

19 March 2024

## Fintel plc

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

### Full year results for the year ended 31 December 2023

#### *Resilient financial performance and significant strategic and operational progress*

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 2023.

#### **Matt Timmins, Joint CEO of Fintel**

"2023 has been a defining year for Fintel. We have delivered a resilient financial performance and significant progress against our strategy, which balances growth across our core activities, organic investment and complementary M&A.

"We are executing our strategy at pace, enhancing our service and technology platform, increasing our scale and reach, and strengthening our position at the heart of the UK retail financial services sector to inspire better outcomes for all.

"The cash-generative nature of our business, underpinned by our financial resources, positions us well to capitalise on the favourable market conditions for M&A, whilst delivering further organic growth and value to all of our stakeholders.

"In the new financial year to date, we are trading in line with expectations and remain well positioned to take advantage of opportunities in our market."

#### **Financial highlights - Resilient performance, in line with expectations**

- Adjusted EBITDA<sup>1</sup> growth of 5.6% to £20.5m (FY22: £19.4m) and adjusted EBITDA margin of 31.5% (FY22: 29.1%), during period of significant organic and inorganic investment
- Core<sup>2</sup> SaaS & Subscription revenue up 2.2% to £37.6m (FY22: £36.8m); up 11.8% on a like-for-like basis excluding the gross to net revenue impact from a change in contractual terms of key software reseller agreement and acquisitions (FY23: £34.2m; FY22: £30.6m)
- Core revenue increased c.0.3% to £56.6m (FY22: £56.4m) and grew 5.6% on a like-for-like basis (FY23: £47.7m; FY22: £45.2m), excluding the impact of volatility in the mortgage market, the gross to net revenue change of the software reseller revenues and acquisitions
- Four acquisitions completed in 2023 with initial net cash investment of £13.3m, delivering combined core revenues of £1.5m in the period
- Strong balance sheet with £12.7m of cash, and £69m of headroom in £80m Revolving Credit Facility, providing flexibility for further investment
- Net cash of £1.7m (FY22: £12.8m), having invested significantly in the business and M&A
- Adjusted EPS<sup>1</sup> of 12.2 pence per share (FY22: 12.2 pence per share), consistently demonstrating strong profitability
- Final dividend of 2.35 pence per share proposed, resulting in a full year dividend of 3.45 pence per share, an increase of 6.2% on prior year

Financial highlights	2023	2022	% change
<b>Alternative performance measures</b>			
Core <sup>2</sup> revenue	£56.6m	£56.4m	0.3%
Core SaaS & subscription revenue	£37.6m	£36.8m	2.2%
Core adjusted EBITDA	£20.2m	£18.6m	8.6%
Core adjusted EBITDA margin	35.7%	32.9%	280 bps
Adjusted EBITDA <sup>1</sup>	£20.5m	£19.4m	5.6%

Adjusted EBITDA margin	31.5%	29.1%	240 bps
Adjusted EPS <sup>1</sup>	12.2p	12.2p	-
<b>Statutory measures</b>			
Statutory revenue	£64.9m	£66.5m	(2.4%)
Statutory EBITDA	£14.4m	£16.7m	(13.5%)
Statutory EPS	6.8p	9.5p	(28.2%)
Net cash	£1.7m	£12.8m	(86.7%)
Dividend per share	3.45p	3.25p	6.2%

### Strategic and operational highlights - Significant progress

- Fintel has made continued strategic progress, with sustained growth across core activities, organic investment into technology and research platforms, and inorganic investment to increase our scale, IP and capabilities
  - o Sustained growth across core activities
    - § Growth in SaaS and Subscription revenue, which now represents 66.4% of core revenues (FY22: 65.1%)
    - § Strong growth in fintech software revenue of 11.5%, following significant extension of proprietary software solutions
    - § 24.9% growth in Distribution as a Service revenue
  - o Increased organic investment of £4.8m into technology and service platform
    - § Enhanced Consumer Duty support and technology package, helping intermediaries to implement requirements
    - § Expanded proprietary financial planning and competitor and market intelligence software solutions with launch of four new modules
    - § Extended ratings and reviews portfolio and expanded into tax advantaged market
    - § Deepened insights for Product Providers through upgraded partner portal, and scaling of Strategic Asset Allocation and Distribution as a Service partnerships
  - o M&A investment to increase our scale, IP and capabilities, capitalising on favourable market conditions
    - § Four acquisitions completed over the period:
      - MICAP, a provider of independent research and advice tools
      - Competent Adviser, a dynamic learning platform enabling advisers to meet increasing regulatory competency requirements
      - VouchedFor, a leading review site for Financial Advisers, Mortgage Advisers, Solicitors and Accountants
      - AKG, a leading provider of independent assessments and ratings of financial strength
      - Acquisitions are performing as expected
    - § Two further acquisitions completed post period end:
      - Owen James, the leading provider of strategic engagement events in UK financial services
      - Synaptic Software, an independent provider of financial adviser planning and research software, and Weblin, a quote and apply portal for advised sales of protection products
    - § Investment in Plannr through Fintel Labs technology incubator
      - Expanding Fintel's technology proposition and extending the capabilities of Defaqto Engage through a two-way integration
      - With Fintel's support, Plannr has now successfully launched to the intermediary market

### Current trading and outlook - Continue to trade in line with expectations

- Current trading remains in line with expectations, with growth in fintech software revenue and software license sales offsetting pressures in the UK housing market
- With expectations that interest rates and housing market activity will become more positive in 2024, Fintel is well positioned to benefit from a recovery in the mortgage market
- Clear growth strategy with demand underpinned by positive market dynamics and structural drivers including regulatory pressure, the FCA Consumer Duty regulation and demand for technology and data
- Organic growth expected to be driven by ongoing software adoption across membership base, further technology penetration across the wider market, and synergies arising from recent acquisitions
- Qualified M&A pipeline, underpinned by financial resources and favourable market conditions

### Notes

<sup>1</sup>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>2</sup>Core business excludes revenues from panel management and surveying.

### Analyst presentation

An analyst briefing is being held at 9:30am on 19 March 2024 via an online video conference facility. To register your attendance, please contact [fintel@mhpgroup.com](mailto:fintel@mhpgroup.com).

**For further information please contact:**

<b>Fintel plc</b>	via MHP Group
Matt Timmins (Joint Chief Executive Officer)	
Neil Stevens (Joint Chief Executive Officer)	
David Thompson (Chief Financial Officer)	
<b>Zeus (Nominated Adviser and Joint Broker)</b>	+44 (0) 20 3829 5000
Martin Green	
Dan Bate	
<b>Investec Bank (Joint Broker)</b>	+44 (0) 20 7597 5970
Bruce Garrow	
David Anderson	

<b>MHP Group (Financial PR)</b>	+44 (0) 7736 464749
Reg Hoare	<a href="mailto:Fintel@mhpgroup.com">Fintel@mhpgroup.com</a>
Robert Collett-Creedy	

**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**

2023 was a year of material global socio-economic uncertainty and significant change within the UK advice market. In addition, the landmark Consumer Duty regulation was introduced by the FCA, and the impact of technology, data and automated processes on the financial services market intensified.

Despite these external changes, Fintel once again demonstrated its agility with a positive step change of our own, accelerating our strategic momentum and risk mitigation.

The advice market is the centrepin of our commercial position, economic strength, and forward strategy. 2023 was a period of tumultuous change for advisers, with material volatility across the financial needs of their clients, the adoption of Consumer Duty, ongoing market consolidation, and an accelerating race to respond to the digital future of efficient advice provision in the UK.

We enhanced our Intermediary Services support model, technology suite, and product research offering, retaining our position as the leading provider to the directly authorised intermediary market. As a result, we further deepened our key relationships, as we deliver aligned capabilities that will strengthen our members' market position, as well as our own.

Our institutional clients in the product provider market have worked with us extensively to enhance their ability to demonstrate the quality of their products and services to the market, and to optimise their distribution strategies. This has led to further solid growth in our Distribution as a Service ("DaaS") proposition, and significantly deeper relationships.

Following the 2023 launch of Fintel Labs, a venture designed to strengthen our technology proposition and foster innovation in the sector, we invested in and supported an innovative technology business, customer relationship management ("CRM") entrant Plannr. CRM is mission critical to the technologies deployed by our client base, and our early-stage investment in and collaboration with Plannr will provide us with the leading strategic CRM platform for small to medium-sized intermediary firms long into the future. Alongside this, we renewed our strategic partnership with Intelligent Office, the leading medium to large-sized adviser CRM platform in the UK, with a revised five-year partnership agreement. This new agreement gave rise to a material change in how we account for the business between us,

reducing our reportable run-rate revenues, whilst significantly increasing our reportable profit margin percentage from these activities.

Coming into 2023 we were acutely aware that asset prices across global financial technology, research and services had dropped significantly, as the increasing cost of capital directly impacted private equity investment and those incumbents backed by it, whilst trading uncertainties dampened the inorganic ambitions of larger institutions in the market.

Fintel has strategically mapped acquisition targets within adjacent markets since its highly successful acquisition of Defaqto in 2019, but we paused activity in the run-up to 2023, as asset prices were prohibitive to shareholder value creation. That changed significantly in 2023, when the fiscal capacity and deal foundations we created over recent years combined with attractive asset prices, enabled us to participate tactically in the M&A market. We have done so with great success, without equity dilution to our shareholders, and at an efficient cost of capital through the use of our own liquidity and favourable debt conditions, whilst retaining a positive net cash position at the year end.

Our acquisition strategy is clear. We look for technology and data-led businesses which offer cultural alignment, a strong forward growth profile and, most crucially, a clear place in the service needs of our client base.

Financially, the business has delivered consistently throughout 2023, demonstrating the largely recurring nature of its growing revenue streams and its ability to control operating costs, and invest significantly in its future. 2023 has demonstrated that Fintel is a highly resilient, predictable growth engine that operates uniquely in a growing market sector.

