	4.8	5.2	5.0
Intangible assets and goodwill	12	104.4	106.0	105.4
Deferred tax asset, non-current		-	0.1	-
<b>Total non-current assets</b>		<b>110.5</b>	<b>112.6</b>	<b>111.9</b>
<b>Current assets</b>				
Trade and other receivables		10.0	9.3	10.2
Deferred tax asset		0.6	0.1	0.2
Cash and cash equivalents		8.3	18.9	10.3
Current tax asset		0.1	-	-
<b>Total current assets</b>		<b>19.0</b>	<b>28.3</b>	<b>20.7</b>
<b>Total assets</b>		<b>129.5</b>	<b>140.9</b>	<b>132.6</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to the owners of the Company</b>				
Share capital	15	1.0	1.0	1.0
Share premium account	15	65.2	64.8	64.8
Other reserves	16	(51.8)	(52.7)	(52.2)
Retained earnings		61.4	55.6	61.0
Equity attributable to the owners of the Company		<b>75.8</b>	<b>68.7</b>	<b>74.6</b>
Non-controlling interest		0.2	0.2	0.2

<b>Total equity</b>		76.0	68.9	74.8
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		18.8	16.0	17.4
Lease liabilities, current		0.4	0.6	0.6
Current tax liabilities		-	0.2	0.2
<b>Total current liabilities</b>		19.2	16.8	18.2
<b>Non-current liabilities</b>				
Loans and borrowings	14	23.8	44.7	29.7
Lease liabilities, non-current		4.4	4.6	4.5
Deferred tax liabilities		6.1	5.9	5.4
<b>Total non-current liabilities</b>		34.3	55.2	39.6
<b>Total liabilities</b>		53.5	72.0	57.8
<b>Total equity and liabilities</b>		129.5	140.9	132.6

#### Consolidated statement of changes in equity

	Share capital	Share premium	Other reserve	Non controlling interest	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
<b>Balance at 1 January 2020</b>	1.0	64.8	(52.0)	0.1	55.7	69.6
Total comprehensive income for period	-	-	-	0.1	2.7	2.8
<i>Transactions with owners, recorded directly in equity</i>						
Dividends	-	-	-	-	(2.8)	(2.8)
Share option charge	-	-	0.4	-	-	0.4
Deferred tax on share options exceeding profit and loss charge	-	-	(1.1)	-	-	(1.1)
<b>Total contributions by and distribution to owners</b>	-	-	(0.7)	-	(2.8)	(3.5)
<b>Balance at 30 June 2020</b>	1.0	64.8	(52.7)	0.2	55.6	68.9



Total comprehensive income for period	-	-	-	-	5.4	5.4
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	-	-	-	-	-	-
Share options	-	-	0.5	-	-	0.5
	_____	_____	_____	_____	_____	_____
Total contributions by and distribution to owners	-	-	0.5	-	-	0.5
	_____	_____	_____	_____	_____	_____
<b>Balance at 31 December 2020</b>	<b>1.0</b>	<b>64.8</b>	<b>(52.2)</b>	<b>0.2</b>	<b>61.0</b>	<b>74.8</b>
	_____	_____	_____	_____	_____	_____
Total comprehensive income for period	-	-	-	0.1	3.1	3.2
<i>Transactions with owners, recorded directly in equity</i>						
Issue of shares	-	0.4	(0.4)	-	-	-
Dividends	-	-	-	(0.1)	(2.7)	(2.8)
Deferred tax on share options exceeding profit and loss charge	-	-	0.4	-	-	0.4
Share option charge	-	-	0.4	-	-	0.4
	_____	_____	_____	_____	_____	_____
Total contributions by and distribution to owners	-	0.4	0.4	(0.1)	(2.7)	(2.0)
	_____	_____	_____	_____	_____	_____
<b>Balance at 30 June 2021</b>	<b>1.0</b>	<b>65.2</b>	<b>(51.8)</b>	<b>0.2</b>	<b>61.4</b>	<b>76.0</b>
	_____	_____	_____	_____	_____	_____

