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Fintel PLC
22 March 2022

Fintel Plc

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

Full year results for the year ended 31 December 2021

Robust financial performance. Significant strategic progress. Positioned for strong and sustainable growth.

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 2021.

Financial Highlights

- **5% increase** in total revenue up **£2.9m** to **£63.9m** (FY20: £61.0m)
- **5% increase** in core[1] revenue – **up £2.4m to £52.2m** (FY20: £49.8m)
- **6% increase** in adjusted EBITDA[2] – up to £18.3m (FY20: £17.3m)
- Positive net cash[3] of **£2.6m** (FY20: net debt of £19.4m)
- **Strong balance sheet with** £45m revolving credit facility of which £38m remains undrawn
- **Adjusted EPS[4] of 10.5 pence** (FY20: 11.3 pence), on a like for like basis excluding the impact of the change in the UK Corporation Tax rate EPS would have been 12 pence
- Final dividend proposed of **2 pence per share**, resulting in a **full year dividend of 3 pence per share** (FY20: 2.85 pence per share)

Operational Highlights

- **SaaS and subscription** revenues now represent **66% of total core revenues** (FY20: 61%) and continuing to grow across all three operating divisions.
- **Continued digitisation of core business.**
- Strategic partnership to deploy proprietary advice technology for up to **2,500** additional users through Tatton Asset Management.
- **Increasing revenue quality** - Successful scaling of distribution as a service ("DaaS") with 14 partners converted to **long term subscription agreements**.
- **Solid EBITDA margin of 28.6%** (FY20: 28.4%) delivered during a year of investment in digital growth and strategic divestment.
- **Development of comprehensive ESG strategy**, following a wide-ranging materiality assessment with key stakeholder groups, supported by formation of an ESG and Wellbeing Committee.
- ESG research platform expanded to cover 76 retail investment funds with digital ESG client profiler deployed to over **8,000 wealth managers and financial advisers.**
- Significant strategic progress with successful sale of non-core Zest Technology and disposal of Verbatim funds.

Joint CEO, Matt Timmins commented:

''We have delivered strong results during a year of significant strategic progress and continued robust financial performance. Revenues, EBITDA and recurring income have all increased in line with expectations driven by organic growth, strategic enterprise partnerships and the expansion of our proprietary advice technology. We are well positioned for further growth.

We have maintained earnings in line with our objectives during a year in which we have invested into our digital delivery and completed two strategic divestments. With high levels of cash conversion and a strengthened balance sheet, we now have the financial agility to scale our unique Fintech and services platform and pursue further growth in quality revenues.

The rapid digitisation of our core business has significantly increased our quality of earnings, with SaaS and subscription revenues reaching 66% of total core revenue and continuing to grow across all three operating divisions.

We have developed a comprehensive and holistic ESG strategy, addressing stakeholder, industry and consumer needs which further strengthens our market position and purpose. Our central position in the market has enabled us to be a significant force in bringing ESG information to professional advisers and their clients.

We are very excited for the next stage of our journey as we continue to digitise and scale our service model, improve retail financial services, and inspire better outcomes for all.''

[1]Core business excludes revenues from Panel Management, Surveying and Employee Benefits software.

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

[3]Net cash position excludes any adjustment under IFRS16 "Lease Accounting" and compares gross cash balances to gross borrowings under the Group's £45m Revolving Credit Facility.

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

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Notes to Editors

Fintel is the UK's leading fintech and support services business, combining the largest provider of intermediary business support, SimplyBiz, and the leading research, ratings, and Fintech business, Defaqto.

Fintel provides technology, compliance and regulatory support to thousands of intermediary businesses, data and targeted distribution services to hundreds of product providers and empowers millions of consumers to make better informed financial decisions. We serve our customers through three core divisions:

The Intermediary Services division provides technology, compliance, and regulatory support to thousands of intermediary businesses through a comprehensive membership model. Members include directly authorised IFAs, Wealth Managers and Mortgage Brokers.

The Distribution Channels division delivers market Insight & analysis and targeted distribution strategies to financial institutions and product providers. Clients include major Life & Pension companies, Investment Houses, Banks and Building Societies.

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

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

Analyst Presentation

An analyst briefing is being held at 9:30am on 22 March 2022 via an online video conference facility. To register your attendance, please contact fintel@instinctif.com.

JOINT CHIEF EXECUTIVES' STATEMENT

We have delivered strong results during a year of significant strategic progress and continued robust financial performance. We are a stronger organisation with a strengthened purpose through our commitment to ESG. Total revenue growth has been delivered ahead of prior expectations as non-core surveying bounced back in 2021, up £2.9m to £63.9m (FY20: £61.0m), adjusted EBITDA increased by 5.8% (FY21: £18.3m; FY20: £17.3m) and adjusted EBITDA margin has also increased to 28.6% (FY20: 28.4%).

Strategic Delivery

The Fintel strategic plan drives three key medium-term performance objectives for our Business:

- core revenue growth between 5% and 7% annually;
- core EBITDA margin target of between 35% and 40%; and
- core earnings quality with percentage of SaaS and subscription income between 70% and 80%.

Revenue Growth

Total revenue increased by 5% during the year (FY21: £63.9m; FY20: £61.0m). Adjusting for the impact of the two disposals in 2021, total revenue grew by 9%, accelerated by our non-core panel management and surveying business recovering from the downturn caused by COVID-19 restrictions in 2020.

We have set out our medium-term objective for core business revenue growth at 5-7% annually during the period 2021 to 2024. Continued digitisation of our core business brought us to the starting point for this objective in 2021, delivering 5% core business revenue growth (FY21: £52.2m; FY20: £49.8m).

Our resilient, high quality revenue streams continue to reflect the quality of our customer base.

Division	Intermediary Services	Distribution Channels	Fintech and Research
Revenue share	£24m (38%)	£23.1m (36%)	£16.8m (26%)
Revenue streams	Membership services	Marketing services revenues	Fintech software solutions
	Additional services	Distribution as a service (“Daas”)	Research – risk mappings, fund reviews and rating services
	Software licence income	Commission revenues	
		Valuation services*	

Note: *Non-core revenue stream

EBITDA Margin

Fintel's adjusted EBITDA margin grew to 28.6% (FY20: 28.4%) during 2021.

Our core business delivered adjusted EBITDA margin of 32.7% (FY20: 31.0%), making strong progress towards our 35-40% medium-term margin objective. Margin was slightly increased year-on-year due to continued growth in software licence sales.

Earnings Quality

Fintel’s SaaS and subscription revenues accounted for 56.3% of total revenue, however, when adjusted for the impact of the disposals, this increases to 64.2%, highlighting the strategic alignment of the transactions.