As a purpose-led organisation, we continue to strengthen our environmental, social and governance ("ESG") commitments, aligning to key external reporting standards and expanding our internal KPIs as we embed ESG principles across our operations. With a focus on long-term sustainable value creation for all of our stakeholders, we are committed to delivering measurable benefits for our business, the financial sector and broader society.

Our progress this year is a testament to our exceptional people, unique culture, and focused client engagement as we continue to simplify and improve a rapidly changing market.

#### **Financial performance and dividend**

The underlying resilience and cash-generative nature of our business have been clearly demonstrated through our strong financial performance for FY23, despite the backdrop of a challenging macroeconomic environment both domestically and internationally.

Both our revenue and adjusted profit before tax continued to perform in line with the Board's expectations for the full year. This, coupled with our continued strong cash flow conversion and balance sheet, has again enabled us to demonstrate our progressive dividend policy with a further year-on-year enhancement. This resulted in an interim dividend of 1.1 pence per Ordinary Share, paid in November 2023, and I am pleased to confirm that the Directors are recommending a final dividend of 2.35 pence per share payable on 19 June 2024, resulting in a full year dividend of 3.45 pence per share.

#### **Progress against our strategy**

Our primary focus for 2023 was to: (a) sustain growth across our core activities, (b) increase our organic investment into our future technology and research offerings, and (c) take significant advantage of market conditions through a series of targeted acquisitions. Each of these reflects our strategic ambitions for medium to long-term profitable growth, and the establishment of a market leading position and dominant market share within our target sectors.

I am pleased to report that despite considerable negative market sentiment, most notably in the connected sectors of mortgages and surveying, we have progressed well against each of these objectives.

We have invested significantly across 2023, and we will continue to do so across 2024, as we have clear sight of material and sustainable shareholder value creation opportunities.

Fintel is a business with a clear strategy, a positive market environment in which to execute it, and an experienced team that combines vision with a proven ability to deliver consistent strategic progress year on year.

#### **Board transition**

The Board of Directors has remained stable and unchanged during 2023, enabling a smooth transition of the Chair role from Ken Davy to me, with Ken returning to standard non-executive status as indicated to our shareholders this time last year. This demonstrates the robustness of our succession planning and the cohesiveness of our Board in managing structural change effectively.

I would like to take this opportunity to thank Ken directly for his excellent support throughout both my entry into Fintel and the transition to Chair. Furthermore, I would also like to thank the remaining Board members for their support, diligence and commitment throughout 2023.

#### **Outlook**

It remains clear that the macro-economic environments, both domestically and internationally, remain challenging for UK businesses in the medium term. That said, I am confident that the UK financial services sector will continue to offer opportunities for a business such as ours to grow, diversify and enhance shareholder value. We have the Executive team, the strategy, and the financial strength to take direct advantage of structural changes in the market.

Throughout 2023 we have demonstrated our ability to deliver significant strategic progress. We enter 2024 with momentum and are confident in our ability to continue to enhance shareholder value across the medium term.

I would like to express the Board's deep gratitude to each of our Fintel colleagues for their innovation, hard work, commitment and dedication to the Company and, indeed, to our many external partners and customers, all of whom bring value to us each day.

These are the bedrocks of our future success over the years to come, as we continue to inspire better outcomes for all.

**Phil Smith**

**Non-Executive Chairman**

## Strategic expansion capitalising on market opportunities

2023 has been a defining year for Fintel. We have delivered a resilient financial performance and invested significantly, enhancing our service and technology platform and increasing our scale and reach through the completion of four complementary acquisitions in the year.

We have strengthened our unique position at the heart of the retail financial services sector, and in a rapidly changing market, we have helped financial professionals deliver better outcomes for their clients, remain compliant in the face of changing regulation, and drive their businesses forward at pace.

As we scale our compelling proposition, enhancing our insight, IP and technology capabilities to meet evolving market needs, we are strongly positioned for continued organic and acquisitive growth, creating sustainable value for all of our stakeholders.

In a year of significant volatility, in particular within the mortgage market, our total statutory revenue remained resilient, decreasing by 2.4% to £64.9m (FY22: £66.5m), while our adjusted EBITDA increased by 5.6% to £20.5m (FY22: £19.4m) and adjusted EBITDA margin to 31.5% (FY22: 29.1%), in line with Board expectations.

## Strategic priorities

Our strategic priorities are to deliver growth, enhance margin and improve the underlying quality of our core revenues in line with our medium-term objectives. To deliver these objectives we balance sustainable growth across our core activities, organic investment into our technology and research platforms with inorganic investment to increase our scale, IP and capabilities.

Following significant organic investment into our technology and services platform of £4.8m and into four acquisitions with initial net cash investment of £13.3m in 2023, we see further opportunities to capitalise on favourable market conditions and execute our inorganic growth strategy in 2024. We will continue to realise our active M&A pipeline, leveraging our financial agility to expand our market position, increase market penetration in our target sectors and deliver material and sustainable shareholder value.

## Strategic delivery - sustained growth across our core activities

We continue to focus on scaling our core business and improving the underlying quality of our revenues. Our three medium-term (2021-2024) strategic objectives balance continued growth with re-investment in our core capabilities as we digitise and enhance our service and technology platform.

### Progress against strategic targets

Strategic focus	2023	2024 target
Core Revenue growth	5.6%*	5-7%
Margin	35.7%	35-40%
Earnings quality	66.4%	70-80%

### Core revenue growth

*Objective: core business revenue growth of 5-7% annually.*

In 2023 our core business continued to perform well and in line with our target range, growing 5.6% (FY23: £47.7m; FY22: £45.2m) on a like-for-like basis\*. Key drivers consisted of strong growth in fintech software and membership services revenue, combined with expansion of data services and ongoing adoption of the Distribution as a Service ("DaaS") proposition. Our total core revenue remained resilient, increasing by 0.3% in the year (FY23: £56.6m; FY22: £56.4m), enhanced by £1.5m revenue from the four acquisitions completed in the year.

*\*Like-for-like basis strips out the impact of acquisitions, mortgage market volatility and the changes in revenue recognition of a software reseller agreement*

### EBITDA margin

*Objective: core EBITDA margin of 35-40%.*

Our core business delivered an adjusted EBITDA of £20.2m (FY22: £18.6m) and an EBITDA margin of 35.7% (FY22: 32.9%), during a year of significant organic and inorganic expansion of our scale, IP and capabilities, performing in line with our target range.

### Earnings quality

*Objective: 70-80% of core revenue from SaaS and subscriptions*

SaaS and subscription revenue has increased by 2.2% to £37.6m, now representing 66.4% (FY22: 65.1%) of the core revenues. Key drivers were continued expansion of our DaaS proposition, and quality recurring revenue streams added through recent acquisitions. These positive drivers offset the impact of the amendment of our largest software reseller agreement.

## Organic and inorganic investment to capitalise on growth opportunity

The UK retail financial services market is open, independent, and competitive, providing choice and value to consumers. However, it is also complex and fragmented, with thousands of products to choose from, delivered by hundreds of providers, through thousands of intermediaries, within a changing regulatory environment.

In this dynamic landscape, Fintel provides technology and services to financial product manufacturers, intermediaries and consumers. Fintel's wide-reaching sector presence and unparalleled market insight ensure continued and numerous opportunities for growth. Benefiting from a clear growth strategy underpinned by structural market drivers, our model combines diverse and recurring revenue streams with a proven ability to adapt to industry trends, respond to customer demand and develop new products. This creates significant opportunities for both organic and acquisitive growth, enhanced revenue quality, and sustainable value creation for all of our stakeholders.

### Rising tide of regulation

The UK financial services regulatory landscape is constantly evolving, and financial firms need to adapt quickly and efficiently to the changing requirements whilst continuing to operate profitably. The recent changes resulting from the FCA Consumer Duty regulation require intermediaries to evidence suitability at point of sale, and financial product providers at the point of product design, creating opportunities for Fintel across the value chain.

Responding to this need, we expanded our Consumer Duty support package, helping intermediaries to implement requirements across all four consumer outcomes included in the regulation. We also adapted two of our key software solutions including the launch of Consumer Duty Profiles within our proprietary financial planning software, enabling advisers to benchmark products and evidence fair value, as well as the Customer Appeal module within our market and competitor intelligence software, showing the relative importance that different customer profiles place on the insurance product features, and enabling product providers to evidence fair value and suitability. We also expanded our regulatory technology capability, acquiring Competent Adviser, a regulatory learning platform for intermediaries, and VouchedFor, provider of the Elevation feedback tool, helping intermediaries monitor Consumer Duty compliance.

With an experienced team of nearly 150 in-house product and regulatory experts and a growing suite of technology solutions supporting delivery of compliance requirements, we are strongly positioned to continue benefiting from regulatory change.

#### **Product value as important as price**

The UK's financial services market offers thousands of financial products to choose from. This wealth of choice creates complexity for today's educated consumers, who increasingly pay attention to quality and suitability of financial products, looking beyond the price.

Providing an independent, expert assessment of a product's features and benefits and distilling this into ratings, Defaqto Star Ratings are recognised by 98% of intermediaries and trusted by consumers, with 89% of people more likely to choose a Defaqto rated product. In 2023 we built on this brand equity, refreshing the Star Ratings proposition with an updated brand identity and expanding our reach through a new distribution partnership with one of the leading comparison sites, MoneySupermarket. We also enhanced the ratings coverage to include tax-advantaged products, leveraging the data from MICAP, provider of independent research and advice tools for tax-advantaged investment products, acquired in July 2023.

Maintaining the UK's largest financial product database with over four million product features mapped, and a wide-reaching, unique expert product ratings brand, with Defaqto Star Ratings present in an estimated 52 million of consumer financial decisions, we continue to be well positioned to capitalise on the growing consumer demand for product insight and comparison.

