



STRICTLY PRIVATE & CONFIDENTIAL

2018 FINAL RESULTS SIMPLYBIZ

MARCH 2019



Proven Management Team



Ken Davy
Non-Executive Chairman



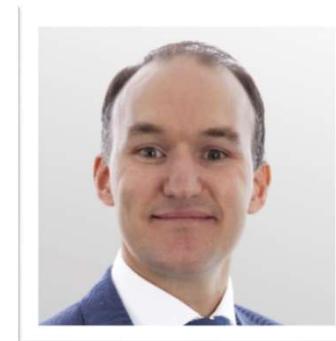
Matt Timmins
Joint CEO

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



Neil Stevens
Joint CEO

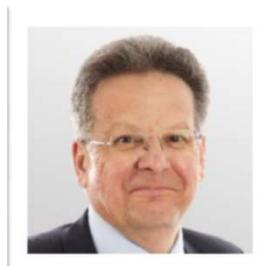
- Joined the Group in 2003, joining the Board in 2004.
- Appointed Joint Managing Director in May 2010.



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



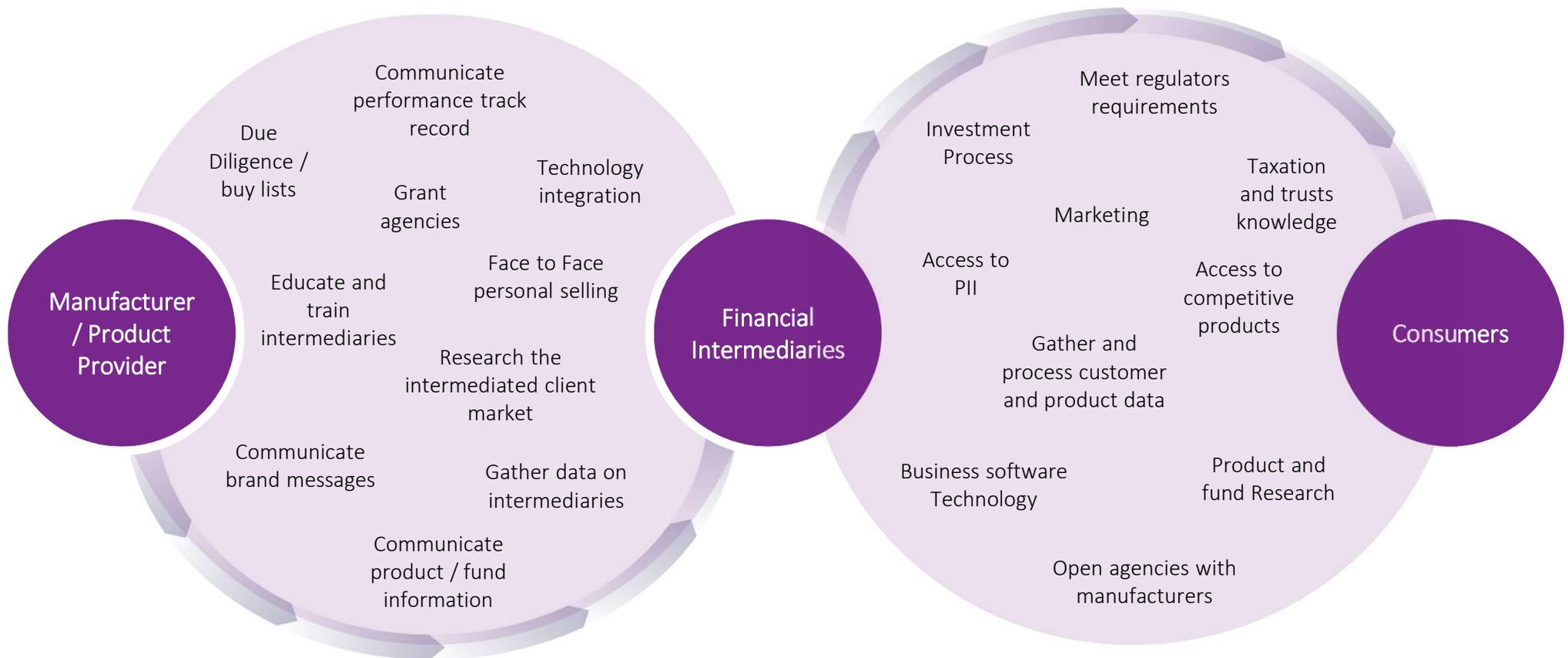
Gary Hughes

Business Overview

Driving Innovation in Financial Services Intermediation

UK Financial Services – an Intermediated Marketplace

A highly fragmented market providing significant organic and inorganic growth opportunities

