RNS Number : 8353M
Fintel PLC
19 September 2023

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Fintel plc

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

Half year results for the six months ended 30 June 2023

Positive performance; strategic investments to accelerate future growth

Fintel (AIM: FNTL), the leading provider of Fintech and support services to the UK retail financial services sector, today announces its unaudited consolidated results for the six months ended 30 June 2023.

"Fintel delivered a positive financial and operational performance during the first half of 2023 and continued to make significant progress in line with its strategic plan. We have increased investment into our technology and service platform, with earnings enhancing acquisitions expanding our unique proposition and driving future growth opportunities.

Our diverse client base and proposition, combined with the cash generative nature of our business, provide resilience to tough market conditions and ensure we are well placed to capitalise on the growth opportunities arising from an evolving UK financial services landscape.

Current trading remains encouraging and in line with our expectations. Together with the strength of our balance sheet and positive qualified M&A pipeline, we are confident of delivering further strategic progress and accelerating growth, as we continue to inspire better outcomes for retail financial services."

Matt Timmins, Joint CEO

	HY23	**HY22**	**Change**
Core business			
Core[1] revenue	*£27.6m*	*£27.1m*	*2%*
Core SaaS & subscription revenue	*£18.8m*	*£17.8m*	*6%*
Core adjusted EBITDA[2]	*£8.8m*	*£8.2m*	*8%*
Core adjusted EBITDA margin	*31.9%*	*30.1%*	*180bps*
Fintel alternative performance measures			
Adjusted EBITDA	£9.0m	£8.7m	3%
Adjusted EBITDA margin	28.3%	27.0%	130pbs
Adjusted EPS[2]	5.0p	5.3p	-6%
Cash conversion[3]	104%	124%	-2,000bps
Statutory measures			
Statutory revenue	£31.7m	£32.2m	-2%
Statutory EBITDA	£6.7m	£8.0m	-16%
Statutory EPS	3.2p	4.6p	-30%
Cash position	£13.3m	£7.6m	75%
Interim dividend per share	1.1p	1.0p	10%

Financial highlights

- Core[1] revenue growth to **£27.6m** (HY22: £27.1m) up **2%**; and up **4%** on a **like for like basis**
- Core adjusted EBITDA[2] increased to **£8.8m** (HY22: £8.2m) **up 8%**
- SaaS and subscription revenue **up 6%** to **£18.8m** (HY22: £17.8m), now representing **68%** of core revenue

- Strong liquidity with cash position of **£13.3m** (HY22: £7.6m), as a result of consistently strong cash conversion[3] of **104%** (HY22: 124%)
- Strength of balance sheet together with undrawn **£80m** Revolving Credit Facility ("RCF") provides significant financial flexibility and headroom to capitalise on organic and M&A opportunities
- Statutory revenue of **£31.7m** (HY22: £32.2m), **down 2%**, reflects both new net revenue recognition on major software reseller contract extension in current period and reduced activity in non-core business
- Adjusted EBITDA[2] up **3%** to **£9.0m** (HY22: £8.7m) delivered during a period of significant investment
- Solid adjusted EBITDA[2] margin of **28.3%** (HY22: 27.0%), **up 130bps**, driven by improved revenue mix and growth on higher margin business lines
- Adjusted EPS[2] **down 6%** to **5.0 pence per share** (HY22: 5.3 pence per share) driven largely by the UK wide increase in corporation tax rate from 19% to 25%
- Interim dividend of **1.1p** (HY22: 1.0p) proposed, recognising the strength of the underlying business

Strategic and operational highlights

- Strategic developments and investments expected to accelerate future growth:
  - Acquisition of MICAP by Defaqto extending its reach into the tax-advantaged market, expanding both its data footprint and research capabilities
  - Acquisition of Competent Adviser, a dynamic learning platform enabling advisers to meet increasing regulatory competency requirements
  - Investment in Plannr through Fintel Labs technology incubator, expanding Fintel's technology proposition and extending the capabilities of Defaqto Engage through a two-way integration
  - A new five-year minimum term technology contract with long-standing supplier Intelliflo on improved terms, reducing pass through costs and the associated revenues, and increasing EBITDA margin
- Maintained a steady improvement in earnings quality, enhancing visibility of future earnings:
  - Solid growth in core SaaS and Subscription revenue **up 6%** to **£18.8m** (HY22: £17.8m), now representing **68%** of core revenue
  - Strong progress in conversion to Distribution as a Service ("DaaS"); 79% of Distribution Partner revenue converted to multi-year subscription agreements (HY22: >60%; Target: 60%)
- Enhanced and expanded proposition, driving organic growth:
  - Intermediary Services
    - Expanded regulatory technology capability with four new software distribution agreements
    - Strengthened core compliance offering including expanded Consumer Duty support and digital compliance services
  - Distribution Channels
    - Scaled DaaS proposition into mortgage and protection markets and further growth of Strategic Asset Allocation service
    - Deepened insights for product providers with partner portal phase two launched and digital events platform upgraded
    - Strengthened distribution agreement with BlackRock
  - Fintech & Research
    - Expanded competitor intelligence and benchmarking software
    - Launch of new financial planning software modules
    - Expanded research and insights platform