#### ***Demand for data and insights***

With the growth in digital product distribution and regulatory focus on suitability and fair value, the demand and need for quality financial data throughout the product development and sales lifecycle is stronger than ever.

From our position at the heart of the retail financial services market, we provide data and insight services throughout the value chain, helping consumers make better informed financial decisions, intermediaries to recommend suitable products and product providers to design and distribute better products. In 2023 we improved our partner portal insights, scaled our Distribution as a Service offering, and expanded our ratings and reviews platform into adjacent markets. We also completed the successful acquisition of MICAP, provider of independent research and insight on tax-advantaged products, and AKG, provider of financial strength assessments, significantly increasing the scale and IP of our subsidiary business Defaqto.

As we realise synergies resulting from these recent acquisitions and continue to scale our data and technology platform, we see material opportunities to enrich our services and deepen our market penetration in this sector.

#### ***Demand for flexible, integrated technology***

Ongoing consolidation in the intermediary market has created a need for flexible, modular operating systems. With advisers currently using multiple pieces of software, integration and scalability are key to efficiency.

In this context our objective is to lead innovation, delivering products and solutions that add value and eliminate effort for our clients and the wider market. In 2023 we enhanced our proprietary financial planning software with the launch of a product and platform switching module and a cash flow planning tool, and completed a two-way integration with new CRM solution Plannr. We also completed two acquisitions, Competent Adviser and VouchedFor, through our knowledge and technology platform Fintel IQ, designed to provide modular, integrated solutions to the retail financial services market whilst widening our addressable market and penetration.

We will continue to invest in our technology platform, helping financial intermediaries operate more effectively and increasing value per customer. We see further opportunities for growth in this area, as we continue to realise our active M&A pipeline and consolidate a fragmented UK financial technology market.

#### **Value generation**

Our underlying financial resilience, underpinned by a diverse customer base, growing quality revenue streams, disciplined cost control and significant investments in future growth, enables us to continue to expand our proposition and revenue streams despite the backdrop of a challenging macroeconomic environment.

We continue to re-invest in our people, data and digital capabilities, focusing on enhancing our technology platform, knowledge and IP, with a record organic investment in our technology and service platform of £4.8m during the year. We do this whilst developing valuable services for our customers, supporting our people and ensuring we manage our operations responsibly, building a strong platform for sustainable growth.

The cash-generative nature of our business, combined with a significant revolving credit facility, positions us well to continue realising our active M&A pipeline, further enhancing our revenue streams and delivering value to all of our stakeholders.

Our robust adjusted earnings per share ("EPS") performance of 12.2 pence per share (FY22: 12.2 pence per share), taking into account significant investment in the year underscores our strong profitability and commitment to generating substantial value for our shareholders, underpinned by a progressive dividend policy. On a statutory basis EPS was 6.8 pence per share (FY22: 9.5 pence per share), which is reflective of significant investment in system transformation and M&A adviser costs.

#### *Ensuring better outcomes*

Fintel's purpose of inspiring better outcomes is at the centre of everything we do. Guided by that purpose, in 2022 we launched a holistic environmental, social and governance strategy, cementing our long-term commitment to sustainable value creation for all of our stakeholders. In 2023 we focused on integrating ESG principles within our operations and delivering on commitments set out in our Better Outcomes Plan, driving measurable change in our business, our industry and wider society in line with our stakeholder priorities and leading reporting standards and frameworks. This progress has been recognised by the ICA Compliance Awards 2023, seeing us shortlisted as a finalist for the "ESG Initiative of the Year" award.

#### *Our people*

We invest in our people, recognising that our team is fundamental to our ongoing success. As we seek to cultivate an engaging, inclusive workplace where everyone can thrive, we prioritise addressing our employee feedback and needs. We are delighted to see this approach reflected in our strengthened position in the top 20 "Best Companies to Work For" in financial services, as well as the "Outstanding Company to Work For" accreditation awarded for the second consecutive year and a further accolade, winning "Employer of the Year" at the FT Adviser Diversity in Finance Awards 2023.

We are also delighted to welcome Phil Smith's appointment as Chair of Fintel, succeeding our founder Ken Davy. Ken's leadership and dedication have been instrumental in shaping the robust foundation and remarkable trajectory of our Company over the years. Looking ahead, we are confident that Phil's stewardship will further our commitment to excellence, innovation, and sustained growth.

#### **Outlook**

We have started 2024 with momentum, completing the acquisitions of Synaptic Software, an independent provider of financial adviser planning and research software, and Owen James, the leading provider of strategic engagement events in UK financial services.

The core business continues to trade well, with pressures in the UK housing market offset by growth in fintech software revenue and software licence sales. With expectations that interest rates and market activity will adjust positively in 2024, we are well positioned to benefit from a recovery in the mortgage market.

Our expanding market position, diverse customer base and recurring revenue streams provide resilience against these macroeconomic headwinds and we continue to benefit from structural drivers including increasing regulatory requirements as a result of the FCA Consumer Duty regulation and ongoing demand for data and insights across the retail financial services value chain.

As we realise our active M&A pipeline, we are well placed to capitalise on favourable market conditions, leveraging our financial agility and the significant headroom in our £80m revolving credit facility.

Looking to the future, we are confident in executing our growth strategy, delivering an end-to-end service platform for UK retail financial services and consolidating a fragmented fintech market to enhance our future earnings, proposition and growth opportunities, as we inspire better outcomes for all.

**Matt Timmins and Neil Stevens**

*Joint Chief Executive Officers*

#### **FINANCIAL REVIEW**

**Year ended 31 December 2023**

	<b>Year ended</b>	Year ended
	<b>31 December</b>	31 December
	<b>2023</b>	2022
	<b>£m</b>	£m
Group revenue	<b>64.9</b>	66.5
Expenses	<b>(44.4)</b>	(47.1)
<b>Adjusted EBITDA</b>	<b>20.5</b>	19.4
Adjusted EBITDA margin %	<b>31.5%</b>	29.1%
Depreciation	<b>(0.4)</b>	(0.3)
Depreciation of leased assets	<b>(0.4)</b>	(0.4)

Amortisation of development expenditure and software	(1.3)	(1.1)
<b>Adjusted EBIT</b>	<b>18.4</b>	17.6
Operating costs - non underlying	(4.4)	(0.7)
Impairment on sale of operations	(0.2)	(0.7)
Share option charges	(1.5)	(1.3)
Amortisation of other intangible assets	(2.2)	(2.0)
Net finance costs	(0.5)	(0.5)
<b>Profit before tax</b>	<b>9.6</b>	12.4
Taxation	(2.2)	(2.3)
<b>Profit after tax</b>	<b>7.4</b>	10.1
<b>Adjusted earnings per share* ("EPS")</b>	<b>12.2</b>	12.2

\* Adjusted EPS excludes non-underlying 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 continued to perform well throughout 2023, with our diverse customer base offsetting the impact of the mortgage market. Core revenue grew 0.3% to £56.6m (FY22: £56.4m), slightly ahead of the same period last year and in line with the Board's expectations.

Core organic revenue of £55.1m (FY22: £56.4m) is impacted by an amendment in contractual terms of our primary software reseller agreement which has been recognised on a net basis since May 2023. Core organic revenue, on a like-for-like basis, has increased by 2.9% (LfL: FY23: £51.7m; FY22: £50.2m), stripping out the impact of acquisitions and the gross to net revenue recognition of the renegotiated software seller agreement.

Excluding the impact of mortgage market volatility, core organic revenue grew by 5.6% in line with our medium-term target (LfL: FY23: £47.7m; FY22: £45.2m). Whilst mortgage related activities experienced a significant 21.2% revenue decline during the year, the segment remains profitable, and is well positioned for a rapid return to previous performance levels as the UK housing market normalises.

In line with the Company's strategy, four acquisitions were completed during the year with expansion into adjacent markets enhancing our scale, IP, and proposition. The combined core revenue from these acquisitions recognised during the period amounted to £1.5m.

On a statutory basis, Group revenue, encompassing the non-core property surveying business, experienced a reduction of £1.6m to £64.9m (FY22: £66.5m). Excluding the impact of the change in the software reseller agreement revenue recognition and acquisitions, as well as the impact of increased volatility in the mortgage market, statutory revenue for 2023 remained resilient, reflecting the inherent strength of our subscription-based model which underpins our growth opportunities.

	31 Dec 23	31 Dec 22	Change	Change
Core organic revenue ex. Mortgage commissions	£47.7m	£45.2m	£2.5m	5.6%
Core organic revenue from mortgage commissions	£4.0m	£5.0m	(£1.0m)	(21.2%)
<b>Core organic revenue, like-for-like basis*</b>	<b>£51.7m</b>	<b>£50.2m</b>	<b>£1.5m</b>	<b>2.9%</b>
Core organic revenue from software reseller agreements	£3.4m	£6.2m	(£2.8m)	(46.0%)
<b>Total core organic revenue</b>	<b>£55.1m</b>	<b>£56.4m</b>	<b>(£1.3m)</b>	<b>(2.5%)</b>
Core revenue from acquisitions	£1.5m	£Nil	£1.5m	n/a
<b>Total core revenue</b>	<b>£56.6m</b>	<b>£56.4m</b>	<b>£0.2m</b>	<b>0.3%</b>

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

## Divisional performance

### Intermediary Services

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.

Intermediary Services revenue decreased 4.9% to £22.4m (FY22: £23.5m). Stripping out the revenue impact of the change in contractual terms of the software reseller agreement and acquisitions, revenue grew 5.4% on a like-for-like basis (LfL: FY23: £18.3m, FY22: £17.3m). The Intermediary Services division is well positioned to continue benefiting



from increasing regulatory changes, including the Consumer Duty regulation, with demand for services driving growth across a number of its key revenue lines.