Significant progress has been made in improving our quality of earnings in our core business. SaaS and subscription revenue, as a proportion of core revenue increased to 65.7% (FY20: 60.8%), in line with our medium-term objective of reaching 70-80%.

Our growing Saas and subscription revenues have been driven by improvements in software sales in our Intermediary Services division. Distribution Channels division transitioned 14 customers from annual rolling marketing services agreements to multi-year subscription agreements via the launch of distribution as a service (“DaaS”). This service has now been taken up by a total of 20 partners. The strategic disposal of Verbatim led to the creation of a new strategic partnership to deploy proprietary advice technology for up to 2,500 additional users through Tatton Asset Management, further strengthening our SaaS and subscription revenues.

Growth opportunity

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

We believe our unique proprietary financial data and market insights are key to improving outcomes in retail financial services. Using our information and insights on product features, selection processes, and buyer behaviour, product providers are able to build better products, advisers make better recommendations and consumers make better informed decisions. We are uniquely positioned to provide robust, real-time, and insightful data on key areas of the industry and we see substantial opportunity to further expand our data services.

In addition, in an increasingly digital world, most individuals who interact with the industry want to do so in a frictionless way, supported by software services that reduce complexity. We have considerable experience of software delivery to the retail financial services market, including through internal development and deployment. In 2021 we deployed our new beta DaaS product provider platform and additional modules on our intermediary platform, CENTRA. We will continue to invest in this area to ensure we continue to meet the demands for products and help the industry evolve to its greatest potential.

Our strengthened balance sheet and positive cash position mean we are well positioned to make strategic investments both in terms of internal developments and through strategically aligned acquisitions. Our focus in the year ahead will see further investments made into Fintel's customer relationship management platforms ("CRM") to support our data and digitisation objectives. A new enterprise resource planning system ("ERP") will drive optimal operational performance at Fintel. We will also continue to digitise and develop our client facing services and systems helping the market meet the evolving needs of the end consumer. Externally we maintain an active acquisition pipeline of target businesses. With a proven ability to attract and integrate businesses through a robust acquisition approach, we are well placed to welcome further businesses to Fintel.

Value generation

Our recurring revenues, combined with the efficiency of our Business, ensure we can sustainably create and maintain the financial, technology and skills capacity to advance our objectives. Reinvestment in our people and our digital platforms is key and we remain focused on advancing in areas where we have a proven capability and long-standing relationships with our customers. Adjusted EPS performance remained in line with expectations at 10.5 pence per share (FY20: 11.3 pence per share). The reduction against the prior year is as a direct result of the one-off impact of the change in UK Corporation Tax rates from 19% to 25%. Excluding this one-off impact, the adjusted EPS would have been 12 pence per share on a like-for-like basis.

Strategic priorities

Our immediate priorities are to leverage our unique end-to-end platform, to extend our data services and to efficiently deploy capital to make strategic and value accretive investments. Organic growth is expected to be driven by positive market dynamics, driving further increases in average revenue per customer, further conversions to our DaaS model and increased digitisation of our core services. These activities are also key to deliver our medium-term objectives to further improve our margin and underlying quality of earnings. This will be achieved whilst also delivering core operational developments to our CRM and ERP systems.

In addition, the strength of our balance sheet, and net positive cash position mean we will continue to actively seek out strategic acquisitions to deliver further value to our shareholders.

Ensuring better outcomes

In 2021 we pioneered the development of a comprehensive ESG strategy, following a wide-ranging and all-inclusive materiality assessment with key stakeholder groups. We have put in place a robust governance structure including our newly established ESG and Wellbeing Committee, which monitors the delivery of our ESG and Wellbeing action plan. Our central position in the market has enabled us to be a significant force in bringing ESG information to professional advisers and their clients.

Our people

We have invested during the year to ensure we have the right systems and support in place, enabling our people to deliver their best. We introduced our Peakon engagement tool which routinely assesses our performance in the areas our people care about the most, launched new flexible and family friendly working policies and further strengthened our wellbeing programme. 2022 is set to deliver further investment in our people as we launch our flexible benefit initiatives, develop our employee ownership strategy and further strengthen our engagement activities.

We have enjoyed the contributions of our new Board colleagues Imogen Joss and David Thompson during the year and the new skills and experience they bring. We would also like to recognise the contributions made by Gary Hughes during his time as Chair.

Outlook

2022 has started positively. Trading has been strong and in line with the Board's expectations. We continue to make rapid progress on our strategic delivery and are confident that the Company is in a strong position for further growth.

World events including macro-economic pressures and geo-political concerns will continue to drive market volatility. With operations in the UK only, we are not directly impacted by the Russia-Ukraine conflict, but are monitoring ongoing economic developments closely. We remain dedicated to supporting our clients and partners in these difficult times and hope for a swift return to peace.

Our high quality recurring revenues and strengthened balance sheet mean that we are well positioned to create and maintain the financial, technology and skills capacity to deliver the tools, connectivity and insights our markets need, even more so in these uncertain times.

We are, as always, enormously grateful for the support from all our teams, our Board, and our customers. We firmly believe that our robust and resilient platform, unique market position and our insights and expertise will give us the opportunity to build an even greater business that has a positive impact on society and provides long-term value to all our stakeholders.

Matt Timmins and Neil Stevens

Joint Chief Executive Officers

FINANCIAL REVIEW

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Group revenue	63.9	61.0
Expenses	(45.6)	(43.7)
Adjusted EBITDA	**18.3**	**17.3**
Adjusted EBITDA margin %	28.6%	28.4%
Depreciation	(0.3)	(0.3)
Depreciation of lease asset	(0.6)	(0.8)
Amortisation of development expenditure and software	(1.5)	(1.1)
Adjusted EBIT	**15.9**	**15.1**
Gain on sale of subsidiary	4.3	-
Gain on sale of operations	3.5	
Operating costs of an exceptional nature	-	(0.8)
Share option charges	(1.1)	(0.9)
Amortisation of other intangible assets	(2.0)	(2.0)
Net finance costs	(0.7)	(1.2)
Profit before tax	**19.9**	**10.2**
Taxation	(4.3)	(2.0)
Profit after tax	**15.6**	**8.2**
Adjusted earnings per share (“EPS”)	10.5p	11.3p

Total revenue

The Business has performed well in the current financial year, and has seen continued growth across all key areas. Total revenues have grown 5% to £63.9m (FY20: £61.0m). It is important to note revenues in 2020 compared well to 2019, showing a small decrease of 3% but importantly highlighting that the Business is extremely resilient to significant macro-economic factors due to our SaaS and subscription-based revenue model. As the wider UK economy recovered during 2021, we as a business further strengthened our position in our market and continued to grow, exceeding 2019 pre-pandemic levels and achieving record turnover.