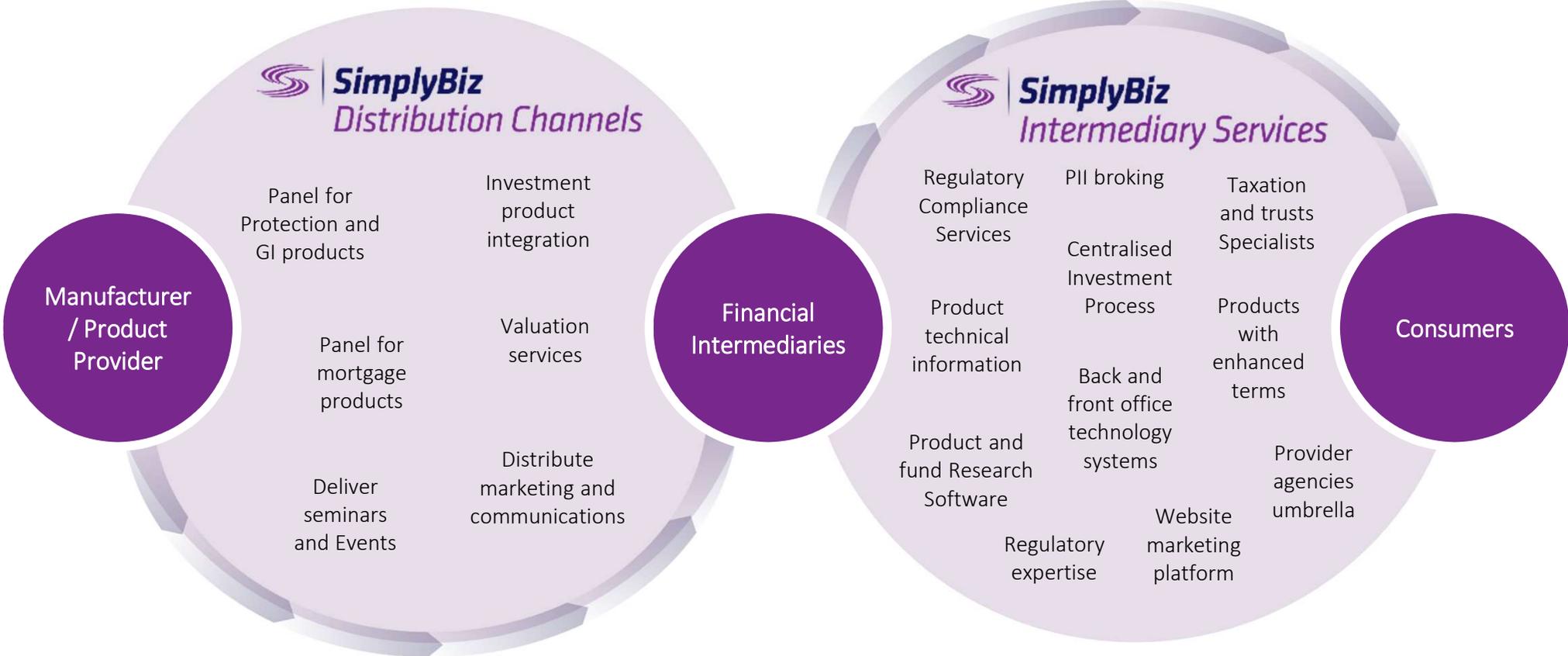


Est. 80% of UK Retail Asset Management sales are intermediated
£140Bn*

Est. 70%+ of UK Mortgages sales are intermediated
est. £172Bn*

*Data from 2016 & 2017

Market Enabler



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

Two Sides of the Coin – Services that Enable Providers & Advisers

 **SimplyBiz**
Distribution Channels

 **SimplyBiz**
Intermediary Services

Marketing Services

Mortgage Panel & Services

Valuation Services

Insurance Panel

Own products



Membership

Additional services

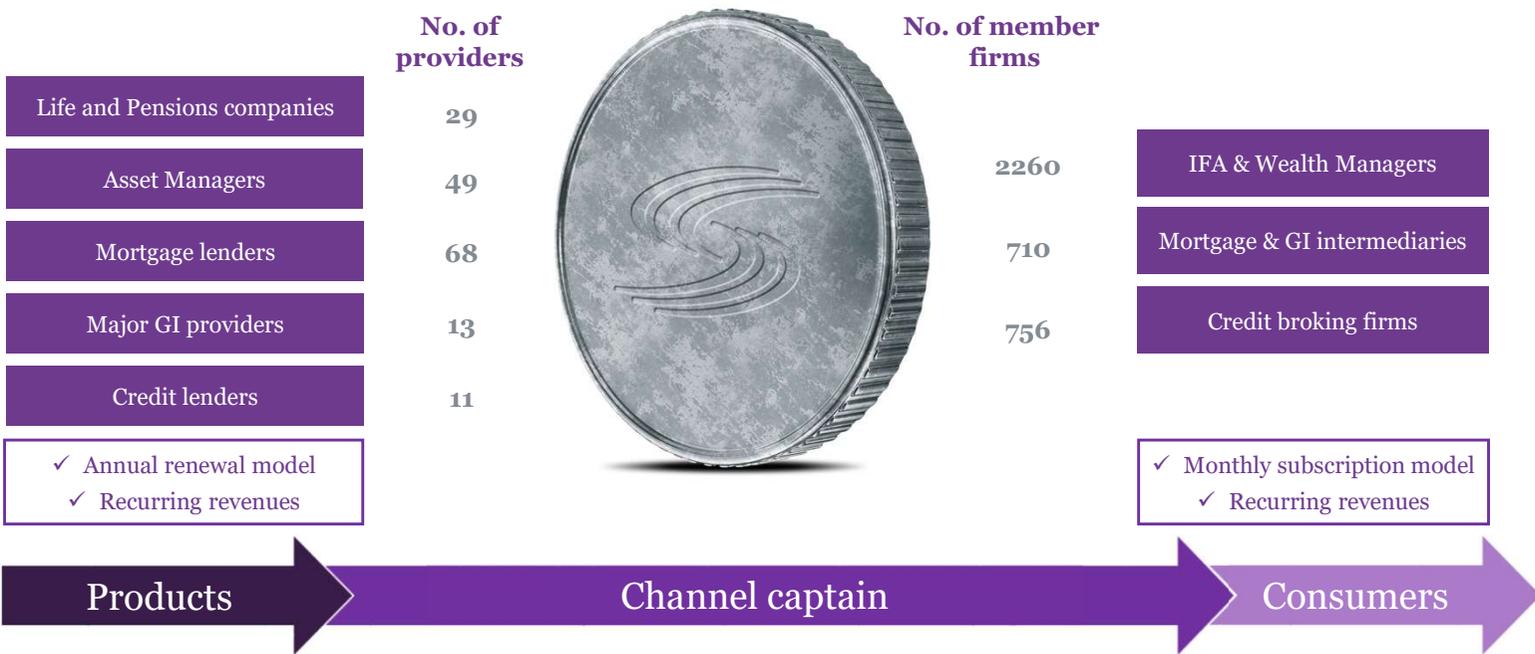
Software



Two Sides of the Coin – Scale in Both Channels = Network Effect

SimplyBiz Distribution Channels

SimplyBiz Intermediary Services

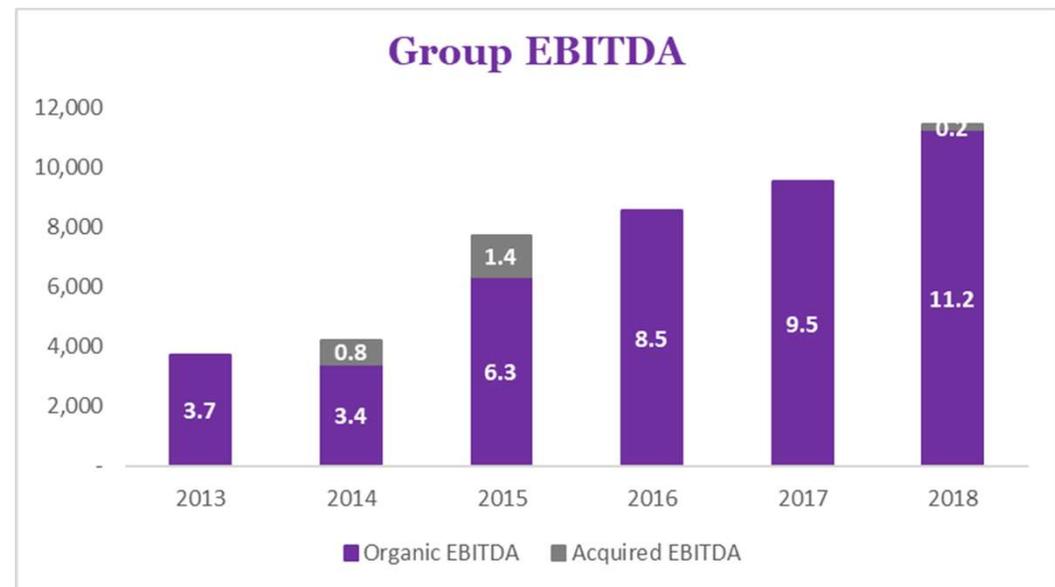
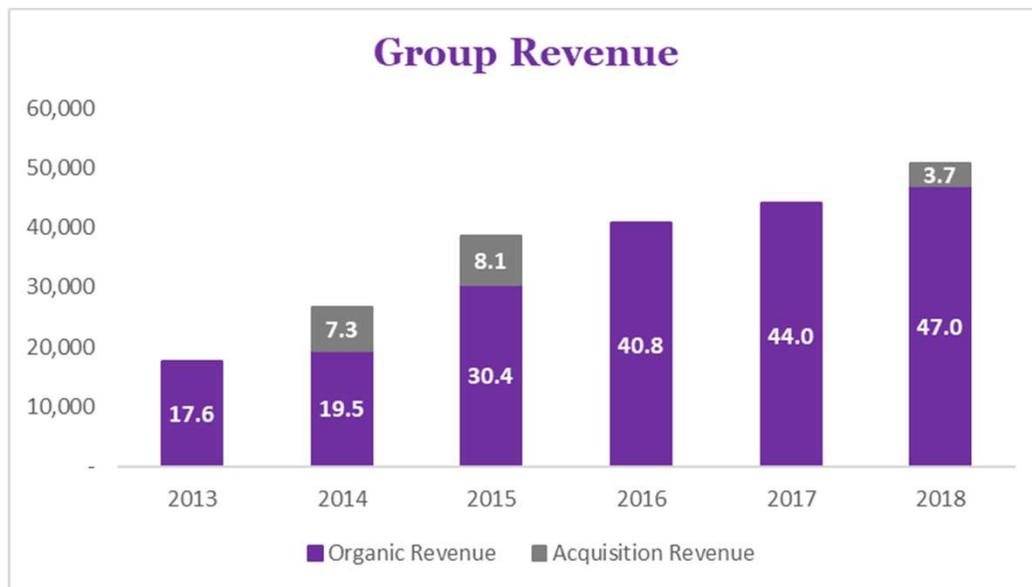


SimplyBiz

Key Highlights of 2018

A Disruptive Innovator in Financial Services Intermediation

- Largest provider of compliance, business and software services to intermediaries
- Membership model of directly authorised firms, a growing market
- Members join our distribution channels = distribution revenues
- Regulation & capital light
- Track record of successful acquisitions in a highly fragmented market



