

## Fintel plc

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

### Full year results for the year ended 31 December 2022

#### ***A strong performance, strategic delivery, and confident outlook***

Fintel (AIM: FNTL), the leading provider of Fintech and support services to the UK retail financial services sector, today announces its audited consolidated results for the year ended 31 December 2022.

Financial highlights	2022	2021	Change
<b>Alternative performance measures</b>			
Core <sup>1</sup> revenue	£56.4m	£52.2m	8%
Core SaaS & subscription revenue	£36.8m	£34.3m	7%
Core adjusted EBITDA <sup>2</sup>	£18.6m	£17.1m	9%
Core adjusted EBITDA margin	32.9%	32.7%	20bps
Adjusted EBITDA	£19.4m	£18.3m	6%
Adjusted EBITDA margin	29.1%	28.6%	50bps
Adjusted EPS <sup>2</sup>	12.2p	10.5p <sup>3</sup>	16%
Cash conversion <sup>4</sup>	118%	116%	200bps
<b>Statutory measures</b>			
Statutory revenue	£66.5m	£63.9m	4%
Statutory EBITDA	£16.7m	£25.0m	-33%
Statutory EPS	9.5p	15.7p	-39%
Net cash	£12.8m	£2.6m	392%
Dividend per share	3.25p	3.00p	8%

#### Financial highlights

- Financial performance in line with Board expectations
- Strong core revenue growth of 8% to £56.4m ahead of our medium-term target, underpinned by significant growth in Fintech and Research division
- Solid adjusted EBITDA margin of 29.1% delivered alongside continued reinvestment into digital capabilities
- Improved quality of earnings across all divisions, with SaaS and subscription revenue growing 7% to £36.8m
- Statutory EBITDA of £16.7m (FY21: £25m) and Statutory EPS 9.5 pence per share (FY21: 15.7 pence per share). FY21 results benefit from one off exceptional gains of £7.8m.
- Net cash position of £12.8m (FY21: £2.6m) with Revolving Credit Facility ("RCF") fully repaid and undrawn since June 2022 driven by operating cash conversion of 118% (FY21: 116%)
- Strong balance sheet with new and increased four year £80m RCF completed in December 2022, on more favourable terms, providing significant, flexible funding capacity for inorganic and organic growth opportunities arising in the market
- Final dividend of 2.25 pence per share proposed, resulting in a full year dividend of 3.25 pence per share, an increase of 8% on prior year, reflecting the Group's strong business performance and cash generation

#### Strategic and operational highlights

- Growth in recurring revenue across all three operating divisions:
  - Continued growth in core SaaS and Subscription revenue across all three operating divisions, driven by demand for technology and insights services across customer base
  - Significant progress in conversion to Distribution as a Service ("DaaS"): c.70% (target 60%) of Distribution Partner revenue converted to multi-year subscription agreements by 31 December 2022
- Multiple growth drivers:
  - Extension of core compliance offering with launch of comprehensive support package in response to the FCA Consumer Duty regulation
  - Continued expansion of Defaqto's research and ratings platform to help intermediaries and product providers meet increasing regulatory requirements
  - Major upgrade to proprietary financial planning technology with additional modules and new back office integration enhancing the intermediary software service offering
  - Partner Portal phase two to launch in 2023 and intermediary member portal in development, streamlining access to service and technology platform

- o Launch of Fintel Labs incubator to strengthen technology proposition and support innovation across the market
- o Selective M&A pipeline expected to enhance growth in the medium term, underpinned by enhanced financial reserves and strong cashflow conversion
- Industry recognition for business, staff and ESG strategy:
  - o Industry leading intermediary support service provider, winning Professional Adviser "Best Support Services for Advisers" award for an incredible, fifth consecutive year
  - o Rated as an "Outstanding Company to Work for" and included in the top 20 "Best Companies to Work for" in financial services by Best Companies
  - o ESG strategy shortlisted for "ESG Initiative of the Year" by ICA Compliance Awards, and further commitments outlined via launch of the 2023 Better Outcomes Plan

#### Appointment of new Chair

- Phil Smith, currently Independent Non-Executive Director, to become Chair of Fintel following the Group's AGM on 18 May 2023; Ken Davy to remain on the Board as Non-Executive Director
- Phil brings deep industry knowledge, leadership qualities and a wealth of business transformation experience, along with extensive expertise in digital delivery and alignment to the Company's values and strategic objectives

#### Current trading and outlook

- Confident start to new financial year, consistent with the Board's expectations
- Organic growth is expected to be driven by ongoing software adoption across our membership base, increased financial technology penetration, and continued adoption of DaaS product.
- Selective M&A pipeline expected to enhance growth in the medium-term; significant funding to capitalise on market opportunities
- Well positioned for strong and sustainable growth, underpinned by positive market dynamics and structural growth drivers, including Consumer Duty, increased demand for financial advice and regulatory change

#### Joint CEO, Matt Timmins commented:

"Fintel continues to deliver on its strategic plan of accelerating growth, digitisation and service expansion. During 2022 we delivered another set of strong financial results, while continuing to invest in our technology and services platform.

"We have started 2023 with real momentum, continuing to trade in line with expectations and progress our strategy at pace, forging multi-year strategic partnerships and developing our unique technology and service platform.

"As we look to the future, we are confident in our financial agility and growth strategy that is underpinned by our resilient and highly cash generative business. We are well positioned for strong and sustainable growth, inspiring better outcomes for all."

#### Notes

<sup>1</sup> Core business excludes revenues from panel management, surveying and employee benefits software up to the date of strategic disposal of Zest Technology Ltd in 2021.

<sup>2</sup> Core adjusted EBITDA and adjusted EPS are alternative performance measures for which a reconciliation to a GAAP measure is provided in note 8 and note 10.

<sup>3</sup> Excluding effects of a significant one-off impact of the change in corporation tax rates in the UK during 2021, EPS in 2021 would have been 12p on a comparable basis.

<sup>4</sup> Underlying operating 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.

#### Analyst Presentation

An analyst briefing is being held at 9:30am on 21 March 2023 via an online video conference facility. To register your attendance, please contact [fintel@mhpgroup.com](mailto:fintel@mhpgroup.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 and analysis and targeted distribution strategies to financial institutions and product providers. Clients include major Life and Pension companies, Investment Houses, Banks, and Building Societies.

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

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

## **CHAIR'S STATEMENT**

### **Year in review**

2022 was a year in which we transitioned to a post pandemic world whilst retaining more flexible ways of working. At the same time, our customers, their clients and our colleagues faced increasing pressures arising from macroeconomic uncertainty and the rising cost of living.

In a time such as this, our role in helping the UK's retail financial services sector to deliver better outcomes to consumers has never been more crucial or more relevant. Against a backdrop of market volatility, 2022 has been another strong year for Fintel, both in terms of our financial results and in extending our opportunities for future growth.

We continue to deliver market-leading regulatory support to financial intermediaries, extending our core compliance offering with the launch of a comprehensive support package in response to the new FCA Consumer Duty regulation, and achieving the Professional Adviser "Best Support Services for Advisers" award for an incredible, fifth consecutive year.

We have significantly enhanced our proprietary adviser technology platform with a new back office integration and the launch of new modules, whilst further expanding our ratings portfolio to help financial intermediaries and product providers meet increasing regulatory requirements and better serve their clients.

SaaS and subscription revenue has grown across all operating divisions as demand for technology and insight services continues across our diverse customer base.

Significant progress has been made in the Distribution Channels division, through continued adoption of our Distribution as a Service ("DaaS") proposition, supporting product providers to design and deliver better products, and further enhancing our strategic partnerships.

Our business model of strong reoccurring income with most of the remainder being solid repeatable income, gives us tremendous visibility of and confidence in our overall revenues.

Technology and innovation remain central to our growth strategy, and I am delighted to announce the launch of Fintel Labs, designed to further strengthen our technology proposition whilst supporting innovation in the sector. We continue to deploy our high touch, high tech approach, and I believe that our technology platform will play a central role in shaping this new era of financial planning.

There could be no clearer demonstration of the robustness of our strategy, business model and cash conversion strengths, than our acquisition of Defaqto in 2019. Purchased for £74.3m (of which c.50% was borrowings) we have almost doubled its profits since acquisition whilst all borrowings have been repaid and the Group now has £12.8m surplus cash on balance sheet.

As a purpose-led organisation, a continuing focus for the Board is the positive impact we can have through our unique market position, and this year saw us continue to strengthen our environmental, social and governance ("ESG") commitments, aligning to supplementary external reporting standards and defining our Better Outcomes Plan, designed to deliver measurable benefits for our business, the financial sector and broader society.

As we progress at pace, the expertise and dedication of our team remains our driving force, and we were delighted to be awarded the accolade of "Outstanding Company to Work for" as voted for by our people, whilst also being rated as one of the top 20 "Best Companies to Work for" in the financial services sector. This is a testament to our people, our unique culture and our shared success, and I am confident that together we will continue to fulfil our purpose, achieve our strategic ambitions and deliver long-term value for all of our shareholders.

