RNS Number : 9260Z
Fintel PLC
20 September 2022

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Fintel plc

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

Half Year Results for the Six Months ended 30 June 2022

Strong trading, resilient business, confident outlook

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 2022.

Financial highlights:

- Strong core[1] revenue growth - **up 9% to £27.1m** (HY21: £24.9m)
- Total revenue growth - **up 2%** to **£32.2m** (HY21: £31.7m)
- Adjusted EBITDA[2] - **up 5%** to **£8.7m** (HY21: £8.3m)
- Improved adjusted EBITDA[2] margin of **27.0%** (HY21: 26.1%)
- Adjusted PBT[3] - **up 15%** to **£6.9m** (HY21: £6.0m)
- Adjusted EPS[4] - **up 29%** to **5.3p** (HY21: 4.1p[5])
- Underlying operating profit to operating cash flow conversion[6] **of 124%** (HY21: 135%)
- Significant financial resources with **£7.6m** cash (HY21 net debt: £15.5m) and access to undrawn **£45m** Revolving Credit Facility

Operational highlights

- Accelerated growth in proprietary advice software recommendations to >£42bn[7], increasing data and insights footprint
- Significant growth in Fintech software revenue (including proprietary and resell) of **17%** to **£7.7m** (HY21: £6.6m) and product ratings revenue of **12%** to **£4.2m** (HY21: £3.8m)
- Core revenue growth of **9%** in the period (HY21: 3%) driven by continued progress in converting existing revenues to 'Distribution as a Service', now having >60% of partner revenue converted, with full year outlook remaining in line with upper end of medium-term objectives[8]
- Quality recurring revenues with **66% SaaS and subscription** income in core business (HY21: 67%)
- Industry leading services - Winner of **"**Best Professional Adviser Service Company of the Year**"**, five years in a row

Outlook

The Board remains confident of meeting full year expectations for 2022, and the Company's longer-term growth ambitions amidst current wider macro-economic uncertainties, owing to the proven strength of its business model.

Dividend

The Board intends to pay an interim dividend of 1.0p per share (HY21: 1.0p per share), on or around 4 November 2022.

Matt Timmins, Joint CEO of Fintel plc, commented:

"Fintel has delivered a solid financial performance in the first half of the year, trading in line with expectations.

"Growth in our core business has been strong, delivering increased revenues, earnings and cash, while maintaining EBITDA margin and quality of earnings (SaaS and Subscription revenues).

"Fintel continues to benefit from changes in regulation and these regulatory tailwinds increase demand for both our Services and Fintech across our diverse customer base. The continued digitisation of our service model and scaling of our Fintech platform has been further strengthened by increased user adoption and development of new modules.

"We are delighted to once again be recognised by our loyal and highly engaged customer base, winning the Professional Adviser Service Company of the year for the fifth consecutive year.

"We have a strong balance sheet following the strategic divestment of non-core Zest Technology and Verbatim funds and the continued strong cash generation of the business. A cash surplus of £7.6m and access to an undrawn £45m Revolving Credit Facility provides a capital base to continue to invest in our growth opportunities.

"We are confident of meeting our full year expectations and longer-term growth ambitions."

[1] *Core business excludes revenues from Panel Management and Surveying.*

[2] *Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share option charges and exceptional operating costs.*

[3] *Adjusted PBT is calculated as adjusted profit before tax, which excludes exceptional operating costs and amortisation of intangible assets arising on acquisition.*

[4] *Adjusted earnings per share is calculated as adjusted profit after tax attributable to owners of the Company, which excludes operating exceptional costs and amortisation of intangible assets arising on acquisition, divided by the average number of Ordinary Shares in issue for the period.*

[5] *Excluding the one-off uplift in the UK corporation tax rates from 19% to 25% in prior year, the HY21 adjusted EPS would have been 5.0p on a like-for-like basis.*

[6] *Underlying cash flow conversion is calculated as underlying cash flow from operations (adjusted operating profit, adjusted for changes in working capital, depreciation, amortisation, CAPEX and share based payments) as a percentage of adjusted operating profit.*

[7] *Proprietary advice software recommendations are calculated on a 12-month rolling basis.*

[8] *Medium term Core Revenue objective: Core revenue growth between 5% and 7% annually.*

Analyst Presentation

An analyst briefing is being held at 09:30 BST on 20 September 2022 via an online video conference facility. To register your attendance please contact Fintel@instinctif.com

For more information, please visit: www.wearefintel.com

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 & analysis and targeted distribution strategies to financial institutions and product providers. Clients include major Life & 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 & benefits. Defaqto ratings help consumers compare and buy financial products with confidence.