Further underpinning the financial performance, was that total revenues for the full year on a like-for-like basis would have increased 9% year-on-year.

Divisional performance

Intermediary Services
Intermediary services revenue decreased 4% to £24.0m (FY20: £25.0m), however, the organic growth year-on-year was 5%.

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. The division also provided employee benefits software to consultants and employers prior to the disposal of Zest Technology.

In 2021 Intermediary Services division delivered:

- Average Revenue per Customer (“ARPC”) of £7,026 (FY20: £6,729) – an increase of 4%.
- Membership fee income increase to £10.9m (FY20: £10.7m) due to level customer numbers and fee increasing by 2%.
- Additional services income increase of 4% to £5.2m (FY20: £5.0m).
- Software licence income growth of 9% to £6.0m (FY20: £5.5m).
- Gross profit* of £7.4m (FY20: £8.6m) with gross profit margin** of 30.8% (FY20: 34.4%) reflects increased investment in our delivery platform.

Note: * Gross profit is calculated as revenue less direct operating costs.
Note ** Gross profit margin is calculated as gross profit as a percentage of revenue.

Distribution Channels

Distribution Channels revenue increased by 12% to £23.1m (FY20: £20.7m).

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

In 2021 Distribution Channels division delivered:

- Marketing services revenues of £5.1m (FY20: £5.7m) reflecting full year of COVID-19 impact on physical events.

- Core commission revenues of £8.3m (FY20: £7.9m), an increase of 5% mainly driven by mortgage market buoyancy against a strong lending performance in the year. Core commission revenues include Verbatim revenues of £1.7m to September 2021 being the date of the strategic disposal (FY20: £2.3m).

- Non-core panel management and valuation services revenues of £9.8m (FY20: £7.1m), also driven by the recovery of the mortgage market.

- Gross profit of £10.9m (FY20: £11.3m) with gross profit margin of 47.2% (FY20: 54.6%) reflecting increased activity in non-core surveying business.

Fintech and Research
Fintech and Research revenues grew by 10% to £16.8m (FY20: £15.3m).

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

Development of Fintech and Research capabilities:

- Enhancements to fintech adviser software with improved risk profiling functionality, launch of income drawdown solution and ESG fund selection filters.
- Expansion of risk mapping and ratings service with launch of new investment trust ratings
- Defaqto ESG research platform expanded to cover 76 retail investment funds and our Digital ESG Client Profiler has been deployed to over 8,000 wealth managers and financial advisers.

In 2021 Fintech and Research division delivered:

- Software revenue of £8.0m (FY20: £7.4m).

- Product Ratings revenue of £8.0m (FY20: £7.3m) was delivered.

- Other income of £0.8m (FY20: £0.4m) was delivered from consultancy and ad hoc work.

- Fintech and Research delivered a strong gross profit margin of 64.3% (FY20: 60.1%).

Profitability

Our adjusted EBITDA has grown in line with revenue, achieving £18.3m (FY20: £17.3m), an increase of 5.8%.

The resulting adjusted EBITDA margin of 28.6% (FY20: 28.4%) compares well with prior periods as we continue to reinvest in the Business to build our platform for scalable, digitally driven growth.

Again it is pleasing to see that, in addition to year on year growth over 2020 and 2021, we are also inherently more profitable than 2019, the last full year before the global pandemic, despite continued investment in our operating platform throughout the current financial year.

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.

Operating income / costs of an exceptional nature

Exceptional income of £7.8m (FY20: exceptional net costs of £0.8m) relates entirely to transaction-related activity, being the strategic disposal of Zest Technology Limited and fund assets from operations within Simplybiz Investments Limited (formerly Verbatim Investments Limited). Reported exceptional income is net of transaction costs of £1.3m. No other costs have been treated as exceptional.

In the prior year exceptional operating costs in 2020 of £0.8m included £0.6m relating to the restructuring of the cost base in response to the impacts on the Business from the COVID-19 pandemic, and £0.2m of Executive loss of office costs.

Share-based payments

Share-based payment charges of £1.1m (FY20: £0.9m) have been recognised in respect of the options in issue, including the new "Value Builder Plan" MIP scheme that was introduced for key management personnel during the year. The annualised run rate of that scheme with a three-year vesting period is £1.2m.

Financial income and expense

Net finance expenses of £0.7m (FY20: £1.2m) relate to the utilisation of the Group's five-year revolving credit facility, which is not due for renewal till March 2024. Strong operating cash inflows and the proceeds from strategic divestment have allowed the Business to significantly reduce the gross debt level within the Group from £30m at the previous year end to £7m as at 31 December 2021. The interest cost on the drawn portion of the facility has reduced directly as a result.

Taxation

The underlying tax charge of 26% for the year includes the significant one-off impact of the future change in 2023 of Corporation Tax rates in the UK from 19% to 25%. Excluding the effects of this, and prior year adjustments in respect of submission of R&D claims of £0.5m, our effective underlying tax rate would be 20%. 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.£1.8m 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 in both periods. Adjusted earnings per share in the period amounted to 10.5 pence per share (2020: 11.3 pence per share). The reduction against the prior year is as a direct result of the one-off impact of the change in UK Corporation Tax rates from 19% to 25%. Excluding this one-off impact, the EPS would have been 12 pence per share on a like for like basis.

Dividend

During the year the Company paid the final dividend in respect of FY20 of £2.8m, and an interim dividend in respect of FY21 of £1.0m. The Board is proposing a final dividend in respect of FY21 of 2.0 pence per share, payable on 7 June 2022, to shareholders on the register on 29 April 2022 with an ex-dividend date of 28 April 2022, subject to shareholder approval at the Company's annual general meeting.

Cash flow and closing net debt

At 31 December 2021, the Company had net cash of £2.6m, compared to a net debt position of £19.4m at 31 December 2020. Net cash is calculated as borrowings less cash and cash equivalents and amortised arrangement fees. This represents a net cash to adjusted EBITDA ratio of 0.1 times (31 December 2020: net debt ratio of 1.1 times).

Underlying operating cash flow conversion was 116% (FY20: 114%), calculated as underlying cash flow from operations as a percentage of adjusted operating profit. Underlying cash flow from operations is calculated as adjusted operating profit, adjusted for changes in working capital, depreciation, amortisation, CAPEX and share based payments. A reconciliation of free cash flow and underlying cash flow conversion is provided in note 8 to the financial statements.