### **Financial performance and dividend**

The underlying resilience of our business has been clearly demonstrated through our strong financial performance for FY22, despite the backdrop of a challenging macroeconomic environment.

Both our revenue and adjusted profit before tax continued to grow in line with the Board's expectations. This, coupled with continued strong cash flow conversion and balance sheet, enabled us to enhance our dividend policy, which resulted in an interim dividend of 1.0 pence per Ordinary Share, paid in November 2022. I am pleased to confirm that the

Directors are recommending a final dividend of 2.25 pence per share payable on 19 June 2023, resulting in a full year dividend of 3.25 pence per share.

### **Progress against our strategy**

Our strategic framework reflects our growth ambitions and the market opportunity as we continue to invest in and digitise our model, building secure long-term value creation for our stakeholders.

I am pleased to report that we continue to make significant strategic progress and deliver against our vision.

### **Board changes**

May 2022 saw Phil Smith join the Board as an Independent Non-Executive Director, following a robust, independently run recruitment process. Phil was selected due to his industry knowledge, leadership qualities and wealth of business transformation experience, along with his deep expertise in digital delivery and alignment to the Company's values and strategic objectives. Phil complements the range of skills we have on the Board. I take this opportunity to thank the Board members for their support, diligence and commitment throughout the past 12 months.

Following Phil's appointment, our succession plans have been updated and, as indicated last year, I am pleased to announce that, with effect from our AGM, it is proposed that Phil becomes Chair of Fintel, whilst I will revert to being a Non-Executive Director. We are already working on this transition, and I am excited by the prospect of Phil taking our already successful Group to greater heights.

### **Outlook**

As we leave the COVID-19 pandemic behind us, I am confident that our unique technology and service platforms coupled with the valuable expertise and immense knowledge of our people continue to provide a strong foundation for future growth.

I would like to express my deep gratitude to all my Fintel colleagues for their hard work, commitment and dedication to the Company. I am completely confident that the Company will continue to grow and thrive over the years to come.

**Ken Davy**  
**Non-Executive Chair**

## **JOINT CHIEF EXECUTIVE OFFICERS' STATEMENT**

2022 has been another year of strong performance for Fintel and we have delivered another set of solid financial results, whilst continuing to invest in our unique service and technology platform. We have again expanded our innovation roadmap to ensure we remain the premium partner for financial intermediaries and financial institutions, now and in the future.

Quality financial advice has never been so valuable or more needed by the millions of clients that benefit from working with a professional adviser. Providing our Members with the highest quality service available, helping them to remain compliant with ever-changing regulation and their business to become more profitable, is at the heart of everything we do. With our unrivalled scale, uniquely comprehensive service and technology platform and our extremely cash-generative model we are in a stronger position than ever to deliver sustainable growth and long-term value to all of our stakeholders.

Building on our strong track record of growth, we have increased total revenue by 4.1% to £66.5m (FY21: £63.9m), adjusted EBITDA\* by 6.0% to £19.4m (FY21: £18.3m) and adjusted EBITDA margin to 29.1% (FY21: 28.6%), in line with Board expectations.

### **Strategic delivery**

Our strategic plan is underpinned by three medium-term performance objectives as we focus on scaling our core business and improving the underlying quality of our revenues. Defined in 2020, these objectives balance continued growth with re-investment in our core capabilities as we digitise and enhance our people and software service model. We are making good progress towards achieving our targets and will refresh our strategic plan in 2024.

#### **Progress against strategic targets**

<b>Strategic focus</b>	<b>2022</b>	<b>2024 target</b>
Revenue growth	8%	5-7%
Margin	33%	35-40%
Earnings quality	65%	70-80%

### **Core revenue growth**

We set our medium-term objective for core business revenue growth at 5-7% annually. In 2022 we are delighted to have outperformed our target range, delivering 8.0% core revenue growth (FY22: £56.4m; FY21: £52.2m). This was largely driven by significant revenue growth in our Fintech and Research division following accelerated deployment of our proprietary financial planning software and continued expansion of our research and ratings platform.

### **EBITDA margin**

Our core business delivered a solid adjusted EBITDA margin of 32.9% (FY21: 32.7%) during a year of significant expansion of our technology platform and digital capabilities as we progress towards our 35-40% medium-term margin objective.

### **Earnings quality of the core business**

Our medium-term earnings quality focus is on delivering 70-80% SaaS and subscriptions or recurring revenue. The SaaS and subscription revenue has increased by 7.2% to £36.8m (FY21: £34.3m), now representing 65.1% (FY21: 65.7%) of the core revenues. The key driver was continued adoption of our Distribution as a Service ("DaaS") offering, with partner revenue conversion ahead of target, further scaling of DaaS into adjacent markets, and increasing penetration of our financial technology.

### **Growth opportunity**

The UK's retail financial services market is an open, independent and competitive market that delivers choice and value to consumers. It is also fragmented and complex, with thousands of products to choose from, delivered by hundreds of providers, through thousands of intermediaries, with increasing levels of regulation. At Fintel, our role is to connect and enable the market, simplifying complexity and delivering better outcomes for all.

### **Demand for distribution, data and insight services**

From our position at the heart of the retail financial services market, we provide data and insights throughout the value chain, helping the market to operate more effectively and adapt to shifting dynamics. Continued expansion of our data footprint, including consumer behaviour and preferences, enables us to deliver unique insights, powering product design and consumer choice. Combining this with the unparalleled reach of our distribution network and our trusted brands, we are uniquely positioned to provide the insights and solutions the industry needs to adapt to evolving consumer preferences and increasing regulatory pressures. Building on the success of the DaaS service and the launch of our partner portal, we see substantial opportunity for further organic growth and expansion of our services in this area.

### **Demand for digital services**

In a fragmented ecosystem, our objective is to lead innovation, delivering products and solutions that add value and eliminate effort for our clients. With considerable experience in software development for the retail financial services market, we continue to invest in our end-to-end service and technology platform, designed to shape a new era of financial advice. In 2022 we made significant enhancements to our financial planning software platform, integrating a new back office system and delivering additional modules including an integrated cashflow modelling tool, and improved fund analysis capabilities. We will continue to invest in this area, providing essential support for our members to meet evolving regulatory requirements and continuing to increase average revenue per customer.

### **Financial strength and agility**

Building on the cash-generative nature of our model and the strength of our balance sheet, we agreed a new revolving credit facility on favourable terms, increasing the Group's borrowing capacity to £80m with the option of a further £20m accordion. This strengthened funding capability underpins the Group's ability to make strategic acquisitions of scale in a competitive market, and we continue to actively maintain our selective M&A pipeline. In addition, we have launched a new incubator, Fintel Labs, designed to foster innovation in the sector by supporting emerging financial technology businesses.

### **Value generation**

The cash-generative nature of our business, combined with recurring revenues from a diverse customer base ensure we create and maintain the financial, technology and skills capacity to deliver our strategic objectives.

Re-investment in our people, data and digital capabilities enables us to focus on developing new areas where we have proven our unique capabilities and established customer relationships.

Adjusted EPS was strong at 12.2 pence per share (FY21: 10.5 pence per share), increasing by 16% compared to the prior year. On a statutory basis EPS was 9.5 pence per share (FY21: 15.7 pence per share).

### **Strategic priorities**

Our strategic priorities involve leveraging our proprietary data and insights across the retail financial services value chain as well as continuing to enhance our end-to-end service and technology platform. These activities will support the delivery of our medium-term objectives, delivering strong growth and improving our margin and underlying quality of earnings. Organic growth is expected to be driven by ongoing software adoption across our membership base, increased financial technology penetration across the market, and continued adoption of our DaaS product. In addition, increasing regulatory pressure continues to drive market demand for our core services across the intermediary market.

As we continue to embed our unique market position and competitive difference, we will also use our enhanced financial agility to actively seek out strategic acquisitions that deliver further value to our shareholders.

### **Ensuring better outcomes**

In 2021 we pioneered the development of a comprehensive environmental, social and governance ("ESG") strategy, following a wide-ranging and all-inclusive materiality assessment with key stakeholder groups. Following the establishment of an ESG and Wellbeing Committee, we have now defined our Better Outcomes Plan, designed to drive measurable change in our business, our industry and wider society in line with our stakeholder priorities and leading reporting standards and frameworks. In addition, we have continued to play a significant role in bringing ESG data and insights to product providers and intermediaries, using our central market position to enable the inclusion of ESG factors within both the product design and financial planning processes. We are delighted to have our progress recognised by the ICA Compliance Awards 2023, seeing us shortlisted as a finalist for "ESG Initiative of the Year" award.

