RNS Number : 3384A
SimplyBiz Group PLC (The)
11 September 2018

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

11 September 2018

The SimplyBiz Group plc

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

Half-year results for the six months ended 30 June 2018

Maiden results in line with expectations, with strong period of organic growth and inaugural interim 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 unaudited results for the six months ended 30 June 2018.

Financial highlights:

- Group Revenue up 13.7% to £24.2m (H1 2017: £21.3m)
- Adjusted EBITDA* up 22.0% to £5.4m (H1 2017: £4.4m)
- Adjusted EBITDA* margin increased to 22.2% from 20.7%
- Operating profit of £1.2m (H1 2017: £3.9m) after inclusion of IPO related costs of £3.6m
- Adjusted profit before tax* increased 60.8% to £4.5m
- Adjusted profit after tax* increased 61.7% to £3.6m
- Adjusted earnings per share (EPS)* increased by 61.7% to 4.68p
- Net debt reduced from £1.6m at date of listing to net cash of £1.2m at 30 June 2018 (30 June 2017: net debt of £24.7m, 31 December 2017: net debt of £23.0m)
- Maiden interim dividend of 0.98p per share, in respect of the nine months trading to 31 December, post IPO, as per the stated intention in the admission document

Operational highlights:

- Completion of IPO on London's Alternative Investment Market (AIM), raising £30m for the Group
- Acquisition and integration of Landmark Surveyors Limited (acquired in January 2018), and subsequent achievement of cost synergies in line with expectation
- Member Firms increased by 5.7% to 3,628 (31 December 2017: 3,433, 30 June 2017: 3,367)
- Assets under management (AUM) increased by 5.6% to £615m (31 December 2017: £582m)
- Significant Distribution Channels division contract wins with new providers Guardian Financial Services and Vitality Invest
- Launch of Centra, our end to end financial planning system, which has received high levels of interest; 1,635 users signed since its launch in March 2018
- Remains the UK's largest support services compliance provider for intermediaries (by revenue)
- Winner of Best Support Services for Advisers at 2018 Professional Advisers Awards

Ken Davy, Chairman, commented:

"We are delighted to announce our first results as a public company, following our successful AIM flotation in April. Our performance in the first half of 2018 has maintained our trading momentum, delivering strong top line organic and acquisition growth of over 13% and increasing our adjusted EBITDA margins to 22%.

"Our IPO in April 2018 has been very well received by our members and partners, and we have already witnessed positive commercial and reputational benefit. We continue to increase the number of members and channel partners that we serve, as well as look to pursue selective acquisitions.

"I would like to thank everyone in the SimplyBiz team for their dedication in delivering a successful first half of 2018."

** 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.*

For further information please contact:

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Notes to editors

With over 3,600 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 9am on 11 September 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

The first six months of 2018 saw the Group continue to deliver strong operational and financial performance, alongside the acquisition and integration of Landmark Surveyors Limited, and successful listing on AIM.

Revenue growth of 13.7% to £24.2m reflects continued organic growth and a £1.8m (8.6%) revenue contribution from the acquisition of Landmark Surveyors (from 23 January 2018). Adjusted EBITDA growth of 22.0% to £5.4m reflects a sound cost discipline and the ability of the business to generate operational leverage from its platform. Adjusted EBITDA margin trended positively to 22.2% from 20.7% in the prior year period.

Divisional Performance
The **Intermediary Services Division** provides compliance and business services to over 3,600 individual intermediary firms through a comprehensive membership model. Our members, that include 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 numbers increased by 5.7% to 3,628 (3,433 at 31 December 2017 and 3,367 at 30 June 2017) and we continue to benefit from the shift in the industry from advisers working as appointed representatives of network firms, to being directly authorised with the FCA. As advisers move away from costly, restrictive network firm structures, to the independence of being directly authorised, SimplyBiz is strategically well placed to support and guide them through their FCA registration process and assist them in a constantly evolving and increasingly complex regulatory environment.

