

21 July 2021

## **Fintel plc**

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

### **Strategic Update & Pre-close Trading Statement**

#### **Strategic Delivery, Digital Acceleration, Robust Trading**

Fintel (AIM: FNTL), the leading provider of fintech and support services to the UK retail financial services sector, today issues an update on strategic progress and a pre-close trading update for the six months ended 30 June 2021.

#### **Strategic Progress**

- Successfully disposed of non-core Zest Technology for initial cash consideration of **£10m**.

#### **Financial Highlights**

- Revenues **up 10%** to **£31.7m** (H1 2020 £28.9m)
- Adjusted EBITDA\*<sup>1</sup> **up 12%** to **£8.3m** (H1 2020 £7.4m)
- Strong Adjusted EBITDA\*<sup>1</sup> margin of **26.1%** (H1 2020 25.5%)
- Cash flow conversion\*<sup>2</sup> expected to **exceed 70%** (H1 2020: 65%)

#### **Disposal of Zest**

The Company today announces that it has agreed the disposal of non-core Zest Technology ("Zest"), a fully owned subsidiary of Fintel plc, to FPE Capital for an initial consideration of £10m, representing a disposal multiple of 22 times (22x) 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 FY21. Zest provides software for the employee benefits market, delivered directly to clients and through licensees. The Board believe this represents excellent value for shareholders for a non-core asset.

Taking into account the net proceeds of the disposal, the Company's pro forma net debt to last 12 months Adjusted EBITDA\*<sup>1</sup> ratio would have reduced to c.0.3 times (0.3x) as at 30 June 2021.

#### **Trading update**

The Business continued to trade well in the first six months of the year, and in line with the Board's overall expectations. Revenues were up 10% year-on-year with Adjusted EBITDA up 12%. The core membership business has been robust and recovery in the housing market and housing related transactions have contributed to overall growth.

Solid progress has been made on the transition towards our new digital operating model, in particular with respect to distribution revenues. Plans to digitise these services are

significantly ahead of initial projections, and a further update on overall digital progress will be provided along with the interim results release scheduled for September 2021.

Cash conversion continues to be an inherent strength for the business, with in excess of 70% conversion expected to be achieved in the period.

The Board remains confident of its full year expectations for the business, taking into account the disposal of Zest.

### **Notice of Interim Results**

Fintel intends to publish its interim results for the six months ended 30 June 2021 on 21 September 2021.

### **Matt Timmins, Joint CEO of The SimplyBiz Group plc, said:**

"We are delighted to report significant strategic progress and strong trading across the first six months of the year. We have successfully sold Zest Technology for an excellent price, allowing us to streamline the business in line with our strategy to focus on our core, and create funding headroom to support our future growth.

Our ongoing and rapid digital acceleration means Fintel continues to grow with real momentum. We're now in an even stronger financial position and developing the business with focus, pace and agility.

These are exciting times. We are Fintel."

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

*\*<sup>2</sup> Cash flow conversion is calculated as adjusted EBITDA, less working capital movements, lease payments, CAPEX, development expenditure, corporation tax payable and interest, as a percentage of Adjusted EBITDA.*

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