### **Our people**

We continue to invest in our people as we seek to build on an engaging, inclusive workplace where everyone can thrive. In response to employee feedback we built on our wellbeing strategy with the introduction of a Flexible Benefits

Platform and hiring a Head of Talent and Development, strengthening our commitment to internal mobility and progression. We have also enjoyed the contribution of our new Board colleague Phil Smith, who has brought valuable new skills and experience to the Board.

Our people are the backbone of our Company and the driving force behind everything that we achieve. We were delighted to be recognised as an "Outstanding Company to Work for" and included in the top 20 "Best Companies to Work for" in financial services by Best Companies. We would like to thank each and every one of our colleagues for their continued effort and impact in making us the business we are today.

## Outlook

2023 has started with real momentum. We continue to trade in line with expectations and progress at pace, forging multi-year strategic partnerships and developing our unique technology and service platform.

Our business is strong and resilient through our high customer retention, unrivalled scale, focus on the UK market and our breadth of coverage across all aspects of the retail financial services market. Over a 20-year trading history, the Company has continued to grow and develop through a range of macroeconomic environments and challenges, including extensive regulatory upheaval and the global financial crisis. Our deep sector knowledge and strength of our relationships give us confidence in a bright future.

In times of market volatility, the need for sound financial planning is greater than ever, reinforcing the importance of the retail financial services sector and the outstanding role that professional advisers play in helping people to save for the future and protect the things that matter most. We exist to simplify and improve the market, helping it operate more effectively, and our role is now more vital than ever.

As we look to the future, we are confident in our financial agility and growth strategy that is underpinned by positive market dynamics. We are well positioned for strong and sustainable growth, inspiring better outcomes for all.

**Matt Timmins and Neil Stevens**  
*Joint Chief Executive Officers*

## FINANCIAL REVIEW

### Year ended 31 December 2022

	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m
Group revenue	66.5	63.9
Expenses	(47.1)	(45.6)
<b>Adjusted EBITDA</b>	<b>19.4</b>	<b>18.3</b>
Adjusted EBITDA margin %	29.1%	28.6%
Depreciation	(0.3)	(0.3)
Depreciation of lease asset	(0.4)	(0.6)
Amortisation of development expenditure and software	(1.1)	(1.5)
<b>Adjusted EBIT</b>	<b>17.6</b>	<b>15.9</b>
Operating costs of an exceptional nature	(0.7)	-
Gain on sale of subsidiary	-	4.3
(Impairment)/gain on sale of operations	(0.7)	3.5
Share option charges	(1.3)	(1.1)
Amortisation of other intangible assets	(2.0)	(2.0)
Net finance costs including exceptional finance costs	(0.5)	(0.7)
<b>Profit before tax</b>	<b>12.4</b>	<b>19.9</b>
Taxation	(2.3)	(4.3)
<b>Profit after tax</b>	<b>10.1</b>	<b>15.6</b>
Adjusted earnings per share** ("EPS")	12.2	10.5

\*\* Adjusted EPS 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.

## Revenue

The business performed well during 2022, with core revenue growth of 8%, outperforming our medium-term core revenue growth target of 5-7%.

Our core revenues grew to £56.4m (FY21: £52.2m) showing the resilience of our membership and subscription based operating model, marking both full recovery from the earlier impacts of the COVID-19 pandemic, and showing strong resilience to the current macroeconomic landscape.

On a statutory basis the Group, including the non-core property surveying business, saw overall turnover increase to £66.5m (FY21: £63.9m).

## Divisional performance

### Intermediary Services

Intermediary Services core revenue increased 6% to £23.5m (FY21: £22.1m). On a statutory basis, segment turnover decreased 2% to £23.5m (FY21: £24.0m), due to the inclusion in the prior year of six months of trading of Zest Technology which was part of a strategic disposal in July 2021.

Our Intermediary Services division provides compliance and business services to financial intermediary firms through a comprehensive membership model.

Members, including financial advisers, mortgage advisers and wealth managers, are regulated by the FCA.

In 2022 the Intermediary Services division delivered:

- Average revenue per customer ("ARPC") of £7,807 (FY21: £7,026) - an increase of 11.1%;
- Membership fee income of £11.5m (FY21: £10.9m) - an increase of 5.5%;
- Software licence income of £6.3m (FY21: £6.0m) - an increase of 5.0%;
- Additional services income of £5.7m (FY21: £5.2m) - an increase of 9.6%; and
- Gross profit\* of £9.5m (FY21: £7.4m) with gross profit margin\*\* of 40.4% (FY21: 30.8%). The improved margin reflects increased investment in our delivery platform, a broadened user base and a consequential uplift in ARPC. Excluding the impact of the prior year sale of Zest Technology, comparable gross profit margin was 34.1% during 2021.

\* 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**

Distribution Channels revenue performed consistently at a statutory level of £23.1m (FY21: £23.1m). Allowing for the sale of Verbatim in 2021, like-for-like organic growth year on year was 7.4%.

The Distribution Channels division delivers data, distribution and marketing services to product providers.

In 2022 Distribution Channels delivered:

- Core commission revenues of £8.1m (FY21: £8.3m). Allowing for the disposal of Verbatim during 2021, core commission revenues have increased by 22.7% on a comparable basis, largely driven by strong lending performance in the year. Core commission revenues in 2021 include Verbatim revenues of £1.7m to September 2021, being the date of the strategic disposal;
- Marketing services revenues of £4.9m (FY21: £5.1m);
- Non-core panel management and valuation services revenues of £10.1m (FY21: £9.8m); and
- Gross profit of £9.2m (FY21: £10.9m) with gross profit margin of 39.8% (FY21: 47.2%). Adjusting for the impact of the Verbatim disposal, prior year gross profit margin is 38.4% on a like-for-like basis. The year on year increase in margin on a like-for-like basis is reflective of strong lending performance in mortgages balanced by increased activity in non-core surveying business at lower margins, and the increased cost of delivering more in-person events as opposed to virtual events seen during periods of COVID lockdown throughout 2021.

### **Fintech and Research**

Fintech and Research revenues grew by 18.7% to £19.9m (FY21: £16.8m).

Fintech and Research comprises our Defaqto business. Defaqto provides market-leading software, financial information and product research to product providers and financial intermediaries.

In 2022 we further enhanced our fintech and research capabilities, including:

- Enhancements to financial planning software platform including new back office integration and launch of new cashflow modelling and fund analysis modules;
- Expansion of ratings portfolio coverage, including launch of new Diamond Ratings for investment trusts; and
- Defaqto ESG research platform expanded to cover 110 retail investment funds.

In 2022 Fintech and Research division delivered:

- Software revenue of £9.5m (FY21: £8.0m) - an increase of 18.8%;
- Product ratings revenue of £8.9m (FY21: £8.0m) - an increase of 11.2%;
- Other income of £1.5m (FY21: £0.8m) from consultancy and ad hoc work; and
- A strong gross profit margin of 62.8% (FY21: 64.3%).

### **Profitability**

Our adjusted EBITDA has grown in line with revenue, achieving £19.4m (FY21: £18.3m), an increase of 6.0%.

The resulting adjusted EBITDA margin of 29.1% (FY21: 28.6%) compares well with prior periods due to improved revenue mix with continued growth on higher margin business lines.

The business continues to deliver towards medium-term targets, and is well positioned for continued scalable growth.

Adjusted EBITDA margin is calculated as adjusted EBITDA (as defined in note 8), divided by revenue. Whilst adjusted EBITDA is not a statutory measure, the Board believes it is a highly useful measure of the underlying trade and operations, excluding one-off and non-cash items.

The adjusted EBITDA in our core business has also performed well, increasing 9% to £18.6m (FY21: £17.1m). The core adjusted EBITDA is the adjusted EBITDA calculated above excluding the trading results of our non-core property surveying business.

### **Exceptional items**

The operating charge to the income statement in respect of exceptional items of £1.4m (FY21: exceptional income of £7.8m) includes the following:

- Operating expenses (£0.7m): £0.5m "Transformation costs" which includes implementation costs to enhance Fintel's customer relationship management platform ("CRM") and a new enterprise resource planning system ("ERP"), £0.1m debt refinance and £0.1m M&A costs; and
- Impairment on disposal of operations (£0.7m) relating to impairment of the contingent consideration recognised in respect of the Verbatim funds.

In 2021 exceptional income related entirely to transaction-related activity, specifically the strategic disposal of Zest Technology and the Verbatim funds.

The finance charge to the income statement in respect of exceptional items of £0.1m comprises accelerated amortisation of loan arrangement fees in relation to the refinancing of the revolving credit facility ("RCF").

No other costs have been treated as exceptional.

### **Share-based payments**

Share-based payment charges of £1.3m (FY21: £1.1m) have been recognised in respect of the options in issue.

### **Financial income and expense**

Net finance expenses of £0.5m (FY21: £0.7m) relate to the utilisation of the Group's five-year RCF, which was fully repaid and remains undrawn since 30 June 2022. Strong operating cash inflows have allowed the business to fully repay the RCF in its entirety. The interest cost on the drawn portion of the facility has reduced as a result.