Current trading and outlook

- Trading continues to be in line with the Board's expectations
- Sustainable organic growth expected with expansion of proposition and increasing technology penetration
- Qualified M&A pipeline, underpinned by enhanced financial resources, expected to accelerate medium term growth
- Increased demand as a result of positive market dynamics and structural growth drivers including regulatory pressure, demand for technology and insights, and market consolidation and disaggregation

Notes

[1]*Core business excludes revenues from panel management and surveying.*

[2] *Core adjusted EBITDA and adjusted EPS are alternative performance measures for which a reconciliation to a GAAP measure is provided in note 8 and note 10.*

[3] *Underlying operating cash flow conversion is calculated as underlying cash flow from operations (adjusted operating profit, adjusted for changes in working capital, depreciation, amortisation, CAPEX and share-based payments) as a percentage of adjusted operating profit.*

Analyst Presentation

An analyst briefing is being held at 9:30am on 19 September 2023 via an online video conference facility. To register your attendance, please contact fintel@mhpgroup.com.

For further information please contact:

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Notes to Editors

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

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

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

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

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

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

JOINT CHIEF EXECUTIVES' STATEMENT

Overview

Fintel has performed well in the first half of the year, delivering a positive financial performance during a period of increased strategic investment.

As we innovate and expand our customer proposition, profitability and earnings quality continued to improve across the business. Core adjusted EBITDA grew 8% and SaaS and subscriptions now represent 68% of core revenue.

The diversity of our client base and proposition positions us resiliently and allows us to capture growth in challenging markets. Excellent growth in our Fintech and Research division mitigated the impact of a weaker mortgage market in our Distribution Channels division, contributing to our core business delivering growth across all key metrics.

In light of the performance and in recognition of the underlying business' quality, the Board has proposed an interim dividend of 1.1p per share.

Core Business

	HY23	HY22	Medium-term target
Core Revenue Growth	2%*	9%	5-7%
Adjusted EBITDA Margin	31.9%	30.1%	35-40%
% Revenues from SaaS and Subscriptions	68%	66%	70-80%

**4% on a like for like basis taking into account the change in revenue recognition on major software contract*

As we enhance and expand our services and technology platform, we continue to drive performance, increasing margin, revenue quality and earnings in our core divisions.

- The Intermediary Services division delivered a 15% growth in gross profit, driven in part by the expansion of our regulatory technology offering, and the digitisation and expansion of our core compliance offering.
- In the Distribution Channels division earnings quality increased with 79% (HY22: >60%) of our partner revenue converted to multi-year Distribution as a Service ("DaaS") contracts as we scale our distribution solutions through expansion of the DaaS proposition into the mortgage and protection market.
- The Fintech and Research division delivered a 9% increase in revenue, driven by significant growth in software and fintech revenues, following expansion of our competitor intelligence and benchmarking software, and enhancements to our proprietary financial planning software.

With current trading in line with our expectations, the progress we have delivered against our strategy and the resilience of our membership and subscription based operating model, the Board remains confident in achieving its medium-term strategic ambitions.

Strategic Delivery and Priorities

The Company's value creation strategy combines selective acquisitions and organic growth, driven by increasing regulatory pressure, and continued technology adoption across both our membership base and the broader market.

In 2023 we accelerated investment in the business, acquiring two complementary businesses to Fintel and investing in Plannr Technologies Ltd, adding significant scale and increasing our capabilities and IP. We also continued to innovate and expand our service and technology platform organically, delivering margin growth, robust cash flow and capital efficiency.

During the period, we agreed a new five-year technology contract with an existing vendor on improved terms, reducing pass through costs and the associated revenues and increasing EBITDA margin.

Prudent capital management remains a priority, and together with our cash resources ensures, we have the capacity to continue to invest in our core platform, and deliver further strategic progress.

Outlook

Fintel's long-term growth is underpinned by the evolving UK financial services and regulatory landscape, supporting ongoing expansion of our product and service platform. In addition, our diverse client base and proposition provide resilience to tough market conditions. This ensures we are well placed to capitalise on multiple growth opportunities.

With increasing profitability and earnings quality, underpinned by high levels of cashflow conversion, and a series of strategic investments expanding our reach, scale and IP, we are confident of accelerating our future growth.

Current trading remains encouraging and in line with our expectations. Together with the strength of our balance sheet and qualified M&A pipeline, we are confident of delivering further strategic progress and a strong financial performance, as we continue to inspire better outcomes for UK retail financial services.

Neil Stevens & Matt Timmins

Joint Chief Executive Officers

FINANCIAL REVIEW
For the six months ended 30 June 2023

	Period ended 30 June 2023 £m	**Period ended 30 June 2022** £m
Group revenue	**31.7**	32.2
Expenses	**(22.7)**	(23.5)
Adjusted EBITDA	**9.0**	8.7
Adjusted EBITDA margin %	**28.3%**	27.0%
Depreciation	**(0.2)**	(0.1)
Depreciation of lease asset	**(0.2)**	(0.2)
Amortisation of development expenditure and software	**(0.6)**	(0.5)
Adjusted EBIT	**8.0**	7.9
Operating costs of an exceptional nature	**(1.5)**	-
Share option charges	**(0.8)**	(0.7)
Amortisation of other intangible assets	**(1.0)**	(1.0)
Net finance costs	**(0.2)**	(0.3)
Profit before tax	**4.5**	5.9
Taxation	**(1.1)**	(1.1)

Profit after tax	**3.4**	4.8
Adjusted earnings per share** ("EPS")	**5.0**	5.3

** Adjusted EPS excludes operating exceptional costs and amortisation of intangible assets arising on acquisition, divided by the average number of Ordinary Shares in issue for the period.