Increased regulation is a tailwind for our business. The introduction of the Markets in Financial Instruments Directive 2018 ("MiFID II") and the General Data Protection Regulation ("GDPR"), and the impending Senior Managers & Certification Regime ("SM&CR") and Insurance Distribution Directive ("IDD") regulations have created opportunities for the Group to engage and support its members through additional service offerings. Additional services income increased by 12.1% to £2.3m (H1 2017: £2.0m), as the Group benefitted from ongoing regulatory change.

Given its scale, the Group is able to provide its members with a customised version of the sector's leading 3rd party specialist practice management and CRM applications at attractive rates. Software licence users increased from 3,095 at H1 2017 (FY 2017: 3,274) to 3,504, resulting in an 18.4% increase in software licence income from H1 2017.

In March 2018, the Group launched 'Centra', an end-to-end financial planning system in partnership with Defaqto that brings together a number of existing advisor software tools into one integrated service. Centra offers our members financial planning tools, product research, suitability reports and a centralised investment process. Interest in Centra has been significant, with over 1,600 users signed up since its launch, and the Group providing additional face-to-face training workshops to meet the level of demand.

Zest Technologies, the Group's employee benefits software solution, performed in line with management expectations during the period with revenue reducing from £3.3m in H1 2017 to £2.5m in H1 2018, as customers move away from the legacy application. The re-design of the Zest platform was completed in H1 2018 and the new product has received positive feedback since its launch. The Group is currently in the final stages of a number of tenders on the new software and we look forward to updating shareholders with our progress in due course.

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 Group generates revenue from product providers when it successfully engages Members to participate in the channels offered.

The Group's extensive events programme has been developed 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, we also provided a broad range of electronic and printed materials to deliver product provider brand and product communications to its members. Income in the period from these marketing service agreements increased by 20.9% to £3.0m, from £2.5m in H1 2017, although part of the increase was due to the timing of deliverables being weighted more in H1 during 2018, as compared to 2017.

Building on our existing strong industry relationships, in August 2018, the Group announced a multi-year partnership deal with Guardian Financial Services, one of the oldest brands in the UK financial services market. The partnership will see the two companies collaborate to deliver relevant marketing messages, training and educational opportunities to the IFA and wealth management firms who subscribed to the SimplyBiz services.

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 18.6% to £3.1m (H1 2017: £2.6m), as a result of increased Member penetration and greater lending in the market.

In January 2018, the Group strengthened its capabilities in providing home valuations with the acquisition of Landmark Surveyors Ltd, a business highly aligned and complementary to Sonas Surveyors, an existing Group company. Through these companies, the Group is appointed to the majority of major bank and building society panels, providing vertical integration with our other mortgage related activities.

During the period, assets under management within the Group's packaged investment service Verbatim, increased from £582m at 31 December 2017, to £615m at 30 June 2018, generating revenues of £1.0m - a 21.3% increase from H1 2017.

Strategy
The Group's growth strategy focuses on both organic growth and growth by acquisition. Organic growth is expected to be driven by growth in the Group's membership base, in its service offering and its average revenue per customer. Growth in its core membership will in turn be accretive to the distribution division, enhancing the Group's position as an enabler of more effective financial service provision.

Building on its proven ability to execute and integrate acquisitions, management will also continue to pursue selective acquisitions to enhance the scale of the Group and breadth of services offered.

FINANCIAL REVIEW

Six months ended	**June 2018 £'000**	**June 2017 £'000**
Group Revenue	24,207	21,288
Operating Expenses	(18,839)	(16,888)
Adjusted EBITDA	**5,368**	**4,400**
Adjusted EBITDA margin %	*22.2%*	*20.7%*
Operating costs of an exceptional nature	(3,790)	(161)
EBITDA	**1,578**	**4,239**
Depreciation	(129)	(109)
Impairment of goodwill	-	(181)
Amortisation of other intangible assets	(62)	-
Share option charges	(132)	-
Net finance costs	(2,410)	(1,515)
(Loss) / profit before tax	**(1,155)**	**2,434**
Taxation	(570)	(560)
(Loss) / profit after tax	**(1,725)**	**1,874**
Adjusted EPS	4.68p	2.90p
Revenue growth (%)	13.7%	
Adjusted EBITDA growth (%)	22.0%	

Revenue

Revenues grew by 13.7% to £24.2m, reflecting £1.8m contribution from the acquisition of Landmark Surveyors (from 23 January 2018) and £1.1m (5.1%) of organic growth.

