

27 July 2023

**Fintel plc**

("Fintel", the "Company" or the "Business")

**Trading Update, Acquisitions and Notice of Half Year Results**

**Positive start to 2023; strategic investments to accelerate future growth**

Fintel (AIM: FNTL), the leading provider of fintech and support services to the UK Retail Financial Services sector today issues a trading update for the six months ended 30 June 2023.

*"Fintel has made a positive start to 2023, with a solid performance in our Core business and significant strategic progress through a series of successful investments and acquisitions.*

*"During the period, Fintel successfully negotiated a new five-year technology contract for its member firms with an existing vendor on improved terms, which will reduce pass through costs and the associated revenues, whilst increasing EBITDA margin.*

*"In addition, Fintel is pleased to announce today the acquisition of MICAP and Competent Adviser, two technology platforms serving in excess of 15,000 users, complementing our recent investment in Plannr Technologies through Fintel Labs and further strengthening our product and service proposition."*

Matt Timmins, Joint CEO

**Financial highlights**

- Core<sup>1</sup> revenue increased to **£27.6m** (HY22: £27.1m, LfL: £26.6m) **up 1.6%** in total and **4%** on a like for like basis
- Core adjusted EBITDA<sup>2</sup> increased to **£8.8m** (HY:22 £8.2m) **up c.8%**
- Statutory revenue **£31.7m** (HY22: £32.2m), **down c.2%**, reflects both new net revenue recognition on major software reseller contract extension in current period and reduced activity in non-core business
- Adjusted EBITDA<sup>3</sup> increased to **£9.0m** (HY22: £8.7m) **up c.4%**
- Strong liquidity with cash position of **£13.3m** (FY22: £12.8m; HY22: £7.6m), driven by continued strong operating cash flow conversion, which is expected to **exceed 100%** (HY22: 124%)
- Four year **£80m** Revolving Credit Facility remains undrawn, providing significant headroom for organic investment and M&A opportunities

**Strategic highlights**

- Acquisition of MICAP by subsidiary business Defaqto, the leading provider of financial information, ratings and fintech
  - o MICAP provides independent research and advice tools for tax advantaged investment products
  - o The strategic acquisition will extend Defaqto's reach into the tax-advantaged market, expanding both its data footprint and research capabilities to further enhance scale and IP, whilst further growth is expected from strong customer and proposition adjacencies
  - o Completed in July 2023, the transaction was funded entirely from cash reserves with upfront cash consideration of £3m representing a 10x EV EBITDA multiple. In addition, £1m cash consideration is deferred for 1 year and a £500k contingent earnout is based on certain trading criteria being delivered in the first year of ownership

- Acquisition of Competent Adviser via Fintel IQ, a newly formed technology and knowledge platform
  - o Competent Adviser is a dynamic learning platform enabling advisers to meet increasing regulatory competency requirements
  - o Completed in July 2023, the transaction was funded entirely from cash reserves with upfront cash consideration of £2.5m representing a 9x EV EBITDA multiple. In addition, a £500k contingent earnout is based on certain trading criteria being delivered in the first year of ownership
- Inaugural investment in Plannr through Fintel Labs technology incubator
  - o 25% equity stake taken in Plannr Technologies Ltd, provider of financial technology and specialist CRM capability for financial advisers, planners and wealth managers
  - o Subsidiary business Defaqto will integrate Plannr's CRM system, extending the capabilities of its Engage financial advice and planning technology to realise efficiency benefits for the 8000 financial advisers who use its platform
- Longstanding partnership with technology supplier Intelliflo strengthened through a new five-year minimum term technology contract with improved terms
  - o The agreement enables continued expansion of Fintel's end-to-end technology platform, whilst ensuring ongoing member access to an established back office solution, which is fully integrated with Defaqto Engage, our proprietary advice and planning technology
  - o Taking the form of a reseller agreement, the new contract will reduce pass through costs and the associated revenues, and increase EBITDA margin
  - o Signed in May 2023, the contract is expected to reduce FY23 statutory revenue and costs by c. £3.2m

### **Operational highlights**

Fintel has continued to trade in line with Board's expectations in the first six months of 2023, whilst making significant progress towards our strategic goals and maintaining steady improvement in our earnings quality.

A diverse customer base and proposition ensures Fintel is resilient to market conditions, with the impact of less favourable mortgage market conditions offset by strong growth in our fintech and research division. Software adoption and average revenue per customer continue to increase as we expand our end-to-end service and technology platform through new products and partnerships.

Leveraging the cash generative nature of our business, we have launched a new technology incubator enabling us to invest in and scale modern technology solutions to the intermediary market.

### **Outlook**

Fintel's long term growth is underpinned by regulatory and structural changes in the UK financial services market, with continued expansion of our products and services supporting our customers through this evolving landscape.

A strong balance sheet with significant liquidity, coupled with recent acquisitions and a strong M&A pipeline, positions us well to accelerate growth.

The Board is confident of delivering further strategic progress in line with its expectations for the full year.

### **Notice of Interim Results**

Fintel intends to publish its interim results for the six months ended 30 June 2023 on 19 September 2023.

### **Matt Timmins, Joint CEO of Fintel plc, said:**

"We are pleased to report significant strategic progress achieved in the first half of 2023. Through a series of successful acquisitions and investments, we have expanded our unique service and technology platform, propelling us towards accelerated growth.

"We are confident that our strategic progress, coupled with strong organic growth drivers, firmly positions us for sustainable growth and ongoing success, as we continue to inspire better outcomes for all."

### **Notes**

<sup>1</sup>Core business excludes revenues from Panel Management and Surveying.

<sup>2</sup>Core adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, share option charges and operating exceptional costs excluding Panel Management and Surveying.

<sup>3</sup>Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, share option charges and operating exceptional costs.

**For further information please contact:**

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**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 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, Wealth Managers and Mortgage Brokers.

The Distribution Channels division delivers market Insight and analysis and targeted distribution strategies to financial institutions and product providers. Clients include major Life and Pension companies, Investment Houses, Banks, and Building Societies.

The Fintech and Research division (Defaqto) provides market leading software, financial information and product research to product providers and intermediaries. Defaqto also provides product ratings (Star Ratings) on thousands of financial products. Financial products are expertly reviewed by the Defaqto research team and are compared and rated based on their underlying features and benefits. Defaqto ratings help consumers compare and buy financial products with confidence.

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

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