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

Using underlying operating cash flow conversion, our three-year cash conversion is as follows:

2021: 116%
2020: 114 %
2019: 74 %

Accounting policies

The Company's consolidated financial information has been prepared consistently in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS"), in conformity with the requirements of the Companies Act 2006. No new accounting standards were adopted in the current financial year.

Going concern

The Directors have undertaken a comprehensive assessment to consider the Company's ability to trade as a going concern for a period of 18 months. The Directors have robustly tested the going concern assumption in preparing these financial statements, taking into account the Group's strong liquidity position at 31 December 2021 and a number of severe but plausible downside scenarios, which collectively would be considered remote, and remain satisfied that the going concern basis of preparation in the financial statement is appropriate. On the basis of the Company's current and forecast profitability and cash flows, and the availability of committed funding, the Directors consider and have concluded that the Company will have adequate resources to continue in operational existence for at least the next 18 months. As a result, they continue to adopt a going concern basis in the preparation of the financial statements.

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2021

	Note	**2021 Underlying £M**	**2021 Underlying adjustments £M**	**2021 Total £M**	**2020 Underlying** £M	**2020 Underlying adjustments** £M	**2020 Total** £M
Revenue	4	**63.9**	**-**	**63.9**	61.0	-	61.0
Operating expenses	8	**(49.1)**	**-**	**(49.1)**	(46.8)	(0.8)	(47.6)
Amortisation of other intangible assets	13	**-**	**(2.0)**	**(2.0)**	-	(2.0)	(2.0)
Gain on disposal of subsidiary		**-**	**4.3**	**4.3**	-	-	-
Gain on disposal of operations		**-**	**3.5**	**3.5**	-	-	-
Group operating profit		**14.8**	**5.8**	**20.6**	14.2	(2.8)	11.4
Finance income	9	**-**	**-**	**-**	0.1	-	0.1
Finance expense	10	**(0.7)**	**-**	**(0.7)**	(1.3)	-	(1.3)
Profit before taxation		**14.1**	**5.8**	**19.9**	13.0	(2.8)	10.2
Taxation		**(3.6)**	**(0.7)**	**(4.3)**	(2.0)	-	(2.0)
Profit for the financial year		**10.5**	**5.1**	**15.6**	11.0	(2.8)	8.2
Profit attributable to shareholders:							
Owners of the Company				**15.4**			8.1
Non-controlling interests				**0.2**			0.1
				15.6			8.2
Adjusted earnings per share	11			**10.5p**			11.3p
Earnings per share – basic	11			**15.7p**			8.3p
Earnings per share – diluted	11			**15.7p**			8.3p

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

Consolidated statement of financial position
as at 31 December 2021

	Note	**31 December 2021**		31 December 2020	
		£M	**£M**	£M	£M
Non-current assets					
Property, plant and equipment	12	**1.3**		1.5	
Lease assets		**3.6**		5.0	
Intangible assets and goodwill	13	**96.6**		105.4	
Trade and other receivables		**2.6**		-	
Total non-current assets			**104.1**		111.9
Current assets					
Trade and other receivables		**9.8**		10.2	
Deferred tax asset		**-**		0.3	
Cash and cash equivalents		**9.4**		10.3	
Total current assets			**19.2**		20.8
Total assets			**123.3**		132.7
Equity and liabilities					
Equity					
Share capital	16	**1.0**		1.0	
Share premium account	16	**65.6**		64.8	
Other reserves	18	**(52.3)**		(52.2)	
Retained earnings		**73.9**		61.0	
Equity attributable to the owners of the Company			88.2		74.6
Non-controlling interest			0.3		0.2
Total equity			**88.5**		74.8
Liabilities					
Current liabilities					
Trade and other payables		**17.0**		17.5	

Lease liabilities		**0.4**		0.6	
Current tax liabilities		**2.0**		0.2	
Total current liabilities			**19.4**		18.3
Non-current liabilities					
Loans and borrowings	15	**6.8**		29.7	
Lease liabilities		**3.2**		4.5	
Deferred tax liabilities		**5.4**		5.4	
Total non-current liabilities			**15.4**		39.6
Total liabilities			**34.8**		57.9
Total equity and liabilities			**123.3**		132.7

Consolidated statement of changes in equity
for the year ended 31 December 2021

	Share capital £M	Share premium £M	Other reserves £M	Non-controlling interest £M	Retained earnings £M	Total equity £M
Balance at 1 January 2020	**1.0**	**64.8**	**(52.0)**	**0.1**	**55.7**	**69.6**
Total comprehensive income for the year						
Profit for the year	-	-	-	0.1	8.1	8.2
Total comprehensive income for the year	-	-	-	0.1	8.1	8.2
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(2.8)	(2.8)
Share option charge	-	-	0.9	-	-	0.9
Tax on share options exceeding profit or loss charge	-	-	(1.1)	-	-	(1.1)
Total contributions by and distributions to owners	-	-	(0.2)	-	(2.8)	(3.0)
Balance at 31 December 2020	**1.0**	**64.8**	**(52.2)**	**0.2**	**61.0**	**74.8**
Balance at 1 January 2021	**1.0**	**64.8**	**(52.2)**	**0.2**	**61.0**	**74.8**
Total comprehensive income for the year						
Profit for the year	-	-	-	0.2	15.4	15.6
Total comprehensive income for the year	-	-	-	0.2	15.4	15.6
Transactions with owners, recorded directly in equity						
Issue of shares	-	0.8	-	-	(0.1)	0.7
Dividends	-	-	-	(0.1)	(3.7)	(3.8)
Share option charge	-	-	1.1	-	-	1.1
Tax on share options exceeding profit or loss charge	-	-	0.1	-	-	0.1
Release of share option reserve on exercise	-	-	(1.3)	-	1.3	-
Total contributions by and distributions to owners	-	0.8	(0.1)	(0.1)	(2.5)	(1.9)
Balance at 31 December 2021	**1.0**	**65.6**	**(52.3)**	**0.3**	**73.9**	**88.5**

Consolidated statement of cash flows
for the year ended 31 December 2021

	Note	**Year ended 31 December 2021 £M**	Year ended 31 December 2020 £M
Net cash generated from operating activities	19	**17.1**	16.7
Cash flows from investing activities			
Finance income		-	0.1
Purchase of property, plant and equipment		**(0.2)**	(1.3)

Development expenditure	**(1.6)**	(2.3)
Net proceeds from sale of subsidiary	**8.7**	-
Proceeds from sale of operations	**2.4**	-
Net cash flows from/(used in) investing activities	**9.3**	(3.5)
Cash flows from financing activities		
Finance costs	**(0.5)**	(1.0)
Loan repayments made	**(23.0)**	(15.0)
Drawdown of loans	-	7.0
Transaction costs related to borrowing	-	(0.1)
Payment of deferred consideration	-	(0.7)
Payment of lease liability	**(0.8)**	(1.0)
Issue of share capital	**0.8**	-
Dividends paid	**(3.8)**	(2.8)
Net cash flows used in financing activities	**(27.3)**	(13.6)
Net decrease in cash and cash equivalents	**(0.9)**	(0.4)
Cash and cash equivalents at start of year	**10.3**	10.7
Cash and cash equivalents at end of year	**9.4**	10.3

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

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

Net proceeds of £2.5m from sale of operations within 100% owned subsidiary Simplybiz Investments Limited (formerly Verbatim Investments Limited) is included in net cash from investing activities.