The Distribution Channels Division contributed 54% of revenue in the period, compared to 50% in H1 2017, as a result of the Landmark Surveyors acquisition.

Adjusted EBITDA and Adjusted EBITDA margin
Underlying operating expenses, which exclude costs of an exceptional nature, increased by £2.0m (11.6%) to £18.8m, as compared to H1 2017. Landmark Surveyors contributed to £1.6m of the increase, with organic growth in operating expenses of only 2.0%, 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 £1.0m (22.0%) included £0.8m (17.7%) of organic growth, with the group able to benefit from its operational leverage to increase adjusted EBITDA margin in the period to 22.2% from 20.7% in H1 2017.

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.

Share based payments
Share based payment charges of £0.1m have been recognised in respect of the options issued on IPO.

Financial income and expense
Finance expense in H1 2018 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 on early settlement of the retired debt and share warrant.

Taxation
The tax charge for the period has been accrued using the tax rate that would be applicable to the total earnings chargeable to tax.

Adjusted earnings per share (EPS)
Adjusted EPS has been calculated based on the post-IPO weighted average number of shares, for both periods, for comparable purposes.

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 declares an interim dividend of 0.98p per share in respect of the trading for the 9 month period to 31 December 2018, post IPO. The dividend will be paid on 23 October 2018, to shareholders on the register on 21 September 2018.

Cash flow and Closing Net Cash
At 30 June 2018, the Group had net cash of £1.2m, 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 of £3.5m (H1 2017: £3.7m) represented cash conversion of 65% (H1 2017: 84%) of adjusted EBITDA. The reduction in cash conversion is due to higher than average working capital balances at the end of FY 2016, which reversed in H1 2017. Management expect cash conversion rates to increase in H2 2018, in line with historic trends of greater than 75%.

Funds raised in 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.

OUTLOOK
Since the end of the period, trading has continued in line with the Board's expectations, and we remain on track to deliver on market expectations for the full year.

Matt Timmins and Neil Stevens (Joint Chief Executive Officers)

Consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2018

	Note	**6 months ended 30 June 2018 £000**	6 months ended 30 June 2017 £000
Revenue	6	**24,207**	21,288
Operating expenses	*7*	**(22,890)**	(17,339)
Amortisation of other intangible assets	*10*	**(62)**	-
Operating profit		**1,255**	3,949
Finance income	*8*	**41**	32
Finance costs	*8*	**(2,451)**	(1,547)
(Loss) / profit before taxation		**(1,155)**	2,434
Taxation		**(570)**	(560)
(Loss) / profit for the financial period		**(1,725)**	1,874
Earnings per share - basic	*9*	**(2.26p)**	3.47p
Earnings per share - diluted	*9*	**(2.26p)**	3.47p

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 2018

	Note	*Unaudited 30 June 2018 £000*	*Unaudited 30 June 2017 £000*	*Audited 31 December 2017 £000*
Assets				
Non-current assets				
Property, plant & equipment		439	386	384
Intangible assets	*10*	23,111	17,835	18,205
Total non-current assets		23,550	18,221	18,589
Current assets				
Trade and other receivables		9,065	8,664	7,505
Deferred tax asset		34	57	25
Cash and cash equivalents - unrestricted		10,691	8,211	10,998
Cash and cash equivalents - restricted		545	545	545
Total current assets		20,335	17,477	19,073
Total assets		43,885	35,698	37,662

