

STRICTLY PRIVATE & CONFIDENTIAL

2019 FULL YEAR RESULTS SIMPLYBIZ GROUP

10th MARCH 2020



Agenda

- 01 Management Team
- 02 Highlights of 2019
- 03 Business Overview
- 04 Financial Performance
- 05 Strong Platform for Growth
- 06 Summary
- 07 Appendices



Proven Management Team



Ken Davy

Non-Executive Chairman



Matt Timmins

Joint CEO

- Joined the Group as Marketing Director at inception in 2002
- Appointed Joint Managing Director in May 2010



Neil Stevens

Joint CEO

- Joined the Group in 2003, joining the Board in 2004
- Appointed Joint Managing Director in May 2010



Gareth Hague

Group Finance Director

- Joined the Group in 2016 as Group Financial Controller
- Appointed Group Finance Director in April 2018

Non-Executive Directors



Tim Trotter



Tim Clarke



Gary Hughes

SimplyBiz Group

2019 Highlights



2019 – Financial Highlights

£62.8m

Revenue

24% growth
on 2018

£12.4m

Adjusted PAT

48% growth
on 2018

13.4p

Adjusted earnings
per share

15% growth on 2018

4.26p

Full year Dividend

2.85p final dividend

£17m

Adjusted¹
EBITDA

49% growth on
2018

27.1%

Adjusted EBITDA
Margin

Increased from
22.5% 2018

£27m

Net Debt

As at 31 December 2019

Strong and sustainable earnings, cashflow and margins.

2019 – Operational Highlights

Strategic
Acquisition of
Defaqto
and rapid
integration

£17bn
of recommendations
on fintech platform

22%
Increase in software
income

9.4%
Increase in
membership income

£16bn
Completed
mortgage
transactions

>14.3% growth on
2018

New Client
Wins

LEGG MASON
GLOBAL ASSET MANAGEMENT
SENECA
PARTNERS

1000 Funds
Mapped

Using proprietary
research approach

Winner of the
2020 Professional
Adviser & 2019
Money Marketing
Awards

As at 31 December 2019

Materially extended software and services platform

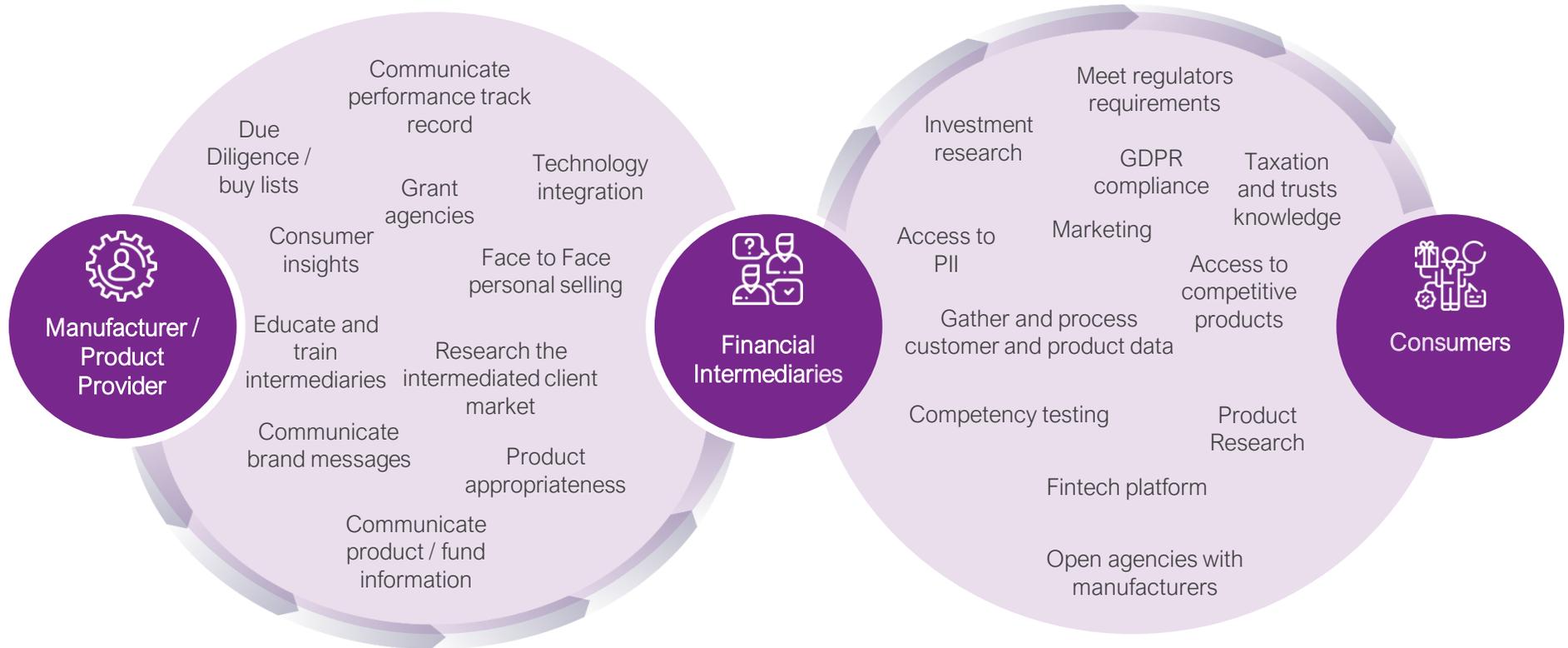


Business Overview

Delivering better outcomes
for retail financial services

UK Financial Services – an Intermediated Marketplace

A highly fragmented market with regulatory and distribution challenges



Est. 80% of UK Retail Asset Management sales are intermediated
£197bn in 2018*

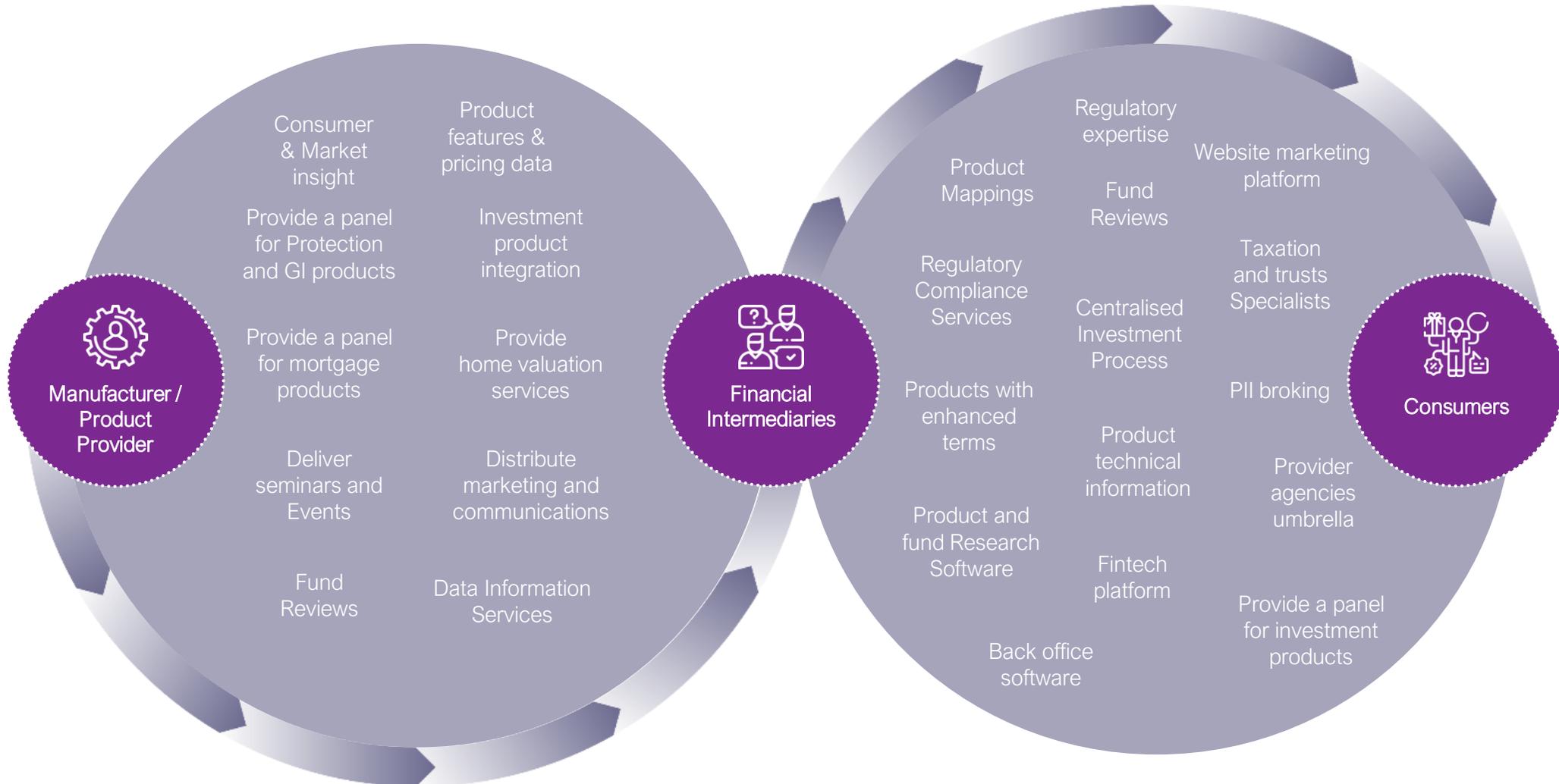
Est. 70%+ of UK Mortgages sales are intermediated
est. £187bn in 2018**