For more information about Fintel, please visit the website: www.wearefintel.com

JOINT CHIEF EXECUTIVES' STATEMENT

Overview

Fintel has delivered a strong financial performance in the first half of the year, growing revenues in the core business by 9% and overall revenues by 2%, outpacing the impact of strategic divestments. Adjusted EBITDA is up 5% with adjusted EBITDA margin increasing to 27.0% (HY21: 26.1%). This continued growth and profitability is underpinned by ongoing high levels of operating profit to operating cashflow conversion at 124% (HY21: 135%).

The core business has performed strongly and in line with expectations.

Core Business

	HY22	HY21
Revenue Growth	9%	3%
Adjusted EBITDA Margin	30%	30%
% Revenues from SaaS and Subscriptions	66%	67%

- The Intermediary Services division delivered a 15% growth in gross profit, driven by increasing regulation, digitisation, and enhancement of our core platform. We continue to maintain industry leading services and high customer satisfaction, winning "Best Professional Adviser Service Company of the year" for the fifth consecutive year.
- In the Distribution Channels division earnings quality continues to increase with the conversion of our distribution partner revenue ahead of our 2022 target, and the successful scaling of Distribution as a Service ("DaaS") into the protection market. Our mortgage club has seen continued growth in market share to 5.8% (FY21: 5%) reflecting a buoyant market and a new Buy-to-Let service launch.
- Strong market demand in our Fintech and Research division resulted in a 22% increase in revenue, with significant growth in our software and product ratings services following platform and service expansion and the strategic partnership with Tatton Asset Management.

We are delighted with the strong performance across the business during the first half of the year. Core revenue growth of 9% in the first six months supports our full year expectation of growing at the upper end of our medium-term target range, and a 30% core adjusted EBITDA margin has been maintained during continued investment in our digital platform.

Having undertaken an assessment of the present and medium-term outlook, the Board is confident that with the diversity of our customer proposition, the resilience of our business model and our strong financial position, we will meet our longer-term strategic ambitions.

Strategic Delivery and Priorities

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 demand from new regulation.

We continue to digitise our core platform at pace, delivering margin growth, robust cash flow and good capital efficiency.

With the continued conversion and scaling of DaaS, earnings quality continues to grow in absolute terms with SaaS and subscription income delivering 66% of our expanded core revenues.

Capital discipline and a strong focus on cash return on capital employed, along with a prudent balance sheet and leverage management ensure we can continue to invest in our core platform and drive continued performance and growth.

Outlook

We recognise the current difficult economic climate and expect that there may be a period where this will worsen, causing further disruption to supply chains, energy costs and overall inflationary pressures. Despite the macro-economic outlook, we are confident of continued growth and in meeting our full year expectations.

Neil Stevens & Matt Timmins

Joint Chief Executive Officers

FINANCIAL REVIEW

	Underlying Performance Period ended 30 June 2022 £m	**Underlying Performance Period ended 30 June 2021 £m**
Group revenue	32.2	31.7
Expenses	(23.5)	(23.4)

Adjusted EBITDA	**8.7**	**8.3**
Adjusted EBITDA margin %	27.0%	26.1%
Depreciation	(0.1)	(0.2)
Depreciation of lease asset	(0.2)	(0.3)
Amortisation of development expenditure and software	(0.5)	(0.9)
Adjusted EBIT	**7.9**	**6.9**
Share option charges	(0.7)	(0.4)
Net finance costs	(0.3)	(0.5)
Adjusted Profit before tax	**6.9**	**6.0**
Taxation	(1.3)	(2.0)
Adjusted Profit after tax, before NCI	**5.6**	**4.0**

Revenue

Group Revenues of £32.2m were 2% higher than the prior period (HY21: £31.7m). Adjusting for the impact of disposals in 2021, total revenue grew by c.9%, driven by increasing demand for our Software and Fintech products, and the core Marketing Services business recovering from the downturn caused by COVID-19 restrictions.

Our Core revenues also grew 9% period-on-period, from £24.9m to £27.1m, reflecting the strength of our underlying service offering and diverse customer base. We have set our medium-term objective for core revenue growth at 5-7% annually during the period 2021 to 2024, and we expect core revenue growth for the full year will be towards the upper end of this range.

A key performance measure in our core business is the quality of revenue; our focus is on growing revenue from SaaS and Subscriptions, delivering longer term recurring income streams at high margins. SaaS and Subscriptions continue to deliver 66% recurring revenue in our core business.