Equity and liabilities
Equity attributable to the owners of

the Company				
Share capital	*12*	765	10	10
Share premium account	*12*	36,809	50,852	52,544
Other reserves	*13*	(61,255)	(63,147)	(61,387)
Retained earnings		46,257	4,082	2,982
Total equity		22,576	(8,203)	(5,851)
Liabilities				
Current liabilities				
Trade and other payables		9,112	8,283	8,161
Financial liabilities - borrowings	*11*	10,010	-	-
Income tax liabilities		446	614	16
Total current liabilities		19,568	8,897	8,177
Non-current liabilities				
Financial liabilities - borrowings	*11*	-	33,459	33,665
Trade and other payables		1,125	598	400
Financial derivatives		-	690	848
Deferred tax liabilities		616	257	423
Total non-current liabilities		1,741	35,004	35,336
Total liabilities		21,309	43,901	43,513
Total equity and liabilities		43,885	35,698	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	-	-	-	1,874	1,874
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(800)	(800)
Total contributions by and distribution to owners	-	-	-	(800)	(800)
Balance at 30 June 2017	10	50,852	(63,147)	4,082	(8,203)
Total comprehensive income for period	-	-	-	2,913	2,913
Transactions with owners, recorded directly in equity					
Issue of shares	-	1,692	-	-	1,692
Purchase of minority interest	-	-	-	(2,248)	(2,248)
Transfer to retained earnings	-	-	1,760	(1,760)	-
Dividends	-	-	-	(5)	(5)
Total contributions by and distribution to owners	-	1,692	1,760	(4,013)	(561)
Balance at 31 December 2017	10	52,544	(61,387)	2,982	(5,851)
Total comprehensive income for period	-	-	-	(1,725)	(1,725)
Transactions with owners, recorded directly in equity					
Issue of share capital	176	29,844	-	-	30,020
Bonus issue of shares	579	(579)	-	-	-
Transfer to retained earnings	-	(45,000)	-	45,000	-

Share option charge	-	-	132	-	132
Total contributions by and distribution to owners	755	(15,735)	132	45,000	30,152
Balance at 30 June 2018	**765**	**36,809**	**(61,255)**	**46,257**	**22,576**

Consolidated statement of cash flows

for the 6 months ended 30 June 2018

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000
Net cash (used in) / generated from operating activities (note 15)	**(530)**	4,980
Cash flows from investing activities		
Finance income	**41**	30
Purchase of property, plant and equipment	**(46)**	(65)
Development expenditure	**(437)**	(404)
Net cash used in investing activities	**(442)**	(439)
Cash flows from financing activities		
Finance costs	**(922)**	(1,450)
Loan repayments made	**(36,193)**	(77)
Drawdown of loans	**10,093**	-
Purchase of shares in subsidiaries	**-**	(1,099)
Acquisitions, net of cash received	**(2,333)**	-
Issue of share capital	**30,020**	-
Dividends paid	**-**	(800)
Net cash generated from / (used in) financing activities	**665**	(3,426)
Net (decrease) / increase in cash and cash equivalents	**(307)**	1,115
Cash and cash equivalents at start of period	**11,543**	7,641
Cash and cash equivalents at end of period	**11,236**	8,756

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information and basis of preparation

The consolidated interim 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 and AIM rules. The accounts have been prepared in accordance with accounting policies that are consistent with the Group's Annual Report and Accounts for the period ended 31 December 2017 and that are expected to be applied in the Group's Annual Report and Accounts for the period ended 31 December 2018. The financial information set out in these interim financial statements for the six months ended 30 June 2018 and the comparative figures for the six months ended 30 June 2017 are unaudited.

The comparative financial information for the period ended 31 December 2017 in this interim report does not constitute statutory accounts for that period under 435 of the Companies Act 2006. The interim financial information do not contain all the information required for statutory financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017, which have been prepared in accordance with IFRS as adopted by the European Union.

Statutory accounts for the period ended 31 December 2017 have been delivered to the Registrar of Companies. The auditors' report on the accounts for 31 December 2017 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 Group and its subsidiaries at 30 June 2018. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group 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.

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 IFRSs have been issued but have not been applied by the Group in these financial statements:

- *IFRS 16 Leases* introduces a single, on-balance sheet accounting model for lessees, which has an effective date of 1 January 2019. The Group is in the process of quantifying the potential impact of this standard. It is expected that the Group will adopt IFRS 16 on 1 January 2019.

2. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Joint Chief Executives' statement.

The Directors have considered these factors, the likely performance of the business and possible alternative outcomes and the financing activities available to the Group. 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 Group and its Parent Company have 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.

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.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

Amortisation of intangible assets is charged to the profit and loss account on a straight line basis over the useful lives of the asset. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Brands 10 years
- Customer relationships 8 years

The basis for choosing these useful lives is with reference to the period over which they can continue to generate value for the group.