Revenue

The core business performed positively during the first six months of 2023. Core revenues grew 2% to £27.6m (HY22: £27.1m), and 4% on a like for like basis, with growth impacted by two key factors; firstly, the change in revenue recognition arising from the renegotiation of a contract with an existing vendor in May 2023 to take the form of a new technology reseller contract, and secondly the current volatility in the UK housing market has seen commission income from our mortgage lending panel reduce by c.20%.

Ensuring a consistent improvement in the quality and visibility of our earnings is a key strategic focus of the Group and we continued to deliver significant progress. SaaS and subscription-based revenues grew 6% to £18.8m (HY22: £17.8m), with 68% SaaS and subscription income in the core business (HY22: 66%). Additionally, 79% of Distribution Partner revenue has been converted to multi-year subscription agreements (HY22: >60%; Target: 60%).

On a statutory basis the Group, including the non-core property surveying business, reported revenues declined 2% to £31.7m (HY22: £32.2m), reflecting both new net revenue recognition on major software reseller contract extension and reduced activity in the non core surveying business due again to the downturn in the UK housing market.

Divisional performance

Intermediary Services

Our Intermediary Services division provides compliance and business services to financial intermediary firms through a comprehensive membership model. Members, including financial advisers, mortgage advisers and wealth managers, are regulated by the FCA.

Intermediary Services core revenue increased 0.4% to £11.5m (HY22: £11.4m). On a statutory basis, segment turnover remained stable but like for like revenue increased by 5.6% allowing for changes relating to the revenue recognition of the renegotiated technology reseller agreement.

In the six months to 2023 the Intermediary Services division delivered:

- Membership fee income of £6.0m (HY22: £5.7m) - an increase of 6%;
- Software licence income of £2.7m (HY22: £3.1m) - a decrease of 14.0%; an increase of 5.3% on a like for like basis allowing for change in revenue recognition following contract renegotiation;
- Additional services income of £2.8m (HY22: £2.6m) - an increase of 6.1%; and
- Gross profit* of £5.2m (HY22: £4.5m) with gross profit margin** of 45.2% (HY22: 39.3%). The improved margin reflects increased investment in our delivery platform, and the beneficial effect of net accounting under our new software reseller contract from May 2023.

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

Distribution Channels

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

Distribution Channels revenue fell 12 % to £9.9m (HY22: £11.4m) as a result of housing market volatility.

In the six months to 30 June 2023 Distribution Channels delivered:

- Core commission revenues of £3.4m (HY22: £4.0m), a decrease of 13.4% largely reflecting the current trends in the UK housing market;
- Marketing services revenues of £2.3m (HY22: £2.3m); an increase of 2.3%;
    - DaaS has grown well to £1.8m (HY22: £1.5m), or 79% converted versus 67% converted in the prior period. This growth has come largely from internal conversion from non-DaaS revenues;
- Non-core panel management and valuation services revenues of £4.1m (HY22: £5.1m); a decrease of 18.0%, again reflecting current UK housing market volatility; and
- Gross profit of £3.6m (HY22: £4.5m) with gross profit margin of 36.7% (HY22: 39.2%).

Fintech and Research

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

Fintech and Research revenues grew by 9.2% to £10.3m (HY22: £9.4m), driven by further enhancements in our capabilities.

In the six months to 30 June 2023 Fintech and Research division delivered:

- Software revenue of £5.2m (HY22: £4.6m) - an increase of 13.1%;

- Product ratings revenue of £4.5m (HY22: £4.2m) - an increase of 5.5%;
- Other income of £0.6m (HY22: £0.6m) from consultancy and ad hoc work; and
- Gross profit of £6.3m (HY22: £5.7m) with a strong gross profit margin of 61.0% (HY22: 60.9%).

Profitability

Our adjusted EBITDA has increased by 3% in line with revenue achieving £9.0m (HY22: £8.7m).
The resulting adjusted EBITDA margin of 28.3% (HY22: 27.0%) compares well with prior periods due to improved revenue mix with continued growth on higher margin business lines.

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.

Adjusted EBITDA in our core business also performed well, increasing 8% to £8.8m (HY22: £8.2m). Core adjusted EBITDA is the adjusted EBITDA calculated above excluding the trading results of our non-core property surveying business.

The business continues to deliver towards its medium-term goals and is well positioned for continued growth.

Exceptional items

These are items which are non-recurring and are adjusted on the basis of either their size or their nature. As these items are one-off or non-operational in nature, management considers that their exclusion aids understanding of the Group's underlying business performance.