In 2020, payment of £725,000 deferred consideration relates to amounts payable for the acquisition of Landmark Surveyors Limited. The deferred consideration is considered financing in nature given the time elapsed since the acquisitions.

Notes

1 General information and basis of preparation

During the year, the Company changed its name from The SimplyBiz Group plc to Fintel plc and related formalities were completed on 9 March 2021.

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 2021 and the year ended 31 December 2020 does not constitute the Group's statutory accounts for those periods. Statutory accounts for the period ended 31 December 2020 have been delivered to the Registrar of Companies. The statutory accounts for the period ended 31 December 2021 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

The auditors' reports on the accounts for 31 December 2021 and 31 December 2020 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2 Going concern

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

The Directors have robustly tested the going concern assumption in preparing these financial statements, taking into account the Group’s strong liquidity position at 31 December 2021 and a number of severe but plausible downside scenarios, which collectively would be considered remote, and remain satisfied that the going concern basis of preparation is appropriate.

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

3 Accounting policies

The accounting policies adopted are consistent with those used in preparing the consolidated financial statements for the financial year ended 31 December 2020.

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 revenues	Commission revenues from product provider distributions.	Commission is recognised in full, following the confirmation of the sale by the third-party provider, who is considered to be the principal, of underlying mortgage and insurance related products. An element of commission is clawed back if the policy holder cancels and a clawback provision is accounted for accordingly.	Commission revenues are typically received between one and four weeks after confirmation of the sale by the third-party provider.
	Valuation services	Surveys and valuation services provided to clients.	Revenue is recognised at the point at which the service is delivered to the customer, based on the agreed price.	Business-to-business valuation services are paid in advance or on credit terms and customers pay according to these terms. Business-to-consumer is usually paid up front.
Fintech and Research	Fintech software solutions	Provision (and support) of software licence contracts to providers of financial products that enable them to 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. Provision of Engage software to help financial adviser client recommendations.	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.	Software licences are invoiced, either, monthly or quarterly, in advance with payment terms applied. Engage products are invoiced monthly and collected in the same month by monthly direct debit.
	Research - Risk Mappings, Fund Reviews and Rating Services	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	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.

		promotion of products with accompanying score. Risk Ratings - an independent review of funds to enable advisers to match portfolios to client's risk profiles, which is provided via a licenced Risk Rating over an agreed period of time.		

Contract assets

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

Contract liabilities

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

5 Critical accounting estimates and judgements

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

Revenue

Revenue is generated from sales of software licences to member firms on a ‘right-to-access’ basis. Where the group is a value-added re-seller of software licences to member firms the key judgement is determining whether the member firm is a customer of the Group. Considering the nature of the Group’s re-sale of software licences, judgement is required by management to ascertain the appropriate agent versus principal classification.

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

The evaluation of control principally considers the ability to direct the use of and obtain substantially all of the remaining benefits of the provided asset or service. In respect of the resale of software licences, management have determined that the Group is the principal in the arrangement. The key factors in arriving at this conclusion are: the Company is responsible for fulfilling the software service by providing the licences direct to the customer, the Company carries inventory risk in the form of a requirement to acquire a minimum number of licences, the Company sells a modified version of the software that incorporates the Company’s intellectual property, and the Company directly negotiates the listed selling price with the provider, whilst also having the option to discount this price to the end customer

Goodwill

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

6 Segmental information

During the year, the Company was domiciled in the UK and substantially 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 & Research.

Intermediary Services provides compliance and regulation services to individual financial intermediary Member Firms, including directly authorised IFAs, directly authorised mortgage advisers, workplace consultants and directly authorised wealth managers.

Distribution Channels provides marketing and promotion, product panelling and co-manufacturing services to financial institutions. This division of the Group also undertakes survey panelling and surveying work for mortgage lenders.

The Fintech & Research segment provides a Fintech platform for over 8,000 users, across 3,500 firms and provides independent ratings of 21,000 financial products and funds, licenced by 250 brands.

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 makers ("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 chief operating decision-maker,
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, which is the measure 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 2021	**£M**	**£M**	**£M**	**£M**	**£M**
Revenue	**24.0**	**23.1**	**16.8**	**-**	**63.9**
Direct operating costs	**(16.6)**	**(12.2)**	**(6.0)**	**-**	**(34.8)**
Gross profit	**7.4**	**10.9**	**10.8**	**-**	**29.1**

Administrative and support costs				**(10.8)**	**(10.8)**
Adjusted EBITDA					**18.3**
Gain on disposal of subsidiary					**4.3**
Gain on disposal of operations					**3.5**
Amortisation of other intangible assets					**(2.0)**
Amortisation of development costs and software					**(1.5)**
Depreciation					**(0.3)**
Depreciation of lease assets					**(0.6)**
Share option charge					**(1.1)**
Operating profit					**20.6**
Net finance costs					**(0.7)**
Profit before tax					**19.9**

Year ended 31 December 2020	**Intermediary Services £M**	**Distribution Channels £M**	**Fintech and Research £M**	**Admin and support costs £M**	**Group £M**
Revenue	**25.0**	**20.7**	**15.3**	**-**	**61.0**
Direct operating costs	**(16.4)**	**(9.4)**	**(6.1)**	-	**(31.9)**
Gross profit	**8.6**	**11.3**	**9.2**	**-**	**29.1**
Administrative and support costs				**(11.8)**	**(11.8)**
Adjusted EBITDA					**17.3**
Operating costs of an exceptional nature					**(0.8)**
Amortisation of other intangible assets					**(2.0)**
Amortisation of development costs and software					**(1.1)**
Depreciation					**(0.3)**
Depreciation of lease assets					**(0.8)**
Share option charge					**(0.9)**
Operating profit					**11.4**
Net finance costs					**(1.2)**
Profit before tax					**10.2**

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

The statement of financial position is not analysed between the reporting segments for management and the chief operating decision makers consider 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 2021 £M	Year ended 31 December 2020 £M
Depreciation of tangible assets – owned	**0.3**	0.3
Depreciation of lease assets	**0.6**	0.8

Research expenditure	**0.5**	0.7
Operating costs of exceptional nature:		
Restructuring costs	**-**	0.6
Loss of office expense	**-**	0.2
	-	0.8

Operating costs of exceptional nature

In 2020 restructuring costs relate to a Group-wide restructuring and redundancy programme, which was implemented during the COVID-19 pandemic. Loss of office expense relates to the redundancy of senior employees in 2020.