*Source: The Investment Association, 2019

**Source: UK Finance

Market Enabler

Providing essential services to the *supply-side* and *demand-side* of Retail Financial Services



Delivering better outcomes for retail financial services



SimplyBiz
Intermediary Services

Membership

Additional services

Software

Employee Benefits



SimplyBiz
Distribution Channels

Marketing Services

Mortgage & Valuation Services

Insurance Panel

Own products

Market and product insights

Delivering better outcomes for retail financial services

defaqto
Intermediary Services

Fintech
(Engage + CENTRA)

Research and Panels

Data Services



defaqto
Distribution Channels

Ratings

Fund Reviews

Mappings

Market Insights

Fintech & Research that informs consumers, advisers and product providers

Intermediary Membership



- Increase in leavers from Consumer Credit market in 2019
- Net annual growth in core market from 2014 to 2019 was 6%
- Including new market membership annual growth of 8%
- Average 5% attrition

RLM = Retired, left industry or merged

Scale in Both Channels = A Leading Services & Software Platform

SimplyBiz Group

Intermediary Services

	No. of firms
IFA & Wealth Managers	4137
Mortgage & GI Intermediaries	819
Credit Broking Firms	672
<ul style="list-style-type: none"> ✓ Monthly subscription model ✓ Recurring revenues 	5628



Distribution Channels

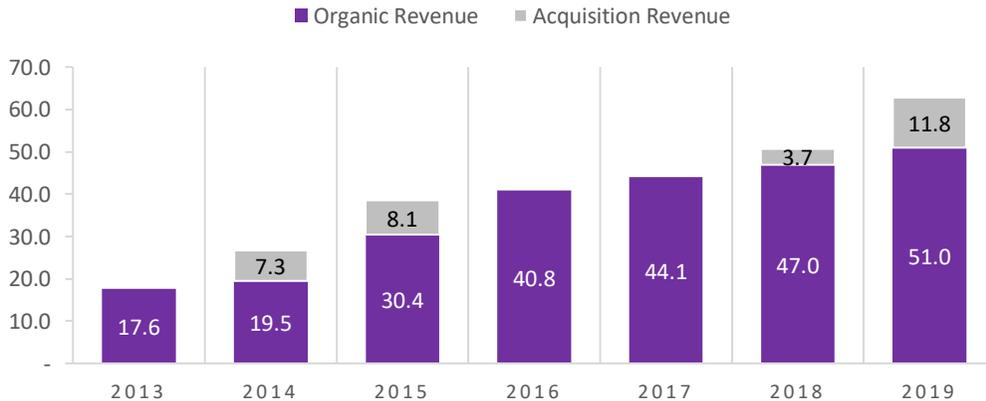
No. of providers	
52	Life and Pensions companies
109	Asset Managers
107	Banks & Mortgage lenders
138	Major GI providers
45	Credit lenders
17	Aggregators
1	Public Sector Bodies
12	Sipp and Platform Providers
35	Other
516	<ul style="list-style-type: none"> ✓ Annual renewal model ✓ Recurring revenues



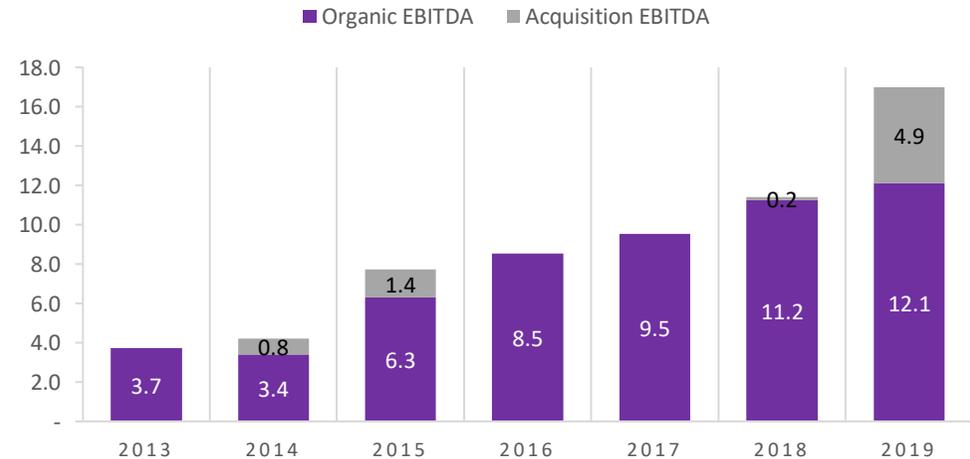
A leading provider of support services and software

- Largest provider of compliance, business and software services to intermediaries
- Market leading research and fintech
- Valuable and unique distribution channels
- Recurring revenues and growing margin
- Regulation & capital light
- Track record of growth and successful acquisitions

Group Revenue



Group EBITDA



SimplyBiz Group

Financials



Income Statement

£m	Dec-18	Dec-19		Growth	
		Organic	Defaqto		Group
Revenue	50.7	51.0	11.8	62.8	24%
Operating expenses	(39.3)	(38.3)	(6.7)	(45.0)	
Impact of IFRS 16 Leases	-	(0.5)	(0.2)	(0.7)	
Underlying operating expenses	(39.3)	(38.9)	(6.9)	(45.8)	17%
Adjusted EBITDA	11.4	12.1	4.9	17.0	49%
Adjusted EBITDA Margin	22.5%	23.8%	41.4%	27.1%	
Adjusted Profit After Tax	8.4			12.4	48%
Adjusted EPS	11.62p			13.40p	15%

Income statement presented adjusted for exceptional costs (including finance charges) incurred in the current and prior year, as well as amortisation of intangible assets required through acquisitions.

Adjusted EBITDA measure removes the current year beneficial impact on EBITDA for the adoption of IFRS 16 Leases.