During 2023 Fintel acquired Competent Adviser and VouchedFor. These contributed combined revenues of £0.8m (£0.5m to software license income and £0.3m to membership fee income respectively), and gross profit of £0.3m to the division from the date of acquisition.

In 2023 the Intermediary Services division delivered:

- average revenue per customer ("ARPC") of £8,019 (FY22: £7,807) - an increase of 2.7%;
- membership fee income of £11.8m (FY22: £11.5m) - an increase of 3.2%;
- software licence income of £3.7m (FY22: £6.3m) - as a result of the change in contractual terms of primary software reseller agreement now recognised on a net basis through revenue since May 2023;
- additional services income of £6.1m (FY22: £5.7m) - an increase of 6.0%; and
- gross profit\* of £10.9m (FY22: £9.5m) with gross profit margin\*\* of 48.9% (FY22: 40.4%).

\* 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 data, distribution and marketing services to product providers.

Core Distribution Channels revenues decreased to £11.9m (FY22: £13.0m). Excluding volatility in mortgage related commissions, core Distribution Channels income was consistent with prior year. Whilst mortgage related activities experienced a significant 21.2% revenue decline during 2023, this segment remained profitable, and is well positioned for a rapid return to previous performance levels as the UK housing market normalises. We continue to scale our Distribution as a Service ("DaaS") offering into adjacent markets and extending our partnerships, as we convert our revenue to long term subscription agreements with 74% of partner revenue converted to DaaS.

In 2023 Distribution Channels delivered:

- core commission revenues of £6.8m (FY22: £8.1m) - a decrease of 16.4%;
- marketing services revenues of £5.1m (FY22: £4.9m) - an increase of 3.6%, as we see the continued conversion of product provider revenue to long-term subscription agreements with DaaS revenues of £3.7m (FY22: £3.0m), an increase of 24.9%;
- non-core panel management and valuation services revenues of £8.4m (FY22: £10.1m) - a decrease of 17.3%; and
- Gross profit of £7.6m (FY22: £9.2m) with gross profit margin of 37.8% (FY22: 39.8%).

### **Fintech and Research**

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

Fintech and Research revenues grew by 12.0% to £22.3m (FY22: £19.9m), driven by ongoing software adoption and demand for ratings.

In 2023 we further enhanced our Fintech and Research capabilities, accelerating deployment of our proprietary financial planning software, and expanding our research and ratings platform, including the launch of new Star and Diamond Ratings for enterprise and investment scheme ("EIS").

During 2023 Fintel acquired MICAP and AKG contributing combined revenues of £0.7m in product ratings revenue, and gross profit of £0.2m from date of acquisition.

In 2023 Fintech and Research division delivered:

- Software revenue of £10.7m (FY22: £9.5m) - an increase of 11.5%;
- Product ratings revenue of £10.1m (FY22: £8.9m) - an increase of 14.1%;
- Other income of £1.5m (FY22: £1.5m) from consultancy and ad hoc work; and
- Gross profit of £14.2m (FY22: £12.5m) with a gross profit margin of 63.4% (FY22: 63.0%).

### **Profitability**

Adjusted EBITDA remains strong at £20.5m (FY22: £19.4m), increasing by 5.6%.

Our core business delivered a solid adjusted EBITDA margin of 35.7% (FY22: 32.9%).

The resulting adjusted EBITDA margin of 31.5% (FY22: 29.1%) 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 8.6% to £20.2m (FY22: £18.6m). The core adjusted EBITDA is the adjusted EBITDA calculated above excluding the trading results of our non-core property surveying business.

### **Non-underlying adjustments**

The operating charge to the income statement in respect of non-underlying items of £6.8m (FY22: £3.4m) includes the following:

- operating expenses of £4.4m, including:
  - £1.8m M&A-related costs - consisting of professional advisory fees on completed and pipeline acquisitions;
  - £1.5m transformation costs - implementation costs to enhance Fintel's customer relationship management ("CRM") platform and a new enterprise resource planning ("ERP") system both of which are targeted to go live in April 2024;
  - £0.7m employee restructuring;
  - £0.4m award related costs;
- amortisation of other intangible assets of £2.2m - relating to intangibles acquired on acquisition of Regulus Topco Limited (owner of Defaqto Limited), Landmark Surveyors Limited, and 2023 acquired entities: Competent Advisor, VouchedFor, AKG and MICAP; and
- impairment on disposal of operations of £0.2m relating to contingent consideration recognised in respect of the disposed Verbatim funds.

No other costs have been treated as non-underlying.

#### **Share-based payments**

Share-based payment charges of £1.5m (FY22: £1.3m) have been recognised in respect of the options in issue and include the IFRS 2 cost of the new long-term growth incentive plan issued on 18 August 2023.

#### **Financial income and expense**

Finance income of £0.3m (FY22: £nil) relates to interest earned on surplus cash on short term deposits.

Finance expenses of £0.8m (FY22: £0.5m) includes interest costs on the drawn portion of the RCF, interest on leasing arrangements and the commitment fee for the unutilised facility. Of the seven acquisitions across 2023 and this year to date, four were entirely funded through cash reserves, while the initial consideration for VouchedFor and Synaptic Software involved partial debt financing.

#### **Taxation**

The rate of corporation tax applicable for 2023 is a blended average rate of 23.5% following the corporation tax rate change in April 2023 to 25%. The underlying effective tax rate of 20.7% for the period (FY22: 19%) includes the estimated 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.£2.8m in corporation taxes evenly throughout the year.

#### **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 (FY22: 12.2 pence per share). Statutory earnings per share in the period amounted to 6.8 pence per share (FY22: 9.5 pence per share).

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

At 31 December 2023 the Group reported a robust liquidity position, featuring a total cash balance of £12.7m, £1.7m net of debt (FY22: £12.8m), and substantial headroom in the £80m revolving credit facility with £69m undrawn.

Net cash to adjusted EBITDA ratio is 0.1 times at FY23 (FY22: 0.7 times).

Underlying operating cash flow conversion was strong at 88% (FY22: 118%), despite a significant increase in development expenditure of £4.5m (FY22: £1.7m). This is 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, M&A and transformation costs impact the Company's cash generation.

#### **Acquisitions**

Investments in four acquisitions were made in the year of £13.3m (net of cash acquired of £1.8m and including acquisition costs). Upfront consideration of £15.1m for these four acquisitions was funded by £8.6m from cash reserves and £6.5m from the Group's £80m revolving credit facility. Deferred and business performance contingent consideration payable over the next three years is capped at £12.5m.

Subsequent to the year end, a further investment of £6.4m was made in a further three companies and was funded by cash reserves and existing drawings on the RCF facility. Details of all the acquisitions are given in note 20 to the Financial Statements.

#### **Capital allocation**

The Group's priority is to strike a balance between sustaining the core business, pursuing growth through acquisitions and delivering value to shareholders. Strategic initiatives include organic investment in enhancing and broadening our product offering; and inorganic investment, such as strategically aligned acquisitions. The Group manages its capital structure through regular review by the Board ensuring alignment with the Company's objectives and responsiveness to changing market conditions. 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 FY22 of £2.3m, and an interim dividend in respect of FY23 of £1.1m. The Board is proposing a full year dividend in respect of FY23 of 3.45 pence, an increase of 6.2% on the FY22 dividend of 3.25 pence. The proposed final dividend of 2.35 pence (FY22: 2.25 pence) reflects the Group's strong business performance and cash generation during the year. The dividend is payable on 19 June 2024, to shareholders on

the register on 24 May 2024 with an ex-dividend date of 23 May 2024, subject to shareholder approval at the Company's annual general meeting.

#### Accounting policies

The Group's consolidated financial information has been prepared consistently in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS"). The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. Their adoption is not expected to have a material effect on the financial statements.

#### 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 2025.

The Directors have robustly tested the going concern assumption in preparing these financial statements, considering a number of severe but plausible downside scenarios, which would collectively be considered remote. The Group continues to enjoy robust cash generation and maintains a strong liquidity position at 31 December 2023 and the Directors remain satisfied that the going concern basis of preparation in the financial statements is appropriate.

On the basis of the Group's current and forecast profitability and cash flows, and the availability of committed funding, the Directors consider and have concluded that the Group 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 2023

		2023	2023	2022	2022		
		Underlying	Underlying	Year	Underlying	Year	
		adjustments*	adjustments*	ended	adjustments*	ended	
		£m	£m	31	£m	31	
	Note	£m	£m	December	£m	December	£m
Revenue	5-6	64.9	-	64.9	66.5	-	66.5
Operating expenses	7-8	(48.0)	(4.4)	(52.4)	(50.2)	(0.7)	(50.9)
Amortisation of other intangible assets	12	-	(2.2)	(2.2)	-	(2.0)	(2.0)
Impairment on disposal of operations	7	-	(0.2)	(0.2)	-	(0.7)	(0.7)
<b>Group operating profit/(loss)</b>		<b>16.9</b>	<b>(6.8)</b>	<b>10.1</b>	<b>16.3</b>	<b>(3.4)</b>	<b>12.9</b>
Finance income	9	0.3	-	0.3	-	-	-
Finance expense	9	(0.8)	-	(0.8)	(0.4)	(0.1)	(0.5)
<b>Profit/(loss) before taxation</b>		<b>16.4</b>	<b>(6.8)</b>	<b>9.6</b>	<b>15.9</b>	<b>(3.5)</b>	<b>12.4</b>
Taxation		(3.4)	1.2	(2.2)	(2.9)	0.6	(2.3)
<b>Profit/(loss) for the financial year</b>		<b>13.0</b>	<b>(5.6)</b>	<b>7.4</b>	<b>13.0</b>	<b>(2.9)</b>	<b>10.1</b>
Profit attributable to shareholders:							
Owners of the Company				7.1			9.8
Non-controlling interests				0.3			0.3
				<b>7.4</b>			<b>10.1</b>
Earnings per share - adjusted (pence)	10			12.2p			12.2p
Earnings per share - basic (pence)	10			6.8p			9.5p
Earnings per share - diluted (pence)	10			6.8p			9.4p