Operating costs of an exceptional nature of £1.5m (HY22: Nil) comprised the following:
- Transformation costs of £0.8m - includes implementation costs to enhance Fintel's customer relationship management platform ("CRM") and a new enterprise resource planning system ("ERP"),
- M&A pipeline costs £0.4m (HY22: Nil) - including costs relating to the recent acquisition of Plannr Technologies Limited
- Restructuring related costs £0.3m (HY22: Nil)

No other costs have been treated as exceptional in the period to 30 June 2023.

Share-based payments

Share-based payment charges of £0.8m (HY22: £0.7m) have been recognised in respect of the options in issue.

Financial income and expense

Finance costs of £0.3m (HY22: £0.3m) relate to the Group's four-year revolving credit facility, which was fully repaid and remains undrawn since 30 June 2022.

Finance income of £0.1m (HY22: Nil) relates to interest earned on short term deposit of available funds.

Taxation

The tax charge for the period has been accrued using the tax rate that is expected to apply to the full financial year.

The underlying tax charge of £1.7m for the period (HY22: £1.3m) represents a full year effective tax rate of 23.7% (HY22: 20%). A blended statutory tax rate of 23.5% has been applied to reflect the increase in the corporation tax rate from 19 % to 25% effective 1 April 2023. All closing deferred tax balances have been measured at 25%. 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 during the 6-month period.

Earnings per share

Earnings per share has been calculated based on the weighted average number of shares in issue at each balance sheet date. Adjusted earnings per share in the period amounted to 5.0 pence per share (HY22: 5.3 pence per share).

Cash flow and closing cash position

At 30 June 2023 the total cash position was £13.3m (HY22: £7.6m) with nil debt utilisation. The RCF was fully repaid and remains undrawn since June 2022. Net cash is calculated as cash and cash equivalents less borrowings net of amortised arrangement fees. This represents a net cash to adjusted EBITDA ratio of 0.68 times (HY22: 0.41 times).

Underlying operating cash flow conversion was strong at 104% (HY22: 124%), which reduced by 2,000bps due to increased capital investment for growth (HY23: £1.9m; HY22: £0.7m). Underlying operating cash flow is calculated as underlying cash flow from operations as a percentage of adjusted operating profit. Underlying cash flow from operations is calculated as adjusted operating profit, adjusted for changes in working capital, depreciation, amortisation, CAPEX and share-based payments. A reconciliation of free cash flow and underlying cash flow conversion is provided in note 8 to the financial statements.

The Company's significant non-recurring transformation and M&A pipeline costs, capitalised development expenditure and acquisition consideration impact the Company's cash generation.

Dividend

Recognising the underlying financial strength of the business, the Board proposes an interim dividend of 1.1p (HY22: 1.0p). It is the Board's intention that this will be paid on or around 3 November 2023 to shareholders on the register on 29 September 2023. The Board intends the ex-dividend date to be 28 September 2023.

Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements in the 2022 Annual Report & Accounts.

Going concern

The Directors have undertaken a comprehensive assessment to consider the Company's ability to trade as a going concern for a period of 18 months to February 2025.

The Directors have robustly tested the going concern assumption in preparing these financial statements, taking into account a number of severe but plausible downside scenarios, which would collectively be considered remote. The Group benefits from a deleveraged balance sheet and strong liquidity position at 30 June 2023 and the Directors remain satisfied that the going concern basis of preparation in the financial statements is appropriate.

On the basis of the Company's current and forecast profitability and cash flows, and the availability of committed funding, the Directors consider and have concluded that the Company will have adequate resources to continue in operational existence for at least the next 18 months. As a result, they continue to adopt a going concern basis in the preparation of the financial statements.

David Thompson

Chief Financial Officer

Consolidated statement of profit or loss and other comprehensive income

for the six months 30 June 2023

	Note	**2023 Underlying £m**	**2023 Underlying Adjustments* £m**	**2023 Year ended 31 December £m**	2022 Underlying £m	2022 Underlying adjustments £m	2022 Year ended 31 December £m
Revenue	6	**31.7**	-	**31.7**	32.2	-	32.2
Operating expenses	7-8	**(24.5)**	**(1.5)**	**(26.0)**	(25.0)	-	(25.0)
Amortisation of other intangible assets	13	-	**(1.0)**	**(1.0)**	-	(1.0)	(1.0)
Group operating profit		**7.2**	**(2.5)**	**4.7**	7.2	(1.0)	6.2
Finance expense	9	**(0.2)**	-	**(0.2)**	(0.3)	-	(0.3)
Profit before taxation		**7.0**	**(2.5)**	**4.5**	6.9	(1.0)	5.9
Taxation		**(1.7)**	**0.6**	**(1.1)**	(1.3)	0.2	(1.1)
Profit for the financial period		**5.3**	**(1.9)**	**3.4**	5.6	0.8	4.8
Profit attributable to shareholders:							
Owners of the Company				**3.3**			4.7
Non-controlling interests				**0.1**			0.1
				3.4			4.8
Earnings per share - adjusted (pence)	10			**5.0p**			5.3p
Earnings per share - basic (pence)	10			**3.2p**			4.6p
Earnings per share - diluted (pence)	10			**3.2p**			4.5p