Revenue

- Revenue growth of **24%** includes £11.8m contribution from Defaqto for the 9 months post-acquisition
- Headline organic revenue growth of **1%** includes **strong growth** in several core revenue streams

Operating Expenses

- Increase in operating expenses includes £6.9m from acquisition of Defaqto
- Strong cost control, maintaining margins in organic business

Adjusted EBITDA

- Organic EBITDA margin **increased by 1.3% to 23.8%** due to revenue growth in higher margin lines of business

Balance Sheet

£m	Dec-18	Dec-19
Non-current assets:		
Property, plant & equipment	0.4	0.5
Intangible assets and Goodwill	23.1	106.2
	23.5	106.7
Working capital:		
Cash	13.8	10.7
Receivables and accrued income	8.7	11.8
Payables and accruals	(9.1)	(16.5)
	13.4	5.9
Other items:		
Corporation tax	(0.5)	(0.7)
Deferred tax	(0.6)	(4.0)
Deferred consideration	(1.8)	(0.7)
Net lease asset / (liability)	-	(0.1)
Loans	(7.4)	(37.7)
Net Assets	26.6	69.5
Net Cash / (Debt)	6.4	(27.0)

Non Current Assets

- £26.5m of Intangible Assets and £56.4m of Goodwill recognised on acquisition of Defaqto
- Capital light with £0.2m CAPEX in the period

Working Capital

- Increase in payables due to deferred revenue in Defaqto

Other items

- £4.5m of deferred tax liabilities recognised on Defaqto Intangible Assets
- Funding provided by £38m drawdown on £45m revolving credit facility
- Net debt to adjusted EBITDA ratio in line with expectation at 1.6 times

Cash Flow Statement

£'000	Dec-18	Dec-19
Adjusted EBITDA	11.4	17.0
Working Capital Movement	(0.6)	(3.5)
Tax paid	(1.0)	(1.8)
Capital expenditure	(0.1)	(0.2)
Development expenditure	(0.7)	(2.4)
Net interest payable	(1.0)	(1.0)
Free cash flow	8.1	8.2
<i>Conversion (%)</i>	<i>71%</i>	<i>48%</i>
Exceptional costs	(3.8)	(2.0)
Drawdown of new loans	10.1	37.5
Repayment of loans and settlement of share warrants	(38.8)	(31.7)
Issue of share capital, net of issue costs	30.0	28.1
Acquisitions net of cash received	(2.5)	(38.9)
Payment of deferred consideration	-	(1.1)
Dividends	(0.8)	(2.9)
Other	(0.0)	(0.3)
Net Cash Flow	2.3	(3.2)

Free Cash Flow

- Free cash flow reduced to 48% in current year due to timing of Defaqto acquisition. Free cash flow in Defaqto is weighted higher in the first quarter of the year, prior to the acquisition in 2019
- Free cash flow conversion in Organic business consistent with the prior year

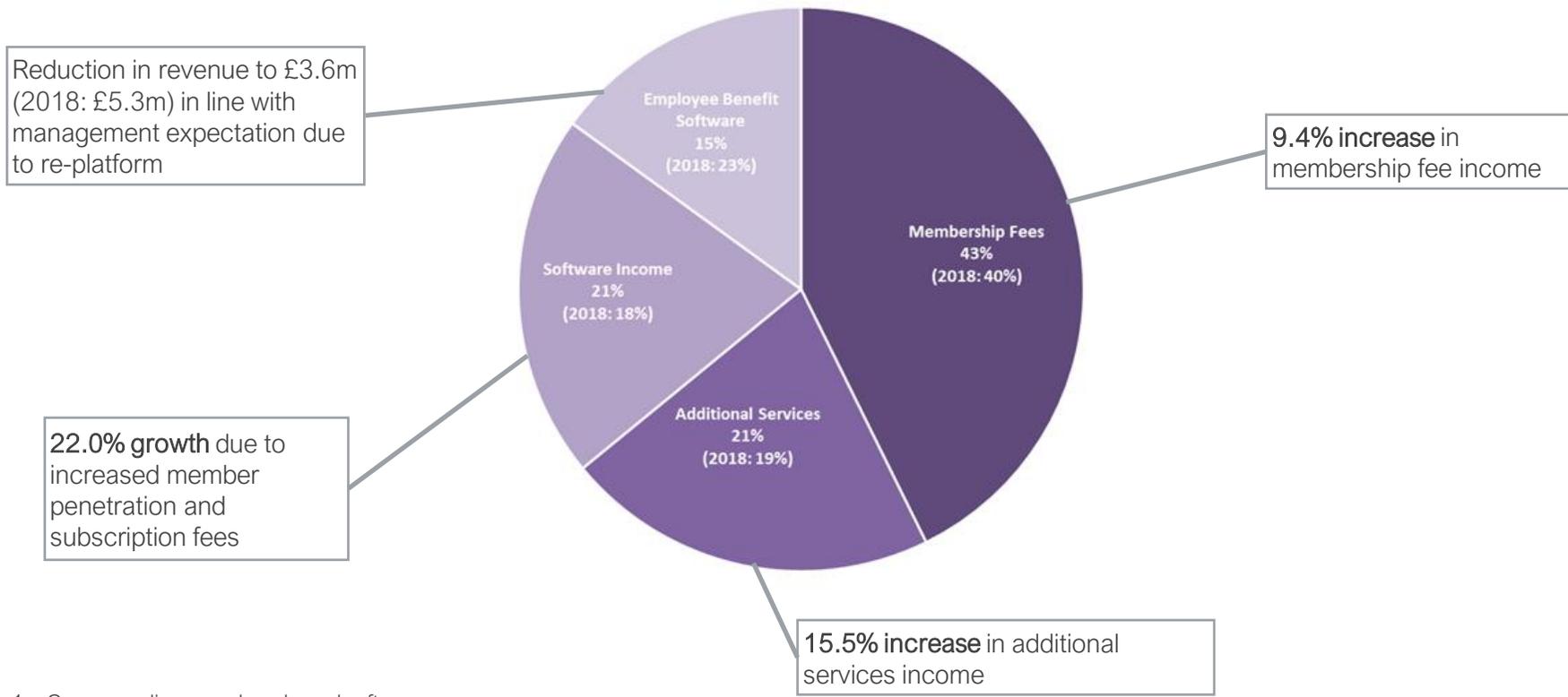
Other items

- Exceptional costs relate to IPO in 2018 and Defaqto acquisition and equity raise in 2019
- Acquired debt from Defaqto was settled at point of acquisition. £7.0m of the Revolving Credit Facility paid since acquisition

2019 – Divisional Performance



2019 revenue: £24.2m (2018: £23.3m)