FY 2018 – Financial Highlights



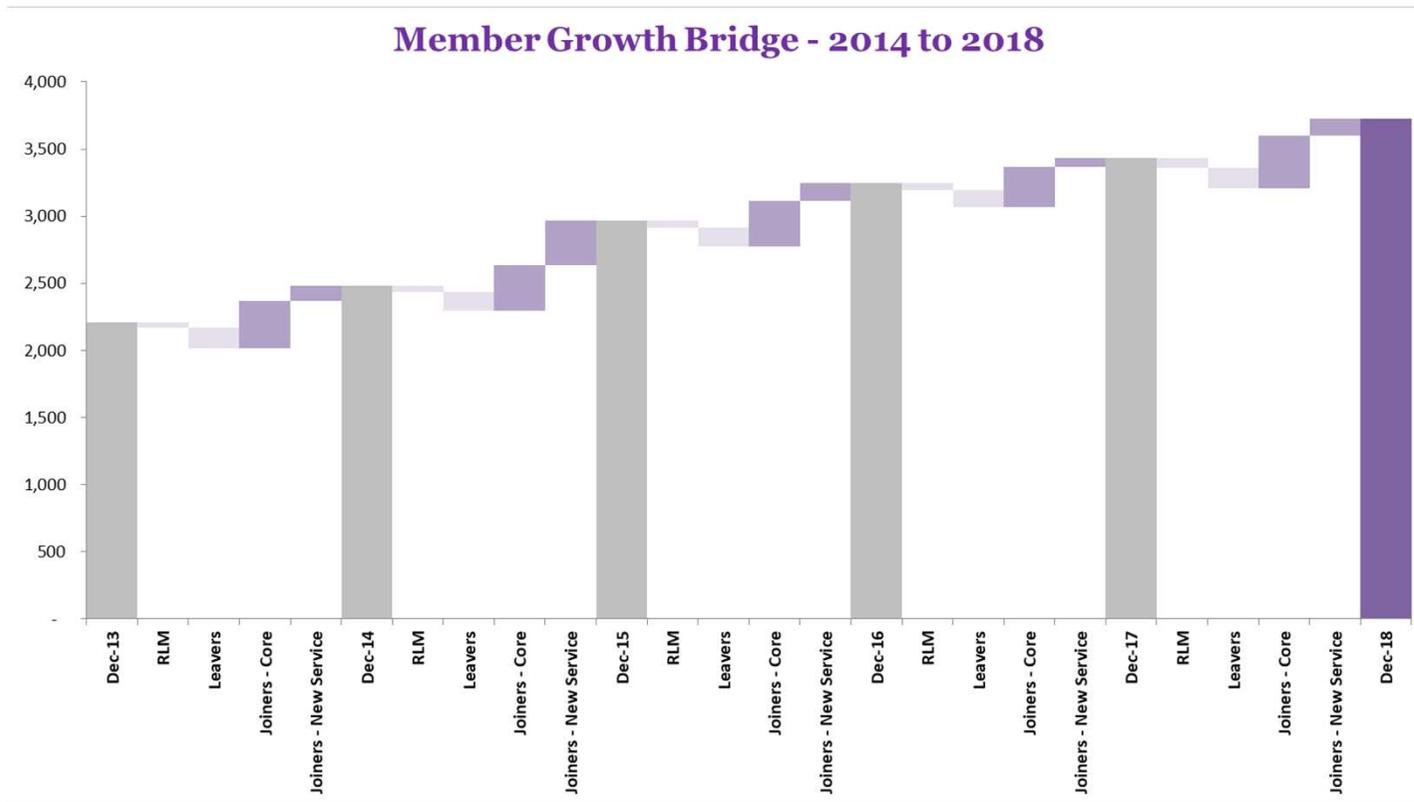
High margin. Recurring revenue. Established market position

FY 2018 – Operational Highlights



High margin. Recurring revenue. Established market position

Growing Intermediary Membership



- Net annual growth in core market from 2014 to 2018 was 6% (3-yr CAGR)
- Including new market membership annual growth 11% (3-yr CAGR)
- Average 5% attrition

RLM = Retired, left industry or merged

SimplyBiz

Financials

Income Statement

£'000	Dec-17	Dec-18	Growth
Revenue	44,066	50,686	15.0%
Underlying operating expenses	(34,523)	(39,267)	13.7%
Adjusted EBITDA	9,543	11,419	19.7%
Adjusted EBITDA Margin	21.7%	22.5%	
OPEX as % of revenue	78.3%	77.5%	
Adjusted Profit Before Tax	6,001	10,274	71.2%
Adjusted Profit After Tax	5,308	8,579	61.6%
Adjusted EPS	9.30p	11.92p	28.2%

Revenue

- Organic growth of 6.6% (£2.9m) in line with increase in membership firms
- £3.7m of revenue increase due to acquisition of Landmark Surveyors on 23 January 2018

Operating Expenses

- 3% (£1.2m) organic growth in OPEX, plus £3.5m from acquisition of Landmark
- Underlying operating expenses exclude IPO costs and share based payment charges

Profit Before Tax

- Profit before tax benefitted from the de-leveraging of the business, and lower finance costs

Income statement presented adjusted for exceptional costs (including finance charges) incurred in the IPO process, and share option charges in 2018. A reconciliation of measures above is provided in the interim statement.

Balance Sheet

£'000	Dec-17	Dec-18
Non-current assets:		
Property, plant & equipment	384	375
Intangible assets and Goodwill	18,205	23,137
	18,589	23,513
Working capital:		
Cash	11,543	13,836
Receivables and accrued income	7,506	8,712
Payables and accruals	(7,963)	(9,133)
	11,086	13,415
Other items:		
Corporation tax	(18)	(496)
Deferred tax	(398)	(582)
Deferred consideration	(598)	(1,847)
Derivatives	(848)	-
Loans	(33,664)	(7,433)
Net Assets	(5,851)	26,570
Net Cash / (Debt)	(22,121)	6,404

Non Current Assets

- £1.0m of intangible assets separately identified on Landmark Surveyors acquisition, plus £3.5m of Goodwill
- Capital light with £0.1m CAPEX in year

Working Capital

- Net cash of £6.4m at 31 December 2018, compared to net debt of £23.0m at Dec 17, and net cash at 30 June 2018 of £1.2m
- 95% cash conversion in the year
- Increase in receivables and payables from 2017 due to Landmark acquisition

Other items

- £1.45m of deferred consideration relates to the acquisition of Landmark Surveyors, payable on the first and second anniversary
- Funding provided by £7.5m drawdown on £15m revolving credit facility

Cash Flow Statement

£'000	Dec-17	Dec-18
Adjusted EBITDA	9,543	11,419
Working Capital Movement	508	(577)
Operating Cash Flow	10,051	10,842
<i>Conversion (%)</i>	<i>105%</i>	<i>95%</i>
Tax received / (paid)	971	(991)
Capital expenditure	(174)	(109)
Development expenditure	(772)	(657)
Exceptional costs	(342)	(3,829)
Net interest payable	(2,844)	(999)
Drawdown of new loans	-	10,093
Repayment of previous debt	(502)	(37,926)
Issue of share capital	1,692	30,002
Acquisitions net of cash received	(3,474)	(2,534)
Dividends	(808)	(749)
Other	104	(849)
Net Cash Flow	3,902	2,293