**Consolidated statement of cash flows  
for the 6 months ended 30 June 2021**

	<b>6 months ended 30 June 2021</b>	<b>6 months ended 30 June 2020</b>
	<b>£m</b>	<b>£m</b>
<b>Net cash generated from operating activities</b> (note 18)	<b>8.5</b>	7.8
<b>Cash flows from investing activities</b>		
Finance income	-	0.1
Purchase of property, plant and equipment	-	(1.0)
Development expenditure	(0.9)	(1.4)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(0.9)</b>	(2.3)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Finance costs	(0.4)	(0.3)
Loan repayments made	(8.0)	-
Drawdown of loans	2.0	7.0
Transaction costs related to borrowing	-	-
Payment of lease liability	(0.4)	(0.5)
Payment of deferred and other consideration	-	(0.7)
Dividends paid	(2.8)	(2.8)
	<hr/>	<hr/>
<b>Net cash (used) / generated from financing activities</b>	<b>(9.6)</b>	2.7
	<hr/>	<hr/>

Net (decrease) / increase in cash and cash equivalents	(2.0)	8.2
Cash and cash equivalents at start of period	10.3	10.7
	_____	_____
<b>Cash and cash equivalents at end of period</b>	<b>8.3</b>	<b>18.9</b>
	_____	_____

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1. Reporting entity

Fintel plc (formerly the Simply Biz Group Limited) is a company domiciled in the UK. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2021 comprise Fintel and its subsidiaries (together referred to as "the Company"). The Company is the leading provider of digital, data led and expert services to product providers, intermediaries and consumers to help them navigate the increasingly complex world of retail financial services. Fintel provides technology, compliance and regulatory support to thousands of intermediary businesses, data and targeted distribution services to hundreds of product providers and empowers millions of consumers to make better informed financial decisions.

### 2. Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 *Interim financial reporting* and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2020 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the Company's financial position and performance since the last annual financial statements.

The financial information set out in these interim financial statements for the six months ended 30 June 2021 and the comparative figures for the six months ended 30 June 2020 are unaudited. The comparative financial information for the period ended 31 December 2020 in this interim report does not constitute statutory accounts for that period under 435 of the Companies Act 2006.

Statutory accounts for the period ended 31 December 2020 have been delivered to the Registrar of Companies. The auditors' report on the accounts for 31 December 2020 was 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.

The interim financial statements comprise the financial statements of the Company and its subsidiaries at 30 June 2021. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date when such control ceases.

The interim financial statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

These interim financial statements were authorised for issue by the Company's Board of Directors on 20 September 2021.

### 3. Use of Judgements and Estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

### 4. Changes in significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements in the 2020 Annual Report & Accounts.

#### *Current taxes*

The policy for recognising and measuring income taxes in the interim period is described in note 10.

### **5. Going concern**

The Company's business activities, performance and position are set out in the Joint Chief Executives' statement.

The Company Directors have prepared cash flow forecasts for the Company for the period to 31 December 2022 which indicate that, taking account of severe but plausible downside scenarios, the Company will have sufficient funds, to meet its liabilities as they fall due for that period.

Various sensitivity analyses have been performed to assess the impact of more severe but plausible downside scenarios to future trading. Under these severe but plausible downside scenarios the Company continues to operate within its available facilities and does not incur any covenant breaches.

The Directors have considered these factors, the likely performance of the business and possible alternative outcomes and the financing activities available to the Company. Having taken all of these factors into consideration, including the impact on covenants relating to the external borrowing facility, the Directors confirm that forecasts and projections indicate that the Company has adequate resources for the foreseeable future and at least for the period of 12 months from the date of signing the half year report. Accordingly, the financial information has been prepared on the going concern basis.

### **6. Reconciliation of GAAP to Non-GAAP measures**

The Company 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 ongoing trade. Amortisation of other intangible assets has been excluded on the basis that it is a non-cash amount, relating to acquisitions in the current and prior periods. Operating costs of an exceptional nature have been excluded as they are not considered part of the underlying trade. Share option charges have been excluded from Adjusted EBITDA only as non-cash costs.

The Company's "non-GAAP" measures are not defined performance measures in IFRS. The Company's definition of the reporting measures may not be comparable with similar titled performance measures in other entities.

