17 February 2022

Moneysupermarket.com Group PLC preliminary results for the year ended 31 December 2021

Good strategic progress amid challenging markets

Year ended 31 December	2021	2020	Growth %
Group revenue	£316.7m	£344.9m	(8)
Adjusted EBITDA *	£100.5m	£107.8m	(7)
Profit after tax	£52.1m	£69.3m	(25)
Adjusted basic EPS *	11.9p	13.1p	(9)
Basic EPS	9.8p	12.9p	(24)
Operating cashflow	£65.7m	£83.9m	(22)
Net (debt)/cash*	(£59.6m)	£22.8m	n.m.
Dividend per share	11.71p	11.71p	-

- Good progress delivering strategy:
  - More efficient customer acquisition including improved PPC bidding capabilities and new MoneySuperMarket brand campaign
  - Data transformation nearing completion, laying foundations for product innovation
  - Quidco acquisition adds cashback to the Group; CYTI acquisition gives full control of certain insurance journeys; TravelSupermarket merged with Icelolly.com, positioning the Group better for the travel recovery
- Revenue down 8% (down 11% excluding Quidco) – Home Services heavily impacted by wholesale energy prices, Insurance performance softer, Money performance strong
- Gross margin up c.4%pts driven by more efficient customer acquisition and improved conversion in car insurance and borrowing
- Adjusted EBITDA down 7% with cost increases from acquisitions and staff incentives partly offset by operational efficiencies
- Profit after tax down further due to adjusting items charges for acquisitions
- Operating cashflow of £65.7m was strong, although lower cash conversion reflected one-off working capital outflows; net debt reflects purchase of Quidco in November
- Full-year dividend maintained at 11.71p, reflecting good cash conversion and confidence in growth prospects

Peter Duffy, CEO of Moneysupermarket Group, commented:

“In a tough year for some of our markets, we delivered well against our strategy. Our work to attract customers more efficiently led to margin improvements, and our transition to a leading, flexible tech and data platform is on track. We’re building a more dynamic and efficient organisation, with better pace of delivery.

“We’ve added new brands, welcoming colleagues from CYTI, Icelolly.com and Quidco. The addition of cashback aligns well with our purpose of helping households save money and brings new opportunities.

“Building on this foundational progress, our focus now turns to product innovation and today I’m pleased to announce the upcoming launch of MSE car insurance.

“We are well placed for further recovery in our end markets and future growth.”

***Notes:**
Adjusted EBITDA is operating profit before depreciation, amortisation and impairment and adjusted for other non-underlying costs as detailed on page 7. This is consistent with how business performance is measured internally.
Adjusted basic earnings per ordinary share is profit before tax adjusted for amortisation of acquisition related intangible assets and other non-underlying costs as described on page 7, divided by the number of weighted average shares. A tax rate of 19% (2020:19%) has been applied to calculate adjusted EPS.
Net (debt)/cash is cash and cash equivalents less borrowings and deferred consideration. It does not include lease liabilities. Due to the scale of deferred consideration arising from the acquisition of Quidco we have amended our definition of net (debt)/cash this year. The prior year comparative has been restated to include £0.8m of deferred consideration relating to the acquisition of Decision Tech in 2018.

Quarter 4 trading

	Revenue for the three months ended 31 December 2021		Revenue for the year ended 31 December 2021	
	£m	**Growth %**	**£m**	**Growth %**
Insurance	36.9	(2)	158.7	(8)
Money	20.2	45	75.2	20
Home Services	8.8	(64)	68.1	(34)
Travel	1.6	184	4.1	(32)
Cashback	10.6	n.m.	10.6	n.m.
Total*	**78.1**	**2**	**316.7**	**(8)**

** Revenue excluding Cashback fell 12% in the quarter and 11% for the full year.*

Travel includes trading from TravelSupermarket and Icelolly.com for the whole quarter (the acquisition having completed on 1 September 2021). Cashback reflects Quidco revenue post-acquisition, i.e., from 1 November 2021. Decision Tech is now reported within Home Services (with prior year comparables similarly restated).

