

30 January 2024

Fintel plc

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

Year End Trading Update, Acquisition and Notice of Full Year Results

Resilient financial performance and significant acquisitive growth

Fintel (AIM: FNTL), the leading provider of fintech and support services to the UK Retail Financial Services sector, today announces a trading update for the year ended 31 December 2023, the acquisition of Owen James Events ("Owen James"), the leading provider of strategic engagement events in the UK financial services industry, and the successful completion of the acquisition of Synaptic Software following regulatory approval.

Financial highlights

- Resilient performance, with full year results expected to be in line with Board expectations
- Adjusted EBITDA¹ growth of **c.6%** to £20.5m (FY22: £19.4m), in a period of continued investment in our core products and services
- Strong balance sheet with £12.7m of cash, and £69m of headroom in our £80m Revolving Credit Facility
- Net cash position² of **£1.7m** (FY22: £12.8m), having invested significantly in four acquisitions
- Core³ revenue increased to **£56.6m** (FY22: £56.4m); (LfL⁴: FY23: £51.7m; FY22: £50.2m), slightly ahead of the same period last year and **up c.0.3%**.
- Core SaaS & Subscription revenue **up c.2%** to **£37.6m** (FY22: £36.8m); **up c.8%** on a like-for-like basis excluding the changed software reseller revenues and acquisitions (FY23: £33.0m; FY22: £30.6m)

Financial performance - revenue

Our core business continued to perform well, growing 5.6% excluding volatility in mortgage related commissions. Whilst mortgage related activities experienced a significant 21.2% revenue decline during 2023, this segment remained profitable, and is well positioned for a rapid return to previous performance levels as the UK housing market normalises.

As notified in our half year results, core organic revenue was impacted by the change to the accounting treatment of our largest software reseller agreement. Whilst the EBITDA contribution from this contract remains resilient at historical levels, the statutory accounting treatment applied since May 2023 now represents purely a net revenue and profitability position.

We completed four acquisitions throughout 2023 and the combined core revenue on those acquisitions recognised in the period was £1.5m. A further two acquisitions were completed in January 2024.

The non-core business performed in line with expectations against the UK housing market backdrop, with revenues of £8.4m in the year (FY22: £10.1m). Combined with the core business, statutory revenue was £64.9m (FY22: £66.5m).

| | 31 Dec 23 | 31 Dec 22 | Change | Change |
|--|---------------|---------------|----------------|---------------|
| Core organic revenue ex. mortgage commissions | £47.7m | £45.2m | £2.5m | 5.6% |
| Core organic revenue from mortgage commissions | £4.0m | £5.0m | (£1.0m) | (21.2%) |
| Core organic revenue, like-for-like basis⁴ | £51.7m | £50.2m | £1.5m | 2.9% |
| Core organic revenue from software reseller agreements | £3.4m | £6.2m | (£2.8m) | (46.0%) |
| Total core organic revenue | £55.1m | £56.4m | (£1.3m) | (2.5%) |
| Core revenue from acquisitions | £1.5m | £Nil | £1.5m | 100% |

| | | | | |
|---------------------------|---------------|---------------|--------------|-------------|
| Total core revenue | £56.6m | £56.4m | £0.2m | 0.3% |
|---------------------------|---------------|---------------|--------------|-------------|

Regulatory approval received to complete acquisition of Synaptic Software

- As announced on 5 December 2023, we conditionally agreed to acquire Synaptic Software for a net upfront cash consideration of £3.5m subject to FCA approval
- We are pleased to announce that regulatory approval was received in late January 2024 and the acquisition fully completed shortly thereafter
- We have agreed to invest £0.5m of development expenditure to enhance and integrate its products into the wider Fintel platform of service offerings

Acquisition of Owen James Events

- Acquisition of Owen James via Fintel IQ, Fintel's technology and knowledge platform
 - o Owen James is the leading provider of strategic engagement events in UK financial services
 - o Owen James will continue to operate independently within Fintel IQ, while benefitting from Fintel's investment and wide network within the UK financial services market
 - o The acquisition will extend Fintel's flagship industry events programme and data and insights strategy through Owen James' unique market position
 - o Completed in late January 2024, the transaction was funded entirely from cash reserves with a net upfront cash consideration of £0.7m representing an EBITDA multiple of 3.8 times. In addition, up to £1.6m contingent earnout is based on certain trading criteria being delivered in the first three years of ownership
 - o The acquisition is in line with Fintel's strategy to enter key adjacencies, expand its service platform, and connect a fragmented UK retail financial services market

Operational highlights

- Continued growth in the underlying core SaaS and Subscriptions revenue, with diversified customer base providing resilience and offsetting mortgage market headwinds
- Operating cost management throughout 2023 has been dynamic in response to market volatility, enabling protection and enhancement of margins, whilst providing the capacity for organic and inorganic investments into our future growth
- Six acquisitions completed during the past twelve months:
 - o Owen James - January 2024
 - o Synaptic Software - January 2024
 - o VouchedFor - November 2023
 - o AKG - November 2023
 - o Competent Adviser - July 2023
 - o Micap - July 2023
- These acquisitions are in line with the Company's strategy to expand into adjacent markets, adding scale, IP and quality data sets to help the market understand and improve the suitability and appeal of financial products

Outlook

The core business continues to deliver resilient earnings in line with Board expectations for FY23, with the ongoing pressures in the UK housing market largely offset by ongoing growth in fintech software revenue and software license sales.

Fintel's market leading position and diverse customer base provide resilience against these macroeconomic headwinds. With expectations that interest rates and market activity will adjust positively in 2024, we are well placed to benefit from a recovery in the mortgage market.

We continue to benefit from structural drivers including increasing regulatory requirements as a result of the FCA Consumer Duty regulation, being well positioned to support both financial intermediaries and product providers in evidencing suitability during the financial product development and sales lifecycle.

Our sustainable growth is complemented by strategic investments to improve and expand our offering, allowing us to better support our customers as they navigate an evolving UK financial services market. We maintain a strong M&A pipeline to continue to acquire

complementary service offerings to our growing platform of services, underpinned by significant headroom in our £80m revolving Credit Facility.

Our strategy of creating a wider support platform for UK retail financial services will continue to enhance our future earnings, proposition and growth opportunities.

Matt Timmins, Joint CEO of Fintel plc, said:

"In 2023 we made significant strategic progress, increased our scale, and reach through the acquisition of four businesses to our platform, and delivered a resilient financial performance in line with expectations. We have demonstrated continued evidence of our capacity and ability to drive organic growth, source and execute complementary acquisitions, and invest in our technology and data propositions.

"In line with our strategy, we are completely focused on consolidating a fragmented market to enhance our scale, proposition, and IP, as we continue to inspire better outcomes for UK retail financial services. Today, we welcome yet another market leader in Owen James Events, a business with huge potential, and our sixth acquisition in twelve months.

"We are confident of delivering further progress in the year ahead as we continue to scale our proposition, realise our very active M&A pipeline and invest in our service and technology platform, with our growth underpinned by recurring incomes and positive structural market drivers."

Notice of Full Year Results

Fintel intends to announce its Full Year Results for the year ended 31 December 2023 on 19 March 2024.

Footnotes

¹Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share option charges and exceptional operating costs.

² Net cash position excludes any adjustment under IFRS16 "Lease Accounting" and compares gross cash balances to gross borrowings under the Group's £80m Revolving Credit Facility.

³Core business excludes revenues from panel management and surveying.

⁴Like-for-like basis strips out the impact of acquisitions and the changes in revenue recognition of a software reseller agreement.

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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

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