8 Reconciliation of GAAP to non-GAAP measures

The Group uses a number of “non-GAAP” figures as comparable key performance measures, as they exclude the impact of items that are non-cash items and also items that are not considered part of ongoing underlying trade. Amortisation of other intangible assets has been excluded on the basis that it is a non-cash amount, relating to acquisitions in prior periods. The Group’s “non-GAAP” measures are not defined performance measures in IFRS. The Group’s definition of the reporting measures may not be comparable with similar titled performance measures in other entities.

Adjusted EBITDA is calculated as follows:

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M
Operating profit	**20.6**	11.4
Add back:		
Depreciation	**0.3**	0.3
Depreciation of lease assets	**0.6**	0.8
Other intangible asset amortisation	**2.0**	2.0
Amortisation of development costs and software	**1.5**	1.1
EBITDA	**25.0**	15.6
Add back:		
Gain on disposal of subsidiary	**(4.3)**	-
Gain on disposal of operations	**(3.5)**	-
Share option charge	**1.1**	0.9
Operating costs of exceptional nature	**-**	0.8
Adjusted EBITDA	**18.3**	17.3

Operating costs of an exceptional nature have been excluded as they are not considered part of the underlying trade. Share option charges have been excluded from adjusted EBITDA as a non-cash item.

Adjusted operating profit is calculated as follows:

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M

Operating profit	**20.6**	11.4
Add back:		
Gain on disposal of subsidiary	**(4.3)**	-
Gain on disposal of operations	**(3.5)**	-
Operating costs of exceptional nature	**-**	0.8
Amortisation of other intangible assets	**2.0**	2.0
Adjusted operating profit	**14.8**	14.2

Adjusted profit before tax is calculated as follows:

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M
Profit before tax	**19.9**	10.2
Add back:		
Gain on disposal of subsidiary	**(4.3)**	-
Gain on disposal of operations	**(3.5)**	-
Operating costs of exceptional nature	**-**	0.8
Amortisation of other intangible assets	**2.0**	2.0
Adjusted profit before tax	**14.1**	13.0

Adjusted profit after tax is calculated as follows:

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M
Profit after tax	**15.6**	8.2
Add back:		
Gain on disposal of subsidiary, net of tax	**(4.3)**	-
Gain on disposal of operations, net of tax	**(2.4)**	-
Operating costs of exceptional nature, net of tax	**-**	0.6
Amortisation of other intangible assets, net of deferred tax	**1.6**	2.1
Profit attributable to non-controlling interests	**(0.2)**	-
Adjusted profit after tax	**10.3**	10.9

Free cash flow conversion is calculated as follows:

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M
Adjusted operating profit	**14.8**	14.2
Adjusted for:		
Depreciation of tangible assets	**0.3**	0.3

Depreciation of lease assets	**0.6**	0.8
Amortisation of development costs and software	**1.5**	1.1
Share option charge	**1.1**	0.9
Net changes in working capital	**0.6**	2.5
Purchase of property. Plant and equipment	**(0.2)**	(1.3)
Development expenditure	**(1.6)**	(2.3)
Underlying cash flow from operations	**17.1**	16.2
Underlying operating cash flow conversion	**116%**	114%
Net interest paid	**(0.5)**	(1.0)
Income tax paid	**(1.8)**	(2.4)
Payments of lease liability	**(0.8)**	(1.0)
Free cash flow	**14.0**	11.8
Adjusted EBITDA	**18.3**	17.3
Free cash flow conversion	**77%**	69%

9 Finance income

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M
Bank interest receivable	-	0.1
	-	0.1

10 Finance expense

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M
Interest payable on financial liabilities at amortised cost	**0.6**	1.1
Finance charge on lease liability	**0.1**	0.2
	0.7	1.3

11 Earnings per share

Basic earnings per share	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit attributable to equity shareholders of the parent (£m)	**15.4**	8.1
Weighted average number of shares in issue	**97,728,610**	96,792,089
Basic earnings per share (pence)	**15.7**	8.3

Diluted earnings per share	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit attributable to equity shareholders of the parent (£m)	**15.4**	8.1
Weighted average number of shares in issue	**97,728,610**	96,792,089
Diluted weighted average number of shares and options for the year	**950,770**	812,602
	98,679,380	97,604,691
Diluted earnings per share (pence)	15.7	8.3

Weighted average number of shares in issue has been adjusted for potentially dilutive share options arising from the share scheme. In addition, as at 31 December 2021, 3,338,036 options issued to Members (intermediary customers) were less than the share price, making them "in the money". They have therefore been included in the diluted weighted average number of shares above.

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

Adjusted basic earnings per share	**Year ended 31 December 2021**	Year ended 31 December 2020
Adjusted profit after tax (£m)	10.3	10.9
Weighted average number of shares in issue	97,728,610	96,792,089
Adjusted earnings per share (pence)	10.5	11.3

12 Property, plant and equipment

	Lease assets			Owned assets	
Group	Property £M	Plant and equipment £M	Total £M	Office equipment £M	Total £M
Cost					
At 1 January 2020	2.6	0.7	3.3	1.7	5.0
Additions	3.0	0.2	3.2	1.3	4.5
Disposals	(0.4)	-	(0.4)	(0.2)	(0.6)
At 31 December 2020	5.2	0.9	6.1	2.8	8.9
Additions	0.1	0.2	0.3	0.2	0.5
Disposals	(1.3)	(0.2)	(1.5)	(0.3)	(1.8)
At 31 December 2021	4.0	**0.9**	**4.9**	**2.7**	**7.6**
Depreciation and impairment					
At 1 January 2020	**0.4**	**0.3**	**0.7**	**1.2**	**1.9**
Depreciation charge for the year	0.5	0.3	0.8	0.3	1.1
Disposals	(0.4)	-	(0.4)	(0.2)	(0.6)
At 31 December 2020	0.5	0.6	1.1	1.3	2.4
Depreciation charge for the year	0.4	0.2	0.6	0.3	0.9
Disposals	(0.2)	(0.2)	(0.4)	(0.2)	(0.6)
At 31 December 2021	0.7	**0.6**	**1.3**	1.4	**2.7**