Adjusted EBITDA is calculated as follows:

	6 months ended 30 June 2021	6 months ended 30 June 2020
	£m	£m
Operating profit	5.5	5.0
add back:		
Depreciation	0.2	0.1
Depreciation of leased assets	0.3	0.4
Amortisation of other intangible assets (note 12)	1.0	1.0
Amortisation of development costs and software (note 12)	0.9	0.5
	<hr/>	<hr/>
EBITDA	7.9	7.0

Add back:

Share option charges	0.4	0.4
----------------------	-----	-----

	<hr/>	<hr/>
<b>Adjusted EBITDA</b>	<b>8.3</b>	<b>7.4</b>
	<hr/>	<hr/>

Adjusted profit before tax is calculated as follows:

	6 months ended 30 June 2021	6 months ended 30 June 2020
	£m	£m
Profit before tax	5.0	4.4
add back:		
Amortisation of other intangible assets (note 12)	1.0	1.0
	<hr/>	<hr/>
<b>Adjusted profit before tax</b>	<b>6.0</b>	<b>5.4</b>
	<hr/>	<hr/>

Adjusted profit after tax is calculated as follows:

	6 months ended 30 June 2021	6 months ended 30 June 2020
	£m	£m
Profit after tax	3.2	2.8
add back:		
Amortisation of other intangible assets, net of deferred tax charge / credit	0.8	1.3
	<hr/>	<hr/>
<b>Adjusted profit after tax</b>	<b>4.0</b>	<b>4.1</b>

Free cash flow conversion is calculated as follows:

	6 months ended 30 June 2021	6 months ended 30 June 2020
	£m	£m
Net cash generated from operating activities	8.5	7.8
Adjusted for:		
Finance income	-	0.1
Finance costs	(0.4)	(0.3)
Purchase of property, plant and equipment	-	(1.0)
Payment of lease liability	(0.4)	(0.5)
Development expenditure	(0.9)	(1.4)
Free cash flow	6.8	4.7
Adjusted EBITDA (as above)	8.3	7.4
<b>Free cash flow conversion</b>	<b>81%</b>	<b>65%</b>

Adjusted EPS is reconciled to the statutory equivalent in note 11.

## 7. Segmental Information

During the year, the Company was domiciled in the UK and as such substantially all revenue is derived from external customers in the United Kingdom. Since the acquisition of Defaqto in March 2019, the Company has an operation in Norway which is wholly immaterial to the Company's revenues.

The Company has three operating segments, which are considered to be reportable segments under IFRS. The three reportable segments are:

- Intermediary Services;
- Distribution Channels; and
- Fintech and Research

The Intermediary Services division provides technology, compliance and regulatory support to thousands of intermediary businesses through a comprehensive membership model. Members include directly authorised IFAs, directly authorised mortgage advisers and directly authorised wealth managers are authorized by the FCA.

The Distribution Channels division delivers market Insight and analysis, product design and compliance and targeted distribution channels to financial institutions and product providers.

The Fintech and Research division comprises our Defaqto business. Defaqto provides market leading software, financial information and product research to product providers and intermediaries.

The reportable segments are derived on a product/customer basis. Management have applied their judgement on application of IFRS 8, with operating segments reported in a manner consistent with the internal reporting produced to the chief operating decision makers ("CODM"). The chief operating decision makers are deemed to be the Joint CEOs. No aggregation of operating segments has occurred.

Segmental information is provided to gross profit, as the CODM believe this best represents segmental profitability and performance before taking account of the shared costs in the business that support these three segments.

The tables below present the segmental information.

<b>6 months ended 30 June 2021</b>	Intermediary Services £m	Distribution Channels £m	Fintech and Research £m	Admin and Support Costs £m	Fintel £m
Revenue	12.6	11.3	7.8	-	31.7
Direct operating costs	(8.7)	(6.2)	(3.1)	-	(18.0)
Gross profit	3.9	5.1	4.7	-	13.7
Administrative and support costs				(5.4)	(5.4)
Adjusted EBITDA					8.3
Amortisation of other intangible assets					(1.0)
Amortisation of development costs and software					(0.9)
Depreciation					(0.2)
Depreciation of lease asset					(0.3)
Share option charges					(0.4)
<b>Operating profit</b>					<b>5.5</b>

  

<b>6 months ended 30 June 2020</b>	Intermediary Services £m	Distribution Channels £m	Fintech and Research £m	Admin and support Costs £m	Fintel £m
Revenue	12.3	9.2	7.4	-	28.9
Direct operating costs	(8.4)	(4.5)	(3.2)	-	(16.1)
Gross profit	3.9	4.7	4.2	-	12.8
Administrative and support costs				(5.4)	(5.4)
Adjusted EBITDA					7.4
Amortisation of other intangible assets					(1.0)
Amortisation of development costs and software					(0.5)
Depreciation					(0.1)
Depreciation of lease asset					(0.4)
Share option charges					(0.4)
<b>Operating profit</b>					<b>5.0</b>

Segmental assets and liabilities are not analysed between reporting segments for management purposes and the chief decision-makers consider the Company statement of financial position as a whole to best represent the presentation of the net assets of the Company.