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

Consolidated statement of financial position

as at 30 June 2023

	Note	**Unaudited 30 June 2023 £m**	**£m**	Unaudited 30 June 2022 £m	£m
Non-current assets					
Fixed asset investment	11	**1.0**		-	
Property, plant and equipment	12	**1.3**		1.3	
Lease assets	12	**2.0**		3.5	
Intangible assets and goodwill	13	**95.2**		95.7	

Trade and other receivables		**1.1**		2.6	
Total non-current assets			**100.6**		103.1
Current assets					
Trade and other receivables		**11.6**		9.6	
Current tax asset		**0.5**		-	
Cash and cash equivalents		**13.3**		7.6	
Total current assets			**25.4**		17.2
Total assets			**126.0**		120.3
Equity and liabilities					
Equity					
Share capital	15	**1.0**		1.0	
Share premium account	15	**67.0**		65.8	
Other reserves	17	**(50.6)**		(51.8)	
Retained earnings		**81.8**		76.7	
Equity attributable to the owners of the Company			**99.2**		91.7
Non-controlling interest			**0.4**		0.3
Total equity			**99.6**		92.0
Liabilities					
Current liabilities					
Trade and other payables		**19.5**		17.6	
Lease liabilities	14	**0.4**		0.5	
Current tax liabilities		-		2.2	
Total current liabilities			**19.9**		20.3
Non-current liabilities					
Lease liabilities	14	**1.7**		3.0	
Deferred tax liabilities		**4.8**		5.0	
Total non-current liabilities			**6.5**		8.0
Total liabilities			**26.4**		28.3
Total equity and liabilities			**126.0**		120.3

Consolidated statement of changes in equity

for the six months ended 30 June 2023

	Share capital £m	Share premium £m	Other reserves £m	Non-controlling interest £m	Retained earnings £m	Total equity £m
Balance at 30 June 2022	1.0	65.8	(51.8)	0.3	76.7	92.0
Total comprehensive income for the period						
Profit for the period	-	-	-	0.2	5.1	5.3
Total comprehensive income for the period	-	-	-	0.2	5.1	5.3
Transactions with owners, recorded directly in equity						
Issue of shares	-	1.0	-	-	-	1.0
Dividends	-	-	-	-	(1.1)	(1.1)
Share option charge	-	-	0.6	-	-	0.6
Release of share option reserve on exercise	-	-	(0.1)	-	0.1	-
Total contributions by and distributions to owners	-	1.0	0.5	-	(1.0)	0.5
Balance at 31 December 2022	1.0	66.8	(51.3)	0.5	80.8	97.8
Balance at 1 January 2023	1.0	66.8	(51.3)	0.5	80.8	97.8
Total comprehensive income for the period						
Profit for the period	-	-	-	0.1	3.3	3.4
Total comprehensive income for the period	-	-	-	0.1	3.3	3.4
Transactions with owners, recorded directly in equity						
Issue of shares	-	0.2	-	-	-	0.2
Dividends	-	-	-	(0.2)	(2.4)	(2.6)
Share option charge	-	-	0.8	-	-	0.8
Release of share option reserve on exercise	-	-	(0.1)	-	0.1	-
Total contributions by and distributions to owners	-	0.2	0.7	(0.2)	(2.3)	(1.6)
Balance at 30 June 2023	**1.0**	**67.0**	**(50.6)**	**0.4**	**81.8**	**99.6**

Consolidated statement of cash flows

for the period to 30 June 2023

	Note	**Period ended 30 June 2023 £m**	Period ended 30 June 2022 £m
Net cash generated from operating activities	18	**6.1**	8.4
Cash flows from investing activities			
Fixed asset investment		**(1.0)**	-
Purchase of property, plant and equipment		**(0.3)**	(0.1)

Development expenditure	**(1.6)**	(0.6)
Finance income	**0.1**	-
Net cash flows (used in)/from investing activities	**(2.8)**	(0.7)
Cash flows from financing activities		
Finance costs	**(0.2)**	(0.2)
Loan repayments made	-	(7.0)
Payment of lease liability	**(0.2)**	(0.3)
Issue of share capital	**0.2**	0.2
Dividends paid	**(2.6)**	(2.2)
Net cash flows used in financing activities	**(2.8)**	(9.5)
Net increase/(decrease) in cash and cash equivalents	**0.5**	(1.8)
Cash and cash equivalents at start of period	**12.8**	9.4
Cash and cash equivalents at end of period	**13.3**	7.6

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

During the period Fintel Labs Limited acquired 25% of the share capital of financial technology company, Plannr Technologies Limited. The investment is included in net cash from investing activities.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Reporting entity

Fintel plc (formerly the Simply Biz Group Limited) is a company domiciled in the UK. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2023 comprise Fintel and its subsidiaries (together referred to as "the Company"). The Company is the leading provider of digital, data led and expert services to product providers, intermediaries, and consumers to help them navigate the increasingly complex world of retail financial services. 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.

2 General information and basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim financial reporting* and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2022 ("last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the Company's financial position and performance since the last annual financial statements.

The financial information set out in these interim financial statements for the six months ended 30 June 2023 and the comparative figures for the six months ended 30 June 2022 are unaudited. The comparative financial information for the period ended 31 December 2022 in this interim report does not constitute statutory accounts for that period under 435 of the Companies Act 2006.