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 decreased 25% to £5.1m (HY21: £6.8m). Our Property Surveying business was flat at £5.1m, period-on-period, with the decrease entirely driven by the disposal of Zest Technology in HY21, constituting £1.7m non-core revenue in HY21.

Profitability

We report on segmental gross profit as this highlights the contribution each segment makes, taking account of directly attributable costs, but before allocation of shared infrastructure costs which serve the business as a whole.

Gross profit increased to £14.7m (HY21: £13.7m) with gross margin improving by 2.4% to 45.6% (HY21: 43.2%) driven by the sale of Zest Technology, increased software sales, and the improved performance in Marketing Services.

Adjusted EBITDA and Adjusted EBITDA margin

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. 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 two to three years.

Adjusted EBITDA of £8.7m compares favourably with the prior period (HY21: £8.3m).

The Company delivered a strong adjusted EBITDA margin of 27.0% (HY21: 26.1%). Infrastructure and support costs have increased to £6.0m in HY22 from £5.4m (HY21) following investment to drive a sustainable and scalable support model.

Divisional performance

Intermediary services

The Intermediary Services division provides technology, compliance, and regulatory support to thousands of intermediary businesses through a comprehensive membership model.

Revenues in the Intermediary Services division reduced by 10% to £11.4m following the sale of Zest Technology which accounted for non-core revenues of £1.7m to HY21. Underlying core intermediary revenues grew by 4% to £11.4m (HY21: £11.0m), due to continued growth in membership revenues, improved penetration of additional services and new software licenses.

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 6.5% growth in Software license income during the period.

The division reported strong growth in gross profit, up 15% year-on-year, driven by increased regulation, digitisation and enhancement of our core platform.

The financial highlights of the Intermediary division were as follows:

- Membership fee income increased to £5.7m (HY21: £5.6m)

- Additional services income increased to £2.6m (HY21: £2.5m)
- Software license income grew to £3.1m (HY21: £2.9m)
- Gross profit of £4.5m (HY21: £3.9m), with gross profit margin of 39.3% (HY21: 29.8%)
- Average revenue per customer ("ARPC") of £7,314 (HY21: £7,026) - an increase of 4.1%

* Gross profit is calculated as revenue less direct operating costs.

* * Gross profit margin is calculated as gross profit as a percentage of revenue

Distribution Channels

The Distribution Channels division delivers market Insight & analysis and targeted distribution strategies to financial institutions and product providers.

Distribution Channels revenue increased 1% to £11.4m (HY21: £11.3m).

The Distribution Channels division continues to benefit from the improvement in the overall housing market, the introduction of remote valuations and an increase in housing related transactions.

Marketing services revenues continue to improve on a year-on-year basis following Covid-19 lockdowns in HY21. Our transition towards our new Distribution as a Service ("DaaS") model continues at pace, with 63% of our Marketing Services revenues written in HY22 under multi-year DaaS arrangements.

The financial highlights in the Distribution division were as follows:

- Marketing services revenues of £2.3m (HY21: £1.4m) reflecting significant post pandemic recovery in events in 2022.
- Core commission revenues of £4.0m (HY21: £4.8m), a reduction of 17% driven by the sale of Verbatim asset management with revenues of £1.2m in HY21 (£0.1m in HY22). Underlying commission revenues increased by 7.5% to £3.9m (HY22) from £3.7m (HY21) driven by mortgage market buoyancy against a strong lending performance in the first half of 2022.
- Non-core panel management and valuation services revenues remained static at £5.1m (HY21: £5.1m) driven by industry wide capacity constraints.
- Gross profit reduced to £4.5m (HY21: £5.1m), with gross profit margin of 39.2% (HY21: 45%) driven primarily by the sale of Verbatim and a changing cost to serve mix in surveying, using more subcontracted labour as we look to maintain the fixed non core cost base. Core underlying Gross Profit increased from £3.5m (HY21) to £3.9m (HY22) underpinned by strong mortgage performance.

We experienced market recovery by way of increased housing transactions and prices which has more than compensated for the downturn impact of increased economic uncertainty, rising interest rates and an increase in sales exchange conversion times as the business deals with industry-wide capacity issues.

Fintech and Research

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 & benefits. Defaqto ratings help consumers compare and buy financial products with confidence.

Fintech and Research revenues increased by 21.5% to £9.4m (HY21: £7.8m) with strong performance across the full range of products offered, including ratings, software, and data services. This highlights increased uptake and usage of the service, including the impact of the Tatton Strategic Distribution Agreement, providing a further platform to grow SaaS and Subscriptions revenues.