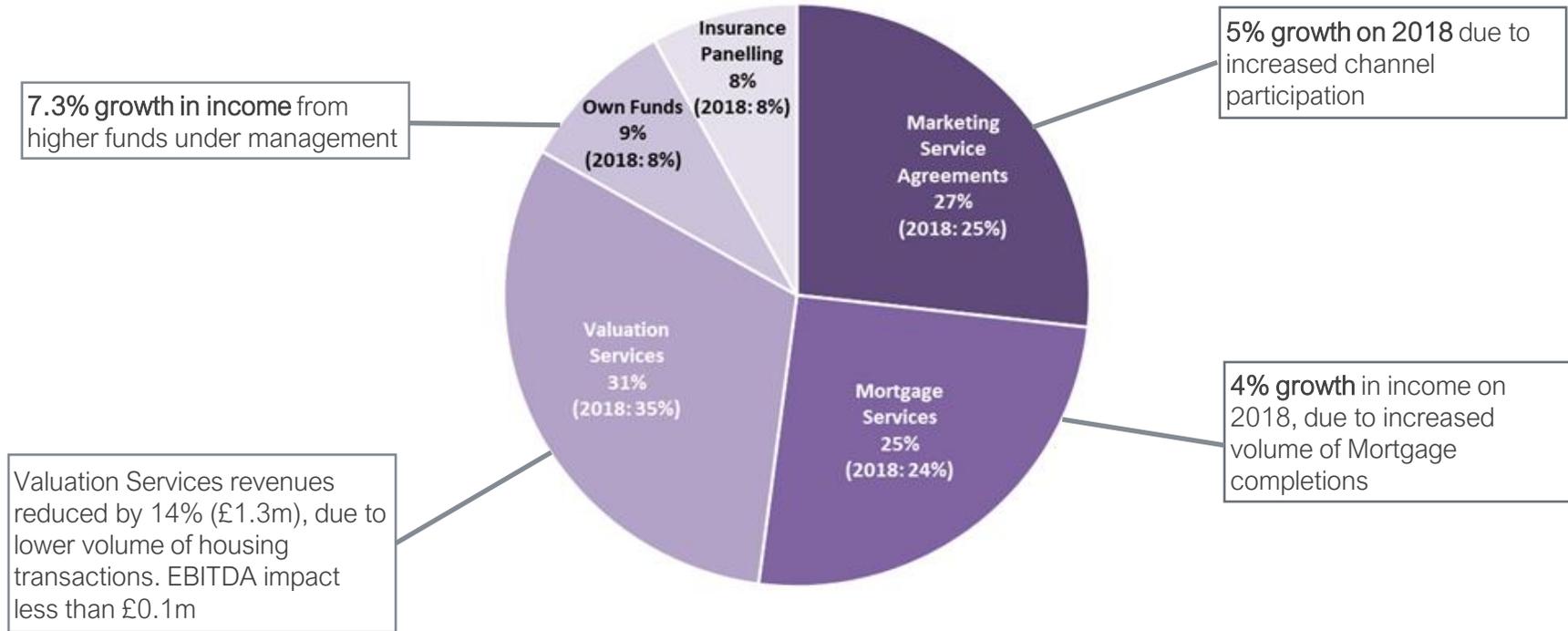


1. Core compliance and packaged software
2. Additional field support, file checking, Estate Planning, Probate and PII broking
3. Back office and research software licenses
4. Flexible benefits and auto enrolment software

2019 – Divisional Performance

SimplyBiz
Distribution Channels

2019 revenue: £26.8m (2018: £27.4m)

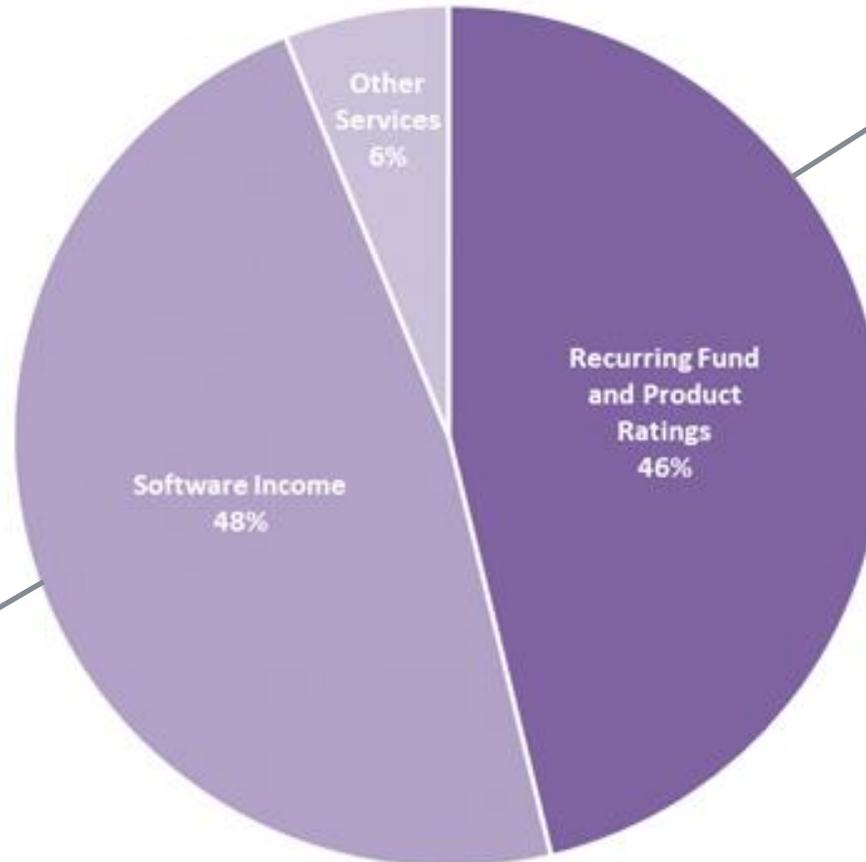


1. Events, website and digital, printed marketing
2. Mortgage procurement panel & panel management
3. Home valuation services
4. Insurance procurement panel for protection insurance
5. Verbatim investment products

2019 – Divisional Performance

Research & Fintech

2019 revenue: £11.8m



Fintech to advisers and software to product providers

Rich product database and research that informs consumer and adviser purchase decisions

Strong and sustainable business - Financial Summary

- Strong Growth in Revenue (24%), adj EBITDA (49%) and adj PAT (48%)
- Adjusted EBITDA margin increased to 27.1%
- Earnings increased by 15%
- Strong and sustainable growth in core markets
- Guiding to marginally lower growth in revenues and EBITDA
- Management confident of strong growth in core revenue and earnings for 2020