- Car and home insurance revenue fell in a softer but highly competitive switching market amid ongoing refinements to our customer acquisition strategy. This was partly offset by travel insurance, which saw revenue near pre-pandemic levels for much of the quarter.
- Money continued to improve, with strong conversion in borrowing and greater promotional product availability. Search traffic remained below 2019 levels.
- In Home Services, high wholesale energy prices meant there were no switchable energy tariffs available from October. There was no energy revenue in the quarter.
- Travel performance was helped by the easing of travel restrictions.
- In Cashback, Quidco performed in line with expectations.

Recent performance and outlook

Wholesale energy prices remain too high to return attractive switching tariffs to the market, despite the increase in the energy price cap. We remain confident that the energy switching market will return strongly in the medium term but assume no energy revenue in 2022. We nonetheless expect 2022 adjusted EBITDA to increase to around 2020 levels.

Provider strategies are still evolving following the implementation of the FCA General Insurance pricing regulations in January. Car insurance premiums have started to increase, with more significant rises in home insurance premiums. There is some evidence that year-on-year search trends have recently improved.

Money remains in strong year-on-year growth. Search trends indicate only a partial return of the traditional January peak. Travel performance in January was encouraging, with TravelSupermarket at c.35% of 2019 revenue.

Results presentation

A presentation to analysts will be hosted by CEO Peter Duffy and CFO Scilla Grimble at 9.30am on Thursday 17th February 2022. To access a live stream of the presentation, please visit https://edge.media-server.com/mmc/p/eskh98v6 to register and listen.

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Cautionary note regarding forward looking statements

This announcement includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules, Disclosure Guidance and Transparency Rules and applicable law, the company undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring on or after the date such statements are published**.**

Business review

2021 was a year of good strategic progress as we delivered major upgrades to our capabilities, building a better, broader and more efficient Group.

Our data transformation, including the transition to Google Cloud Platform, is nearing completion. We are moving towards a more centralised, flexible and re-deployable tech platform. We also made strong progress in efficient customer acquisition which, combined with better conversion in car insurance and Money, delivered good gross margin improvement.

These changes have allowed us to simplify our organisation – driving greater agility and pace.

In 2021 we expanded and diversified the Group in line with our strategy. We entered the high-engagement cashback category with the acquisition of Quidco, and took full control of our life, travel and pet insurance journeys by acquiring CYTI. We combined TravelSupermarket and Icelolly.com, which positions the Group well for the return of travel.

Some end markets were challenging in 2021, particularly travel and energy, with an inevitable impact on performance. We are better placed than ever for recovery in these markets, and to grow our business more broadly.

At the heart of these changes is a reorientation towards a savings-led technology platform. We are proud of our distinct and compelling Group brands that help households save money with different products and in different ways: from insurance to energy to retail and travel; from switching to cashback; and through the financial guidance of MSE. But our underlying infrastructure has not been well aligned across the Group. In energy, for example, we had three technology stacks providing switching capabilities on different Group brands.

By contrast, we now develop our technology and capabilities once, at a Group level. That means a single, common platform underpinning all our brands. It means we require less resource for maintenance and development; we can update the platform just once, before easily redeploying everywhere; and yet we retain the ability to overlay different user experiences as needed. We also build for shareability, meaning we can add further in-house brands over time, or provide our services to B2B partner brands. In Home Services, where this platform approach is most advanced, we already provide switching services to forty external brands.

In 2021 much of our focus was on consolidating and enhancing our data infrastructure, which is nearing completion, while also moving to a common switching platform for energy. In 2022 we are shifting our focus to do the same in insurance.