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:

- Software revenues of £4.6m (HY21: £3.7m)
- Product Ratings revenue of £4.2m (HY21: £3.8m)
- Gross profit margin of 61% (HY21: 61%)
- 7% growth in Recommendations on our fintech platform of £22.0bn (HY21: £20.6bn). 14% growth on a rolling 12-month basis of £42.1bn (HY21: £37.0bn)

Share-based payments

Share-based payment charges of £0.7m (HY21: £0.4m) have been recognised in respect of the options in issue.

Financial income and expense

Net finance expenses of £0.3m (HY21: £0.5m) relate to the utilisation of the Company's five-year revolving credit facility, which is due for renewal in March 2024.

Profit before tax

Adjusted profit before tax was £6.9m (HY21: £6.0m). This increase was driven by an increase in the Group operating profit in addition to a lower amortisation in the period following the disposal of Zest Technology Limited in July 2021.

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 underlying tax charge of £1.3m (HY21: £2.0m) represents a full year effective tax rate of 19%.

In HY21 the ETR was 20% excluding the effect of a prior year adjustment in respect of future tax rate change from 19% to 25%. 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. Deferred tax assets and liabilities are measured at 25% (FY21: 25%), the tax rate effective 1 April 2023. As a result, in the interim results for the period ended 20 June 2021 the net deferred tax liability increased by £0.8m, being the half year equivalent charge for the full year adjustment. This was 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. Adjusted earnings per share in the year amounted to 5.3 pence per share (HY21: 4.1 pence per share). It should be noted that had the deferred tax rates remained constant in prior year, the adjusted earnings per share would have increased to 5.0p in the period, a year on year increase of 8%.

Dividend

Recognising the underlying financial strength of the business, the Board announces an interim dividend of 1.0p (HY21: 1.0p). It is the Board's intention that this will be paid on or around 4 November 2022 to shareholders on the register on 30 September 2022. The Board intends the ex-dividend date to be 29 September 2022.

Cash flow and closing net debt

As at 30 June 2022 the Company had net cash of £7.6m, compared to a net debt position of £15.5m at 30 June 2021. Net debt is calculated as borrowings less cash and cash equivalents, and amortised arrangement fees.

During the period, the Company settled all remaining amounts owing on the revolving credit facility.

The continued deleveraging highlights the strong cash generative nature of the business and the strategic decision to divest the non-core Zest Technology, and the Verbatim Funds businesses.

The Company reported a strong operating profit to operating cash flow conversion rate of 124% (HY21: £135%) calculated as underlying cash flow from operations as a percentage of adjusted operating profit. Underlying cash flow from operations is calculated as adjusted operating profit, adjusted for changes in working capital, depreciation, amortisation, CAPEX, and share base payments, a reconciliation of underlying cash flow conversion 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 undrawn committed borrowing facilities and performed various sensitivity analyses to assess the impact of more severe but plausible downside scenarios.

Based on 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 2022

	note	**2022 underlying**	**2022 underlying adjustments**	**2022 total**	**2021 underlying**	**2021 underlyi adjustmen**
		£m	**£m**	**£m**	£m	£m
revenue	7	**32.2**	**-**	**32.2**	31.7	
operating expenses	8	**(25.0)**	**-**	**(25.0)**	(25.2)	
amortisation of other intangible assets	12	**-**	**(1.0)**	**(1.0)**	-	(1.
group operating profit		**7.2**	**(1.0)**	**6.2**	6.5	(1.
finance expense	9	**(0.3)**	**-**	**(0.3)**	(0.5)	
profit before taxation		**6.9**	**(1.0)**	**5.9**	6.0	(1.

taxation		**(1.3)**	**0.2**	**(1.1)**	(2.0)	(
profit for the financial year		**5.6**	**(0.8)**	**4.8**	4.0	(0.8)
profit attributable to shareholders:						
owners of the company	6			**4.7**		
non-controlling interests	6			**0.1**		
				4.8		
adjusted earnings per share	11			**5.3p**		
earnings per share - basic	11			**4.6p**		
earnings per share - diluted	11			**4.5p**		