SimplyBiz Group

Leveraging a Strong Platform for Growth

Strong Market Drivers to Support Growth

Significant market opportunity for continued growth



Move to
direct
authorisation



Mortgage
market
increasingly
intermediated



Increased
regulation
from multiple
regulators

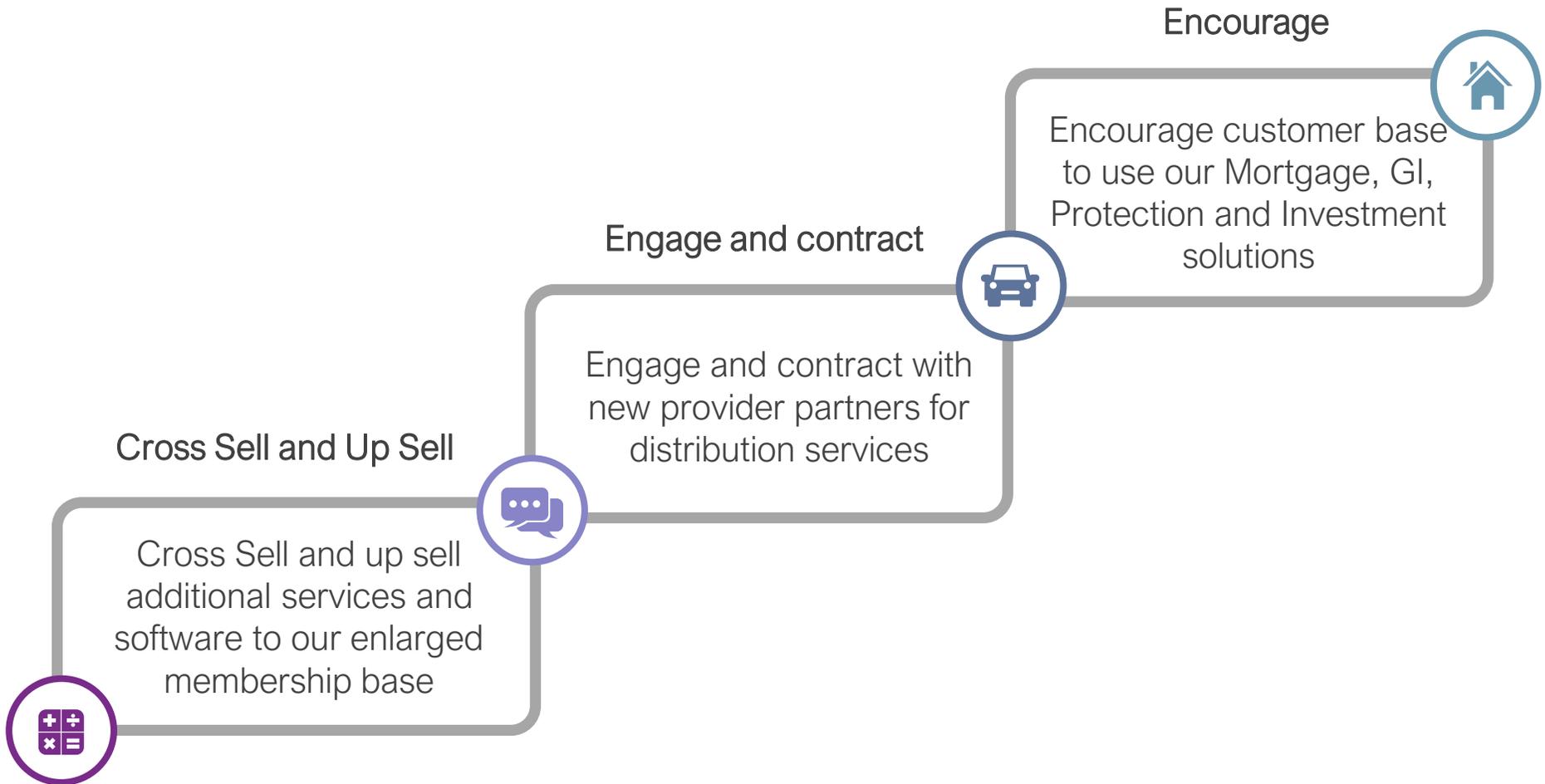


Product
governance
(MiFID II) &
data
deficiencies

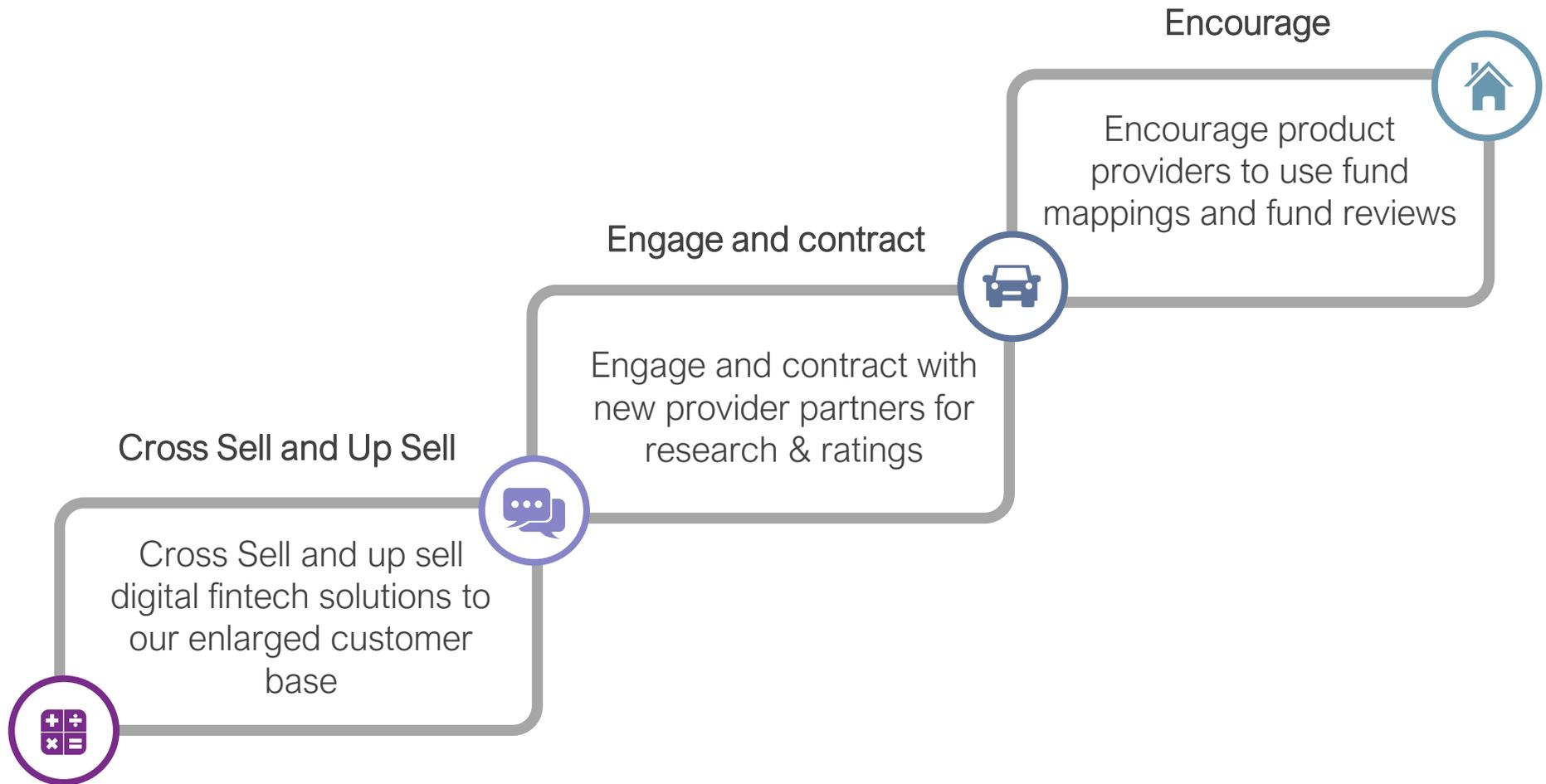


Provider
product
margins
reducing

Growth Drivers – Organic Growth



Defaqto Growth Drivers – Organic Growth



Growth Drivers – New Opportunities

Expand our Business Platform

To provide services to larger, more complex and higher value businesses

Discretionary Investment Managers and large Wealth Managers



Expand our Technology Platform

To provide additional modules to existing client bank of 9,500

Pension switching module



Growth Drivers – New Opportunities

Capitalise on our strong market position

- Providing an increasing range of distribution services to product providers

Outsourced Sales and Marketing



Provide IP to design, test and improve products

- License market insight data & models to fund managers

Improve product appropriateness and inform new product design



Strong and sustainable business.

Enhanced Platform to support continued growth

- High quality business platform with real scale
- Significantly enhanced platform through the strategic acquisition of Defaqto
- Market Leading digital capabilities and SaaS based revenues
- Strong earnings growth, strong dividend growth
- Long-term drivers support our continued growth
- Stable and confident management team

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2019 FINAL RESULTS SIMPLYBIZ GROUP