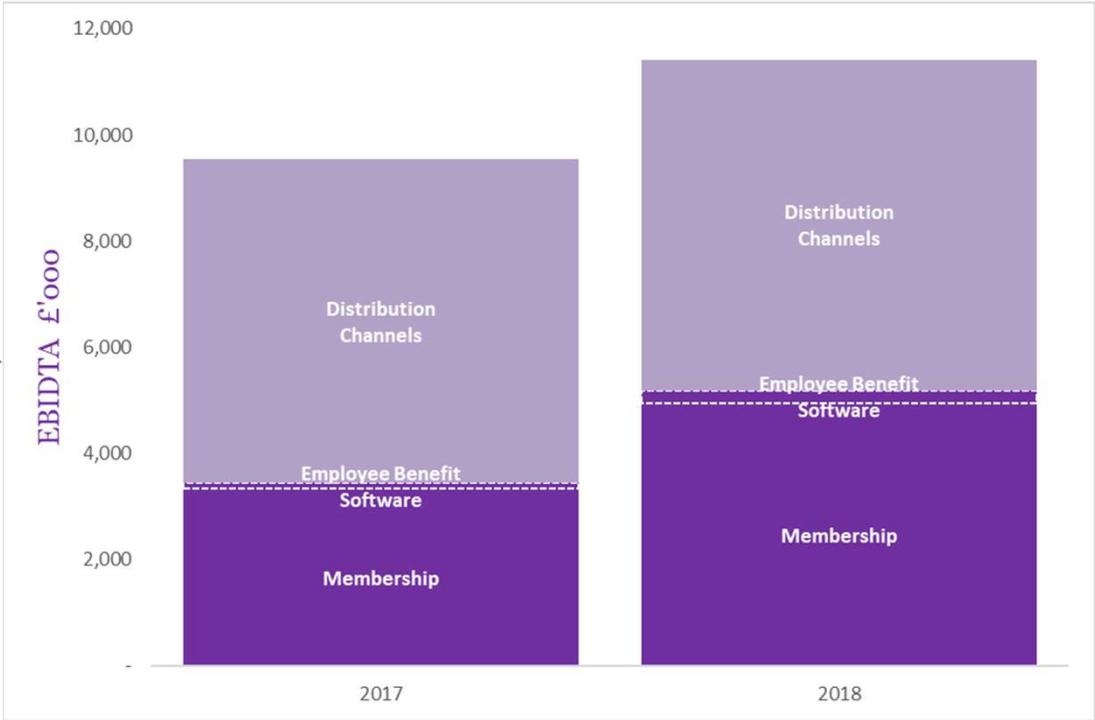
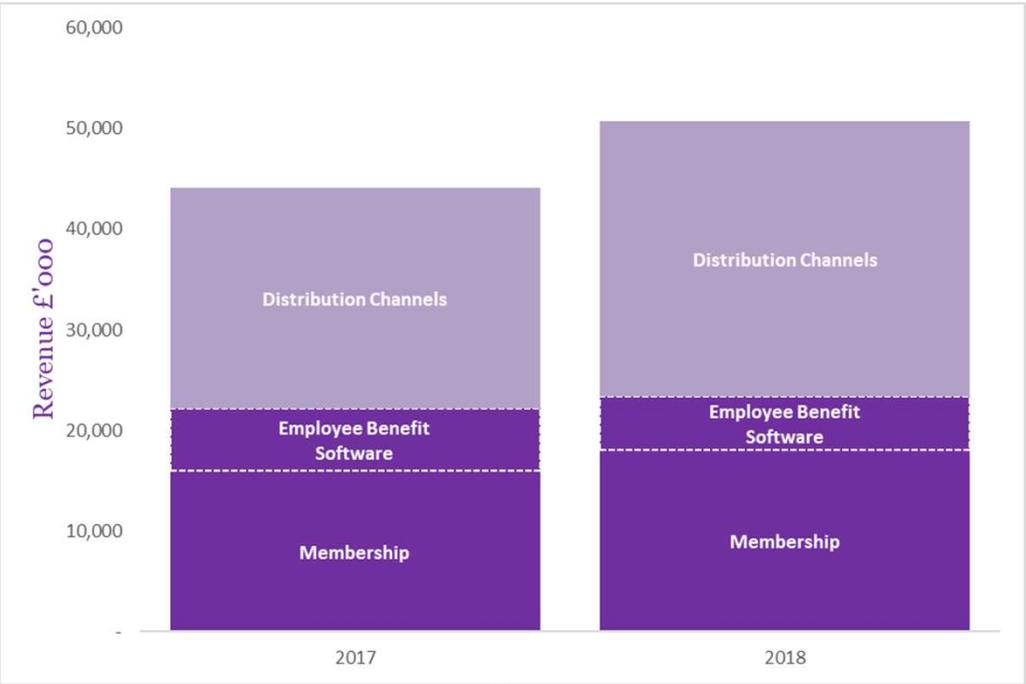
Operating Cash Flow

- Strong underlying cash conversion
- c40% of revenues converted to cash in month earned, with further c35% converted in following month
- 2017 benefitted from timing of accrued income receipts

Other items

- Tax received in 2017 includes £425k overpayment in respect of prior years and £1.2m s455 claim
- Exceptional costs in 2018 relate to IPO costs
- Development expenditure on investment in Zest employee benefit software

2018 – Divisional Performance

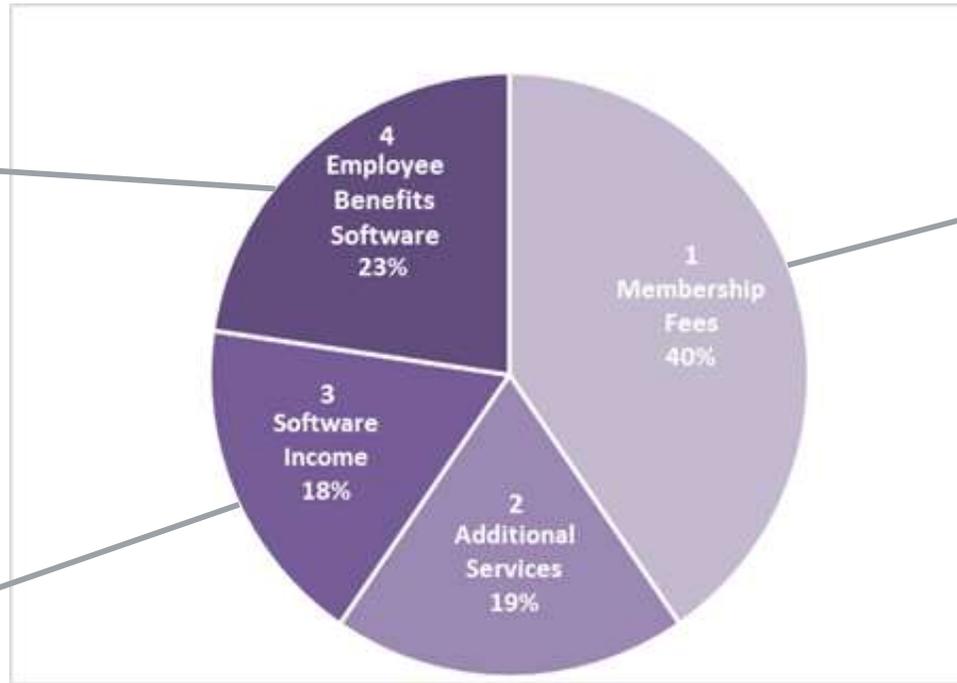


2018 – Divisional Performance



2018 revenue: £23.3m (2017: £22.1m)

Reduction in revenue to £5.3m (2017: £6.3m) in line with management expectation due to re-platform



11.6% year on year growth due to increase in both membership base and subscription fees