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

## 8. Operating Profit

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

<b>6 months ended 30 June 2021</b>	<b>6 months ended 30 June 2020</b>
--	--

	£m	£m
Depreciation of tangible assets	0.2	0.1
Depreciation of lease asset	0.3	0.4
	_____	_____

## 9. Finance Expense and Income

	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m
<b>Finance Expense</b>		
Bank interest payable	(0.4)	(0.6)
Finance charge on lease liability	(0.1)	(0.1)
	_____	_____
	(0.5)	(0.7)
<b>Finance Income</b>		
Bank interest receivable	-	0.1
	_____	_____
	-	0.1
<b>Net finance expense</b>	_____	_____
	(0.5)	(0.6)

## 10. Taxation

	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m
Current tax charge	1.0	1.0
Deferred tax charge	0.8	0.6
	_____	_____
Tax charge for the period	1.8	1.6
	_____	_____

The tax charge for the period has been accrued using the tax rate that is expected to apply to the full financial year. The corporate tax rate in the UK will increase from 19% to 25% from 1 April 2023. The increase was announced in the March 2021 Budget, and was substantively enacted on 10 June 2021. This has a consequential impact on the deferred tax balances which were held at 19%. Due to this change in rate, the net deferred tax liability has increased by £0.8m at 30 June 2021 (being the half year equivalent).

## 11. Earnings per share

Basic Earnings Per Share ("EPS")	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m
Profit attributable to equity shareholders of the parent	3.1	2.7
	_____	_____



Weighted average number of shares in issue	96,847,677	96,782,296
--	------------	------------

Basic profit per share (pence)	3.2p	2.8p
--------------------------------	------	------

Earnings per share has been calculated based on the weighted average number of shares in issue in both periods.

Diluted Earnings Per Share	6 months ended 30 June 2021	6 months ended 30 June 2020
	£m	£m
Profit attributable to equity shareholders of the parent	3.1	2.7
Weighted average number of shares in issue	96,847,677	96,782,296
Diluted weighted average number of shares and options for the period	826,541	483,999
	97,674,218	97,266,295
Diluted profit per share (pence)	3.2p	2.8p

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

Adjusted basic Earnings Per Share	6 months ended 30 June 2021	6 months ended 30 June 2020
	£m	£m
Adjusted profit after tax (note 6)	4.0	4.1
Weighted average number of shares in issue	96,847,677	96,782,296
Adjusted earnings per share (pence)	4.1p	4.2p

## 12. Intangible assets and goodwill

### Other Intangible Assets

	Goodwill	Brand	Intellectual property	Total other intangible assets	Development expenditure	Total
	£m	£m	£m	£m	£m	£m
<b>Cost</b>						
At 1 January 2020	76.2	3.1	24.4	27.5	5.1	108.8
Acquisitions	-	-	-	-	-	-

Additions	-	-	-	-	1.4	1.4
	_____	_____	_____	_____	_____	_____
At 30 June 2020	76.2	3.1	24.4	27.5	6.5	110.2
Additions	-	-	-	-	1.0	1.0
Adjustments	-	-	-	-	-	-
	_____	_____	_____	_____	_____	_____
At 31 December 2020	76.2	3.1	24.4	27.5	7.5	111.2
Additions	-	-	-	-	0.9	0.9
	_____	_____	_____	_____	_____	_____
<b>At 30 June 2021</b>	<b>76.2</b>	<b>3.1</b>	<b>24.4</b>	<b>27.5</b>	<b>8.4</b>	<b>112.1</b>
	_____	_____	_____	_____	_____	_____
<b>Amortisation and impairment</b>						
At 1 January 2020	0.2	0.2	1.5	1.7	0.8	2.7
Charge in the period	-	0.2	0.8	1.0	0.5	1.5
	_____	_____	_____	_____	_____	_____
At 30 June 2020	0.2	0.4	2.3	2.7	1.3	4.2
Charge in the period	-	0.2	0.8	1.0	0.6	1.6
	_____	_____	_____	_____	_____	_____
At 31 December 2020	0.2	0.6	3.1	3.7	1.9	5.8
Charge in the period	-	0.2	0.8	1.0	0.9	1.9
	_____	_____	_____	_____	_____	_____
<b>At 30 June 2021</b>	<b>0.2</b>	<b>0.8</b>	<b>3.9</b>	<b>4.7</b>	<b>2.8</b>	<b>7.7</b>
	_____	_____	_____	_____	_____	_____