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

\* Underlying adjustments are detailed in note 7

#### Consolidated statement of financial position

#### as at 31 December 2023

		31 December 2023		31 December 2022	
	Note	£m	£m	£m	£m
<b>Non-current assets</b>					
Investments		1.2		-	
Property, plant and equipment	11	1.2		1.2	
Lease assets	11	2.2		2.2	
Intangible assets and goodwill	12	118.2		95.2	
Trade and other receivables		1.5		1.6	

<b>Total non-current assets</b>		<b>124.3</b>	100.2
<b>Current assets</b>			
Trade and other receivables		<b>10.2</b>	10.6
Current tax asset		-	0.4
Cash and cash equivalents		<b>12.7</b>	12.8
<b>Total current assets</b>		<b>22.9</b>	23.8
<b>Total assets</b>		<b>147.2</b>	124.0
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	15	<b>1.0</b>	1.0
Share premium account	15	<b>67.0</b>	66.8
Other reserves	17	<b>(50.0)</b>	(51.3)
Retained earnings		<b>84.6</b>	80.8
Equity attributable to the owners of the Company		<b>102.6</b>	97.3
Non-controlling interest		<b>0.3</b>	0.5
<b>Total equity</b>		<b>102.9</b>	97.8
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		<b>20.9</b>	18.6
Lease liabilities	14	<b>0.4</b>	0.4
<b>Total current liabilities</b>		<b>21.3</b>	19.0
<b>Non-current liabilities</b>			
Loans and borrowings	14	<b>10.7</b>	-
Other payables		<b>5.1</b>	-
Lease liabilities	14	<b>1.5</b>	1.8
Deferred tax liabilities		<b>5.7</b>	5.4
<b>Total non-current liabilities</b>		<b>23.0</b>	7.2
<b>Total liabilities</b>		<b>44.3</b>	26.2
<b>Total equity and liabilities</b>		<b>147.2</b>	124.0

Consolidated statement of changes in equity  
for the year ended 31 December 2023

	Share capital	Share premium	Other reserves	Non- controlling interest	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
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>
Balance at 1 January 2023	1.0	66.8	(51.3)	0.5	80.8	97.8
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	0.3	7.1	7.4
Total comprehensive income for the year	-	-	-	0.3	7.1	7.4
<b>Transactions with owners, recorded directly in equity</b>						
Issue of shares	-	0.2	-	-	-	0.2
Dividends	-	-	-	(0.5)	(3.5)	(4.0)
Share option charge	-	-	1.5	-	-	1.5
Release of share option reserve on exercise	-	-	(0.2)	-	0.2	-
Total contributions by and distributions to owners	-	0.2	1.3	(0.5)	(3.3)	(2.3)
<b>Balance at 31 December 2023</b>	<b>1.0</b>	<b>67.0</b>	<b>(50.0)</b>	<b>0.3</b>	<b>84.6</b>	<b>102.9</b>

Consolidated statement of cash flows  
for the year ended 31 December 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£m	£m
<b>Net cash generated from operating activities</b>	18	<b>12.5</b>	15.6
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(0.3)	(0.2)
Finance income		0.3	-
Development expenditure		(4.5)	(1.7)
Cost of acquisitions - net of cash received		(13.3)	-
Equity investments		(1.0)	-
Loan to equity interest		(0.6)	-

Net proceeds from sale of operations	0.6	-
<b>Net cash flows used in investing activities</b>	<b>(18.8)</b>	<b>(1.9)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(0.5)	(0.2)
Loan drawn/(repaid)	11.0	(7.0)
Transaction costs related to borrowing	-	(0.5)
Payment of lease liability	(0.5)	(0.5)
Issue of share capital	0.2	1.2
Dividends paid	(4.0)	(3.3)
<b>Net cash flows from/(used in) financing activities</b>	<b>6.2</b>	<b>(10.3)</b>
Net (decrease)/increase in cash and cash equivalents	(0.1)	3.4
Cash and cash equivalents at start of year	12.8	9.4
<b>Cash and cash equivalents at end of year</b>	<b>12.7</b>	<b>12.8</b>

Non-underlying operating costs, as per note 7, are included in net cash generated from operating activities.

During the year there were cash outflows of £13.3m (net of cash acquired of £1.8m) in respect of investment in four acquisitions by the Group. Further details can be found in note 20.

## 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 2023 and the year ended 31 December 2022 does not constitute the Group's statutory accounts for those periods. Statutory accounts for the period ended 31 December 2022 have been delivered to the Registrar of Companies. The statutory accounts for the period ended 31 December 2023 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

The auditors' reports on the accounts for 31 December 2023 and 31 December 2022 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 concluded that the Group will have sufficient funds to meet its liabilities as they fall due. It is expected that the group will operate comfortably within its financial loan covenants for the foreseeable future including the 18-month period from the date of approval of the financial statements to 30 September 2025, with significant headroom to draw down if required.

The Group's financial risk management objectives as well as details of its financial instruments and its exposure to interest, credit and liquidity risk are described in the financial statements. Specific consideration has been given to climate risk. None of these factors have a significant impact on the Group's revenues, customer base or supply chain and therefore do not impact the Group's ability to continue as a going concern.

At 31 December 2023 the Group reported a strong liquidity position with total cash position of £12.7m, with net cash of £1.7m (2022: £12.8m) and £69m of headroom in the £80m revolving credit facility. The Group reported total net assets of £102.9m as at 31 December 2023 (2022: £97.8m). The Directors have robustly tested the going concern assumption in preparing these financial statements. The Directors' assessment takes into account the Group's strong liquidity position at 31 December 2023. The Directors have identified revenue as the most sensitive assumption in their going concern assessment. A number of severe but plausible downside scenarios have been modelled which assess the impact of increasingly severe reductions in revenue before any mitigating actions are considered. In addition, a reverse stress test has been performed to determine the extent to which revenue would need to decline throughout the entire going concern period for either liquidity to be exhausted or covenants breached. The Directors consider the significance of the reduction in revenues required to breach covenants within the reverse stress test to be remote and remain satisfied that the going concern basis of preparation is appropriate.

### 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 2022.

### 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 and learning and development and revenue is recognised in line with the service to the customer, at the point the service is provided.	Subscriptions are usually invoiced monthly in advance of the commencement of the subscription period and collected in the same month by direct debit.
	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	Commission	Commission is recognised	Commission

	revenues	revenues from product provider distributions.	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.	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	<p>Provision (and support) of software licence contracts to providers of financial products that enable them to 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>	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 impact the software and its utility to its customers throughout the licence period.	<p>Software licences are invoiced, either, monthly or quarterly, in advance with payment terms applied.</p> <p>Engage products are invoiced monthly and collected in the same month by monthly direct debit.</p>
	Research - Risk Mappings, Fund Reviews and Rating Services	<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</p>	Revenue from star and risk ratings is recognised straight line over the agreed contractual period of the licence, which is typically one year.	Revenue from star and risk ratings is billed on an annual basis in advance, and customers pay according to agreed terms.



		over an agreed period of time.		
--	--	--------------------------------	--	--

#### *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.

#### **Acquisitions**

Throughout the year four acquisitions were completed, each introducing additional complexity, judgement, and disclosure requirements.

Acquisitions made during the period have multiple success-based contingent consideration linked to financial performance. The contingent payments have been fair valued at acquisition and revalued at the balance sheet date based on the probability of success of each milestone. Due to the complexities and uncertainties in the arrangements, management judgement has been used in arriving at the fair values. For each acquisition, the fair value of contingent consideration at the acquisition date represents the estimated most likely pay-out based on management's forecast of future trading and performance discounted at the Group's incremental borrowing rate.

In addition, the application of IFRS 3 requires us to identify and recognise the assets acquired and liabilities assumed at their fair value. Judgement and estimation has been applied in identifying and measuring the fair value of separately acquired intangible assets using appropriate valuation methods.

#### **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.

More information, including carrying values in respect of the Fintech and Research CGU, is included in note 12.

#### **Revenue**

In the previous year, a significant judgement was disclosed in relation to the presentation of revenue arising sales of software licences to member firms on a "right to access" basis as principal. Following changes to the underlying contractual arrangements in the year, such sales are now recognised as agent and this is no longer considered to be an area of significant judgement.

### **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 and Distribution as a service ("DaaS") 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; independent ratings and reviews of 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
Year ended 31 December 2023	£m	£m	£m	£m	£m
Revenue	22.4	20.2	22.3	-	64.9
Direct operating costs	(11.5)	(12.6)	(8.1)	-	(32.2)
Gross profit	10.9	7.6	14.2	-	32.7
Administrative and support costs				(12.2)	(12.2)
Adjusted EBITDA					20.5
Operating costs (non-underlying)					(4.4)
Impairment on disposal of operations					(0.2)
Amortisation of other intangible assets					(2.2)
Amortisation of development costs and software					(1.3)
Depreciation					(0.4)
Depreciation of leased assets					(0.4)
Share option charge					(1.5)
Operating profit					10.1
Net finance costs					(0.5)
Profit before tax					9.6

	Intermediary Services	Distribution Channels	Fintech and Research	Admin and Support costs	Group
Year ended 31 December 2022	£m	£m	£m	£m	£m
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 (non-underlying)					(0.7)
Impairment 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 leased assets					(0.4)
Share option charge					(1.3)
Operating profit					12.9
Net finance costs					(0.5)

When assessing the trading performance of individual operating segments, central costs have been presented separately. The presentation of gross profit by segment provides an overview of the trading performance for each operating segment.

Intermediary services includes revenue and costs from acquisitions made during the year of £0.8m and £0.6m, with gross profit contribution of £0.2m. Fintech and research includes revenue and costs of £0.7m and £0.5m, with gross profit contribution of £0.2m. No acquisitions were made in 2022.