24.8% growth due to increased member penetration and subscription fees

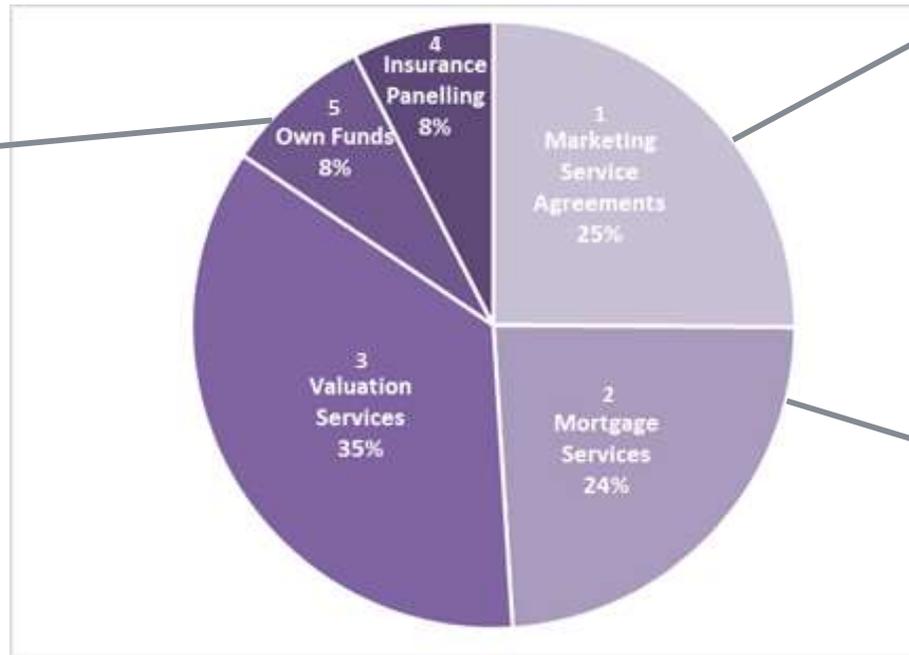
- 1. Core compliance and packaged software
- 2. Additional field support, file checking, Estate Planning, Probate and PII broking
- 3. Back office and research software licenses
- 4. Flexible benefits and auto enrolment software

2018 – Divisional Performance

SimplyBiz
Distribution Channels

2018 revenue: £27.4m (2017: £21.9m)

Assets under management increased 3% from £582m at 31 Dec 17 to £600m



11.6% growth on 2017 due to increased channel participation

13.4% growth on 2017 due to increased member penetration and greater lending volumes

- 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

SimplyBiz

Leveraging a Strong Platform for Growth

Strong Market Drivers to Support Growth

Significant market opportunity for continued organic growth

- IFA Growth / move to direct authorisation
- Increased propensity to outsource
- Mortgage market increasingly intermediated
- Intermediary businesses have strong trading and sound fundamentals
- Increased regulation from multiple regulators

Clear Growth Strategy

SimplyBiz *Distribution Channels*

Increase distribution

- Increase number of partners
- Increase participation of members
- Develop adjacent markets

New Channels

- Monetise information and market knowledge
- Later Life & Equity Release market

SimplyBiz *Intermediary Services*

Increase Intermediary income

- Continued organic growth of membership
- Additional services & technology sales

New Services

- Senior Managers & Certification Regime
- Higher value consulting & training



Pursue selective acquisitions

Monetising Data - SimplyInsight



These are examples of services and target customers we can pursue

Summary

A Year of Success and a Platform for Further Growth

- Successful IPO in April 2018 – commercial benefits and de-leverage
- Strong 2018 financial performance in both divisions
- Strong profit growth, dividend announced
- Positive net cash position
- Long-term growth drivers support our competitive position
- Further growth initiatives already underway

A Defensive Growth Model to Capture Attractive FS Themes

1. Disruptive growth model for financial intermediation
2. Regulation & capital light model to access attractive market
3. High recurring income & growing margin
4. Proven model: members x fees + channel partners x participation
5. Multiple existing and new growth opportunities

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2018 RESULTS SIMPLYBIZ

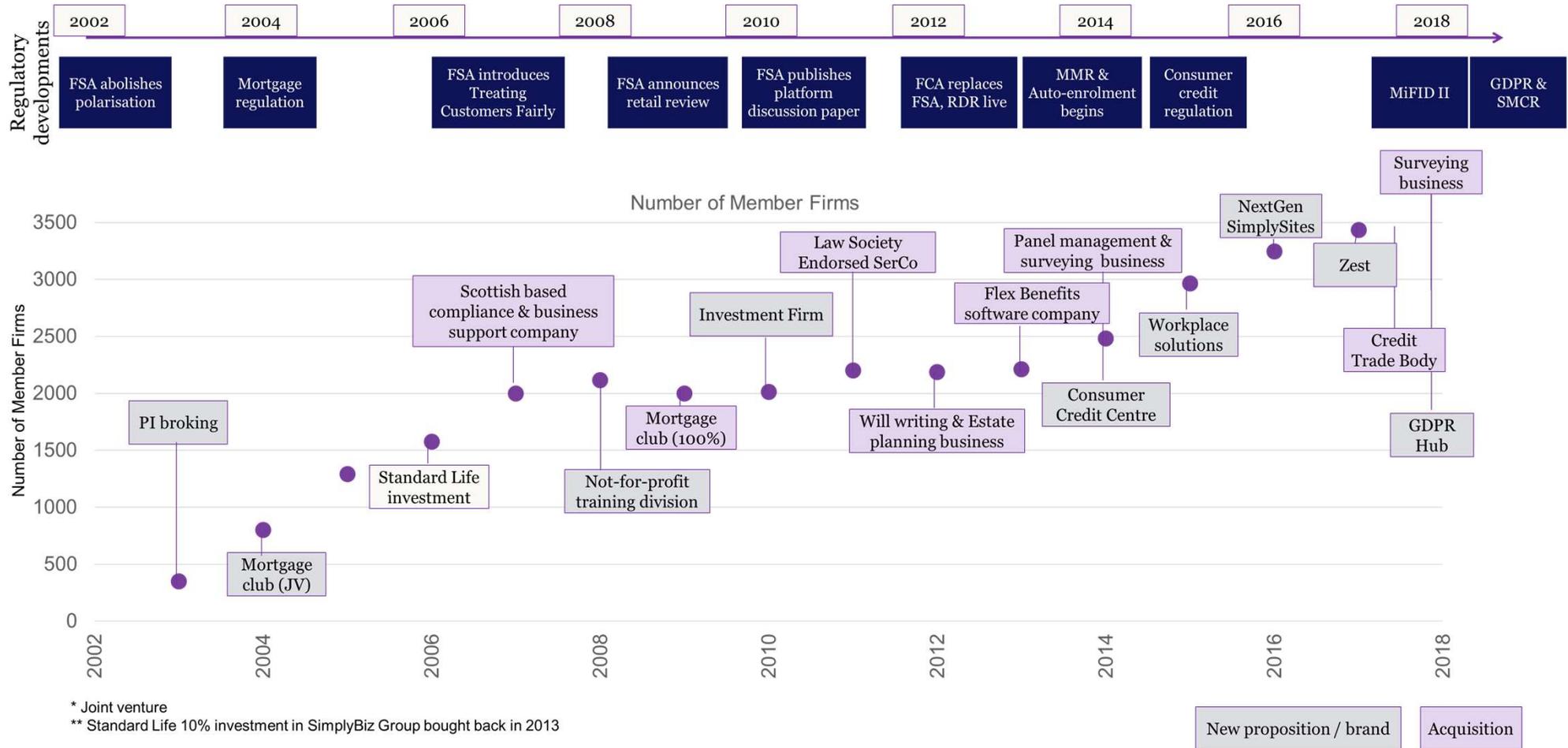
APPENDICES

MARCH 2019



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-18	18	Independent
Paradigm Partners	Mar-18	6.8	AIM listed
Bankhall	Dec-17	7.7	Provider Owned
Threesixty	Dec-17	6.3	Provider Owned
True Potential	Dec-17	6.7	PE Backed
Tenet Select	Sep-17	2.1	Provider Owned (80%)