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 2022

	Note	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	Audited 31 December 2021 £m
Assets				
Non-current assets				
Property, plant & equipment	13	1.3	1.3	1.3
Lease asset		3.5	4.8	3.6
Intangible assets and goodwill	12	95.7	104.4	96.6
Trade and other receivables		2.6	-	2.6
Total non-current assets		103.1	110.5	104.1
Current assets				
Trade and other receivables		9.6	10.0	9.8
Deferred tax asset		-	0.6	-
Cash and cash equivalents		7.6	8.3	9.4
Current tax asset		-	0.1	-
Total current assets		17.2	19.0	19.2
Total assets		120.3	129.5	123.3
Equity and liabilities				
Equity attributable to the owners of the Company				
Share capital	15	1.0	1.0	1.0
Share premium account	15	65.8	65.2	65.6
Other reserves	16	(51.8)	(51.8)	(52.3)
Retained earnings		76.7	61.4	73.9
Equity attributable to the owners of the Company		91.7	75.8	88.2
Non-controlling interest		0.3	0.2	0.3
Total equity		92.0	76.0	88.5
Liabilities				
Current liabilities				
Trade and other payables		17.6	18.8	17.0
Lease liabilities, current		0.5	0.4	0.4
Current tax liabilities		2.2	-	2.0
Total current liabilities		20.3	19.2	19.4

Non-current liabilities				
Loans and borrowings	14	-	23.8	6.8
Lease liabilities, non-current		3.0	4.4	3.2
Deferred tax liabilities		5.0	6.1	5.4
Total non-current liabilities		8.0	34.3	15.4
Total liabilities		28.3	53.5	34.8
Total equity and liabilities		120.3	129.5	123.3

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*
Balance at 1 January 2021	1.0	64.8	(52.2)	0.2	61.0	74.8
Total comprehensive income for period	-	-	-	0.1	3.1	3.2
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	(0.1)	(2.7)	(2.8)
Deferred tax on share options exceeding profit and loss charge	-	-	0.4	-	-	0.4
Release of option reserve	-	-	(0.4)	-	0.4	-
Share option charge	-	-	0.4	-	-	0.4
Total contributions by and distribution to owners	-	-	0.4	(0.1)	(2.3)	(2.0)
Balance at 30 June 2021	1.0	64.8	(51.8)	0.2	61.4	76.0
Total comprehensive income for period	-	-	-	0.1	12.3	12.4
Transactions with owners, recorded directly in equity						
Issue of share capital	-	0.8	-	-	(0.1)	0.7
Dividends	-	-	-	-	(1.0)	(1.0)
Deferred tax on share options exceeding profit and loss charge	-	-	(0.3)	-	-	(0.3)

Release of option reserve	-	-	(0.9)	-	(0.9)	-
Share option charge	-	-	0.7	-	-	0.7
Total contributions by and distribution to owners	-	0.8	(0.5)	-	(0.2)	0.1
Balance at 31 December 2021	1.0	65.6	(52.3)	0.3	73.9	88.5
Total comprehensive income for period	-	-	-	0.1	4.7	4.8
Transactions with owners, recorded directly in equity						
Issue of shares	-	0.2	-	-	-	0.2
Dividends	-	-	-	(0.1)	(2.1)	(2.2)
Deferred tax on share options exceeding profit and loss charge	-	-	(0.2)	-	0.2	-
Share option charge	-	-	0.7	-	-	0.7
Total contributions by and distribution to owners	-	0.2	0.5	(0.1)	(1.9)	(1.3)
Balance at 30 June 2022	**1.0**	**65.8**	**(51.8)**	**0.3**	**76.7**	**92.0**

Consolidated statement of cash flows

for the 6 months ended 30 June 2022

	6 months ended 30 June 2022	6 months ended 30 June 2021
	£m	£m
Net cash generated from operating activities (note 18)	**8.4**	**8.5**
Cash flows from investing activities		

Purchase of property, plant, and equipment	**(0.1)**	**-**
Development expenditure	**(0.6)**	**(0.9)**
Net cash used in investing activities	**(0.7)**	**(0.9)**
Cash flows from financing activities		
Finance costs	**(0.2)**	**(0.4)**
Loan repayments made	**(7.0)**	**(8.0)**
Drawdown of loans	**-**	**2.0**
Payment of lease liability	**(0.3)**	**(0.4)**
Issue of share capital	**0.2**	**-**
Dividends paid	**(2.2)**	**(2.8)**
Net cash (used) / generated from financing activities	**(9.5)**	**(9.6)**
Net (decrease) / increase in cash and cash equivalents	**(1.8)**	**(2.0)**
Cash and cash equivalents at start of period	**9.4**	**10.3**
Cash and cash equivalents at end of period	**7.6**	**8.3**

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 2022 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 2021 ("last annual financial statements"). They do not include all 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 2022 and the comparative figures for the six months ended 30 June 2021 are unaudited. The comparative financial information for the period ended 31 December 2021 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 2021 have been delivered to the Registrar of Companies. The auditors' report on the accounts for 31 December 2021 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 2022. 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 15 September 2022.