This work has brought efficiencies and will continue to do so. The consolidation of our data estate has cut complexity, as has the implementation of a new CRM platform. Within Home Services, we have moved from eight to five technology squads, and expect to reduce this further, freeing up talent to be redeployed on innovation. We have also redesigned further parts of our organisation to simplify processes, remove layers and accelerate change.

MoneySuperMarket ('MSM') had 10.0m active users in 2021, helping consumers save £1.6bn on their household bills. This was despite a suppressed travel insurance market, reduced savings levels in car insurance and negligible energy switching from the autumn onwards. In September we launched a new marketing campaign for MSM: the MoneySuperSeven is an engaging and flexible creative concept that clearly conveys the brand's purpose and breadth. We are pleased with the initial response and will back this campaign further in 2022, returning our above-the-line spend to 2020 levels.

MoneySavingExpert ('MSE') continued to provide advice to millions of users. YouGov again rated MSE the most recommended brand in the UK, ahead of over 1,600 brands in more than forty categories, and MSE was awarded Consumer Money Title of the Year at the Headline Money Awards.

During the year we updated the site's visual identity and navigation and introduced 'green' moneysaving guides in several areas. MSE also continued its successful consumer campaigns, for example calling for the regulation of Buy Now, Pay Later products, which was accepted by the Woolard Review and subsequently the Treasury. In the coming months, we will launch a car insurance 'multi-comparison' proposition on MSE featuring tips and hints to help guide users to the best policy and price for them.

The combination of TravelSupermarket and Icelolly.com into Ice Travel Group ('ITG'), majority owned by the Group, completed in September. ITG will benefit from revenue and cost synergies as well as strong combined management. It leaves the Group well placed to benefit from the travel recovery.

In November we acquired Quidco, the UK's second largest cashback site, expanding the Group into a high engagement category (Quidco's transacting members purchase on average 11 times a year) in line with our purpose of helping households save money. We are excited by the potential of the brand and the opportunity to leverage the Group data, technology and marketing platform to drive further improvements.

Helping households save money and supporting our wider community is at the heart of what we do.

We extended our partnership with the Prince's Trust for another year: in 2021, the Group donated £100,000 to the Trust, including the proceeds from colleague fundraising activities. We also supported local charities, donating £33,000 to various local causes including food banks, hospices and refuge centres. Our Ewloe catering team delivered 45,000 meals to homeless and vulnerable people in the community. MSE donated £100,000 to the MSE Charity, which provides grants of up to £7,500 to UK not-for-profit groups that provide education, information and support to help people manage their money better.

We remain committed to embracing and promoting diversity, inclusion and equal opportunities. In February 2021, the Group was ranked first on the Hampton-Alexander Review 'Women on Boards' report for its 62.5% female representation (which has since increased to 66.6%). In 2021 we also were recognised as number 21 on the Inclusive Companies Top 50 UK Employer List.

Finally, in 2021 we announced our commitment to reach net zero by 2030. In the meantime, we continue to be 'Beyond Carbon Neutral', offsetting 150% of our carbon footprint, and in March joined forces with other leading UK tech companies to found the Tech Zero taskforce.

Strategic progress

- **Efficient acquisition**

We aim to attract users to our sites in the most cost-effective way. This means optimising our paid search ('PPC'), search engine optimisation ('SEO'), and brand marketing.

In 2021 we deployed more granular data to enhance our PPC bidding, improving margins as a result. We migrated to the SA360 bidding platform and are in the process of deploying more sophisticated features.

SEO delivers substantial volumes of free search traffic to our sites. Whilst we continue to see volatility, we exited 2021 with MSM car and home insurance ranking at their highest since mid-2019. Further changes to the MSM platform this year will drive greater efficiencies in content production.

Above-the-line marketing remains an important driver of traffic to MSM. The September refresh of the MSM brand introduced the MoneySuperSeven marketing campaign – a flexible creative platform that emphasises our purpose and breadth. We continue to see a strong multi-year return on advertising spend, supporting our planned increase for 2022.