**Net book value**

<b>At 30 June 2021</b>	<b>76.0</b>	<b>2.3</b>	<b>20.5</b>	<b>22.8</b>	<b>5.6</b>	<b>104.4</b>
At 31 December 2020	76.0	2.5	21.3	23.8	5.6	105.4
At 30 June 2020	<b>76.0</b>	<b>2.7</b>	<b>22.1</b>	<b>24.8</b>	<b>5.2</b>	<b>106.0</b>

Intellectual property is a single asset covering the three elements of customer relationships, technology and data. Capitalised development expenditure relates to the development of the software platform in Zest Technology Limited, and technologies in Defaqto. We have not performed an impairment test against the carrying value of intangible assets at the interim balance sheet date.

### 13. Property, plant & equipment

	Lease Assets			Owned Assets		
	Property £m	Plant & Equipment £m	Total £m	Leasehold improvements £m	Office Equipment £m	Total £m
<b>Cost</b>						
At 1 January 2020	2.6	0.7	3.3	-	1.6	1.6
Additions	3.0	-	3.0	0.9	0.1	1.0
Acquisitions	-	-	-	-	-	-
At 30 June 2020	5.6	0.7	6.3	0.9	1.7	2.6
Additions	-	0.2	0.2	-	0.3	0.3
Disposals	(0.4)	-	(0.4)	-	(0.1)	(0.1)
At 31 December 2020	5.2	0.9	6.1	0.9	1.9	2.8
Additions	-	0.1	0.1	-	-	-
Disposals	-	(0.1)	(0.1)	-	-	-
<b>At 30 June 2021</b>	<b>5.2</b>	<b>0.9</b>	<b>6.1</b>	<b>0.9</b>	<b>1.9</b>	<b>2.8</b>
<b>Depreciation</b>						
At 1 January 2020	0.4	0.3	0.7	-	1.2	1.2
Charge in the period	0.3	0.1	0.4	-	0.1	0.1
At 30 June 2020	0.7	0.4	1.1	-	1.3	1.3
Charge in the period	0.2	0.2	0.4	-	0.1	0.1
Disposals	(0.4)	-	(0.4)	-	(0.1)	(0.1)
At 31 December 2020	0.5	0.6	1.1	-	1.3	1.3
Charge in the period	0.2	0.1	0.3	0.1	0.1	0.2
Disposals	-	(0.1)	(0.1)	-	-	-
<b>At 30 June 2021</b>	<b>0.7</b>	<b>0.6</b>	<b>1.3</b>	<b>0.1</b>	<b>1.4</b>	<b>1.5</b>
<b>Net book value</b>						
<b>At 30 June 2021</b>	<b>4.5</b>	<b>0.3</b>	<b>4.8</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>
At 31 December 2020	4.7	0.3	5.0	0.9	0.6	1.5
At 30 June 2020	4.9	0.3	5.2	0.9	0.4	1.3

Leasehold improvements relate to the new head office, which was completed in September 2020.

## 14. Borrowings

	30 June 2021	30 June 2020
	£m	£m
<b>Secured bank loan:</b>		
Non-current	24.0	45.0
Less loan arrangement fees	(0.2)	(0.3)
	<u>23.8</u>	<u>44.7</u>

The Company has access to a £45m Revolving Credit Facility provided in two equal amounts of £22.5m from Yorkshire Bank and NatWest. The RCF runs to 2024. The margin payable on the RCF is based on the net leverage of the Company with a range of 1.5% to 2.6% above LIBOR.

As at 30 June 2021, the RCF was drawn by £24m, providing access to a further £21m of funding. Following the sale of Zest Technology, a further £10m was repaid in July 2021.