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 2023 £m	Year ended 31 December 2022 £m
Depreciation of tangible assets - owned	0.4	0.3
Depreciation of leased assets	0.4	0.4
Research expenditure	0.7	0.6

## Underlying adjustments

Underlying adjustments include amortisation of other intangible assets and operating and finance costs of a non-recurring nature.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
<b>Non-underlying costs - operating</b>		
M&A project costs	1.8	0.1
Transformation costs	1.5	0.5
Restructuring costs	0.7	-
Award related costs	0.4	-
Impairment on disposal of operations	0.2	0.7
Loan refinance costs - operating	-	0.1
<b>Non-underlying costs - finance</b>		
Loan refinance costs - finance	-	0.1
<b>Other underlying adjustments</b>		
Amortisation of other intangible assets	2.2	2.0
<b>Underlying adjustments - before tax</b>	<b>6.8</b>	<b>3.5</b>

The operating charge to the income statement in respect of non-underlying items of £6.8m (2022: £3.5m) includes the following:

- operating expenses of £4.4m;
  - £1.8m M&A-related costs - consisting of professional advisory fees on completed and pipeline acquisitions,
  - £1.5m transformation costs - implementation costs to enhance Fintel's customer relationship management ("CRM") platform and a new enterprise resource planning ("ERP") system both of which are targeted to go live in April 2024;
  - £0.7m employee restructuring, and £0.4m award related costs.
- amortisation of other intangible assets of £2.2m - relating to intangibles acquired on acquisition of Regulus Topco Limited, owner of Defaqto Limited, Landmark Surveyors Limited, and 2023 acquired entities: Competent Advisor, VouchedFor, AKG and MICAP; for which revenue arising from those acquisitions is included in underlying; and
- impairment on disposal of operations of £0.2m relating to contingent consideration recognised in respect of disposed Verbatim funds.

No other costs have been treated as non-recurring in the period. 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. 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:

	<b>Year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Operating profit	10.1	12.9
Add back:		
Depreciation (note 11)	0.4	0.3
Depreciation of leased assets (note 11)	0.4	0.4
Amortisation of other intangible assets (note 12)	2.2	2.0
Amortisation of development costs and software (note 12)	1.3	1.1
<b>EBITDA</b>	<b>14.4</b>	<b>16.7</b>
Add back:		
Impairment on disposal of operations (note 7)	0.2	0.7
Share option charge	1.5	1.3
Operating costs (non-underlying) (note 7)	4.4	0.7
<b>Adjusted EBITDA</b>	<b>20.5</b>	<b>19.4</b>
<b>Adjusted EBITDA of non-core surveying business</b>	<b>0.3</b>	<b>0.8</b>
<b>Core adjusted EBITDA</b>	<b>20.2</b>	<b>18.6</b>

Non-underlying operating costs 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:

	<b>Year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Operating profit	10.1	12.9
Add back:		
Impairment on disposal of operations (note 7)	0.2	0.7
Operating costs (non-underlying) (note 7)	4.4	0.7
Amortisation of other intangible assets (note 12)	2.2	2.0
<b>Adjusted operating profit</b>	<b>16.9</b>	<b>16.3</b>

Adjusted profit before tax is calculated as follows:

	<b>Year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Profit before tax	9.6	12.4
Add back:		
Impairment on disposal of operations (note 7)	0.2	0.7
Operating costs (non-underlying) (note 7)	4.4	0.7
Finance cost (non-underlying)	-	0.1
Amortisation of other intangible assets (note 12)	2.2	2.0
<b>Adjusted profit before tax</b>	<b>16.4</b>	<b>15.9</b>

Adjusted profit after tax is calculated as follows:

	<b>Year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Profit after tax	7.4	10.1
Add back:		
Impairment of contingent consideration (note 7)	0.2	0.7
Operating costs (non-underlying) (note 7), net of tax	3.7	0.5
Amortisation of other intangible assets (note 12), net of deferred tax	1.7	1.6
Profit attributable to non-controlling interests	(0.3)	(0.3)
<b>Adjusted profit after tax</b>	<b>12.7</b>	<b>12.6</b>

Free cash flow conversion is calculated as follows:

	<b>Year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Adjusted operating profit	16.9	16.3
Adjusted for:		
Depreciation of tangible assets	0.4	0.3
Depreciation of leased assets	0.4	0.4
Amortisation of development costs and software	1.3	1.1

Share option charge	1.5	1.3
Research and development benefit	(0.1)	-
Net changes in working capital	(0.7)	1.8
Purchase of property, plant and equipment	(0.3)	(0.2)
Development expenditure	(4.5)	(1.7)
<b>Underlying cash flow from operations</b>	<b>14.9</b>	<b>19.3</b>
<b>Underlying operating cash flow conversion</b>	<b>88%</b>	<b>118%</b>
Net interest paid	(0.3)	(0.2)
Income tax paid	(2.8)	(4.8)
Payments of lease liability	(0.5)	(0.5)
Free cash flow	11.3	13.8
Adjusted EBITDA	20.5	19.4
<b>Free cash flow conversion</b>	<b>55%</b>	<b>71%</b>

## 9 Finance income and expense

### Finance income

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Bank interest	0.3	-

### Finance expense

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interest payable on financial liabilities at amortised cost	0.7	0.3
Finance charge on lease liability	0.1	0.1
Loan refinance costs (non-underlying)	-	0.1
	<b>0.8</b>	<b>0.5</b>

## 10 Earnings per share

Year ended	Year ended
31 December	31 December

<b>Basic earnings per share</b>	<b>2023</b>	<b>2022</b>
Profit attributable to equity shareholders of the parent (£m)	7.1	9.8
Weighted average number of shares in issue	103,776,394	103,184,717
Basic profit per share (pence)	6.8	9.5

	<b>Year ended</b>	<b>Year ended</b>
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
<b>Diluted earnings per share</b>	<b>2023</b>	<b>2022</b>
Profit attributable to equity shareholders of the parent (£m)	7.1	9.8
Weighted average number of shares in issue	103,776,394	103,184,717
Diluted weighted average number of shares and options for the year	532,069	790,867
	104,308,463	103,975,584
Diluted profit per share (pence)	6.8	9.4

Weighted average number of shares in issue has been adjusted for potentially dilutive share options arising from the share scheme detailed in note 16. 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.

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>
<b>Adjusted basic earnings per share</b>	<b>2023</b>	<b>2022</b>
Adjusted profit after tax (note 8) (£m)	12.7	12.6
Weighted average number of shares in issue	103,776,394	103,184,717
Adjusted earnings per share (pence)	12.2	12.2

## 11 Property, plant and equipment

	<b>Leased assets</b>		<b>Owned assets</b>		
	<b>Plant and</b>		<b>Office</b>		
	<b>Property</b>	<b>equipment</b>	<b>Total</b>	<b>equipment</b>	<b>Total</b>
<b>Group</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Cost</b>					
At 1 January 2022	4.0	0.9	4.9	2.7	7.6
Additions	-	0.1	0.1	0.2	0.3
Revaluation of lease	(1.1)	-	(1.1)	-	(1.1)
			-		
At 31 December 2022	2.9	1.0	3.9	2.9	6.8
Acquisitions	0.3	-	0.3	0.1	0.4
Additions	-	0.1	0.1	0.3	0.4
Disposals	-	-	-	(0.7)	(0.7)
<b>At 31 December 2023</b>	<b>3.2</b>	<b>1.1</b>	<b>4.3</b>	<b>2.6</b>	<b>6.9</b>

## Depreciation and impairment

At 1 January 2022	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
At 31 December 2022	1.0	0.7	1.7	1.7	3.4
Depreciation charge for the year	0.3	0.1	0.4	0.4	0.8
Disposals	-	-	-	(0.7)	(0.7)
<b>At 31 December 2023</b>	<b>1.3</b>	<b>0.8</b>	<b>2.1</b>	<b>1.4</b>	<b>3.5</b>

## Net book value

<b>At 31 December 2023</b>	<b>1.9</b>	<b>0.3</b>	<b>2.2</b>	<b>1.2</b>	<b>3.4</b>
At 31 December 2022	1.9	0.3	2.2	1.2	3.4

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 prior year when this reassessment was made, resulting in a reduction of the lease liability and right-of-use asset of £1.1m. Following the change, 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

	Goodwill	Brand	Intellectual property	Customer relationships	Total other intangible assets	Development expenditure	Total
Group	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 January 2022	72.4	3.1	24.4	-	27.5	3.8	103.7
Additions	-	-	-	-	-	1.7	1.7
At 31 December 2022	72.4	3.1	24.4	-	27.5	5.5	105.4
Additions	-	-	-	-	-	4.5	4.5
Acquisitions	16.7	1.0	3.0	1.3	5.3	-	22.0
<b>At 31 December 2023</b>	<b>89.1</b>	<b>4.1</b>	<b>27.4</b>	<b>1.3</b>	<b>32.8</b>	<b>10.0</b>	<b>131.9</b>
Amortisation and impairment							
At 1 January 2022	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
At 31 December 2022	0.2	1.1	6.6	-	7.7	2.3	10.2
Charge in the year	-	0.3	1.8	0.1	2.2	1.3	3.5
<b>At 31 December 2023</b>	<b>0.2</b>	<b>1.4</b>	<b>8.4</b>	<b>0.1</b>	<b>9.9</b>	<b>3.6</b>	<b>13.7</b>
Net book value							
<b>At 31 December 2023</b>	<b>88.9</b>	<b>2.7</b>	<b>19.0</b>	<b>1.2</b>	<b>22.9</b>	<b>6.4</b>	<b>118.2</b>
At 31 December 2022	72.2	2.0	17.8	-	19.8	3.2	95.2



Capitalised development expenditure relates to the development of the software platform in Defaqto Limited. The carrying amount of goodwill is allocated across operating segments, which are deemed to be cash-generating units ("CGUs") as follows:

	31 December	31 December
	2023	2022
	£m	£m
Intermediary Services	24.4	12.7
Distribution Channels	11.5	11.5
Fintech and Research	53.0	48.0
	88.9	72.2

The Group has determined that each segment is a cash-generating unit ("CGU") as this is the lowest aggregation of assets that generate largely independent cash inflows.