Statutory accounts for the period ended 31 December 2022 have been delivered to the Registrar of Companies. The auditors' report on the accounts for 31 December 2022 was 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.

The interim financial statements comprise the financial statements of the Company and its subsidiaries at 30 June 2023. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date when such control ceases.

The interim financial statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

These interim financial statements were authorised for issue by the Company's Board of Directors on 18 September 2023.

3 Critical accounting estimates and judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4 Changes in significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements in the 2022 Annual Report & Accounts.

5 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 30 June 2023 and a number of severe but plausible downside scenarios have been modelled, which collectively would be considered remote, and remain satisfied that the going concern basis of preparation is appropriate.

6 Segmental information

During the period, the Company was domiciled in the UK and all revenue is derived from external customers in the United Kingdom.

The Group has three operating segments, which are considered to be reportable segments under IFRS. The three reportable segments are:

- Intermediary Services;
- Distribution Channels; and
- Fintech and Research.

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

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

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

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

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

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

Period ended 30 June 2023	**Intermediary Services £m**	**Distribution Channels £m**	**Fintech and Research £m**	**Admin and support costs £m**	**Group £m**
Revenue	**11.5**	**9.9**	**10.3**	-	**31.7**
Direct operating costs	**(6.3)**	**(6.3)**	**(4.0)**	-	**(16.6)**
Gross profit	**5.2**	**3.6**	**6.3**	-	**15.1**
Administrative and support costs				**(6.1)**	**(6.1)**
Adjusted EBITDA					**9.0**
Operating costs of an exceptional nature					**(1.5)**
Amortisation of other intangible assets					**(1.0)**
Amortisation of development costs and software					**(0.6)**
Depreciation					**(0.2)**
Depreciation of lease assets					**(0.2)**
Share option charge					**(0.8)**
Operating profit					**4.7**
Net finance costs					**(0.2)**
Profit before tax					**4.5**

Period ended 30 June 2022	Intermediary Services £m	Distribution Channels £m	Fintech and Research £m	Admin and support costs £m	Group £m
Revenue	11.4	11.4	9.4	-	32.2
Direct operating costs	(6.9)	(6.9)	(3.7)	-	(17.5)
Gross profit	4.5	4.5	5.7	-	14.7
Administrative and support costs				(6.0)	(6.0)
Adjusted EBITDA					8.7
Amortisation of other intangible assets					(1.0)
Amortisation of development costs and software					(0.5)
Depreciation					(0.1)
Depreciation of lease assets					(0.2)
Share option charge					(0.7)
Operating profit					6.2
Net finance costs					(0.3)
Profit before tax					5.9

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

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

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

7 Operating profit
Operating profit for the period has been arrived at after charging:

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Depreciation of tangible assets - owned	**0.2**	0.1
Depreciation of lease assets	**0.2**	0.2

Underlying adjustments

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

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Exceptional costs - operating		
Transformation	**0.8**	-
M&A pipeline costs	**0.4**	-
Restructuring	**0.3**	-
Other underlying adjustments		
Amortisation of other intangible assets	**1.0**	**1.0**
Underlying adjustments - before tax	**2.5**	**1.0**

These are items which are non-recurring and are adjusted on the basis of either their size or their nature. As these items are one-off or non-operational in nature, management considers that their exclusion aids understanding of the Group's underlying business performance.

Operating costs of an exceptional nature of £1.5m (HY22: Nil) comprise the following:

- Transformation costs of £0.8m - includes implementation costs to enhance Fintel's customer relationship management platform ("CRM") and a new enterprise resource planning system ("ERP")
- M&A pipeline costs £0.4m (HY22: Nil) - including costs relating to the recent acquisition of Plannr Technologies Limited
- Restructuring related costs £0.3m (HY22: Nil)

No other costs have been treated as exceptional in the period to 30 June 2023.

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

Adjusted EBITDA is calculated as follows:

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Operating profit	**4.7**	6.2
Add back:		
Depreciation (note 12)	**0.2**	0.1
Depreciation of lease assets (note 12)	**0.2**	0.2
Amortisation of other intangible assets (note 13)	**1.0**	1.0
Amortisation of development costs and software (note 13)	**0.6**	0.5
EBITDA	**6.7**	8.0
Add back:		
Share option charge	**0.8**	0.7
Operating costs of exceptional nature (note 7)	**1.5**	-
Adjusted EBITDA	**9.0**	8.7
Adjusted EBITDA of non-core surveying business	**0.2**	0.5
Core adjusted EBITDA	**8.8**	8.2

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:

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Operating profit	**4.7**	6.2
Add back:		
Operating costs of exceptional nature (note 7)	**1.5**	-
Amortisation of other intangible assets (note 13)	**1.0**	1.0
Adjusted operating profit	**7.2**	7.2

Adjusted profit before tax is calculated as follows:

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Profit before tax	**4.5**	5.9
Add back:		
Operating costs of exceptional nature (note 7)	**1.5**	-
Amortisation of other intangible assets (note 13)	**1.0**	1.0
Adjusted profit before tax	**7.0**	6.9