Source: CIL, 2017

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



Established AUM Strategy with own Investment Funds

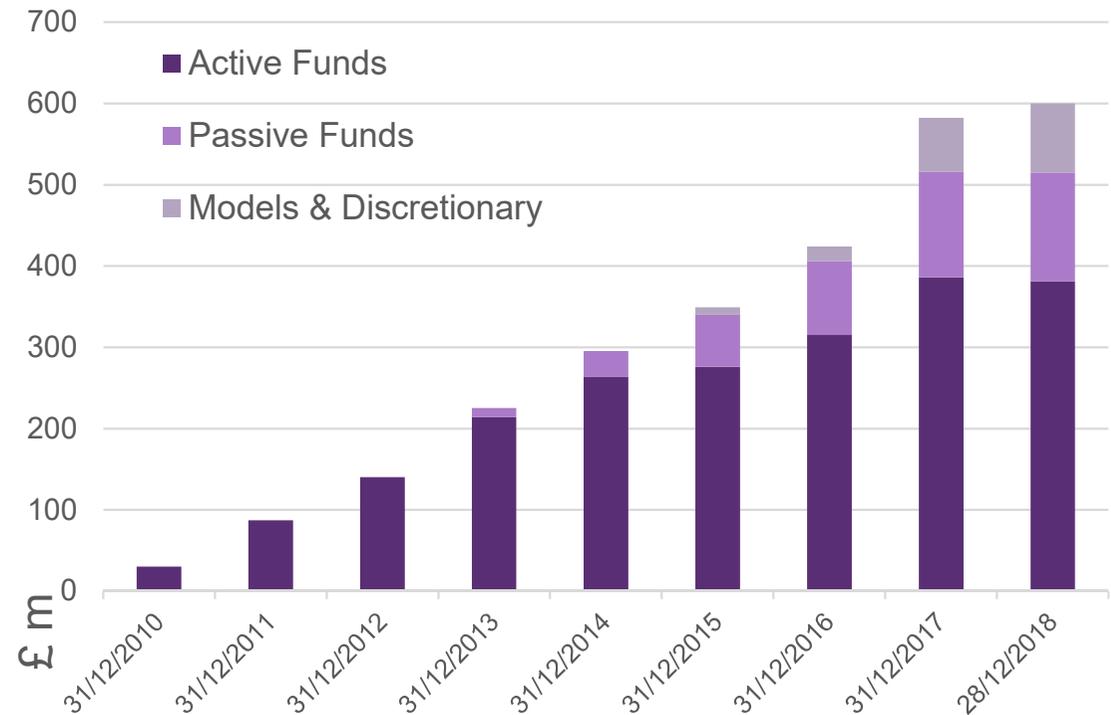
Verbatim is the economic owner and promoter of two OEICs

- FP Verbatim Funds, risk-managed multi-asset fund-of-funds - OCF 1.15% - 1.37%
- Total Clarity Funds, risk-managed multi-index fund-of-funds - OCF 0.62% - 0.65%

Verbatim is the economic owner and promoter of a 'Managed Model' and 'Discretionary' service

- AMC 0.25% (Managed Model) – 0.80% (Discretionary Platform)
- All investment products are operated in an outsourced model – managed to bespoke mandate by Liontrust, Sarasin and Architas

Verbatim AUM £m



FP Verbatim Growth Funds

Our Locations and Teams

- 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
- 422 staff at 31/12/18
 - 171 staff in Distribution Channels
 - 189 staff in Intermediary Services
 - Incl. 65 technical compliance staff
 - 62 staff in Central Services

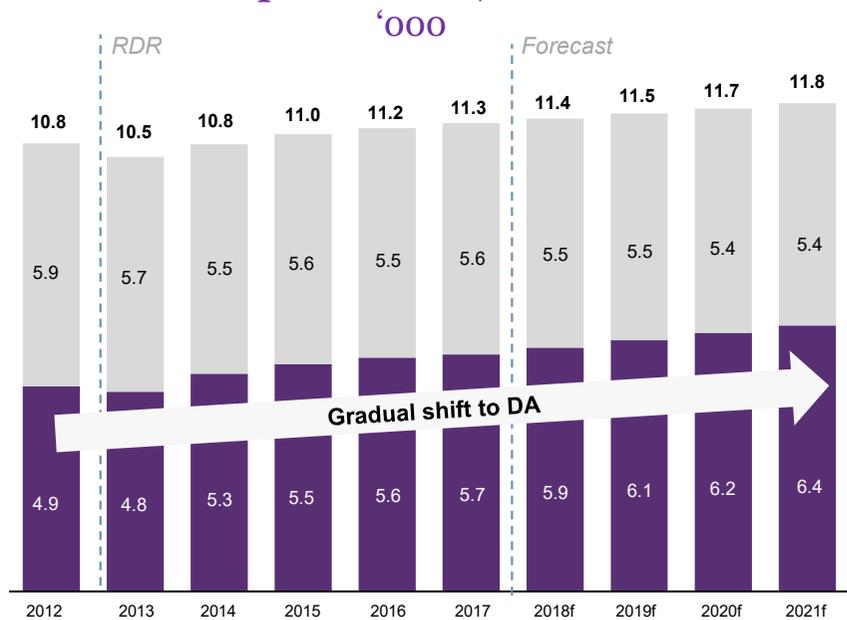


APPENDIX 2

Market Drivers for Growth

Market Drivers – Continued IFA Growth and the Move to DA

Number of adviser firms with FCA investment permissions, UK¹



“There has been a gradual shift from AR to DA and this is expected to continue at a similar rate”

	FY12-17 CAGR	FY17-21f CAGR
Total	0.9%	1.0%
Appointed representative	(1.0%)	(1.0%)
Directly authorised	2.9%	2.9%

Drivers to for switching from AR to DA

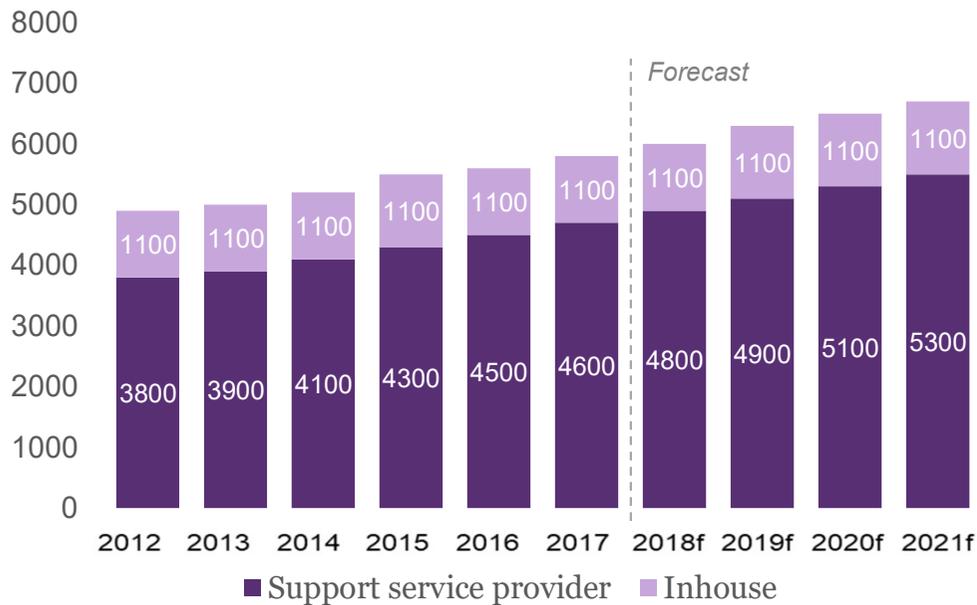
- Networks can be more expensive
- Consolidation = advisers seeking greater independence and starting new firms
- Compliance support service providers convert small AR firms to DA.