- **Retain and grow**

We want to retain users and help them switch more of their household bills. In addition, there are strong commercial benefits to the Group from incremental switches from existing users.

To drive higher retention, we focus on timely reminders as well as swift renewal processes. Within energy, we learnt from MSE's 'Pick Me A Tariff Every Year' service to launch in December an MSM energy 'super-switch' service that stores relevant customer details to make subsequent switching even easier.

Cross-sell is a major opportunity. In 2021, only 19% of our MSM active users enquired in more than one of our seven core channels, with less than 3% enquiring in more than two such channels; on average, active users enquired in 1.2 channels. We aim to grow this by presenting the user with attractive further switching opportunities, facilitated by the pre-population of relevant data. This has been made possible by the improvements to our data infrastructure.

In 2021 we made progress so that for known users we pre-populate some details across the major MSM channels. In 2022 we will significantly advance this to further simplify customer journeys. We will also provide more explicit switching prompts to users to highlight the potential savings in channels beyond the one they are enquiring in.

To use customer data in renewal and cross-sell journeys we need the customer to identify themselves. Over the course of the year, we improved sign-in rates on MSM by one third and overhauled our 'forgotten password' service to take successful password resets from 40% to 90% of cases. In 2022 we will introduce additional account functionality to improve sign-in rates further.

For both renewal and cross-sell, we must communicate reminders and further switching opportunities to users in a compelling way. We have recently transitioned to Braze, exiting our former CRM platform in February 2022. As well as allowing more efficient, data-driven marketing campaigns across the app, web and email, Braze interfaces with our new data infrastructure to deliver tailored messages to our users based on the progress of their enquiry.

- **Expanding our offer**

We seek attractive opportunities to grow the potential of the Group further. We made three acquisitions during the year, compared to two in the previous eight years.

In November we completed the acquisition of Quidco, expanding the Group into cashback: a growing, profitable and high engagement market, with over 11 purchases on average per transacting member per year. We will leverage Group capabilities to expand and evolve the Quidco proposition, and over time will look to deploy Quidco capabilities into further Group brands. We expect the acquisition to be earnings accretive in 2022.

In September we combined TravelSupermarket with Icelolly.com to create a standalone holiday comparison business, Ice Travel Group, with the Group holding a majority share. The combination will benefit customers of both brands, with a richer and more diversified offer as the travel and holiday markets recover. As well as unlocking commercial benefits, the creation of a standalone entity under a travel-focused management team gives the Group greater flexibility to maximise shareholder returns.

In January 2021 we completed the acquisition of CYTI, giving us direct control of our life, pet and travel insurance journeys. This has enabled us to rapidly launch travel insurance on Icelolly.com.

2021 also saw continued, steady progress on our mortgage proposition. We added a third decision-in-principle integration for re-mortgage, this time with Natwest, meaning we now cover half of the largest lenders by volume. In November we expanded the Natwest relationship further, introducing a first decision-in-principle integration for home purchases. These products display good unit economics but remain low in terms of overall volume.

Key performance indicators

The Board reviews key performance indicators (KPIs) to assess the performance of the business against the Group's strategy. We measure five key strategic KPIs: estimated customer savings, net promoter score, active users, revenue per active user and marketing margin.

	31 December 2021	31 December 2020
Estimated customer savings	£1.6bn	£2.0bn
Net promoter score	72	72
Active users	10.0m	11.5m
Revenue per active user	£16.90	£16.19
Marketing margin	61%	57%

Estimated customer savings:	This is calculated by multiplying sales volume against the average saving per product for core channels, the balance of the calculation is a company estimation. From November 2021 we have added the cashback earned by Quidco members.
Net promoter score:	The 12 monthly rolling average NPS (1 Jan 2021 - 31 Dec 2021 inclusive) measured by YouGov Brand Index service Recommend Score weighted by revenue for MoneySuperMarket and MoneySavingExpert to create a combined NPS.
Active users:	The number of unique accounts running enquiries in our core seven channels for MoneySuperMarket (car insurance, home insurance, life insurance, travel insurance, credit cards, loans and energy) in the last 12-month period.
Revenue per active user:	The revenue for the core seven MoneySuperMarket channels divided by the number of active users for the last 12 months.
Marketing margin:	The inverse relationship between Group revenue and total marketing spend represented as a percentage. Total marketing spend includes the direct cost of sales plus distribution expenses.