APPENDICES

MARCH 2020

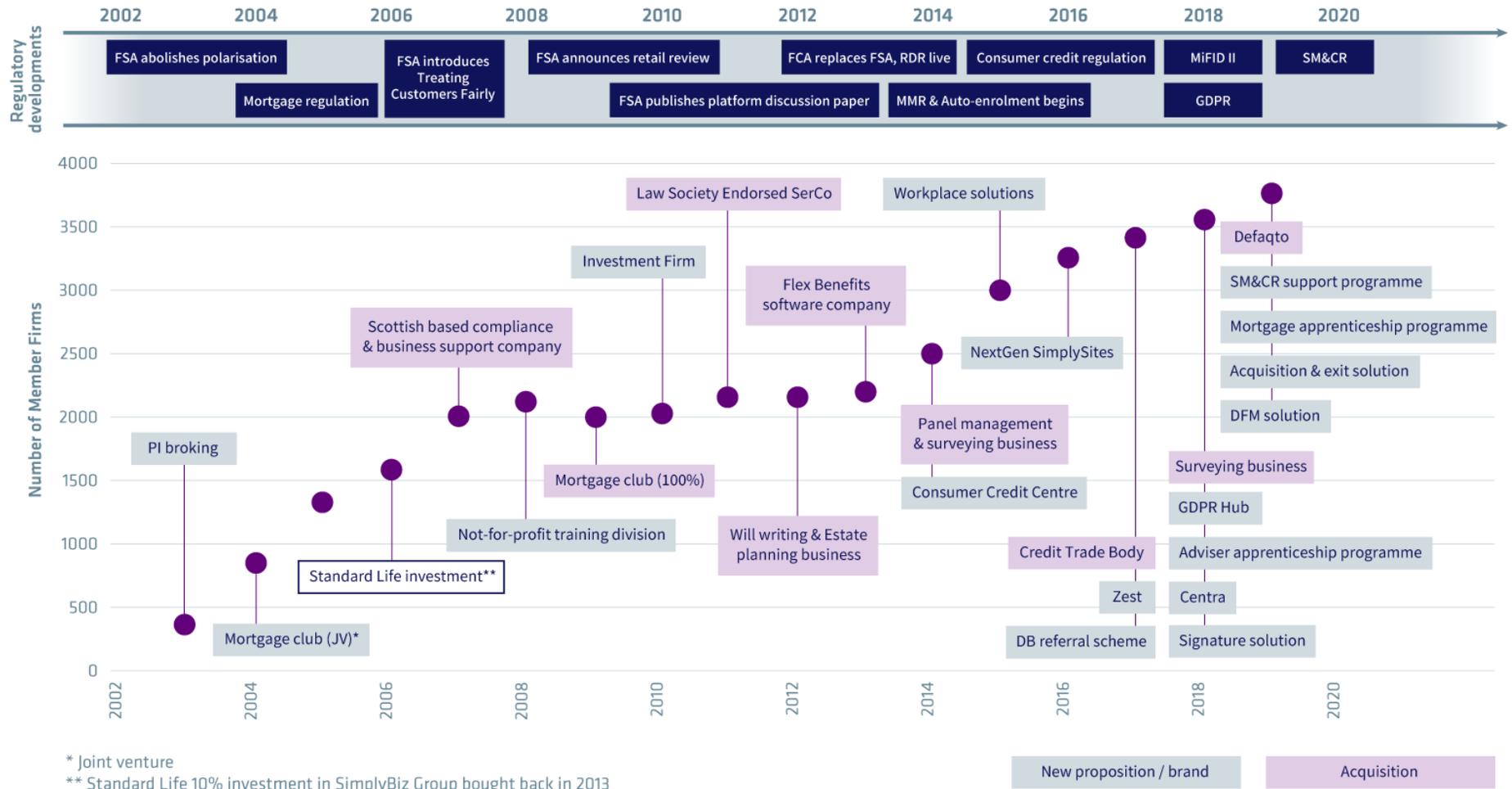


APPENDIX 1

SimplyBiz Business Model



Defensive Growth – Beneficiary of Changing Regulation



New service development to respond to market trends, regulatory intervention and meeting adviser needs...

Strong Competitive Positioning – Opportunities for Consolidation

- Unlike the Network model, SimplyBiz does not require significant regulatory capital and does not carry the advice risk
- Independent
- Track record of revenue growth
- Attractive EBITDA margin
- Key barriers to entry:
 - Scale (member firms and market access)
 - Breadth of services
 - Regulatory expertise

SimplyBiz is the largest Intermediary Compliance Provider by Revenue

Company name	Last available FY	Relevant revenue, £m	Ownership status
SimplyBiz	Dec-19	20.5	Independent
Bankhall	Dec-18	6.8	Provider owned
Threesixty	Dec-18	6.6	Provider owned
Paradigm Partners	Mar-19	6.0	AIM listed
True Potential	Dec-18	5.9	PE backed
Tenet Select	Sep-18	1.8	Provider owned (80%)

Source: CIL, 2020

Case Studies – Enabling Channel Partners to Reach the Market

Key strategic partner

*“SimplyBiz are a key strategic partner for Aviva. They are **an exceptional business to work with and really understand the market**. The size and scale of their adviser base makes them one of our top Global accounts. We work together across multiple brands and products, **delivering first class results for Aviva and helping us achieve our business goals**. We have worked together since 2003 and our partnership goes from strength to strength every year.”*

Brian Gabriel, Savings & Retirement Distribution Director



Compelling market access

*“As a new market entrant in 2018, accessing the independent, directly regulated, adviser base was paramount to our success. **Our partnership with The SimplyBiz Group means we can access over a quarter of our potential customer base through one relationship**, with both organisations 100% committed to the advice channel. I’ve personally worked with the team at SimplyBiz since their launch in 2003 and seen firsthand their **market knowledge, insight and passion for supporting the sector**. Our commitment to working closely with SimplyBiz is demonstrated by signing a three year minimum partnership agreement.”*

Andy Peters, Distribution Director



Cost effective volume driver

*“...your importance within our organisation has also grown. **Reaching and communicating with the adviser market directly is a difficult and expensive task to achieve, but thanks to SimplyBiz this is made easier and more cost effective**. Advisers are so important to Invesco, given the **large volumes of business we receive from this channel**, and we are wholly supportive of the ways in which you facilitate our engagement with your membership. The whole team at SimplyBiz make this process easy and they continue to deliver year on year. **We look forward to continue working with you in the future.**”*

Owen Thomas, Head of Regional Sales & Strategic Partnerships



Mutually aligned

*“Partnership is a word that is often used in our industry. **If the meaning of partnership is a genuine desire to work together towards a common set of goals then few businesses that we work with exemplify this more than SimplyBiz**. Whether it is for advisers or product providers, partnership embodies the essence of what you get from dealing with SimplyBiz at every level.*

James Rainbow, Co-Head of UK Intermediary



Our Locations and Teams

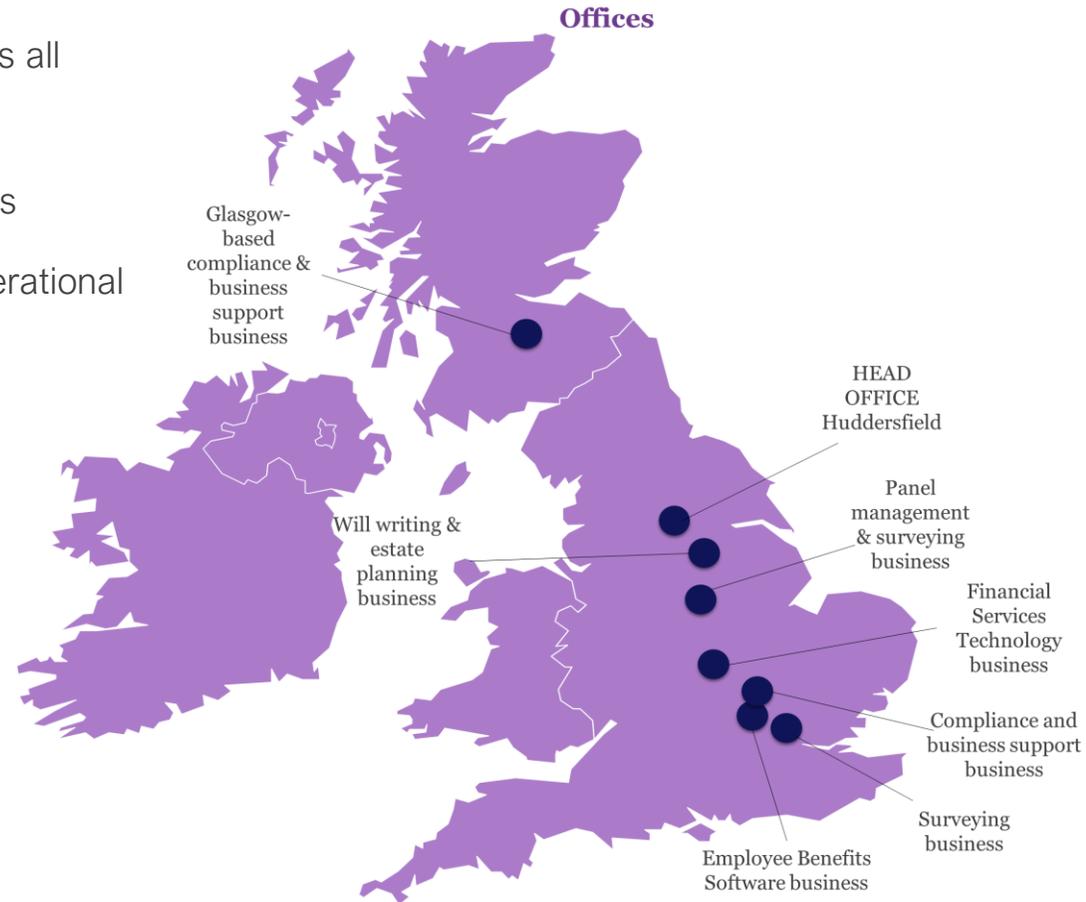
- 567 staff at 31/12/19
- Track record for recruiting and retaining talent across all business areas
- High level of staff retention, average tenure of 5 years
- Staff skill set and experience supports continued operational leverage