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 16.13% to 17.07%; 2022: range of 15.2% to 16.0%), annual adjusted EBITDA growth rate (range of 3.0% to 7.0%; 2022: 4.0% to 8.0%) and terminal growth rate 2.0% (2022: 2.0%). The discount rate is based on the individual CGUs pre-tax cost of capital. 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 Fixed asset investments

	31 December	31 December
	2023	2022
	£m	£m
At 1 January 2023	-	-
Additions	1.2	-
At 31 December 2023	1.2	-

Group investments are those in which Fintel does not hold significant influence.

In March 2023, the Group paid £1m to acquire a 25% stake in Plannr Technologies Limited ("Plannr"). As the Group holds no voting rights and does not have the ability to influence strategic decision-making, management does not consider the Group to exert significant influence over Plannr. The transaction has been accounted for in accordance with IFRS 9.

In July 2023 the Group exercised its right under the convertible loan note with Cardan Financial Group Limited ("Cardan") to convert the outstanding loan into shares representing a 9.9% equity stake. The loan balance at conversion totalled £0.2m, with the equity stake being measured at the same value. Management do not deem the Group to have significant influence over Cardan and have accounted for the transaction under IFRS 9.

The Directors consider the carrying value of investments to be supported by future cash flows of the businesses.

### 14 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.

	31 December	31 December
	2023	2022
	£m	£m
<b>Current</b>		
Secured bank loan	-	-
Lease liability	0.4	0.4
	0.4	0.4

### Non-current

Secured bank loan	10.7	-
Lease liability	1.5	1.8
	12.2	1.8

Changes in liabilities from financing activities:

	Loans and borrowings	Lease liability
	£m	£m
Balance at 1 January 2022	6.8	3.6
Cash flows	(7.1)	(0.5)
New leases	-	0.1
Revalued leases	-	(1.1)
Other non-cash changes	0.3	0.1
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>2.2</b>
Cash flows	(0.5)	(0.5)
New leases	-	0.1
Loan drawdown	11.0	-
Other non-cash changes	0.2	0.1
<b>Balance at 31 December 2023</b>	<b>10.7</b>	<b>1.9</b>

#### Loans and borrowings

Cash flows on loans and borrowings include £11.0m RCF drawdown (2022: repaid £7.0m) and interest payments made of £0.5m (2022: £0.1m).

Other non-cash changes on bank loans include interest charges of £0.7m (2022: £0.3m), offset by a prepaid arrangement fee of £0.5m.

#### Lease liabilities

Cash flows from lease liabilities include £0.5m of lease payments (2022: £0.5m). Other non-cash changes on lease liabilities include interest charges of £0.1m (2022: £0.1m).

### 15 Capital and reserves

#### Share capital

	Ordinary Shares
Number of fully paid shares (nominal value £0.01):	
At 1 January 2022	102,878,830
Issue of share capital	770,115
At 31 December 2022	103,648,945
Issue of share capital	199,740
<b>At 31 December 2023</b>	<b>103,848,685</b>

In 2023, the Company issued 199,740 new Ordinary Shares to the open share option schemes detailed in note 28.

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.

Share  
premium

	£m
At 1 January 2022	65.6
Issue of share capital	1.2
At 31 December 2022	66.8
Issue of share capital	0.2
<b>At 31 December 2023</b>	<b>67.0</b>

## 16 Share-based payment arrangements

At 31 December 2023, the Group had the following share-based payment arrangements.

### 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 2023, 14,503 (2022: 69,838) shares have been forfeited as a result of bad leavers. An assumed retention rate of 75% (2022: 75%) has been applied at 31 December 2023 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%

There were no schemes issued in 2022.

### Issued in 2023

#### Growth Share Plan

On 18 August 2023, the Group implemented a new long-term incentive plan, the Growth Share Plan. The Plan creates a distributable Value Pot, the size of which is determined as being a proportion of total shareholder value of the Company. The size of the Value Pot to be received by the beneficiaries will be dependent on the average market capitalisation in the first quarter following the end of each five-year vesting period, subject to an individual participant's continued employment over the vesting period (or their having become a "Good Leaver").

The Value Pot for each award under the Plan will be granted at the discretion of the Remuneration Committee ("RemCo"), with each participant acquiring a fixed number of partly paid B Shares, C Shares and/or D Shares in an intermediary holding company, Fintel Group Holdings Limited. Subject to continued service, the Growth Shares on vestiture will be transferable into Fintel shares to the extent the relevant Value Pot has been earned.

The RemCo will have full discretion to amend the terms of the Plan to take account of, for example, corporate activities such as acquisitions to ensure the market capitalisation hurdles remain appropriate.

On 16 August 2023, the 2023 Awards were allocated under the Plan. The Measurement Period for the 2023 Awards will be the first quarter following the end of the five-year vesting period to 31 December 2027, being the period from 1 January 2028 to 31 March 2028.

The Value Pot under the 2023 Awards is comprised as follows:

Tier	Market capitalisation at end of performance period	Proportion of Shareholder Value tranche distributed in Value Pot	Total number of Growth Shares in Growth Share class
Tier 1	Between £275m and £300m	8%	163 B Shares
Tier	Between £300m and £400m	15%	419 C Shares

2			
Tier 3	Between £400m and £425m	20%	418 D Shares

Value will only accrue to the beneficiaries within each tier to the extent that average market capitalisation in the Measurement Period is above the minimum market capitalisation for that tier. The return thresholds will exclude dividends paid to shareholders.

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.

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 for the Growth Share Plan has been measured using the Monte Carlo model. The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans:

	B Shares	Value Builder Plan C Shares	D Shares
Fair value at grant date	£2,745	£6,190	£1,587
Share price at grant date	£2.15	£2.15	£2.15
Exercise price	£nil	£nil	£nil
Expected volatility	42%	42%	42%
Option life (expected weighted average life)	5	5	5
Expected dividends	1.5%	1.5%	1.5%
Risk-free interest rate (based on government bonds)	4.6%	4.6%	4.6%

#### 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 2023	Weighted average exercise price 31 December 2023 £	Number of options 31 December 2022	Weighted average exercise price 31 December 2022 £
Outstanding at 1 January	731,051	1.16	1,112,782	1.27
Forfeited during the year	(30,533)	0.64	(103,763)	0.33
Exercised during the year	(201,209)	1.13	(277,968)	0.42
Granted during the year	-	-	-	-
Outstanding at 31 December	499,309	1.14	731,051	1.16
Exercisable at 31 December	320,615	1.07	528,688	1.11

The options outstanding at 31 December 2023 had an exercise price in the range of £0.01 to £1.93 (2022: £0.01 to £1.93) and a weighted average contractual life of 1.6 years (2022: 2 years).

The weighted average share price at date of exercise for option shares issued during the year was £1.99 (FY22: £2.01).

#### Other share plans

The Group has several other share-based payment arrangements, all of which have fully vested, and there are only a few outstanding shares in each scheme.

#### 17 Other reserves

	Merger reserve	Share option reserve	Total
Group	£m	£m	£m
At 1 January 2022	(53.9)	1.6	(52.3)
Share option charge	-	1.3	1.3
Release of share option reserve	-	(0.3)	(0.3)
At 31 December 2022	(53.9)	2.6	(51.3)
Share option charge	-	1.5	1.5
Release of share option reserve	-	(0.2)	(0.2)
At 31 December 2023	(53.9)	3.9	(50.0)

#### 18 Notes to the cash flow statement

Year ended  
31 December  
Year ended  
31 December

	2023	2022
	£m	£m
<b>Cash flow from operating activities</b>		
Profit after taxation	7.4	10.1
Add back:		
Finance income	(0.3)	-
Finance cost	0.8	0.4
Taxation	2.2	2.3
	<b>10.1</b>	<b>12.8</b>
Adjustments for:		
Amortisation of development expenditure and software (note 12)	1.3	1.1
Depreciation of lease asset	0.4	0.4
Depreciation of property, plant and equipment	0.4	0.3
Amortisation of other intangible assets	2.2	2.0
Share option charge	1.5	1.3
Research and development benefit	(0.1)	-
Impairment on sale of operations	0.2	0.7
<b>Operating cash flow before movements in working capital</b>	<b>16.0</b>	<b>18.6</b>
Decrease in receivables	0.4	0.1
Increase/(decrease) in trade and other payables	(1.1)	1.7
<b>Cash generated from operations</b>	<b>15.3</b>	<b>20.4</b>
Income taxes paid	(2.8)	(4.8)
<b>Net cash generated from operating activities</b>	<b>12.5</b>	<b>15.6</b>

## 19 Subsequent events

On 26 January 2024 the Group acquired 100% of the issued shares of Adv Data Holding Limited along with its wholly owned trading subsidiary Synaptic Software Limited (a provider of independent adviser planning and research software), and 100% of the issued shares of Owen James Group Ltd along with its wholly owned trading subsidiary Owen James Events Limited (a leading provider of strategic engagement events in UK financial services).

On 15<sup>th</sup> March 2024 the Group acquired 70% of the issued share capital of Newdez Limited for initial consideration of £0.5m. The deal will assist with digitising our compliance proposition and includes contingent consideration based on performance over a two-year period and an option to acquire remaining shares.