Adjusted profit after tax is calculated as follows:

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Profit after tax	**3.4**	4.8
Add back:		
Operating costs of exceptional nature (note 7), net of tax	**1.2**	-
Amortisation of other intangible assets (note 13), net of deferred tax	**0.7**	0.8
Profit attributable to non-controlling interests	**(0.1)**	(0.1)
Adjusted profit after tax	**5.2**	5.5

Free cash flow conversion is calculated as follows:

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Adjusted operating profit	**7.2**	7.2
Adjusted for:		
Depreciation of tangible assets	**0.2**	0.1
Depreciation of lease assets	**0.2**	0.2
Amortisation of development costs and software	**0.6**	0.5
Share option charge	**0.8**	0.7
Adjusted EBITDA	**9.0**	8.7
Net changes in working capital	**0.4**	0.9
Purchase of property, plant and equipment	**(0.3)**	(0.1)
Development expenditure	**(1.6)**	(0.6)
Underlying cash flow from operations	**7.5**	8.9
Underlying operating cash flow conversion	**104%**	124%
Net interest paid	**(0.1)**	(0.2)
Income tax paid	**(1.8)**	(1.3)
Payments of lease liability	**(0.2)**	(0.3)
Free cash flow	**5.4**	7.1
Adjusted EBITDA	**9.0**	8.7
Free cash flow conversion	**60%**	82%

9 Net finance expense

Finance Interest - expense

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Interest payable on financial liabilities at amortised cost	**0.3**	0.2
Finance charge on lease liability	-	0.1
Total finance expense	**0.3**	0.3

Finance Interest - income

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Bank interest receivable	**0.1**	-
Total finance income	**0.1**	-

10 Earnings per share

	Period ended 30 June 2023	Period ended 30 June 2022
Basic earnings per share		

Profit attributable to equity shareholders of the parent (£m)	**3.3**	4.7
Weighted average number of shares in issue	**103,705,423**	102,952,665
Basic profit per share (pence)	**3.2**	4.6

Diluted earnings per share	**Period ended 30 June 2023**	Period ended 30 June 2022
Profit attributable to equity shareholders of the parent (£m)	**3.3**	4.7
Weighted average number of shares in issue	**103,705,423**	102,952,665
Diluted weighted average number of shares and options for the period	**734,382**	751,573
	104,439,805	103,704,238
Diluted profit per share (pence)	**3.2**	4.5

Adjusted basic earnings per share	**Period ended 30 June 2023**	Period ended 30 June 2022
Adjusted profit after tax (note 8) (£m)	**5.2**	5.5
Weighted average number of shares in issue	**103,705,423**	102,952,665
Adjusted earnings per share (pence)	**5.0**	5.3

11 Fixed asset investment

	Fixed Asset Investment £m
At 31 December 2022	-
Additions	1.0
At 30 June 2023	**1.0**

On 8 March, Fintel Labs Limited acquired a non-controlling interest in Plannr Technologies Limited, acquiring 25% of Ordinary Shares in exchange for £1.0m consideration. The acquisition is recorded at cost and subsequently recorded at fair value through other comprehensive income.

12 Property, plant and equipment

	Leased assets			Owned assets		
Group	Property £m	Plant and equipment £m	Total £m	Leasehold Improvement £m	Office Equipment £m	Total £m
Cost						
At 1 January 2022	4.0	0.9	4.9	0.9	1.8	2.7
Additions	-	0.1	0.1	-	0.1	0.1
Disposals	-	-	-	-	-	-
At 30 June 2022	4.0	1.0	5.0	0.9	1.9	2.8
Additions	-	-	-	-	0.1	0.1
Revaluation of lease	(1.1)	-	(1.1)	-	-	-
At 31 December 2022	2.9	1.0	3.9	0.9	2.0	2.9
Additions	-	-	-	-	0.3	0.3
At 30 June 2023	**2.9**	**1.0**	**3.9**	**0.9**	**2.3**	**3.2**
Depreciation and impairment						
At 1 January 2022	0.7	0.6	1.3	0.1	1.3	1.4
Depreciation charge for the period	0.1	0.1	0.2	-	0.1	0.1
At 30 June 2022	0.8	0.7	1.5	0.1	1.4	1.5
Depreciation charge for the period	0.2	-	0.2	0.1	0.1	0.2
At 31 December 2022	1.0	0.7	1.7	0.2	1.5	1.7
Depreciation charge for the period	0.1	0.1	0.2	0.1	0.1	0.2
At 30 June 2023	**1.1**	**0.8**	**1.9**	**0.3**	**1.6**	**1.9**
Net book value						
At 31 June 2023	**1.8**	**0.2**	**2.0**	**0.6**	**0.7**	**1.3**
At 30 June 2022	3.2	0.3	3.5	0.8	0.5	1.3

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

Plant and equipment includes IT equipment and motor vehicles.