4. Estimates

The preparation of interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual amounts may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

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:

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000
Operating profit	**1,255**	3,949
add back:		
Depreciation	**129**	109
Impairment of goodwill (note 10)	**-**	181
Amortisation of other intangible assets (note 10)	**62**	-
Operating costs of exceptional nature (note 7)	**3,790**	161
Share option charges	**132**	-
Adjusted EBITDA	**5,368**	4,400

Adjusted profit before tax is calculated as follows:

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000
(Loss) / profit before tax	**(1,155)**	2,434
add back:		
Operating costs of exceptional nature (note 7)	**3,790**	161
Finance costs of exceptional nature (note 8)	**1,635**	-
Impairment of goodwill (note 10)	**-**	181
Amortisation of other intangible assets (note 10)	**62**	-
Share option charges	**132**	-
Adjusted profit before tax	**4,464**	2,776

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:

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000
(Loss) / profit after tax	**(1,725)**	1,874
add back:		
Operating costs of exceptional nature (note 7)	**3,790**	161
Finance costs of exceptional nature, net of tax (note 8)	**1,324**	-
Impairment of goodwill (note 10)	**-**	181
Amortisation of other intangible assets (note 10)	**62**	-
Share option charges	**132**	-
Adjusted profit after tax	**3,583**	2,216

6. Segmental Information

In the period covered by this financial information, the Company was domiciled in the UK and as such all revenue is derived from external customers in the United Kingdom.

During the period under review, the information reported to the Company's joint Chief Executive Officers, who are considered to be the chief operating decision makers, was predominately based on the consolidated Group, with disaggregation where appropriate. The consolidated information is shown in the statement of profit or loss.

From 1 January 2017, the Group has established two operating segments, which are considered 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 periods ended 30 June 2018 and 2017.

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000
Intermediary Services		
Revenue	**11,185**	11,065
Operating expenses, before amortisation and depreciation	**(8,834)**	(8,947)
Intermediary Services EBITDA	**2,350**	2,118
Operating costs of exceptional nature	**(1,751)**	(84)
Intermediary Services EBITDA	**599**	2,034
Distribution Channels		

Revenue	**13,022**	10,223
Operating expenses, before amortisation and depreciation	**(10,004)**	(7,941)
Distribution Channels EBITDA	**3,018**	2,282
Operating costs of exceptional nature	**(2,039)**	(77)
Distribution Channels EBITDA	**979**	2,205
Total EBITDA	**1,578**	4,239
Impairment of goodwill	**-**	(181)
Amortisation of other intangible assets	**(62)**	-
Depreciation	**(129)**	(109)
Share option charges	**(132)**	-
Operating profit	**1,255**	3,949

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:

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000
Depreciation of tangible assets	**129**	109
Operating costs of exceptional nature:		
Costs in relation to corporate restructuring and refinancing	**-**	191
Restructuring costs	**65**	10
Write off of Director's loan	**-**	89
Professional fees for acquisitions	**120**	-
Release of deferred consideration	**-**	(129)
Fees in relation to IPO process	**3,605**	-
	3,790	161

8. Finance Expense and Income

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000
Finance Expense		
Bank interest payable	**(816)**	(1,547)
Fair value loss on financial instruments	**(345)**	-
Accelerated arrangement fees on settlement of previous loan	**(775)**	-
Accelerated implied interest charge on settlement of previous loan	**(515)**	-
	(2,451)	(1,547)
Finance Income		
Bank interest receivable	**41**	32
	41	32

Net finance expense	**(2,410)**	(1,515)

9. Earnings per share

Basic Earnings Per Share	**6 months ended 30 June 2018 £000**	6 months ended 30 June 2017 £000
(Loss) / profit attributable to equity shareholders of the parent	**(1,725)**	1,874
Weighted average number of shares in issue	**76,470,588**	53,971,492
Basic (loss) / profit per share (pence)	**(2.26p)**	3.47p

Diluted Earnings Per Share	**6 months ended 30 June 2018 £000**	6 months ended 30 June 2017 £000
(Loss) / profit attributable to equity shareholders of the parent	**(1,725)**	1,874
Weighted average number of shares in issue	**76,470,588**	53,971,492
Diluted weighted average number of shares and options for the period	**444,406**	-
	76,914,994	53,971,492
Diluted (loss) / profit per share (pence) (see below)	**(2.26p)**	3.47p

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted loss per share for the current year is identical to those used for the basic loss per share. This is because the exercise of share options would have the effect of reducing the loss per share and is, therefore, not a dilution under the terms of IAS 33.