Net book value					
At 31 December 2021	**3.3**	**0.3**	**3.6**	**1.3**	**4.9**
At 31 December 2020	4.7	0.3	5.0	1.5	6.5

Plant and equipment includes IT equipment and motor vehicles. In 2020, the Group entered into a significant lease contract for its head office. The contract runs for a total of 15 years, with an option to purchase the building from August 2022 to January 2023, which management expects to exercise. The lease asset and liability were valued at £2.7m on inception, which includes the aforementioned purchase option, discounted at an incremental borrowing rate of 2.8%. The lease asset is being depreciated over 20 years.

13 Intangible assets

Group	Goodwill £M	Brand £M	Intellectual property £M	Total other intangible assets £M	Developme nt expenditure £M	Total £M
Cost						
At 1 January 2020	76.2	3.1	24.4	27.5	5.2	108.9
Additions	-	-	-	-	2.3	2.3
At 31 December 2020	76.2	3.1	24.4	27.5	7.5	111.2
Additions	-	-	-	-	1.6	1.6
Disposals	(3.8)	-	-	-	(5.3)	(9.1)
At 31 December 2021	**72.4**	**3.1**	**24.4**	**27.5**	**3.8**	**103.7**
Amortisation and impairment						
At 1 January 2020	0.2	0.2	1.5	1.7	0.8	2.7
Charge in the year	-	0.3	1.7	2.0	1.1	3.1
At 31 December 2020	0.2	0.5	3.2	3.7	1.9	5.8
Charge in the year	-	0.3	1.7	2.0	1.5	3.5
Disposals	-	-	-	-	(2.2)	(2.2)
At 31 December 2021	**0.2**	**0.8**	**4.9**	**5.7**	**1.2**	**7.1**
Net book value						
At 31 December 2021	**72.2**	**2.3**	**19.5**	**21.8**	**2.6**	**96.6**
At 31 December 2020	76.0	2.6	21.2	23.8	5.6	105.4

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

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

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

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

	31 December 2021	31 December 2020

	£M	£M
Intermediary Services	12.7	15.0
Distribution Channels	11.5	13.0
Fintech & Research	48.0	48.0
	72.2	76.0

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

The key assumptions in the value in use calculation are the pre-tax discount rate (range of 12.8% to 13.7%; 2020: range of 12.2% to 13.1%), annual adjusted EBITDA growth rate (range of 6% to 11.0%; 2020: 8.0% to 18.9%) and the terminal growth rate (2.0%; 2020: 2.0%). The discount rate is based on the Group's pre-tax cost of capital, which is compared with other discount rates in the sector, considered to be a reasonable market participant's rate. The projected EBITDA growth rate is built up on 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.

14 Disposals

On 21 July 2021, the Group disposed of 100% of the share capital of Zest Technology Limited ("Zest"), a 100% owned subsidiary software support business for initial consideration of £10m, and a further £1.5m contingent consideration. Under terms of the agreement, the Group would receive £3 for every £1 of revenue Zest achieves over a hurdle of £4m, capped at £1.5m. Based on the most recently available financial information management did not expect any of the contingent consideration to materialise therefore the fair value of the contingent consideration is assessed as £nil.

The net assets of Zest Technology Limited at the date of disposal were £4.9m resulting in a £4.3m gain on disposal after taking into consideration £0.8m associated transaction costs.

On 15 September 2021, the Group disposed of its operations within its 100% owned subsidiary SimplyBiz Investments Limited (formerly Verbatim Investments Limited) for an initial consideration of £2.8m, and a further £3m contingent consideration dependent on the future performance of the operation. The Group recorded a gain on disposal of £3.5m after valuing the contingent consideration at £2.6m (see below), and deducting associated goodwill and transaction costs of £1.4m and £0.5m respectively.

Future consideration of £3m is payable in £1m tranches on the second, third and fourth anniversary of the disposal date. The amount payable is the lower of £1m and £1m multiplied by the mean AUM of the fund over the preceding year as a percentage of a benchmark AUM of £650m. The mean AUM is protected against adverse market movements but is exposed to reduction in AUM in the form of redemptions. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows based on the mean growth across the fund over the last 4 years.

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2021 are shown below:

Valuation technique	Significant unobservable inputs	Range	Sensitivity of inputs to fair value
Forward pricing model	Discount for counterparty credit risk	2021: 4% - 5.5% (5%)	0.5% increase results in a decrease in fair value of £40k
Forward pricing model	Assumed annual fund net inflows/outflows	2021: +10.4m per year	A 10% reduction in annual net inflows has a £nil impact on fair value.

There were no disposals of subsidiaries made in 2020.

15 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.

	Group 31 December 2021 £M	**Company 31 December 2021 £M**	Group 31 December 2020 £M	Company 31 December 2020 £M
Current				
Secured bank loan	-	**-**	-	-
Lease liability	**0.4**	**-**	0.6	-
	0.4	**-**	0.6	-
Non-current				
Secured bank loan	**6.8**	**6.8**	29.7	29.7
Lease liability	**3.2**	**-**	4.5	-
	10.0	**6.8**	34.2	29.7

Changes in liabilities from financing activities:

	Loans and borrowings £M	Lease Liability £M
Balance at 1 January 2020	37.7	29.7
Cash flows (i)	(9.0)	(1.0)
New leases	-	3.2
Other non-cash changes (i)	1.1	0.2
At December 2020	29.7	5.1
Cash flows (i)	(23.5)	(0.8)
New leases	-	0.3
Disposed leases	-	(1.1)
Other non-cash changes	0.6	0.1
Balance at 31 December 2021	**6.8**	**6.8**

(i) Cash flows and other non-cash changes

Cash flows on bank loans include £23m net borrowings repaid (2020: £8m net repayment) and interest payments made of £0.5m (2020: 1.0m). Cash flows from lease liabilities include £0.8m of lease payments (2020: £1.0m).

Other non-cash changes on bank loans include interest charges of £0.6m (2020: £1.1m). Other non-cash changes on lease liabilities include interest charges of £0.1m (2020: £0.1m).