### **Taxation**

The underlying tax charge of 19% for the period (FY21: 20%\*) includes the beneficial impact of research and development claims for Defaqto. As a significant UK corporation tax paying Group, we settle our liability for corporation tax on a quarterly basis in advance, and have paid c.£2.9m in corporation taxes evenly throughout the year. An additional amount in respect of the realised taxable gain on disposal of subsidiaries in 2021 was also paid in FY22.

\*Excluding effects of a significant one-off impact of the change in the future corporation tax rate in the UK from 19% to 25%.

### **Earnings per share**

Earnings per share has been calculated based on the weighted average number of shares in issue at each balance sheet date. Adjusted earnings per share in the period amounted to 12.2 pence per share (FY21: 10.5 pence per share). In 2021, the aforementioned impact of the change in UK corporation tax rates from 19% to 25% resulted in a higher tax charge by £1.4m. Excluding this one-off impact, the EPS at 2021 would have been 12 pence per share on a comparable basis.

### **Cash flow and closing cash position**

At 31 December 2022, the Company total cash position was £12.8m with nil debt utilisation, which compares favourably to a net cash position of £2.6m as at 31 December 2021 (£9.4m total cash net of £6.8m utilisation of the existing RCF arrangement). The RCF was fully repaid and remains undrawn since June 2022. Net cash is calculated as cash and cash equivalents less borrowings net of amortised arrangement fees. This represents a net cash to adjusted EBITDA ratio of 0.7 times (31 December 2021: 0.1 times).

Underlying operating cash flow conversion was strong at 118% (FY21: 116%), 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-based payments. A reconciliation of free cash flow and underlying cash flow conversion is provided in note 8 to the financial statements.

The Company's significant capitalised development expenditure and corporation tax payments impact the Company's cash generation.

### **Debt refinancing**

During the year, the Board conducted a planned reassessment of the Group's available financial resources as the RCF entered the final 18-month period until maturity. The Board decision included extending the existing RCF to provide additional debt funding for both organic growth and strategic acquisitions. A new four-year RCF was arranged, increasing our borrowing capacity to £80m. In doing so, the banking syndicate was increased from two to three banks, more favourable terms were achieved including a reduction in overall leverage-based margin grid from 150bps-260bps to 150bps-240bps, the option of a £20m accordion, and the retention of existing leverage covenants.

### **Capital allocation**

The Group's priority is to execute targeted growth through digitisation, growing revenue, margin and quality of earnings. Strategic initiatives include organic investment in enhancing and broadening our product offering; and inorganic investment, such as complementary partnerships and strategically aligned acquisitions. The Group manages its capital structure through regular review by the Board. In the event that the Group needs to adjust its policy, we retain an agile approach in order to meet the ever changing needs of our business and market.

### **Dividend**

During the year the Company paid the final dividend in respect of FY21 of £2.1m, and an interim dividend in respect of FY22 of £1.0m. The Board is proposing a full year dividend in respect of FY22 of 3.25 pence, an increase of 8% on the FY21 dividend of 3.0 pence. The proposed final dividend of 2.25 pence (FY21: 2.00 pence) reflects the Group's strong business performance and cash generation during the year. The dividend is payable on 19 June 2023, to shareholders on the register on 23 May 2023 with an ex-dividend date of 22 May 2023, subject to shareholder approval at the Company's annual general meeting.

### **FRC Audit Quality Review**

As part of its process for monitoring the standards of audit work, the Audit Quality Review team of the Financial Reporting Council (FRC) reviewed EY's audit of the Group accounts for the year ended 31 December 2021, with the FRC



report received in November 2022. There were no key findings to report.

### Accounting policies

The Company's consolidated financial information has been prepared consistently in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS. No new accounting standards were adopted in the current financial year.

### Going concern

The Directors have undertaken a comprehensive assessment to consider the Company's ability to trade as a going concern for a period of 18 months to 30 September 2024.

The Directors have robustly tested the going concern assumption in preparing these financial statements, taking into account a number of severe but plausible downside scenarios, which would collectively be considered remote. The Group benefits from a deleveraged balance sheet and strong liquidity position at 31 December 2022 and the Directors remain satisfied that the going concern basis of preparation in the financial statements is appropriate.

On the basis of 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 18 months. 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 year ended 31 December 2022

		2022	2022	2022	2021	2021	2021
		2022	Underlying	Year ended	2021	Underlying	Year ended
		Underlying	Adjustments*	December	Underlying	adjustments	December
	Note	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	6	<b>66.5</b>	-	<b>66.5</b>	63.9	-	63.9
Operating expenses	7-8	(50.2)	(0.7)	(50.9)	(49.1)	-	(49.1)
Amortisation of other intangible assets	12	-	(2.0)	(2.0)	-	(2.0)	(2.0)
Gain on disposal of subsidiary (Impairment)/gain on disposal of operations		-	-	-	-	4.3	4.3
		-	(0.7)	(0.7)	-	3.5	3.5
<b>Group operating profit</b>		<b>16.3</b>	<b>(3.4)</b>	<b>12.9</b>	14.8	5.8	20.6
Finance expense	9	(0.4)	(0.1)	(0.5)	(0.7)	-	(0.7)
<b>Profit before taxation</b>		<b>15.9</b>	<b>(3.5)</b>	<b>12.4</b>	14.1	5.8	19.9
Taxation		(2.9)	0.6	(2.3)	(3.6)	(0.7)	(4.3)
<b>Profit for the financial year</b>		<b>13.0</b>	<b>(2.9)</b>	<b>10.1</b>	10.5	5.1	15.6
Profit attributable to shareholders:							
Owners of the Company				9.8			15.4
Non-controlling interests				0.3			0.2
				10.1			15.6
Earnings per share - adjusted (pence)	10			12.2p			10.5p
Earnings per share - basic (pence)	10			9.5p			15.7p
Earnings per share - diluted (pence)	10			9.4p			15.7p

There are no items to be included in other comprehensive income in the current year or preceding year.

### Consolidated statement of financial position as at 31 December 2022

		31 December 2022		31 December 2021	
	Note	£m	£m	£m	£m
<b>Non-current assets</b>					
Property, plant and equipment	11	1.2		1.3	
Lease assets	11	2.2		3.6	
Intangible assets and goodwill	12	95.2		96.6	
Trade and other receivables		1.6		2.6	
<b>Total non-current assets</b>			<b>100.2</b>		104.1
<b>Current assets</b>					
Trade and other receivables		10.6		9.8	
Current tax asset		0.4		-	
Cash and cash equivalents		12.8		9.4	
<b>Total current assets</b>			<b>23.8</b>		19.2
<b>Total assets</b>			<b>124.0</b>		123.3
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	14	1.0		1.0	

Share premium account	14	<b>66.8</b>	65.6
Other reserves	16	<b>(51.3)</b>	(52.3)
Retained earnings		<b>80.8</b>	73.9
Equity attributable to the owners of the Company		<b>97.3</b>	88.2
Non-controlling interest		<b>0.5</b>	0.3
<b>Total equity</b>		<b>97.8</b>	<b>88.5</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		<b>18.6</b>	17.0
Lease liabilities	13	<b>0.4</b>	0.4
Current tax liabilities		-	2.0
<b>Total current liabilities</b>		<b>19.0</b>	19.4
<b>Non-current liabilities</b>			
Loans and borrowings	13	-	6.8
Lease liabilities	13	<b>1.8</b>	3.2
Deferred tax liabilities		<b>5.4</b>	5.4
<b>Total non-current liabilities</b>		<b>7.2</b>	15.4
<b>Total liabilities</b>		<b>26.2</b>	34.8
<b>Total equity and liabilities</b>		<b>124.0</b>	<b>123.3</b>

Consolidated statement of changes in equity  
for the year ended 31 December 2022

	Share capital £m	Share premium £m	Other reserves £m	Non-controlling interest £m	Retained earnings £m	Total equity £m
Balance at 1 January 2021	1.0	64.8	(52.2)	0.2	61.0	74.8
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	0.2	15.4	15.6
Total comprehensive income for the year	-	-	-	0.2	15.4	15.6
<b>Transactions with owners, recorded directly in equity</b>						
Issue of shares	-	0.8	-	-	(0.1)	0.7
Dividends	-	-	-	(0.1)	(3.7)	(3.8)
Share option charge	-	-	1.1	-	-	1.1
Tax on share options exceeding profit or loss charge	-	-	0.1	-	-	0.1
Release of share option reserve on exercise	-	-	(1.3)	-	1.3	-
Total contributions by and distributions to owners	-	0.8	(0.1)	(0.1)	(2.5)	(1.9)
<b>Balance at 31 December 2021</b>	<b>1.0</b>	<b>65.6</b>	<b>(52.3)</b>	<b>0.3</b>	<b>73.9</b>	<b>88.5</b>
Balance at 1 January 2022	1.0	65.6	(52.3)	0.3	73.9	88.5
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	0.3	9.8	10.1
Total comprehensive income for the year	-	-	-	0.3	9.8	10.1
<b>Transactions with owners, recorded directly in equity</b>						
Issue of shares	-	1.2	-	-	-	1.2
Dividends	-	-	-	(0.1)	(3.2)	(3.3)
Share option charge	-	-	1.3	-	-	1.3
Release of share option reserve on exercise	-	-	(0.3)	-	0.3	-
Total contributions by and distributions to owners	-	1.2	1.0	(0.1)	(2.9)	(0.8)
<b>Balance at 31 December 2022</b>	<b>1.0</b>	<b>66.8</b>	<b>(51.3)</b>	<b>0.5</b>	<b>80.8</b>	<b>97.8</b>