## 15. Share Capital & Share Premium

### Share capital

	Ordinary Shares
Number of fully paid shares (nominal value £0.01):	
At 1 January 2020	96,782,296
Issue of share capital	-
	<u>96,782,296</u>
At 30 June 2020	96,782,296
Issue of share capital	24,316
	<u>96,806,612</u>
At 31 December 2020	96,806,612
Issue of share capital	211,190
	<u>97,017,802</u>
At 30 June 2021	97,017,802

### Share Premium

	£m
At 1 January 2020	64.8
Issue of share capital	-
	<u>64.8</u>
At 30 June 2020	64.8
Issue of share capital	-
	<u>64.8</u>
At 31 December 2020	64.8
Issue of share capital	0.4
	<u>65.2</u>
At 30 June 2021	65.2

## 16. Other reserves

	Merger Reserve	Share Option Reserve	Total Other Reserves
	£m	£m	£m
At 1 January 2020	(53.9)	1.9	(52.0)
Deferred tax on share options exceeding profit and loss charge	-	(1.1)	(1.1)
Share option charge	-	0.4	0.4
	<u>(53.9)</u>	<u>1.2</u>	<u>(52.7)</u>
At 30 June 2020	(53.9)	1.2	(52.7)

Share option charge	-	0.5	0.5
	<hr/>	<hr/>	<hr/>
At 31 December 2020	(53.9)	1.7	(52.2)
Share option charge	-	0.4	0.4
Issue of shares		(0.3)	(0.3)
Deferred tax on share options exceeding profit and loss charge	-	0.3	0.3
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2021</b>	<b>(53.9)</b>	<b>2.1</b>	<b>(51.8)</b>

#### 17. Share-based payment arrangements

There have been no material changes to the share-based payment arrangements in the period to those disclosed in the annual report and accounts for the period ended 31 December 2020 other than as disclosed below:

##### CSOP 2018

During the current period, 35,295 awards were exercised. No awards were forfeited. The cumulative awards forfeited totalled 26,471 as a result of bad leavers.

##### CSOP 2019

During the current period, 90,701 awards were exercised. No awards under the plan have been forfeited as a result of bad leavers.

##### CSOP 2020

During the current period, 85,106 awards were exercised. No awards under the plan have been forfeited as a result of bad leavers

#### 18. Notes to the cash flow statement

	6 months ended 30 June 2021	6 months ended 30 June 2020
	£m	£m
<b>Cash flow from operating activities</b>		
Profit after taxation	<b>3.2</b>	<b>2.8</b>
<i>Add back / (deduct):</i>		
Finance income	-	(0.1)
Finance cost	<b>0.5</b>	0.7
Taxation	<b>1.8</b>	1.6
	<hr/>	<hr/>
	<b>5.5</b>	5.0
	<hr/>	<hr/>
<i>Adjustments for:</i>		
Amortisation of development expenditure and software	<b>0.9</b>	0.5
Depreciation of property, plant and equipment	<b>0.2</b>	0.1
Depreciation of lease asset	<b>0.3</b>	0.4
Amortisation of other intangible assets	<b>1.0</b>	1.0
Share option charge	<b>0.4</b>	0.4
	<hr/>	<hr/>
<b>Operating cash flow before movements in working capital</b>	<b>8.3</b>	7.4
	<hr/>	<hr/>
Decrease in trade and other receivables	<b>0.1</b>	2.5
Increase/(decrease) in trade and other payables	<b>1.3</b>	(0.7)

<b>Cash generated from operations</b>	<b>9.7</b>	9.2
Income taxes paid	(1.2)	(1.4)
<b>Net cash generated from operating activities</b>	<b>8.5</b>	7.8

#### 19. Subsequent Events

On 21 July, the Company disposed of its fully owned non-core subsidiary Zest Technology ("Zest") for an initial consideration of £10m, representing a disposal multiple of 22 times trailing EBITDA (12 months ended 30 June 2021). The disposal proceeds may increase by up to a further £1.5m based on revenue delivered in FY'21.

On 14 September, the Company entered into a strategic partnership with Tatton Asset Management ("TAM") securing a 5-year fintech and distribution agreement that will generate a minimum revenue of £7m and the sale of the Verbatim fund management business for a cash consideration of up to £5.8m. The consideration comprises an initial £2.8m received on completion of the transaction and the balance over a three-year period based on business performance.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR FZGZLMGZGMZZ