Note: 1) Based on Matrix Investment Intermediaries, which includes only active FCA authorised firms operating in the investment market with at least one active CF30 advisor within the firm or at its AR.
Source: Matrix Solutions – Observatory – Mar-17, CIL interviews

Source: CIL – Independent Research (2018)

Market Drivers – Increased use of Service Providers

Number of Directly Authorised IFA Firms



Source: CIL – Independent Research (2018)

Increased Propensity to Outsource

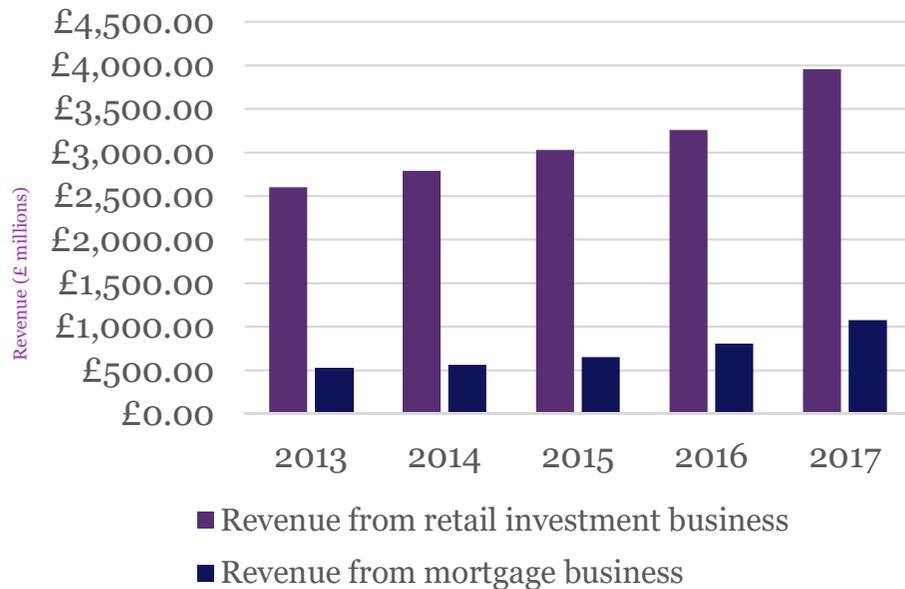
- Complex regulatory environment
- Breadth and complexity of products
- Complex tax regime
- CPD requirements
- Commercial imperative
- Software training / education
- Isolating environment

“By far the biggest concern (for financial adviser firms) for 2018 in terms of time and cost was Regulation and Compliance”

Source: PIMFA – The Financial Adviser Market in Numbers (2018)

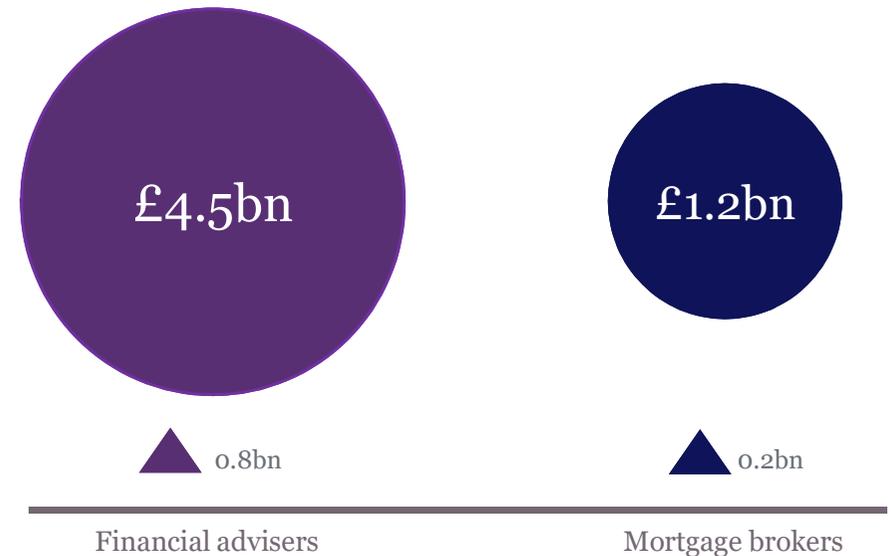
Market Drivers – IFA & Mortgage Advisers are Growing

Revenue earned from regulated intermediary activities*



Source: FCA Data Bulletin (June 2018)

Total revenue earned by category of firm



Total reported earnings by financial advisers increased by **22%** to **£4.5 billion** in 2017 and aggregate pre-tax profits by **23%** to **£698 million**.

Small firms have the highest pre-tax profit margin at **43%** of total revenue.

Total reported earnings by mortgage brokers increased by **23%** compared to 2016 to **£1.2 billion** in 2017.

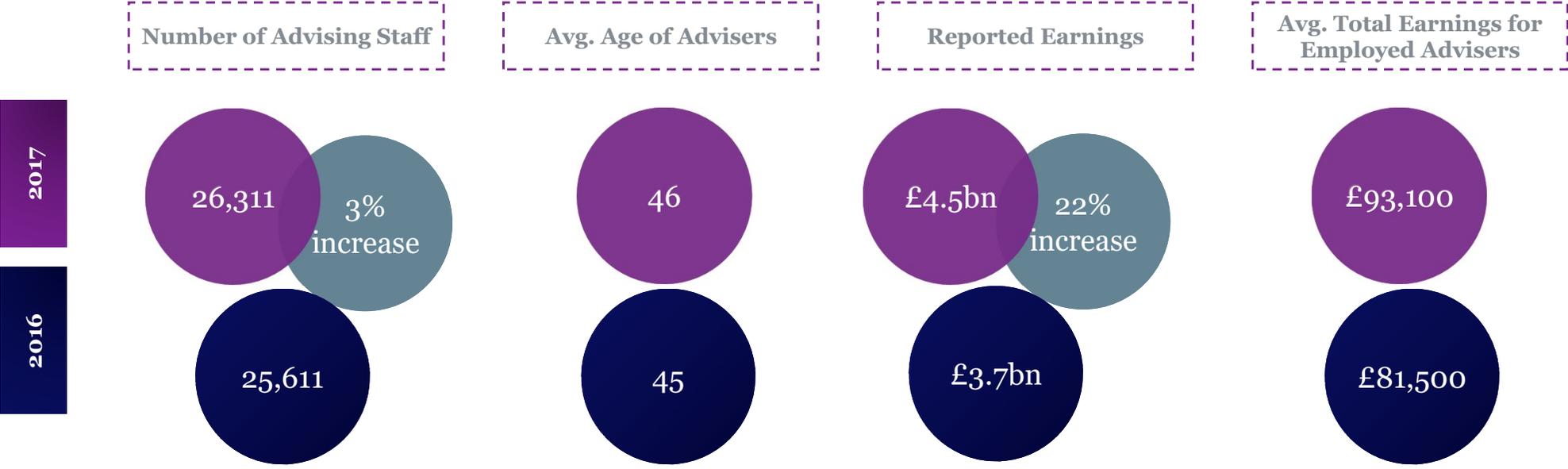
*All firms reporting a full year of revenue earned from the relevant activity.

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



700 new advisers joined the industry between 2016 and 2017. NMBA training 60 apprentices to the industry in 2018.

Average age of advisers plus new advisers joining the industry indicates continued growth in the sector.

Total reported earnings for the industry as well as total earnings per adviser grow steadily year on year. 22% increase in firm earnings is positive for SimplyBiz

Source: FCA Data Bulletin (June 2018)
BWD Salary & Benefit Census 2017/18, (2018)

Market Drivers – Smaller Firms Offer a Robust Future

IFA firms – Average revenue and profits in 2017 by firm size

Firm size	Average retail investment revenue per firm (£)	Average retail investment revenue per adviser (£)	Average total revenue per firm (£)	Average pre-tax profit per firm (£)	Average retained profit per firm (£)
1 adviser	148,105	148,105	188,823	80,349	29,124
2-5 advisers	464,568	167,411	568,683	192,328	70,649
6-50 advisers	1,822,334	171,284	2,203,848	358,454	145,708
Over 50 advisers	57,080,139	160,540	72,834,633	(162,446)	(241,534)

Small firms were proportionally more profitable than larger ones. Firms with **1 adviser** showed the highest profit margin with an average pre-tax profit of **43%**,

The largest firms (greater than 50 advisers) showed an **average loss** per firm

Source: FCA Data Bulletin (June 2018)

Market Drivers – Retail Consumers Increasing use of Advisers

Adviser Market Growth– Number of retail clients paying for ongoing services in 2017