Consolidated statement of cash flows  
for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
<b>Net cash generated from operating activities</b>	17	<b>15.6</b>	17.1
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(0.2)	(0.2)
Development expenditure		(1.7)	(1.6)
Net proceeds from sale of subsidiary		-	8.7
Net proceeds from sale of operations		-	2.4

<b>Net cash flows (used in)/from investing activities</b>	<b>(1.9)</b>	<b>9.3</b>
<b>Cash flows from financing activities</b>		
Finance costs	(0.2)	(0.5)
Loan repayments made	(7.0)	(23.0)
Transaction costs related to borrowing	(0.5)	-
Payment of lease liability	(0.5)	(0.8)
Issue of share capital	1.2	0.8
Dividends paid	(3.3)	(3.8)
<b>Net cash flows used in financing activities</b>	<b>(10.3)</b>	<b>(27.3)</b>
Net increase/(decrease) in cash and cash equivalents	3.4	(0.9)
Cash and cash equivalents at start of year	9.4	10.3
<b>Cash and cash equivalents at end of year</b>	<b>12.8</b>	<b>9.4</b>

Operating costs of an exceptional nature, as per note 7, are included in net cash generated from operating activities.

In 2021, net proceeds of £8.7m from sale of wholly owned subsidiary Zest Technology Limited, disposed of on 21 July 2021, is included in net cash from investing activities.

In 2021, net proceeds of £2.4m from sale of operations within 100% owned subsidiary SimplyBiz Investments Limited (formerly Verbatim Investments Limited) is included in net cash from investing activities.

Notes

### 1 General information and basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS").

The financial information for the year ended 31 December 2022 and the year ended 31 December 2021 does not constitute the Group's statutory accounts for those periods. Statutory accounts for the period ended 31 December 2021 have been delivered to the Registrar of Companies. The statutory accounts for the period ended 31 December 2022 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

The auditors' reports on the accounts for 31 December 2022 and 31 December 2021 were 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.

### 2 Going concern

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous review of financial forecasts and available resources.

The Directors have robustly tested the going concern assumption in preparing these financial statements, taking into account the Group's strong liquidity position at 31 December 2022 and a number of severe but plausible downside scenarios have been modelled, which collectively would be considered remote, and remain satisfied that the going concern basis of preparation is appropriate.

Specific consideration has been given to the recent events in Ukraine. As a UK only Group we are not directly impacted by the Russia-Ukraine conflict and we will remain alert as impacts becomes clearer.

### 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 2021.

### 4 Revenue recognition

Revenue is recognised by reference to the five-step model set out in IFRS 15. Revenue is recognised when an entity transfers goods or services to a customer, measured at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the good or service is transferred to the customer.

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The Group reports revenue under the following categories and the basis of recognition for each category is described below.

Division	Revenue stream	Performance obligations	Revenue recognition accounting policy	Timing of customer payments
Intermediary Services	Membership Services	Provision of compliance and business services to financial and intermediary firms. Specific services provided under subscription model: software as a service, support, compliance visits, and learning and development.	The Group's membership is a subscription model, with income recognised in line with the access to the specific service provided (output method). Membership services includes support and software and income recognised on an over-time basis in line with the access to the services. Membership services also includes specific services, such as, regulatory visits	Subscriptions are usually invoiced monthly in advance of the commencement of the subscription period and collected in the same month by direct debit.

			and learning and development and revenue is recognised in line with the service to the customer, at the point the service is provided.	
	Additional services	Provision of additional compliance and business services provided on an ongoing or periodic basis: file checks, website hosting and maintenance, credit checking and learning and development.	Revenue from other membership services is recognised at the point at which the specific service is delivered, or across an agreed support period as necessary, based on the value agreed with the customer. Each service is assessed in line with IFRS 15 and revenue is recognised accordingly in line with the provision of service.	Compliance visits, file checks and website maintenance are collected monthly by direct debit and billed when the service is delivered. Additional services are typically on credit terms and customers pay according to terms.
	Software licence income	Provision (and support) of software licences to intermediary firms within our network revenue is recognised as the performance obligation is satisfied over time.	Revenue from software licences is recognised straight line over the licences period. The nature of the licences is such that the Group is required to undertake activities which impact the software and its utility to its customers throughout the licence period.	Invoices are raised and collected by direct debit in the month in which the licence charge relates, prorated as necessary where agreements are signed mid-month.
Distributions Channels	Marketing services revenues	Provision of advertising, marketing services and event sponsorship to product providers.	Revenue is recognised in line with the service provided to the customer (output method).	Invoices are typically raised on a monthly basis with a smaller number being raised quarterly. Customers pay according to agreed terms.
	Distribution as a service ("Daas")	Provision of analytics and broader consultative services to provider partners.	Revenue is recognised in line with the service provided to the customer (output method).	Invoices are typically raised on a monthly basis with a smaller number being raised quarterly. Customers pay according to agreed terms.
	Commission revenues	Commission revenues from product provider distributions.	Commission is recognised in full, following the confirmation of the sale by the third-party provider, who is considered to be the principal, of underlying mortgage and insurance related products. An element of commission is clawed back if the policy holder cancels and a clawback provision is accounted for accordingly.	Commission revenues are typically received between one and four weeks after confirmation of the sale by the third-party provider.
	Valuation services	Surveys and valuation services provided to clients.	Revenue is recognised at the point at which the service is delivered to the customer, based on the agreed price.	Business-to-business valuation services are paid in advance or on credit terms and customers pay according to these terms. Business-to-consumer is usually paid up front.
	Fintech and Research	Fintech software solutions	Provision (and support) of software licence contracts to providers of financial products that enable them to	Revenue from software licences is recognised straight line over the licence period. The nature of the licences is such that the Group is required to undertake activities which

		<p>research, launch and distribute relevant products to the market. The provision of software as a performance obligation is a promise of 'right to access' the software satisfied over a period of time.</p> <p>Provision of Engage software to help financial adviser client recommendations.</p>	<p>impact the software and its utility to its customers throughout the licence period.</p>	<p>Engage products are invoiced monthly and collected in the same month by monthly direct debit.</p>
	<p>Research - Risk Mappings, Fund Reviews and Rating Services</p>	<p>Star Ratings - an independent and trusted industry standard for assessing the feature quality and comprehensiveness of a financial product or proposition. The Rating is licenced to product providers over a period of time allowing for promotion of products with accompanying score.</p> <p>Risk Ratings - an independent review of funds to enable advisers to match portfolios to client's risk profiles, which is provided via a licenced Risk Rating over an agreed period of time.</p>	<p>Revenue from star and risk ratings is recognised straight line over the agreed contractual period of the licence, which is typically one year.</p>	<p>Revenue from star and risk ratings is billed on an annual basis in advance, and customers pay according to agreed terms.</p>

#### *Contract assets*

A contract asset is initially recognised for revenue earned from services for which the receipt of consideration is conditional on successful completion of the service and performance obligation. Upon completion of the service, the amount recognised as accrued income is reclassified to trade receivables.

#### *Contract liabilities*

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as deferred income until the Group delivers the performance obligations under the contract (i.e. transfers control of the related goods or services to the customer) at which point revenue is recognised in line with the delivery of the performance obligation.

### **5 Critical accounting estimates and judgements**

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

#### **Revenue**

Revenue is generated from sales of software licences to Member Firms on a "right to access" basis. Where the Group is a value-added re-seller of software licences to Member Firms the key judgement is determining whether the Member Firm is a customer of the Group. Considering the nature of the Group's re-sale of software licences, judgement is required by management to ascertain the appropriate agent versus principal classification.

The key criterion in this determination is whether the value-added re-seller has ability to direct control of the physical service prior to transfer to the customer. When the Group has control of third-party goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from customers and payments to suppliers are reported on a gross basis in revenue and cost of sales. If the Group does not have control of third-party goods or services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and reported revenue represents the margin earned by the Group.

The evaluation of control principally considers the ability to direct the use of and obtain substantially all of the remaining benefits of the provided asset or service. In respect of the re-sale of software licences, management has determined that the Group is the principal in the arrangement. The key factors in arriving at this conclusion are: the Company is

responsible for fulfilling the software service by providing the licences directly to the customer, the Company carries inventory risk in the form of a requirement to acquire a minimum number of licences, the Company sells a modified version of the software that incorporates the Company's intellectual property, and the Company directly negotiates the listed selling price with the provider, whilst also having the option to discount this price to the end customer.

### Goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The major source of estimation uncertainty relates to the estimation of future cash flows, particularly for the value in use calculations for the Fintech and Research CGU.

### 6 Segmental information

During the year, the Company was domiciled in the UK and all revenue is derived from external customers in the United Kingdom. The Group has an operation in Norway, which is wholly immaterial to the Group's revenues.

The Group 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.

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 wealth managers.

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 Fintech and Research segment provides proprietary advice technology for over 8,000 users; independent ratings and reviews of over 14,000 financial products and funds, licensed by over 300 brands; and research of over 43,000 financial products and funds.

The reportable segments are derived on a product/customer type basis. Management has applied its judgement on the application of IFRS 8, with operating segments reported in a manner consistent with the internal reporting produced to the Chief Operating Decision Maker ("CODM").

For the purpose of making decisions about resource allocation and performance assessment, it is the operating results of the three core divisions listed above that are monitored by management and the Group's CODM, being the Fintel plc Board. It is these divisions, therefore, that are defined as the Group's reportable operating segments.

Segmental information is provided for gross profit and adjusted EBITDA, which are the measures used when reporting to the CODM. The tables below present the segmental information.

	Intermediary Services	Distribution Channels	Fintech and Research	Admin and support costs	Group
	£m	£m	£m	£m	£m
<b>Year ended 31 December 2022</b>					
Revenue	23.5	23.1	19.9	-	66.5
Direct operating costs	(14.0)	(13.9)	(7.4)	-	(35.3)
Gross profit	9.5	9.2	12.5	-	31.2
Administrative and support costs				(11.8)	(11.8)
Adjusted EBITDA					19.4
Operating costs of an exceptional nature					(0.7)
Gain on disposal of subsidiary					-
Impairment/Gain on disposal of operations					(0.7)
Amortisation of other intangible assets					(2.0)
Amortisation of development costs and software					(1.1)
Depreciation					(0.3)
Depreciation of lease assets					(0.4)
Share option charge					(1.3)
Operating profit					12.9
Net finance costs					(0.5)
Profit before tax					12.4

	Intermediary Services	Distribution Channels	Fintech and Research	Admin and support costs	Group
	£m	£m	£m	£m	£m
<b>Year ended 31 December 2021</b>					
Revenue	24.0	23.1	16.8	-	63.9
Direct operating costs	(16.6)	(12.2)	(6.0)	-	(34.8)
Gross profit	7.4	10.9	10.8	-	29.1
Administrative and support costs				(10.8)	(10.8)
Adjusted EBITDA					18.3
Gain on disposal of subsidiary					4.3
Gain on disposal of operations					3.5
Amortisation of other intangible assets					(2.0)
Amortisation of development costs and software					(1.5)
Depreciation					(0.3)
Depreciation of lease assets					(0.6)
Share option charge					(1.1)
Operating profit					20.6
Net finance costs					(0.7)
Profit before tax					19.9

In determining the trading performance of the operating segments central costs have been presented separately in the current period. Segmental performance in the prior period has been presented consistently on the same basis.

The statement of financial position is not analysed between the reporting segments by management and the CODM considers the Group statement of financial position as a whole.

No customer has generated more than 10% of total revenue during the year covered by the financial information.

## 7 Operating profit

Operating profit for the year has been arrived at after charging:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Depreciation of tangible assets - owned	0.3	0.3
Depreciation of lease assets	0.4	0.6
Research expenditure	0.6	0.5

## Underlying adjustments

Underlying adjustments include amortisation of other intangible assets and operating and finance costs of an exceptional nature.

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
<b>Exceptional costs - operating</b>		
Gain on disposal of subsidiary	-	(4.3)
Impairment/(gain) on disposal of operations	0.7	(3.5)
Transformation	0.5	-
Loan refinance	0.1	-
M&A project costs	0.1	-
<b>Exceptional costs - finance</b>		
Loan refinance costs	0.1	-
<b>Other underlying adjustments</b>		
Amortisation of other intangible assets	2.0	2.0
<b>Underlying adjustments - before tax</b>	<b>3.5</b>	<b>(5.8)</b>

Underlying adjustments include the following:

An impairment of contingent consideration in relation to the earlier disposal of Simply Biz Investments Limited on 15<sup>th</sup> September 2021, implementation costs of our new CRM and ERP system, M&A pipeline costs, and legal and professional fees relating to the new revolving credit facility entered into during the year.

Exceptional finance costs of £0.1m comprise acceleration of unamortised arrangement fees relating to the extinguishment of the existing RCF facility.

Amortisation of other intangible assets relates to intangibles acquired on acquisition of Regulus Topco Limited, owner of Defaqto Limited, and Landmark Surveyors Limited.

The above adjustments have been excluded as they are not considered part of underlying trade.

## 8 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 items that are non-cash items and also items that are not considered part of ongoing underlying trade. Amortisation of other intangible assets has been excluded on the basis that it is a non-cash amount, relating to acquisitions in prior periods. The Group's "non-GAAP" measures are not defined performance measures in IFRS. The Group's definition of the reporting measures may not be comparable with similarly titled performance measures in other entities.

Adjusted EBITDA is calculated as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Operating profit	12.9	20.6
Add back:		
Depreciation (note 11)	0.3	0.3
Depreciation of lease assets (note 11)	0.4	0.6
Amortisation of other intangible assets (note 12)	2.0	2.0
Amortisation of development costs and software (note 12)	1.1	1.5
<b>EBITDA</b>	<b>16.7</b>	<b>25.0</b>
Add back:		
Gain on disposal of subsidiary	-	(4.3)
(Gain)/impairment on disposal of operations	0.7	(3.5)
Share option charge	1.3	1.1
Operating costs of exceptional nature (note 7)	0.7	-
<b>Adjusted EBITDA</b>	<b>19.4</b>	<b>18.3</b>
<b>Adjusted EBITDA of non-core surveying business</b>	<b>0.8</b>	<b>1.2</b>
<b>Core adjusted EBITDA</b>	<b>18.6</b>	<b>17.1</b>

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 as a non-cash item.

Adjusted operating profit is calculated as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Operating profit	12.9	20.6
Add back:		
Gain on disposal of subsidiary	-	(4.3)
(Gain)/impairment on disposal of operations	0.7	(3.5)
Operating costs of exceptional nature (note 7)	0.7	-
Amortisation of other intangible assets (note 12)	2.0	2.0
<b>Adjusted operating profit</b>	<b>16.3</b>	<b>14.8</b>

Adjusted profit before tax is calculated as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit before tax	12.4	19.9
Add back:		
Gain on disposal of subsidiary	-	(4.3)
(Gain)/impairment on disposal of operations	0.7	(3.5)
Operating costs of exceptional nature (note 7)	0.7	-
Finance cost of exceptional nature	0.1	-
Amortisation of other intangible assets (note 12)	2.0	2.0
<b>Adjusted profit before tax</b>	<b>15.9</b>	<b>14.1</b>

Adjusted profit after tax is calculated as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit after tax	10.1	15.6
Add back:		
Gain on disposal of subsidiary, net of tax	-	(4.3)
Gain on disposal of operations, net of tax	-	(2.4)
Impairment of contingent consideration	0.7	-
Operating costs of exceptional nature (note 7), net of tax	0.5	-
Amortisation of other intangible assets (note 12), net of deferred tax	1.6	1.6
Profit attributable to non-controlling interests	(0.3)	(0.2)
<b>Adjusted profit after tax</b>	<b>12.6</b>	<b>10.3</b>

Free cash flow conversion is calculated as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Adjusted operating profit	16.3	14.8
Adjusted for:		
Depreciation of tangible assets	0.3	0.3
Depreciation of lease assets	0.4	0.6
Amortisation of development costs and software	1.1	1.5
Share option charge	1.3	1.1
Net changes in working capital	1.8	0.6
Purchase of property, plant and equipment	(0.2)	(0.2)
Development expenditure	(1.7)	(1.6)
<b>Underlying cash flow from operations</b>	<b>19.3</b>	<b>17.1</b>
<b>Underlying operating cash flow conversion</b>	<b>118%</b>	<b>116%</b>
Net interest paid	(0.2)	(0.5)
Income tax paid	(4.8)	(1.8)
Payments of lease liability	(0.5)	(0.8)
Free cash flow	13.8	14.0
Adjusted EBITDA	19.4	18.3
<b>Free cash flow conversion</b>	<b>71%</b>	<b>77%</b>

## 9 Finance expense

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest payable on financial liabilities at amortised cost	0.3	0.6
Finance charge on lease liability	0.1	0.1
	<b>0.4</b>	<b>0.7</b>



## 10 Earnings per share

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Basic earnings per share</b>		
Profit attributable to equity shareholders of the parent (£m)	9.8	15.4
Weighted average number of shares in issue	103,184,717	97,728,610
Basic profit per share (pence)	9.5	15.7

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Diluted earnings per share</b>		
Profit attributable to equity shareholders of the parent (£m)	9.8	15.4
Weighted average number of shares in issue	103,184,717	97,728,610
Diluted weighted average number of shares and options for the year	790,867	950,770
Diluted profit per share (pence)	9.4	15.7

Weighted average number of shares in issue has been adjusted for potentially dilutive share options arising from the share scheme detailed in note 15. In addition, the exercise price of 494,118 options issued to Members (intermediary customers) were less than the share price, making them "in the money". They have therefore been included in the diluted weighted average number of shares above.