16 Capital and reserves

Share capital

	Ordinary Shares
Number of fully paid shares (nominal value £0.01):	
At 1 January 2020	96,782,296
Issue of share capital	24,316
At 31 December 2020	96,806,612
Issue of share capital	6,072,218
At 31 December 2021	**102,878,830**

On 11 November 2021, the Company issued 5,232,335 new Ordinary Shares of 1 pence each in the Company ("MIP Shares") following the conversion of Ordinary Shares of SimplyBiz Limited (the "A Shares") as prescribed under the Management Incentive Plan (the "MIP"). The A Shares were subscribed for on IPO and vested and became exercisable from 4 April 2021 in accordance with the rules of the MIP. The remaining 839,883 shares issued during the year relate to the open share option schemes.

	Share premium £M
At 1 January 2020	64.8
Issue of share capital	-
At 31 December 2020	**64.8**
Issue of share capital	0.8
At 31 December 2021	**65.6**

17 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 Groups expectation of final settlement. The Group has a past practice of settling similar schemes as via equity.

Save As You Earn ("SAYE") scheme

On 26 September 2019, 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. Expected volatility, dividends and the risk-free interest rate have been assumed to be consistent with the approved CSOP scheme noted above.

During 2021, 28,027 (2020: 45,393) shares have been forfeited as a result of bad leavers. An assumed retention rate of 75% (2020: 75%) has been applied at 31 December 2021 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:

	SAYE 2021	Value Builder
Fair value at grant date	£0.84	£37,000
Share price at grant date	£2.33	£2.17
Exercise price	£1.76	£nil
Expected volatility	45%	45%
Option life (expected weighted average life)	3	2.42
Expected dividends	2%	2%
Risk-free interest rate (based on government bonds)	0.18%	0.46%

Reconciliation of outstanding share options

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

	Number of options 31 December 2021	**Weighted average exercise price 31 December 2021 £**	Number of options 31 December 2020	Weighted average exercise price 31 December 2020 £
Outstanding at 1 January	1,495,431	**0.98**	1,450,680	1.20
Forfeited during the year	**(63,979)**	**1.65**	(148,095)	1.66
Exercised during the year	**(612,032)**	**0.77**	(25,238)	1.70
Granted during the year	**293,362**	**1.76**	218,084	0.01
Outstanding at 31 December	1,112,782	**1.27**	1,495,431	0.98
Exercisable at 31 December	524,745	0.81	-	-

The options outstanding at 31 December 2021 had an exercise price in the range of £0.01 to £1.93 (2020: £0.01 to £1.93) and a weighted average contractual life of 2.1 years (2020: 2.6 years).

18 Other reserves

Group	Merger reserve £M	Share option reserve £M	Total £M
At 1 January 2020	(53.9)	1.9	(52.0)
Share option charge	-	0.9	0.9
Deferred tax on share options exceeding profit and loss charge	-	(1.1)	(1.1)
At 31 December 2020	(53.9)	1.7	(52.2)
Share option charge	-	1.1	1.1
Release of share option reserve	-	(1.3)	(1.3)
Tax on share options exceeding profit and loss charge	-	0.1	0.1
At 31 December 2021	**(53.9)**	**1.6**	**(52.3)**

Company	Merger reserve £M	Share option reserve £M	Total £M
At 1 January 2020	7.5	0.8	8.3
Share option charge	-	0.9	0.9
At 31 December 2020	7.5	1.7	9.2
Share option charge	-	1.1	1.1
Release of share option reserve	-	(1.3)	(1.3)
At 31 December 2021	7.5	**1.5**	**9.0**

19 Notes to the cash flow statement

	Year ended 31 December 2021 £M	Year ended 31 December 2020 £M
Cash flow from operating activities		
Profit after taxation	15.6	8.2
Add back:		
Finance income	**-**	(0.1)
Finance cost	**0.7**	1.3
Taxation	**4.3**	2.0
	20.6	11.4
Adjustments for:		
Amortisation of development expenditure and software	**1.5**	1.1
Depreciation of lease asset	**0.6**	0.8
Depreciation of property, plant and equipment	**0.3**	0.3
Amortisation of other intangible assets	**2.0**	2.0

Share option charge	**1.1**	0.9
Profit on sale of subsidiary	**(4.3)**	-
Profit on sale of operations	**(3.5)**	-
Operating cash flow before movements in working capital	**18.3**	16.5
(Increase)/decrease in receivables	**(0.6)**	1.6
Increase in trade and other payables	**1.2**	0.9
Cash generated from operations	**18.9**	19.0
Income taxes paid	**(1.8)**	(2.4)
Net cash generated from operating activities	**17.1**	16.6

Operating costs of an exceptional nature are included in net cash generated from operating activities.

20 Disposals

On 21 July 2021, the Group disposed of 100% of the share capital of Zest Technology Limited ("Zest"), a 100% owned subsidiary software support business for initial consideration of £10m, and a further £1.5m contingent consideration. Under terms of the agreement, the Group would receive £3 for every £1 of revenue Zest achieves over a hurdle of £4m, capped at £1.5m. Based on the most recently available financial information management did not expect any of the contingent consideration to materialise therefore the fair value of the contingent consideration is assessed as £nil.

The net assets of Zest Technology Limited at the date of disposal were as follows:

	Fair value £M
Net assets disposed	
Lease asset	1.1
Intangible assets - development costs	3.1
Trade and other receivables	1.0
Corporation tax asset	0.1
Cash and cash equivalents	1.1
Trade and other payables	(1.6)
Deferred revenue	(0.9)
Lease liability	(1.1)
Deferred tax liability	(0.3)
Goodwill	2.4
Net assets disposed	4.9
Consideration paid	
Cash and cash equivalents	10.0
Contingent consideration	-
Total consideration	10.0
Associated transaction costs	(0.8)
Gain on disposal	4.3

On 15 September 2021, the Group disposed of its operations within its 100% owned subsidiary Simply Biz Investments Limited (formerly Verbatim Investments Limited) for an initial consideration of £2.8m, and a further £3.0m contingent consideration dependent on the future performance of the operation. The Group recorded a

gain on disposal of £3.5m after valuing the contingent consideration at £2.6m (see below), and deducting associated goodwill and transaction costs of £1.4m and £0.5m respectively.

Future consideration of £3.0m is payable in £1.0m tranches on the second, third and fourth anniversary of the disposal date. The amount payable is the lower of £1m and £1m multiplied by the mean AUM of the fund over the preceding year as a percentage of a benchmark AUM of £650m. The mean AUM is protected against adverse market movements but is exposed to reduction in AUM in the form of redemptions. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows based on the mean growth across the fund over the last 4 years.

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2021 are shown below:

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