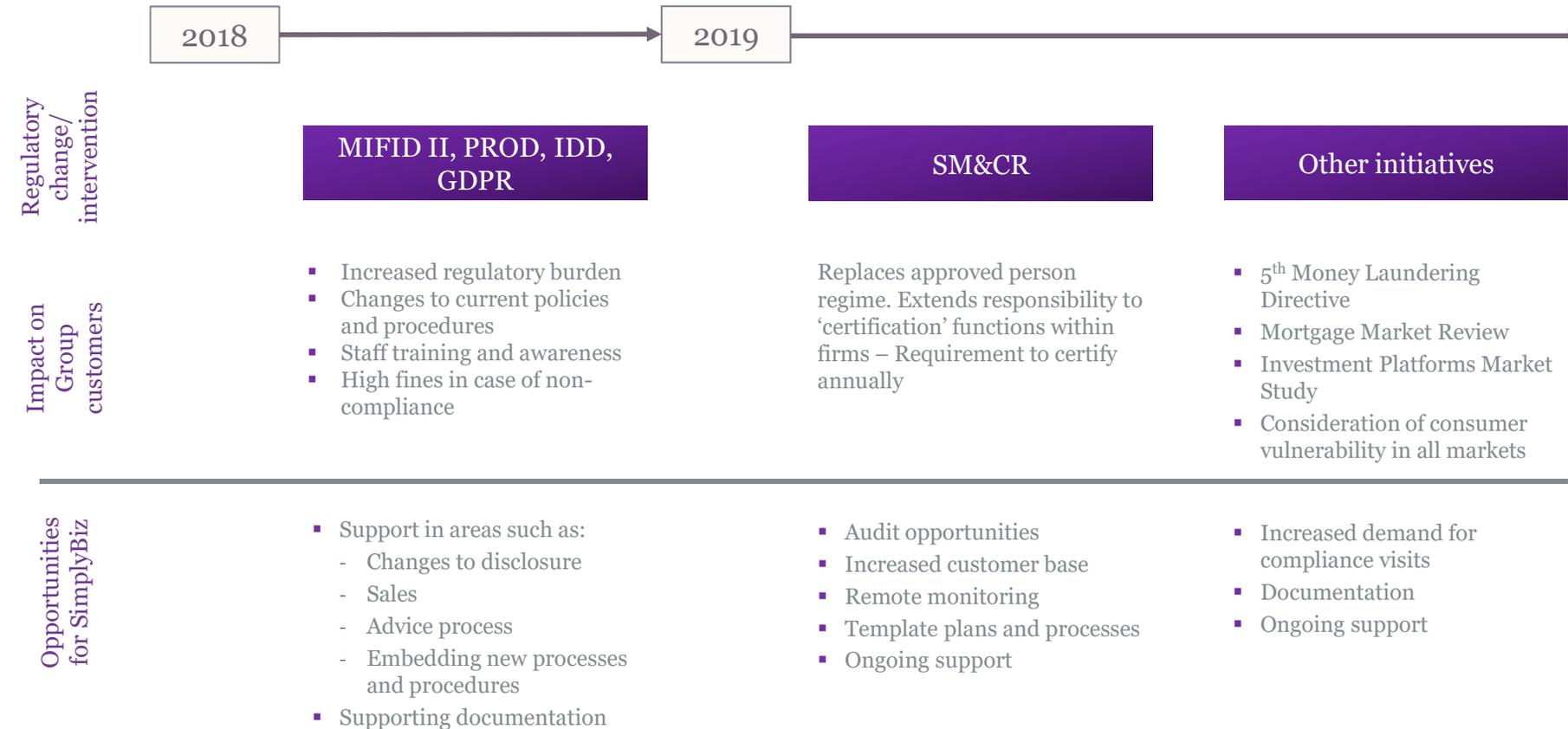
	New in year	Ceased in year	Total at year end
Number of ongoing clients	506,950	130,729	2,821,336

- In 2017 firms reported there were 2.8 million clients paying for ongoing advice services.
- Of these, 18% were either new to the firm or new to an ongoing charge model
- 5% of ongoing customers stopped paying for financial advice, unchanged from last year.
- Firms with a primary category of financial adviser firm had 2.4 million ongoing clients (86% of the total number of customers in these markets).

Source: FCA Data Bulletin (June 2018)

Regulatory Change is a Tailwind for Additional Service Sales

Strong demand drivers for additional services - Increased regulation



Regulatory Change is a Tailwind for Additional Service Sales

Strong demand drivers for additional services - Changing marketplace

	DB Transfers	Technology	Workplace	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>Advisers who engage with businesses and business owners on GPPs or group risk policies are likely to move on to advising them on their holistic financial needs.</p> <p>Re-enrolment for workplace pensions is underway, and will be ongoing for all UK firms, and it makes a great opportunity to engage with businesses.</p>	<p>Equity Release is a rapidly developing market attracting twice as many customers as five years ago.</p> <p>Volume of lending in Q3 2018 exceeded £1Bn</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 2,426 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"> ▪ Re-enrolment support 	<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 – Spring 2018 Market Report (2018)

Mortgage Intermediation Continues to Increase

Increasing regulation

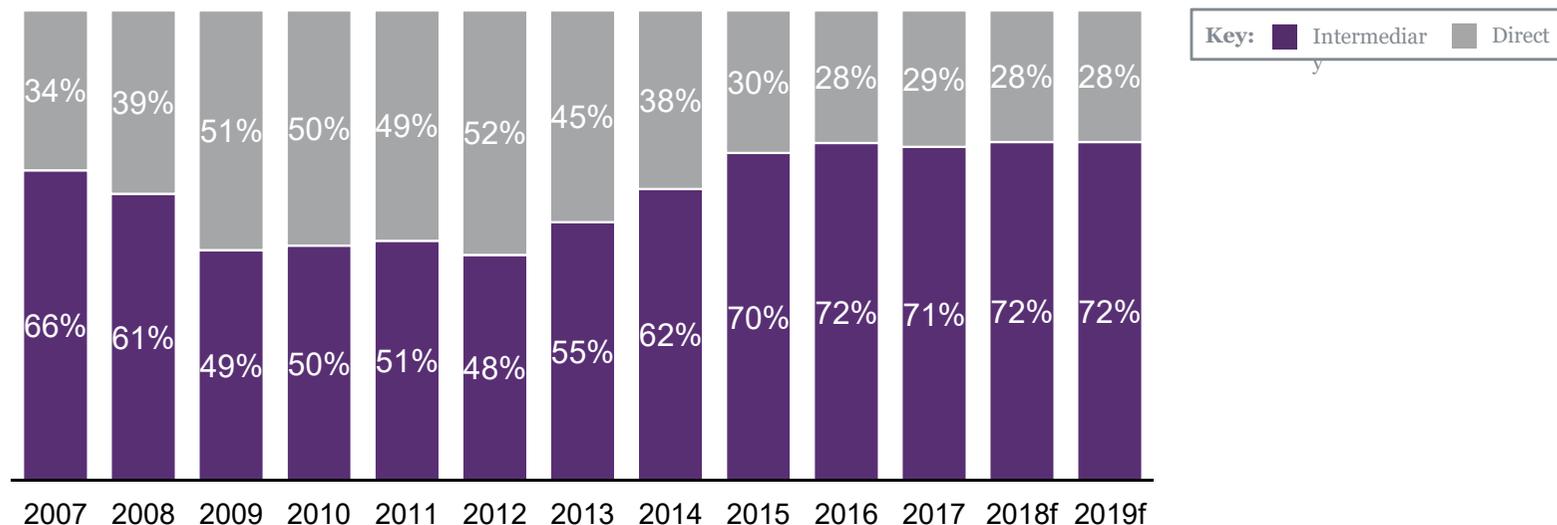
- MMR = application process for a mortgage longer and more complicated
- Increased the use of the broker channel to deal with the additional workload as branches do not have enough capacity
- *“In terms of distribution, if you want to deal in volume then you have to deal with brokers. The branches simply 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 (2018)

Intermediary share of the mortgage market by value (%)



Source: IMLA, Barclays, trade and general press.

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

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

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