13 Intangible assets

Group	Goodwill £m	Brand £m	Intellectual property £m	Total other intangible assets £m	Development expenditure £m	Total £m
Cost						
At 1 January 2022	72.4	3.1	24.4	27.5	3.7	103.6

Additions	-	-	-	-	0.6	0.6
At 30 June 2022	72.4	3.1	24.4	27.5	4.3	104.2
Additions	-	-	-	-	1.1	1.1
At 31 December 2022	72.4	3.1	24.4	27.5	5.4	105.3
Additions	-	-	-	-	1.6	1.6
At 30 June 2023	**72.4**	**3.1**	**24.4**	**27.5**	**7.0**	**106.9**
Amortisation and impairment						
At 1 January 2022	0.2	0.8	4.8	5.6	1.2	7.0
Charge in the period	-	0.2	0.8	1.0	0.5	1.5
At 30 June 2022	0.2	1.0	5.6	6.6	1.7	8.5
Charge in the period	-	0.2	0.8	1.0	0.6	1.6
At 31 December 2022	0.2	1.2	6.4	7.6	2.3	10.1
Charge in the period	-	0.2	0.8	1.0	0.6	1.6
At 30 June 2023	**0.2**	**1.4**	**7.2**	**8.6**	**2.9**	**11.7**
Net book value						
At 30 June 2023	**72.2**	**1.7**	**17.2**	**18.9**	**4.1**	**95.2**
At 30 June 2022	72.2	2.1	18.8	20.9	2.6	95.7

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

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

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Intermediary Services	**12.7**	12.7
Distribution Channels	**11.5**	11.5
Fintech and Research	**48.0**	48.0
	72.2	72.2

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

14 Interest-bearing loans and borrowings

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

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Current		
Lease liability	**0.4**	0.5
	0.4	0.5
Non-current		
Lease liability	**1.7**	3.0
	2.1	3.5

The Company has access to a £80m Revolving Credit Facility, which is linked to the Sterling Overnight Interbank Average Rate ("SONIA"). The committed credit facilities are available at pre agreed margins of between 1.50% and 2.40%, dependent on the net leverage of the company. The facility remains fully undrawn.

15 Capital and reserves

Share capital

	Ordinary Shares
Number of fully paid shares (nominal value £0.01):	
At 30 June 2022	103,011,962
Issue of share capital	636,983
At 31 December 2022	103,648,945
Issue of share capital	123,270
At 30 June 2023	**103,772,215**

	Share premium £m
At 30 June 2022	65.8
Issue of share capital	1.1
At 31 December 2022	66.8
Issue of share capital	0.2
At 30 June 2023	**67.0**

16 Share-based payment arrangements

There have been no material changes to the share-based payment arrangements in the period to those disclosed in the annual report and accounts for the period ended 31 December 2022 other than as disclosed below:

CSOP 2018

During the current period, 17647 awards were exercised. 8,823 awards under the plan have been forfeited as a result of bad leavers

SAYE 2018

During the current period, 10,588 awards were exercised. No awards were forfeited as a result of bad leavers.

SAYE 2019

During the current period, 83,152 awards were exercised. No awards were forfeited as a result of bad leavers.

SAYE 2021

During the current period, 1,960 awards were exercised. The awards forfeited totalled 14,503 as a result of bad leavers.

17 Other reserves

Group	Merger reserve £m	Share option reserve £m	Total £m
At 30 June 2022	(53.9)	2.1	(51.8)
Share option charge	-	0.6	0.6
Release of share option reserve	-	(0.1)	(0.1)
At 31 December 2022	(53.9)	2.6	(51.3)
Share option charge	-	0.8	0.8
Release of share option reserve	-	(0.1)	(0.1)
At 30 June 2023	**(53.9)**	**3.3**	**(50.6)**

18 Notes to the cash flow statement

	Period ended 30 June 2023 £m	Period ended 30 June 2022 £m
Cash flow from operating activities		
Profit after taxation	**3.4**	4.8
Add back:		
Finance income	**(0.1)**	-
Finance cost	**0.3**	0.3
Taxation	**1.1**	1.1
	4.7	6.2
Adjustments for:		
Amortisation of development expenditure and software (note 13)	**0.6**	0.5
Depreciation of lease asset	**0.2**	0.2
Depreciation of property, plant and equipment	**0.2**	0.1
Amortisation of other intangible assets	**1.0**	1.0
Share option charge	**0.8**	0.7
Operating cash flow before movements in working capital	**7.5**	8.7
Decrease/(increase) in receivables	**(0.2)**	0.3
Increase in trade and other payables	**0.6**	0.7
Cash generated from operations	**7.9**	9.7
Income taxes paid	**(1.8)**	(1.3)
Net cash generated from operating activities	**6.1**	8.4

19 Subsequent events

On 7 July 2023 Regulus Bidco Limited, the parent company of Defaqto, acquired 100 % share capital of MI Capital Research Limited (MICAP). Initial consideration of £3.0m has been paid, with a further £1.0m deferred for one year and £0.5m contingent on certain trading criteria being met. The acquisition of MICAP will extend Defaqto's reach into the tax-advantage market expanding its data footprint and research capabilities.

On 27 July 2023, Fintel IQ Limited acquired Competent Adviser Training Limited, the UK's fastest growing digital knowledge and competence management system, acquiring 100% of Ordinary Shares in exchange for £2.5m consideration and a £0.5m contingent earnout based on trading performance. The acquisition forms part of the Group's strategy to strengthen its technology and data proposition.

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