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 2021 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 2023 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 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 2022	6 months ended 30 June 2021
	£m	£m
Operating profit	6.2	5.5
add back:		
Depreciation (note 13)	0.1	0.2
Depreciation of leased assets (note 13)	0.2	0.3
Amortisation of other intangible assets (note 12)	1.0	1.0
Amortisation of development costs and software (note 12)	0.5	0.9
EBITDA	8.0	7.9
Add back:		
Share option charges	0.7	0.4
Adjusted EBITDA	8.7	8.3

Adjusted profit before tax is calculated as follows:

	6 months ended 30 June 2022	6 months ended 30 June 2021
	£m	£m
Profit before tax	5.9	5.0
add back:		
Amortisation of other intangible assets (note 12)	1.0	1.0
Adjusted profit before tax	6.9	6.0

Adjusted profit after tax is calculated as follows:

	6 months ended	6 months ended

	30 June 2022	30 June 2021
	£m	£m
Profit after tax	4.8	3.2
add back:		
Amortisation of other intangible assets, net of deferred tax	0.8	0.8
Profit attributable to non-controlling interests	(0.1)	
Adjusted profit after tax	5.5	4.0

Free cash flow conversion is calculated as follows:

	Period ended 30 June 2022	Period ended 30 June 2021
	£m	£m
Adjusted operating profit	**7.2**	6.5
Adjusted for:		
Depreciation of tangible assets	**0.1**	0.2
Depreciation of lease assets	**0.2**	0.3
Amortisation of development costs and software	**0.5**	0.9
Share option charge	**0.7**	0.4
Adjusted EBITDA	**8.7**	8.3
Net changes in working capital	**0.9**	1.4
Purchase of property. Plant and equipment	**(0.1)**	-
Development expenditure	**(0.6)**	(0.9)
Underlying cash flow from operations	**8.9**	8.8
Underlying operating profit to operating cash flow conversion	**124%**	135%

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.

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.

	Intermediary Services	Distribution Channels	Fintech and Research	Admin & Support	Group
Period ended 30 June 2022	£m	£m	£m	£m	£m
Revenue	11.4	11.4	9.4	-	32.2
Direct operating costs	(6.9)	(6.9)	(3.7)	-	(17.5)
Gross profit	4.5	4.5	5.7	-	14.7
Administrative and support costs				(6.0)	(6.0)
Adjusted EBITDA					8.7
Amortisation of other intangible assets					(1.0)
Amortisation of development costs & software					(0.5)
Depreciation					(0.1)
Depreciation of lease assets					(0.2)
Share option charge					(0.7)
Operating profit					6.2
Net finance costs					(0.3)
Profit before tax					5.9

	Intermediary Services	Distribution Channels	Fintech and Research	Admin & Support	Group
Period ended 30 June 2021	£m	£m	£m	£m	£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 & software	(0.9)
Depreciation	(0.2)
Depreciation of lease assets	(0.3)
Share option charge	(0.4)
Operating profit	5.5
Net finance costs	(0.5)
Profit before tax	5.0

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 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:	**6 months ended 30 June 2022**	**6 months ended 30 June 2021**
	£m	**£m**
Depreciation of tangible assets	**0.1**	**0.2**
Depreciation of lease asset	**0.2**	**0.3**

9. Finance Expense and Income

	6 months ended 30 June 2022	**6 months ended 30 June 2021**
	£m	**£m**
Finance Expense		
Bank interest payable	**(0.2)**	**(0.4)**
Finance charge on lease liability	**(0.1)**	**(0.1)**
	(0.3)	**(0.5)**
Finance Income		
Bank interest receivable	-	-

	-	-
Net finance expense	**(0.3)**	**(0.5)**

With effect from 1 January 2022, interest was payable on the Company's Revolving Credit Facility at the Standard Overnight Index Average ("SONIA") plus an interest rate margin ranging from 1.50% to 2.60% depending on leverage.