500+
EXPERIENCED
STAFF



8
LOCATIONS





APPENDIX 2

Market Drivers for Growth

Monetising Market Insights



These are examples of services and target customers we can pursue

Adjacent Markets – Discretionary Fund Managers

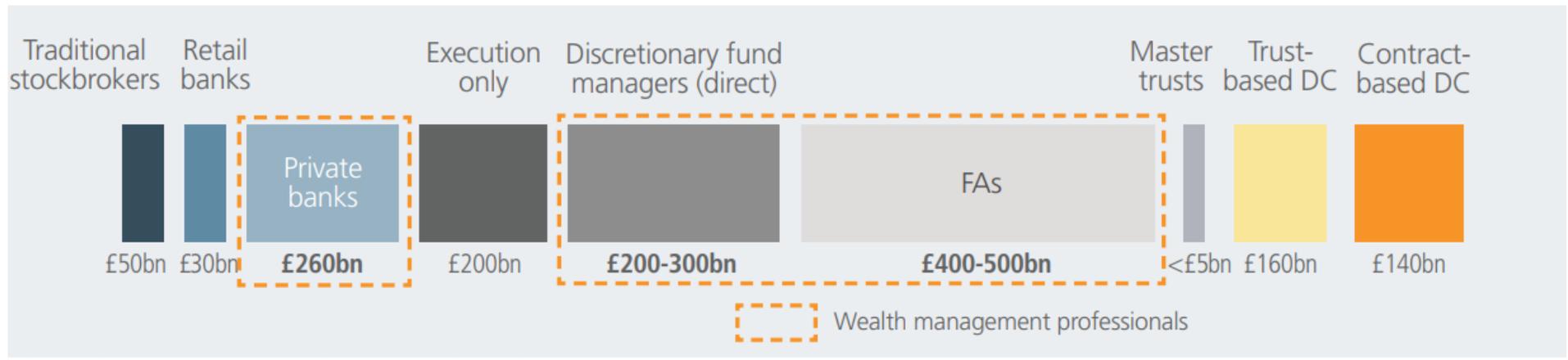
A Growing Market



Source: Rathbones – The value of discretionary fund management (2018)

Positioned to Serve the DFM Market

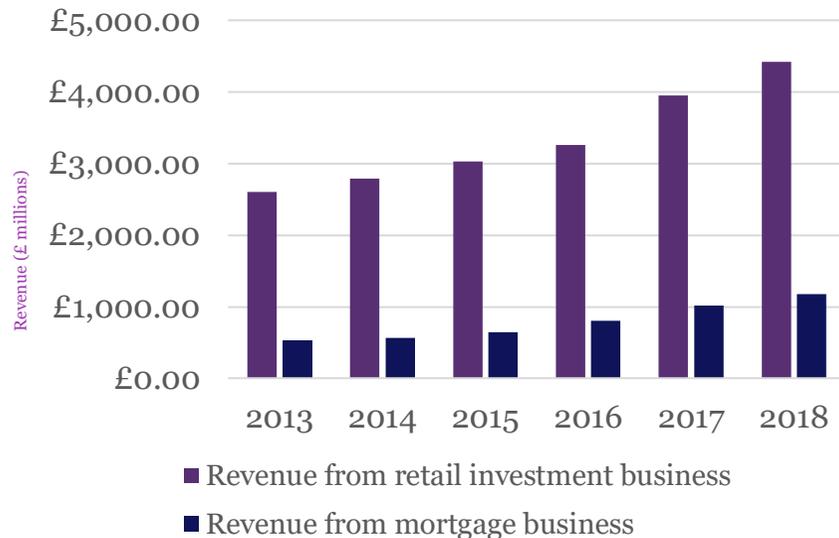
- Adjacent market
- Regulated by the FCA
- Currently using ‘network type’ services
- Require similar services to those already provided by the Group



Source: L.E.K. – U.K. Wealth Management: Spotlight on Value Creation (2019)

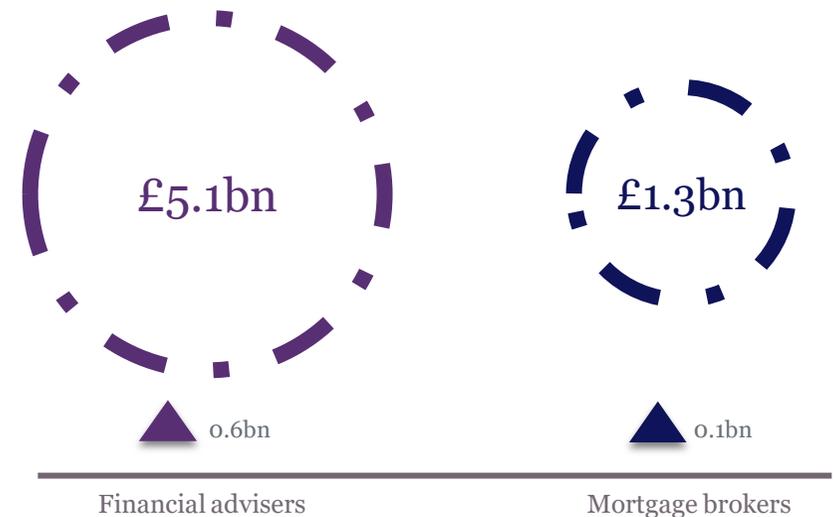
Market Drivers – IFA & Mortgage Advisers are Growing

Revenue earned from regulated intermediary activities*



Source: FCA Data Bulletin (June 2019)

Total revenue earned by category of firm



Total reported earnings by financial advisers increased by **14%** to **£5.1 billion** in 2018 and aggregate pre-tax profits by **25%** to £872 million.

Total reported earnings by mortgage brokers increased by **11%** compared to 2017 to **£1.3 billion** in 2018.

*All firms reporting a full year of revenue earned from the relevant activity. The number of firms reflects those firms that reported earning revenue from each of retail investment, mortgage or non-investment insurance mediation activities. These data do not include types of firms that report their revenue via a different regulatory return, such as banks and building societies. Revenue figures include commission (net), fees/charges and other revenue

Market Drivers – IFA & Mortgage Advisers are Growing



Financial Advisers

366 new Financial Advisers joined the industry between 2017 and 2018.

2017
Number of
Financial Advisers

26,311

2018
Number of
Financial Advisers

26,677



Mortgage Brokers

904 new Mortgage Brokers joined the industry between 2017 and 2018.

2017
Number of
Mortgage Brokers

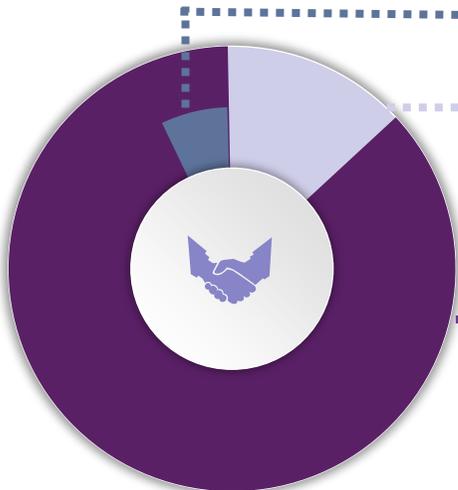
13,148

2018
Number of
Mortgage Brokers

14,052



Market Drivers – Retail Consumers Increasing use of Advisers



157,669
Clients ceased in 2018

501,012
New retail clients paying for ongoing services in 2018

3,022,674
Total number of retail clients paying for ongoing services in 2018

In 2018 firms reported there were over 3 million clients paying for ongoing advice services.