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

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Adjusted basic earnings per share</b>		
Adjusted profit after tax (note 8) (£m)	12.6	10.3
Weighted average number of shares in issue	103,184,717	97,728,610
Adjusted earnings per share (pence)	12.2	10.5

## 11 Property, plant and equipment

Group	Leased assets			Owned assets	
	Property £m	Plant and equipment £m	Total £m	Office equipment £m	Total £m
<b>Cost</b>					
At 1 January 2021	5.2	0.9	6.1	2.8	8.9
Additions	0.1	0.2	0.3	0.2	0.5
Disposals	(1.3)	(0.2)	(1.5)	(0.3)	(1.8)
At 31 December 2021	4.0	0.9	4.9	2.7	7.6
Additions	-	0.1	0.1	0.2	0.3
Disposals	-	-	-	-	-
Revaluation of lease	(1.1)	-	(1.1)	-	(1.1)
<b>At 31 December 2022</b>	<b>2.9</b>	<b>1.0</b>	<b>3.9</b>	<b>2.9</b>	<b>6.8</b>
<b>Depreciation and impairment</b>					
At 1 January 2021	0.5	0.6	1.1	1.3	2.4
Depreciation charge for the year	0.4	0.2	0.6	0.3	0.9
Disposals	(0.2)	(0.2)	(0.4)	(0.2)	(0.6)
At 31 December 2021	0.7	0.6	1.3	1.4	2.7
Depreciation charge for the year	0.3	0.1	0.4	0.3	0.7
Disposals	-	-	-	-	-
<b>At 31 December 2022</b>	<b>1.0</b>	<b>0.7</b>	<b>1.7</b>	<b>1.7</b>	<b>3.4</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>1.9</b>	<b>0.3</b>	<b>2.2</b>	<b>1.2</b>	<b>3.4</b>
At 31 December 2021	3.3	0.3	3.6	1.3	4.9

Leased property includes the Group's head office for which the lease was entered into during 2020. The lease had a non-cancellable term of 10 years, and also contained an option to extend the lease for a further 5 years beyond the non-cancellable term, and an option to purchase the building exercisable until January 2023. Management originally expected to exercise the purchase option, but during 2022 reassessed the likelihood of calling in the option to buy. The purchase option has now lapsed unexercised. The lease was therefore revalued during the year which resulted in a reduction of the lease liability and right-of-use asset of £1.1m. The lease asset is being depreciated across the non-cancellable term of the lease.

Plant and equipment includes IT equipment and motor vehicles.

## 12 Intangible assets

Group	Goodwill £m	Brand £m	Intellectual property £m	Total other intangible assets £m	Development expenditure £m	Total £m
<b>Cost</b>						
At 1 January 2021	76.2	3.1	24.4	27.5	7.5	111.2
Additions	-	-	-	-	1.6	1.6
Disposals	(3.8)	-	-	-	(5.3)	(9.1)

At 31 December 2021	72.4	3.1	24.4	27.5	3.8	103.7
Additions	-	-	-	-	1.7	1.7
Disposals	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>72.4</b>	<b>3.1</b>	<b>24.4</b>	<b>27.5</b>	<b>5.5</b>	<b>105.4</b>
<b>Amortisation and impairment</b>						
At 1 January 2021	0.2	0.5	3.2	3.7	1.9	5.8
Charge in the year	-	0.3	1.7	2.0	1.5	3.5
Disposals	-	-	-	-	(2.2)	(2.2)
At 31 December 2021	0.2	0.8	4.9	5.7	1.2	7.1
Charge in the year	-	0.3	1.7	2.0	1.1	3.1
Disposals	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>0.2</b>	<b>1.1</b>	<b>6.6</b>	<b>7.7</b>	<b>2.3</b>	<b>10.2</b>
<b>Net book value</b>						
<b>At 31 December 2022</b>	<b>72.2</b>	<b>2.0</b>	<b>17.8</b>	<b>19.8</b>	<b>3.2</b>	<b>95.2</b>
At 31 December 2021	72.2	2.3	19.5	21.8	2.6	96.6

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 £3.1m 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. This is deemed to be an accurate apportionment of goodwill associated with the subsidiary.

The carrying amount of goodwill is allocated across operating segments, which are deemed to be cash-generating units ("CGUs") as follows:

	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>£m</b>	£m
Intermediary Services	<b>12.7</b>	12.7
Distribution Channels	<b>11.5</b>	11.5
Fintech and Research	<b>48.0</b>	48.0
	<b>72.2</b>	72.2

Goodwill is determined to have an indefinite useful economic life. The Group has determined that, for the purposes of impairment testing, each segment is a cash-generating unit ("CGU"). The recoverable amounts for the CGUs are predominantly based on value in use, which is calculated on the cash flows expected to be generated using the latest projected data available over a five-year period, plus a terminal value estimate.

The key assumptions in the value in use calculation are the pre-tax discount rate (range of 15.2% to 16.0%; 2021: range of 12.8% to 13.7%), annual adjusted EBITDA growth rate (range of 4.0% to 8.0%; 2021: 6.0% to 11%) and the terminal growth rate 2.0% (2021: 2.0%). The discount rate is based on the Group's pre-tax cost of capital, which is compared with other discount rates in the sector, considered to be a reasonable market participant's rate. The projected EBITDA growth rate is built upon the Board-approved budget and plan, taking into account historical trends. The terminal growth rate is based on the expected growth rate into perpetuity and the expected long-term growth rate of the UK economy.

The Directors have reviewed the recoverable amounts of the CGUs and conclude that the carrying value remains substantiated. Any set of reasonably possible assumptions would not result in the carrying value exceeding the recoverable amount.

### 13 Interest-bearing loans and borrowings

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

	<b>Group</b>	<b>Company</b>	Group	Company
	<b>31 December</b>	<b>31 December</b>	31 December	31 December
	<b>2022</b>	<b>2022</b>	2021	2021
	<b>£m</b>	<b>£m</b>	£m	£m
<b>Current</b>				
Secured bank loan	-	-	-	-
Lease liability	<b>0.4</b>	-	0.4	-
	<b>0.4</b>	-	0.4	-
<b>Non-current</b>				
Secured bank loan	-	-	6.8	6.8
Lease liability	<b>1.8</b>	-	3.2	-
	<b>1.8</b>	-	10.0	6.8

Changes in liabilities from financing activities:

	Loans and	Lease
	borrowings	liability
	£m	£m
Balance at 1 January 2021	29.7	5.1
Cash flows <sup>[(i)]</sup>	(23.5)	(0.8)
New leases	-	0.3
Disposed leases	-	(1.1)
Other non-cash changes <sup>[(i)]</sup>	0.6	0.1
<b>Balance at 31 December 2021</b>	<b>6.8</b>	<b>3.6</b>
Cash flows <sup>[(i)]</sup>	(7.1)	(0.5)
New leases	-	0.1

Revalued leases	-	(1.1)
Other non-cash changes <sup>[(i)]</sup>	0.3	0.1
<b>Balance at 31 December 2022</b>	-	<b>2.2</b>

(i) Cash flows and other non-cash changes.

Cash flows on bank loans include £7.0m net borrowings repaid (2021: £23.0m) and interest payments made of £0.1m (2021: £0.5m). Cash flows from lease liabilities include £0.5m of lease payments (2021: £1.0m).

Other non-cash changes on bank loans include interest charges of £0.3m (2021: £0.6m). Other non-cash changes on lease liabilities include interest charges of £0.1m (2021: £0.1m).

## 14 Capital and reserves

### Share capital

	Ordinary Shares
Number of fully paid shares (nominal value £0.01):	
At 1 January 2021	96,806,612
Issue of share capital	6,072,218
At 31 December 2021	102,878,830
Issue of share capital	770,115
<b>At 31 December 2022</b>	<b>103,648,945</b>

In 2022, the Company issued 494,118 new Ordinary Shares of 1 pence each in the Company to satisfy certain share entitlements of members who had elected to exercise their options pursuant to the Members Share Option Plan ("MSOP"). The remaining 275,997 shares were issued during the year to the open share option schemes detailed in note 28.