## 20 Acquisitions

### Acquisitions completed in the year ended 31 December 2023

#### *MI Capital Research Limited ("MICAP")*

On 7 July 2023 the Group acquired 100% of the issued shares of MICAP, which is a provider of independent research and advice tools for tax-advantaged investment products. This strategic acquisition will extend the Group's reach into the tax-advantaged market, expanding both its data footprint and research capabilities to further enhance scale and IP, whilst further growth is expected from strong customer and proposition adjacencies. Upfront cash consideration of £3.0m was paid upon completion. Deferred consideration of £1.0m, together with interest at a variable annual rate of approximately 1.5%, is payable one year after acquisition. Contingent consideration, capped at £0.5m, based upon certain revenue-based criteria over the year following acquisition is payable at the end of the earn-out year. The fair value of total consideration at the acquisition date was £4.4m. On acquisition, acquired intangibles were recognised relating to customer related intangibles (£0.6m), brand name (£0.2m), and intellectual property (technology) related intangibles (£0.3m). The residual goodwill of £3.7m represents the expertise of the acquired workforce and the ability to leverage this into some of the Group's businesses, together with the ability to exploit the Group's existing customer base. MICAP contributed revenue of £0.5m and profit before taxation of £0.1m to the Group for the period from 7 July 2023 to 31 December 2023. Had the acquisition been made at the beginning the financial year, revenue would have been £1.2m and profit before taxation would have been £0.3m. The amount of goodwill expected to be deductible for tax purposes in respect of this acquisition is £nil.

#### *Competent Adviser Limited ("Competent Adviser")*

On 14 July 2023 the Group acquired 100% of the issued shares of Competent Adviser, which through its dynamic learning platform enables financial advisers to meet increasing regulatory competency requirements. This acquisition will enable the Group to further extend its support services offering to financial advisers. Upfront cash consideration of £3.0m was paid upon completion. Contingent consideration based upon certain revenue-based criteria, and by the meeting of certain non-financial criteria (not linked to employment) by the former owners over the year following acquisition is capped at £0.45m and is payable at the end of the earn-out year. The fair value of total consideration at the acquisition date was £3.2m. On acquisition, acquired intangibles were recognised relating to intellectual property (technology) related intangibles (£1.1m), customer-related intangibles (£0.1m), and brand name (£0.1m). The residual goodwill of £1.4m represents the expertise of the acquired workforce and the ability to leverage this into some of the Group's businesses, together with the ability to exploit the Group's existing customer base. Competent Adviser contributed revenue of £0.3m and profit before taxation of £0.2m to the Group for the period from 14 July 2023 to 31 December 2023. Had the acquisition been made at the beginning the financial year, revenue would have been £0.6m and profit before taxation would have been £0.4m. The amount of goodwill expected to be deductible for tax purposes in respect of this acquisition is £nil.

#### **AKG Group Limited**

On 25 October 2023 the Group acquired 100% of the issued shares of AKG Group Limited along with its wholly owned trading subsidiary AKG Financial Analytics Ltd (together "AKG"). AKG is a leading provider of independent assessments and ratings of financial strength for a range of organisations including life insurance companies, investment platforms, and discretionary fund managers. The Group will accelerate the reach and growth of the company, providing increased growth opportunities for customers and enhancing its value to consumers. Upfront cash consideration of £1.6m was paid upon completion. Contingent consideration based upon a multiple of recurring revenue over the three years ending 31 December 2026, is capped at £0.2m in total and is payable at the end of each earn-out year. Further contingent consideration will become payable upon the future sale of a long-term property lease for which AKG is the lessee. Contingent consideration in respect of the property disposal is payable if a sale is completed within three years of the acquisition and will not exceed the proceeds of the sale. The proportion of the sales proceeds payable to the former owners in the event of a sale of the property reduces over the earn-out period. The fair value of total consideration at the acquisition date was £2.0m. On acquisition, acquired intangibles were recognised relating to customer-related intangibles (£0.3m) and brand name (£0.2m). The residual goodwill of £1.2m represents the expertise of the acquired workforce and the ability to leverage this into some of the Group's businesses, together with the ability to exploit the Group's existing customer base. AKG contributed revenue of £0.2m and profit before taxation of £0.1m to the Group for the period from 25 October 2023 to 31 December 2023. Had the acquisition been made at the beginning the financial year, revenue would have been £0.9m and loss before taxation would have been £0.1m. The amount of goodwill expected to be deductible for tax purposes in respect of this acquisition is £nil.

#### **Vouchedfor Ltd ("Vouchedfor")**

On 1 November 2023 the Group acquired 100% of the issued shares of Vouchedfor, which is a leading review site for financial advisers, mortgage advisers, solicitors, and accountants serving over 5,000 intermediary customers. This acquisition further extends the Group's industry-leading portfolio of ratings and reviews for financial services and professionals. Upfront cash consideration of £7.5m was paid upon completion. Contingent consideration based upon a multiple of recurring revenue over the two years ending 31 December 2025 is capped at £10.0m in total and is payable at the end of each earn-out year. The fair value of total consideration at the acquisition date was £12.2m. On acquisition, acquired intangibles were recognised relating to intellectual property (technology) related intangibles (£1.6m), brand name (£0.5m), and customer-related intangibles (£0.3m). The residual goodwill of £10.4m represents the expertise of the acquired workforce and the ability to leverage this into some of the Group's businesses, together with the ability to exploit the Group's existing customer base. Vouchedfor contributed revenue of £0.5m and profit before taxation of £0.1m to the Group for the period from 1 November 2023 to 31 December 2023. Had the acquisition been made at the beginning the financial year, revenue would have been £2.8m and profit before taxation would have been £0.1m. The amount of goodwill expected to be deductible for tax purposes in respect of this acquisition is £nil.

The fair values of the assets and liabilities acquired during the year ended 31 December 2023 are summarised below:

	MICAP	Competent Adviser	AKG	VouchedFor	Total
During the year ended 31 December 2023	£m	£m	£m	£m	£m
Brands	0.2	0.1	0.2	0.5	1.0
Customer relationships	0.6	0.1	0.3	0.3	1.3
Intellectual property	0.3	1.1	-	1.6	3.0
Property, plant and equipment	-	-	0.4	-	0.4
Trade and other receivables	0.1	0.1	0.3	0.4	0.9
Trade and other payables	(0.4)	(0.2)	(0.5)	(0.9)	(2.0)
Net cash	0.2	0.9	0.2	0.5	1.8
Deferred tax liability	(0.3)	(0.3)	(0.1)	(0.6)	(1.3)
Fair value of assets acquired	0.7	1.8	0.8	1.8	5.1
Goodwill	3.7	1.4	1.2	10.4	16.7
Consideration	4.4	3.2	2.0	12.2	21.8
<b>Satisfied by fair values of:</b>					
Cash consideration	3.0	3.0	1.6	7.5	15.1
Deferred consideration	1.0	-	-	-	1.0
Contingent consideration	0.4	0.2	0.4	4.7	5.7
	4.4	3.2	2.0	12.2	21.8
Less: net cash acquired	(0.2)	(0.9)	(0.2)	(0.5)	(1.8)
Transaction costs and expenses	0.1	0.1	0.1	0.3	0.6
<b>Total committed spend on acquisitions completed in the year</b>	<b>4.3</b>	<b>2.4</b>	<b>1.9</b>	<b>12.0</b>	<b>20.6</b>

For each acquisition the fair value of contingent consideration at the acquisition date represents the estimated most likely pay-out based on management's forecast of future trading and performance discounted at the Group's incremental borrowing rate. The fair value of deferred consideration at the acquisition date represents the amount payable discounted at the Group's incremental borrowing rate.

Contractual deferred and contingent consideration does not pertain to post-acquisition services, and none of the contingent and deferred consideration is contingent upon reemployment.

The fair value of trade receivables within trade and other receivables is £0.8m. The gross contractual amount for trade receivables is £0.8m, all of which other than an immaterial amount is expected to be collectible.

The cash outflow in the year in respect of acquisitions completed during the year comprised:

	MICAP	Competent Adviser	AKG	VouchedFor	Total
During the year ended 31 December 2023	£m	£m	£m	£m	£m
Cash consideration	3.0	3.0	1.6	7.5	15.1
Less: net cash acquired	(0.2)	(0.9)	(0.2)	(0.5)	(1.8)
Net investing cash outflow in respect of acquisitions completed in the year	2.8	2.1	1.4	7.0	13.3
Transaction costs and expenses paid	0.1	0.1	0.1	0.3	0.6
Total cash outflow in respect of acquisitions completed in the year	2.9	2.2	1.5	7.3	13.9

#### Acquisitions completed since the year ended 31 December 2023

The fair value and purchase price allocation work on the following acquisitions made since the year end is at an early stage and will not be completed until after the approval and issue of these financial statements.

##### **Adv Data Holding Limited**

On 26 January 2024 the Group acquired 100% of the issued shares of Adv Data Holding Limited along with its wholly owned trading subsidiary Synaptic Software Limited (together "Synaptic Software"). Synaptic Software is a provider of independent adviser planning and research software. This acquisition will extend and cement the Group's central market position as a provider of technology, research, and consulting services to the adviser market. Cash consideration of £5.1m was paid upon completion. There is no contingent consideration.

##### **Owen James Group Ltd**

On 26 January 2024 the Group acquired 100% of the issued shares of Owen James Group Ltd along with its wholly owned trading subsidiary Owen James Events Limited (together "Owen James"). Owen James is a leading provider of strategic engagement events in UK financial services. This acquisition will extend the Group's flagship industry events programme, and data and insights strategy. Cash consideration of £0.8m was paid upon completion, with a further £0.1m payable two months later upon successful completion of an integration plan. Contingent consideration based upon certain revenue-based criteria over the three years following acquisition is capped at £1.5m in total and is payable at the end of each earn-out year.

##### **Newdez Limited**

On 15th March 2024 the Group acquired 70% of the issued share capital of Newdez Limited for initial consideration of £0.5m. The deal will assist with digitising our compliance proposition and includes contingent consideration based on performance over a two-year period and an option to acquire remaining shares.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.ms.com](http://www.ms.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR DZGMFMRVGDZZ