3 million



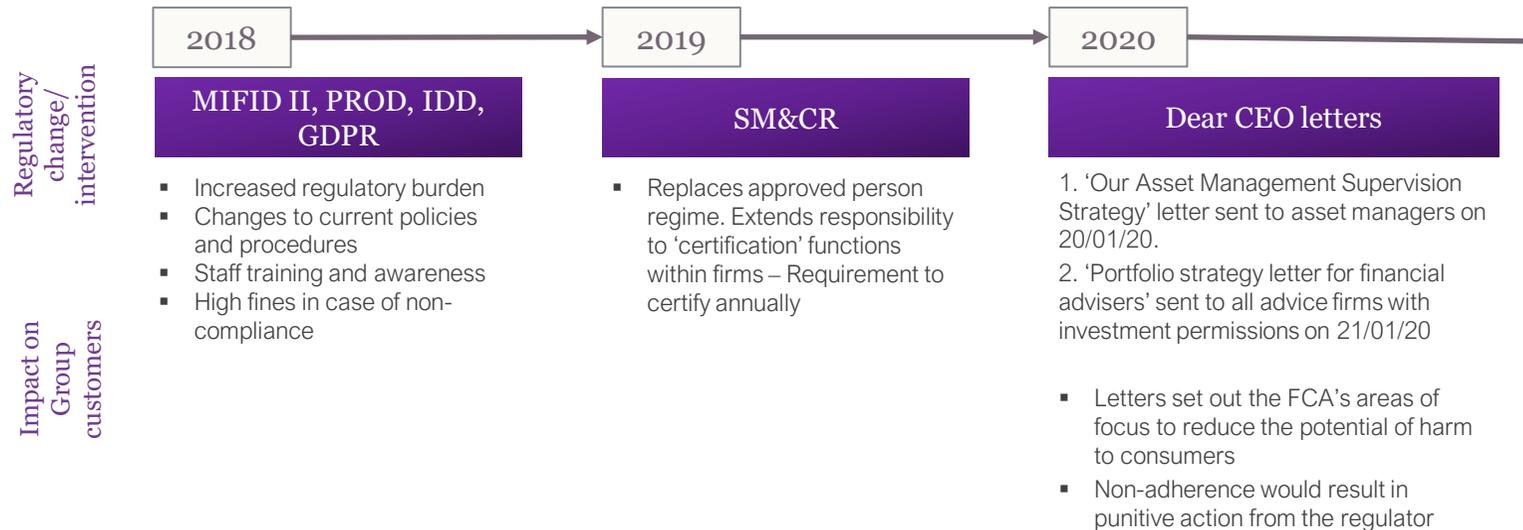
Of these, 17% were either new to the firm or new to an ongoing charge model

17%

Source: FCA Data Bulletin (June 2019)

Regulatory Change is a Tailwind for Additional Service Sales

Strong demand drivers for additional services - Increased regulation



Opportunities for SimpleBiz

- Support in areas such as:
 - Changes to disclosure
 - Sales
 - Advice process
 - Embedding new processes and procedures
- Supporting documentation
- Audit opportunities
- Increased customer base
- Remote monitoring
- Template plans and processes
- Ongoing support
- All six key areas highlighted to intermediaries are supported by our core services
- Opportunity to reinforce how important the services of SimpleBiz are, and the breadth of the support available
- Additional, chargeable, training sessions on some areas of the regulator's stated focus
- Asset managers likely to need support with meeting the regulator's requirements around product governance, appropriateness testing and TMAs
- Insights service meeting this need

Regulatory Change is a Tailwind for Additional Service Sales

Strong demand drivers for additional services - Changing marketplace

	DB Transfers	Technology	Equity Release
Impact on Group customers	<p>Ever since Pension freedom the demand for advice in this area increased substantially.</p> <p>Demand for DB transfer advice is high, however not all advisers wish to operate in this area.</p>	<p>Recent revealed that one of the greatest obstacles for advisers' use of technology is the lack of integration between back office systems, platforms and digital tools holds.</p>	<p>Equity Release is a developing market that has grown almost four-fold in the last decade.</p> <p>Volume of lending in 2019 exceeded £3.9Bn</p> <p>Range of equity release product options grows by 25% year-on-year.</p>
Opportunities for SimplyBiz	<ul style="list-style-type: none"> Pension Transfer Bureau Service – allows advisers to service their clients, and maintain close relationship. Pensions Technical Helpdesk Support 	<ul style="list-style-type: none"> In 2018 SimplyBiz has introduced Centra – an end to end system, which addresses the integration issue. Since launch over 3,500 individuals registered to use the system. The system is an additional driver for recruitment and retention and allows advisers to operate more efficiently. 	<ul style="list-style-type: none"> Co-manufacture ER product White label product – perform distribution activities only Train advisers in Equity Release Distribute through SimplyBiz Mortgages

Source: Origo, A Connected World: The future of platform integrations (2018)
Equity Release Council (2020)

Mortgage Intermediation Continues to Increase

Increasing regulation

- MMR = application process for a mortgage longer and more complicated
- Increased the use of the broker channel to deal with the additional workload as branches do not have enough capacity
- *“In terms of distribution, if you want to deal in volume then you have to deal with brokers. The branches simply cannot provide the same volume that brokers can.”*

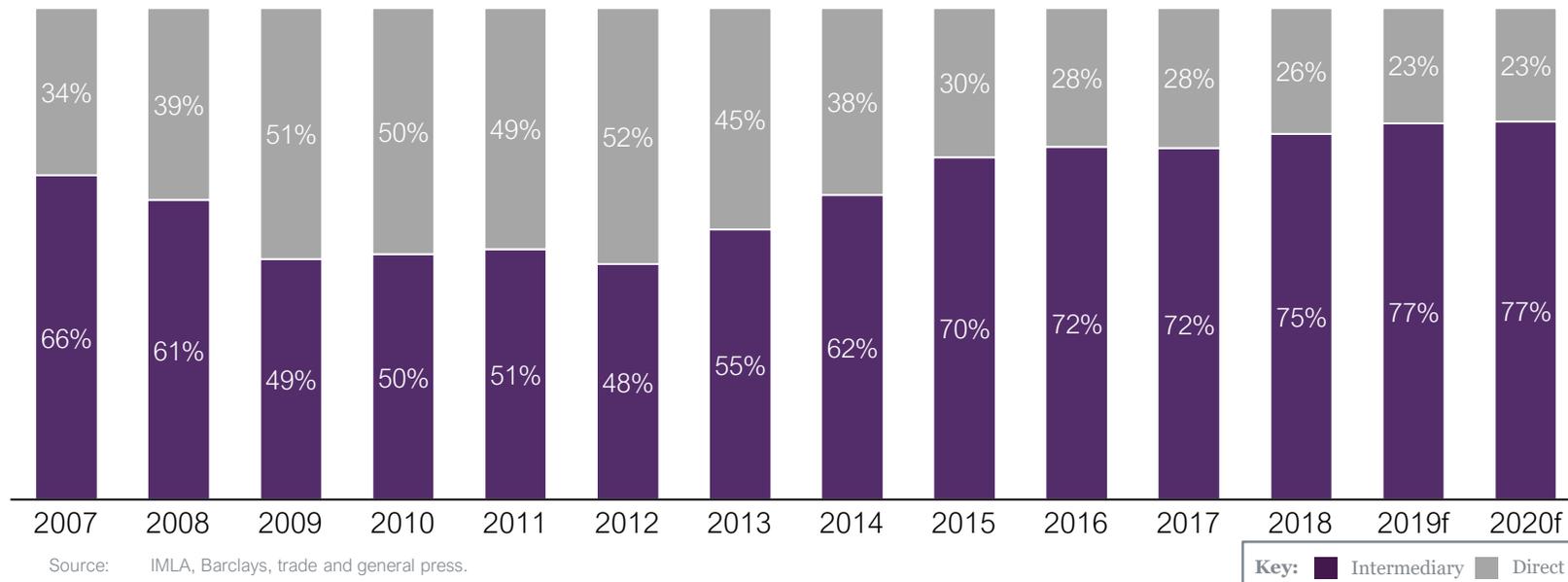
Head of Corporate Accounts, Nationwide

Fee structure change

- Some lenders have recently introduced a retention fee, which recognises that brokers may advise clients to stay with their existing lender
- This creates additional revenue for mortgage clubs at a better margin for no additional work

Source: CIL – Independent Research (2020)

Intermediary share of the mortgage market by value (%)



APPENDIX 3

Opportunities to Accelerate Growth



Acquisition Focus

Intermediary Services

Growth in customers and products

Compliance Support Services

Product research and Ratings

Software and Technology



Distribution Channels

Growth in distribution opportunities and margin

Asset Management

GI Broker
Mortgage Lending

Management & Surveying

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