In 2021 the Company issued 5,232,335 new Ordinary Shares of 1 pence each in the Company ("MIP Shares") following the conversion of Ordinary Shares of Simply Biz Limited (the "A Shares") as prescribed under the Management Incentive Plan (the "MIP"). The A Shares were subscribed for an IPO and vested and became exercisable from 4 April 2021 in accordance with the rules of the MIP. The remaining 839,883 shares issued during the year relate to the open share options.

	Share premium £m
At 1 January 2021	64.8
Issue of share capital	0.8
At 31 December 2021	65.6
Issue of share capital	1.2
<b>At 31 December 2022</b>	<b>66.8</b>

## 15 Share-based payment arrangements

At 31 December 2022, the Group had the following share-based payment arrangements.

### Issued in 2018

#### 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 year ended 31 December 2018 are as follows:

Scheme	Grant date	Number of awards	Vesting conditions	Contractual life of options
Approved Scheme	4 April 2018	229,412	3 years' service from grant date	3 to 10 years
Unapproved Scheme	4 April 2018	250,000	3 years' service from grant date	3 to 10 years]

During 2022, no awards (2021: no awards) under the above plans have been forfeited as a result of bad leavers.

#### 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 Simply Biz 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 three years and ten years after the date of grant, provided that they are still employed (or treated as a good leaver) 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 market capitalisation	3 to 10 years

In 2021, the MIP has been satisfied in the year via an allotment of 5,232,335 new Ordinary Shares at 1 pence each. No further awards will be made under the MIP and the scheme is now closed.

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	£1.79
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%

#### Save As You Earn ("SAYE") scheme

On 24 September 2018, the Group established the Save As You Earn ("SAYE") scheme and invited all Group employees to enter into a three-year savings contract linked to an option which entitles them to acquire Ordinary Shares in the Company.

537,618 options were issued under the scheme, with an exercise price of £1.70. The fair value of the shares at date of grant (1 December 2018) was £0.70, and the share options are due to vest in three years. Expected volatility, dividends and the risk-free interest rate have been assumed to be consistent with the approved 2019 CSOP scheme noted above.

During 2022, 16,378 (2021: 4,397) shares have been forfeited as a result of bad leavers. The scheme has now fully vested.

#### Issued in 2019

##### Company Share Option Plan ("CSOP")

In September 2019, the Group established an additional 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 year ended 31 December 2019 are as follows:

Scheme	Grant date	Number of awards	Vesting conditions	Contractual life of options
Approved Scheme	26 September 2019	15,564	3 years' service from grant date	3 to 10 years
Unapproved Scheme	26 September 2019	61,302	2 years' service from grant date	3 to 10 years
Unapproved Scheme	26 September 2019	90,791	1.52 years' service from grant date	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.

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	Unapproved CSOP
Fair value at grant date	£0.54	£1.84	£1.86
Share price at grant date	£1.93	£1.93	£1.93
Exercise price	£1.93	£0.01	£0.01
Expected volatility	45%	45%	45%
Option life (expected weighted average life)	3	2	1.52
Expected dividends	2%	2%	2%
Risk-free interest rate (based on government bonds)	1.3%	1.3%	1.3%

#### Save As You Earn ("SAYE") scheme

On 26 September 2019, the Group established the 2019 Save As You Earn ("SAYE") scheme and invited all Group employees to enter into a three-year savings contract linked to an option which entitles them to acquire Ordinary Shares in the Company.

375,145 options were issued under the scheme, with an exercise price of £1.58. The fair value of the shares at date of grant (1 December 2019) was £0.70, and the share options are due to vest in three years. Expected volatility, dividends and the risk-free interest rate have been assumed to be consistent with the approved CSOP scheme noted above.

During 2022, 17,547 (2021: 28,027) shares have been forfeited as a result of bad leavers. The scheme has now vested and scheme participants have six months to exercise their options.

#### Issued in 2020

##### Company Share Option Plan ("CSOP")

In March 2020, the Group established an additional Company Share Option Plan ("CSOP"), which granted share options to certain key management personnel. The scheme is an Unapproved Scheme with a grant date of 11 March 2020. 218,084 options were issued. The terms and conditions of the share option schemes granted during the year ended 31 December 2020 are as follows:

	Unapproved CSOP
Fair value at grant date	£1.77
Share price at grant date	£1.82
Exercise price	£0.01
Expected volatility	45%
Option life (expected weighted average life)	1.07
Expected dividends	2%
Risk-free interest rate (based on government bonds)	1.0%

## Issued in 2021

### Value Builder Plan (Tranche 1)

On 1 May 2021, the Group established the Value Builder Plan (the "VB Plan") which creates a Value Pot consisting of a fixed allocation of 100 notional Units. The Units are to be settled at the discretion of the Remuneration Committee ("RemCo") in either Fintel Ordinary Shares or cash, subject to a growth in market capitalisation and a floor of earnings per share ("EPS") growth.

Grant date	Number of awards	Vesting conditions	Contractual life of options
1 May 2021	100	3 years' service from grant date, subject to achieving a percentage growth in EPS of RPI over the performance period plus 3%	3 to 10 years

The scheme has been accounted for as an equity-settled scheme in line with the Group's expectation of final settlement. The Group has a past practice of settling similar schemes as via equity.

### Save As You Earn ("SAYE") scheme

On 1 July 2021, the Group established the 2021 Save As You Earn ("SAYE") scheme and invited all Group employees to enter into a three-year savings contract linked to an option which entitles them to acquire Ordinary Shares in the Company.

293,362 options were issued under the scheme, with an exercise price of £1.76. The fair value of the shares at date of grant (1 July 2021) was £0.84, and the share options are due to vest in three years.

During 2022, 69,838 (2021: 28,027) shares have been forfeited as a result of bad leavers. An assumed retention rate of 75% (2021: 75%) has been applied at 31 December 2022 on the outstanding shares.

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 Monte Carlo model for the VB Plan, and the Black Scholes model for the SAYE scheme. The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans:

	Save As You Earn scheme	Value Builder Plan
Fair value at grant date	£0.84	£37,000
Share price at grant date	£2.33	£2.17
Exercise price	£1.76	£nil
Expected volatility	45%	45%
Option life (expected weighted average life)	3	2.42
Expected dividends	2%	2%
Risk-free interest rate (based on government bonds)	0.18%	0.46%

### Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option programmes were as follows:

	Number of options 31 December 2022	Weighted average exercise price 2022 £	Number of options 31 December 2021	Weighted average exercise price 2021 £
Outstanding at 1 January	1,112,782	1.27	1,495,431	0.98
Forfeited during the year	(103,763)	0.33	(63,979)	1.65
Exercised during the year	(277,968)	0.42	(612,032)	0.77
Granted during the year	-	-	293,362	1.76
Outstanding at 31 December	731,051	1.16	1,112,782	1.27
Exercisable at 31 December	528,688	1.11	524,745	0.81

The options outstanding at 31 December 2022 had an exercise price in the range of £0.01 to £1.93 (2021: £0.01 to £1.93) and a weighted average contractual life of 2 years (2021: 2.1 years).

## 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	-	1.1	1.1
Release of share option reserve	-	(1.3)	(1.3)
Tax on share options exceeding profit or loss charge	-	0.1	0.1
At 31 December 2021	(53.9)	1.6	(52.3)
Share option charge	-	1.3	1.3
Release of share option reserve	-	(0.3)	(0.3)
Tax on share options exceeding profit or loss charge	-	-	-
At 31 December 2022	(53.9)	2.6	(51.3)

## 17 Notes to the cash flow statement

Year ended 31 December 2022	Year ended 31 December 2021
-----------------------------	-----------------------------

	£m	£m
<b>Cash flow from operating activities</b>		
Profit after taxation	10.1	15.6
Add back:		
Finance income	-	-
Finance cost	0.4	0.7
Taxation	2.3	4.3
	<b>12.8</b>	<b>20.6</b>
Adjustments for:		
Amortisation of development expenditure and software (note 12)	1.1	1.5
Depreciation of lease asset	0.4	0.6
Depreciation of property, plant and equipment	0.3	0.3
Amortisation of other intangible assets	2.0	2.0
Share option charge	1.3	1.1
Profit on sale of subsidiary	-	(4.3)
Loss/(profit) on sale of operations	0.7	(3.5)
<b>Operating cash flow before movements in working capital</b>	<b>18.6</b>	<b>18.3</b>
Decrease/(increase) in receivables	0.1	(0.6)
Increase in trade and other payables	1.7	1.2
<b>Cash generated from operations</b>	<b>20.4</b>	<b>18.9</b>
Income taxes paid	(4.8)	(1.8)
<b>Net cash generated from operating activities</b>	<b>15.6</b>	<b>17.1</b>

### 18 Subsequent events

On 8 March 2023, Fintel Labs Limited acquired a non-controlling interest in a financial technology business, acquiring 25% of Ordinary Shares in exchange for £1.0m consideration. The acquisition forms part of our strategy to foster innovation in the sector by supporting emerging businesses.

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