10. Taxation

	6 months ended 30 June 2022	6 months ended 30 June 2021
	£m	£m
Current tax charge	1.6	1.0
Deferred tax (credit) / charge	(0.5)	0.8
Tax charge for the period	1.1	1.8

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 during 2021. Due to this change in rate, the net deferred tax liability 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 2022	6 months ended 30 June 2021
	£m	£m
Profit attributable to equity shareholders of the parent	4.7	3.1

Weighted average number of shares in issue	**102,952,665**	**96,847,677**
Basic profit per share (pence)	**4.6p**	**3.2p**

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 2022**	**6 months ended 30 June 2021**
	£m	**£m**
Profit attributable to equity shareholders of the parent	**4.7**	**3.1**
Weighted average number of shares in issue	**102,952,665**	**96,847,677**
Diluted weighted average number of shares and options for the period	**751,573**	**826,541**
	103,704,238	**97,674,218**
Diluted profit per share (pence)	**4.5p**	**3.2p**

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

Adjusted basic Earnings Per Share	**6 months ended 30 June 2022**	**6 months ended 30 June 2021**
	£m	**£m**
Adjusted profit after tax (note 6)	**5.5**	**4.0**
Weighted average number of shares in issue	**102,952,665**	**96,847,677**
Adjusted earnings per share (pence)	**5.3p**	**4.1p**

12. Intangible assets and goodwill

Group	Goodwill £m	Brand £m	Intellectual property £m	Total other intangible assets £m
Cost				
At 1 January 2021	76.2	3.1	24.4	27.5
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 June 2021	76.2	3.1	24.4	27.5
Additions	-	-	-	-
Disposals	(3.8)	-	-	-
At 31 December 2021	72.4	3.1	24.4	27.5
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 June 2022	**72.4**	**3.1**	**24.4**	**27.5**
Amortisation and impairment				
At 1 January 2021	0.2	0.5	3.2	3.7
Charge in the period	-	0.2	0.8	1.0
At 30 June 2021	0.2	0.7	4.0	4.7
Charge in the period	-	0.1	0.9	1.0
Disposals	-	-	-	-
At 31 December 2021	0.2	0.8	4.9	5.7
Charge in the period	-	0.2	0.8	1.0
At 30 June 2022	**0.2**	**1.0**	**5.7**	**6.7**
Net book value				
At 30 June 2022	**72.2**	**2.1**	**18.7**	**20.8**
At 31 December 2021	72.2	2.3	19.5	21.8
At 30 June 2021	76.0	2.4	20.4	22.8

Capitalised development expenditure relates to the development of the software platform in Defaqto Limited and Zest Technology Limited.

In 2021, the Group sold Zest Technology Limited for total consideration of £10.0m which had a development expenditure carrying value of £3.2m and associated goodwill carrying value of £2.4m. The associated goodwill is deemed to be an accurate apportionment of the total goodwill attributable to the Intermediary Services operating segment.

Furthermore, in 2021, the Group disposed of its operations within its 100% owned subsidiary Simply Biz Investments Limited (formerly Verbatim Investments Limited) which accounted for all trade within the subsidiary for a total consideration of £5.4m. As such, associated goodwill in the subsidiaries operating segment, Distribution Solutions, of £1.4m has been disposed of in 2021. This is deemed to be an accurate apportionment goodwill associated with the subsidiary.

13. Property, plant & equipment

Lease assets	Owned assets

Group	Property £m	Plant and equipment £m	Total £m	Leasehold improvements £m	Office equipment £m
Cost					
At 1 January 2021	5.2	0.9	6.1	0.9	1.9
Additions	-	0.1	0.1	-	-
Disposals	-	(0.1)	(0.1)	-	-
At 30 June 2021	5.2	0.9	6.1	0.9	1.9
Additions	0.1	0.1	0.2	-	0.2
Disposals	(1.3)	(0.1)	(1.4)	-	(0.3)
At 31 December 2021	4.0	0.9	4.9	0.9	1.8
Additions	-	0.1	0.1	-	0.1
Disposals	-	-	-	-	-
At 30 June 2022	**4.0**	**1.0**	**5.0**	**0.9**	**1.9**
Depreciation and impairment					
At 1 January 2021	0.5	0.6	1.1	-	1.3
Depreciation charge in the period	0.2	0.1	0.3	0.1	0.1
Disposals	-	(0.1)	(0.1)	-	-
At 30 June 2021	0.7	0.6	1.3	0.1	1.4
Depreciation charge in the period	0.2	0.1	0.3	0.1	-
Disposals	(0.2)	(0.1)	(0.3)	-	(0.2)
At 31 December 2021	0.7	0.6	1.3	0.1	1.3
Depreciation charge in the period	0.1	0.1	0.2	-	0.1
Disposals	-	-	-	-	-
At 30 June 2022	**0.8**	**0.7**	**1.5**	**0.1**	**1.4**
Net book value					
At 30 June 2022	**3.2**	**0.3**	**3.5**	**0.8**	**0.5**
At 31 December 2021	3.3	0.3	3.6	0.8	0.5
At 30 June 2021	4.5	0.3	4.8	0.8	0.5