An 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. 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.

Adjusted basic Earnings Per Share	**6 months ended 30 June 2018 £000**	6 months ended 30 June 2017 £000
Adjusted profit after tax (note 5)	**3,583**	2,216
Weighted average number of shares in issue	**76,470,588**	76,470,588
Adjusted earnings per share (pence)	**4.68p**	2.90p

10. Intangible assets

	Goodwill £000	**Intangible assets £000**	**Development expenditure £000**	**Total £000**
Cost				
At 1 January 2017	16,250	-	1,361	17,611
Additions	-	-	402	402

At 30 June 2017	16,250	-	1,763	18,013
Additions	-	-	370	370
At 31 December 2017	16,250	-	2,133	18,383
Additions	3,520	1,012	436	4,968
At 30 June 2018	**19,770**	**1,012**	**2,569**	**23,351**
Amortisation and impairment				
At 1 January 2017	-	-	-	-
Charge in the period	178	-	-	178
At 30 June 2017	178	-	-	178
Charge in the period	-	-	-	-
At 31 December 2017	178	-	-	178
Charge in the period	-	62	-	62
At 30 June 2018	**178**	**62**	**-**	**240**
Net book value				
At 30 June 2018	**19,592**	**950**	**2,569**	**23,111**
At 31 December 2017	16,072	-	2,133	18,205
At 30 June 2017	16,072	-	1,763	17,835

11. Borrowings

	30 June 2018	30 June 2017
	£000	£000
Secured bank loan:		
Current	**10,093**	-
Non-current	**-**	34,372
Less loan arrangement fees	**(83)**	(913)
	10,010	33,459

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.

The previous loan was due to be settled in June 2022. On settlement of the loan, £776k 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.

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	-	-	-	-	-	-
At 30 June 2017	8,349,148	50,582	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	17,649,149
At 30 June 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 and 30 June 2017	50,852
Issue of share capital	1,692
At 31 December 2017	52,544
Issue of share capital	29,844
Transfer to retained earnings	(45,000)
Bonus issue	(579)
At 30 June 2018	**36,809**

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 and 30 June 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	-	-	-	132	132
At 30 June 2018	**(61,395)**	**8**	**-**	**132**	**(61,255)**

14. Share-based payment arrangements

At 30 June 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 six months ended 30 June 2018 are as follows:

Scheme	Grant Date	Number of awards	Vesting conditions	Contractual life of options
Approved Scheme	4 April 2018	400,000	3 years' service from grant date	3 to 10 years
Unapproved Scheme	4 April 2018	425,000	3 years' service from grant date	3 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%

15. Notes to the cash flow statement

	6 months ended 30 June 2018 £000	6 months ended 30 June 2017 £000

Cash flow from operating activities		
(Loss) / profit after taxation	**(1,725)**	1,874
Add back / (deduct):		
Finance income	**(41)**	(32)
Finance cost	**2,451**	1,547
Taxation	**570**	560
	1,255	3,949
Adjustments for:		
Impairment of goodwill	**-**	181
Depreciation of property, plant and equipment	**129**	109
Amortisation of other intangible assets	**62**	-
Share option charge	**132**	-
Operating cash flow before movements in working capital	**1,578**	4,239
Increase in receivables	**(1,301)**	(1,499)
(Decrease) / increase in trade and other payables	**(581)**	736
Cash (used in) / generated from operations	**(304)**	3,476
Income taxes (paid) / received	**(226)**	1,504
Net cash (used in) / generated from operating activities	**(530)**	4,980

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 period to 30 June 2018, Landmark Surveyors contributed revenue of £1.8m and adjusted EBITDA of £0.2m. If the acquisition had occurred on 1 January 2018, management estimates that revenue would have been £2.0m 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 on a provisional basis:

	Provisional 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.