Plant and equipment includes I.T. equipment and motor vehicles. In 2020 the Group entered into a significant lease contract for its head office. The contract runs for a total of 15 years, with an option to purchase the building from August 2022 to January 2023. The lease asset and liability were valued at £2.7m on inception, which includes the aforementioned purchase option, discounted at an incremental borrowing rate of 2.87%. The lease asset is being depreciated over 20 years.

14. Borrowings

This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings.

	30 June 2022	30 June 2021

	£M	£M
Current		
Secured bank loan	-	-
Lease liability	**0.5**	**0.4**
	0.5	0.4
Non-current		
Secured bank loan	**-**	23.8
Lease liability	**3.0**	4.4
	3.0	28.6

The Company has access to a £45m Revolving Credit Facility, which, from 1 January 2022 is linked to the Sterling Overnight Interbank Average Rate ("SONIA"). The committed credit facilities are available at pre agreed margins of between 1.50% and 2.60%, dependent on the net leverage of the company. The facility is provided in two equal amounts of £22.5m from Yorkshire Bank and NatWest and is due for renewal in March 2024.

As at 30 June 2022, the RCF was repaid in full, providing full access to the £45m facility.

15. Share Capital & Share Premium

Share capital	**Ordinary Shares**
Number of fully paid shares (nominal value £0.01):	
At 1 January 2021	96,806,612
Issue of share capital	211,190
At 30 June 2021	**97,017,802**
Issue of share capital	5,861,028
At 31 December 2021	102,878,830
Issue of share capital	133,132
At 30 June 2022	**103,011,962**

Share Premium	**£m**
At 1 January 2021	64.8
Issue of share capital	0.4
At 30 June 2021	65.2

Issue of share capital	0.4
At 31 December 2021	65.6
Issue of share capital	0.2
At 30 June 2022	**65.8**

16. Other reserves

Group	Merger reserve £m	Share option reserve £m	Total £m
At 1 January 2021	(53.9)	1.7	(52.2)
Share option charge	-	0.4	0.4
Release of option reserve	-	(0.3)	(0.3)
Tax on share options exceeding profit and loss charge	-	0.3	0.3
At 30 June 2021	(53.9)	2.1	(51.8)
Share option charge	-	0.7	0.7
Release of share option reserve	-	(1.0)	(1.0)
Tax on share options exceeding profit and loss charge	-	(0.2)	(0.2)
At 31 December 2021	(53.9)	1.6	(52.3)
Share option charge		0.7	0.7
Release of share option reserve	-	(0.2)	(0.2)
Tax on share options exceeding profit and loss charge	-	-	-
At 30 June 2022	**(53.9)**	**2.1**	**(51.8)**

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 2021 other than as disclosed below:

NTA 2018

During the current period, 44,118 awards were exercised. No awards under the plan have been forfeited as a result of bad leavers

SAYE 2018

During the current period, 77,035 awards were exercised. The cumulative awards forfeited totalled 10,697 as a result of bad leavers.

SAYE 2019

During the current period, 3,037 awards were exercised. The cumulative awards forfeited totalled 4,623 as a result of bad leavers.

18. Notes to the cash flow statement

	Period ended 30 June 2022	Period ended 30 June 2021
	£m	£m
Cash flow from operating activities		

Profit after taxation	**4.8**	3.2
Add back:		
Finance income	**-**	-
Finance cost	**0.3**	0.5
Taxation	**1.1**	1.8
	6.2	5.5
Adjustments for:		
Amortisation of development expenditure and software	**0.5**	0.9
Depreciation of lease asset	**0.2**	0.3
Depreciation of property, plant, and equipment	**0.1**	0.2
Amortisation of other intangible assets	**1.0**	1.0
Share option charge	**0.7**	0.4
Operating cash flow before movements in working capital	**8.7**	8.3
(Increase)/decrease in receivables	**0.3**	0.1
Increase in trade and other payables	**0.7**	1.3
Cash generated from operations	**9.7**	9.7
Income taxes paid	**(1.3)**	(1.2)
Net cash generated from operating activities	**8.4**	8.5

19. Subsequent Events

There are no material events arising after 30 June 2022 which have an impact on these unaudited financial statements.