We estimate that the Group saved customers £1.6bn in 2021. The reduction from 2020 reflects a weaker year in aggregate for travel insurance, lower savings and volumes in car insurance, and lower energy savings levels through the year that then dropped to zero from September.

NPS remained healthy at 72. This strong score demonstrates that trust and satisfaction in both brands remains high, with MSE scoring exceptionally and MSM scoring ahead of the peer group average.

Active user numbers fell by 1.5m to 10.0m, driven by lower travel insurance enquiries (normally a high-volume channel) and a reduction in car enquiry volumes. This was partially offset by good energy enquiry volumes, which remained strong throughout Q4 despite the lack of switchable tariffs.

Revenue per active user increased £0.71 to £16.90 reflecting strong conversion in Money and car insurance as well as a mix away from travel insurance. This was partially offset by a decline in energy conversion (which saw high traffic but no switching in Q4).

The marketing margin growth reflects the strong gross margin improvements made during 2021 as well as the reduction in brand marketing spend, both of which are described below.

Financial review

Group revenue decreased 8% to £316.7m (2020: £344.9), with profit after tax declining 25% to £52.1m (2020: £69.3m). When reviewing performance, the Board reviews several adjusted measures, including adjusted EBITDA which decreased 7% to £100.5m (2020: £107.8m) and adjusted EPS which decreased 9% to 11.9p (2020: 13.1p), as shown in the table below.

Extract from the Consolidated Statement of Comprehensive Income

for the year ended 31 December

	2021	2020	Growth
	£m	£m	%
Revenue	**316.7**	344.9	(8)
Cost of sales	**(93.8)**	(115.4)	(19)
Gross profit	**222.9**	229.5	(3)
Operating costs	**(149.5)**	(142.5)	5
Operating profit	**73.4**	87.0	(16)
Amortisation and depreciation	**23.5**	20.8	13
EBITDA	**96.9**	107.8	(10)

Reconciliation to adjusted EBITDA:			
EBITDA	**96.9**	107.8	(10)
Deal fees and associated costs	**3.6**	-	n.m.
Adjusted EBITDA	**100.5**	107.8	(7)
Adjusted earnings per share**:			
– basic (p)	**11.9**	13.1	(9)
– diluted (p)	**11.9**	13.1	(9)

**A reconciliation to adjusted EPS is included within note 5.

Alternative performance measures

We use a number of alternative (non-Generally Accepted Accounting Practice (“non-GAAP”)) financial measures which are not defined within IFRS. The Board reviews adjusted EBITDA and adjusted EPS alongside GAAP measures when reviewing the performance of the Group. Executive management bonus targets include an adjusted EBITDA measure and the long-term incentive plans include an adjusted basic EPS measure.

The adjustments are separately disclosed and are usually items that are non-underlying to trading activities and that are significant in size. Alternative performance measures used within these statements are accompanied with a reference to the relevant GAAP measure and the adjustments made. These measures should be considered alongside the IFRS measures.

Revenue
for the year ended 31 December

	2021	2020	Growth
	£m	£m	%
Insurance	**158.7**	172.9	(8)
Money	**75.2**	62.8	20
Home Services	**68.1**	103.2	(34)
Travel	**4.1**	6.0	(32)
Cashback	**10.6**	-	n.m.
Total	**316.7**	344.9	(8)

Travel includes revenue from Icelolly.com from 1 September 2021. Cashback reflects Quidco revenue post-acquisition, i.e., from 1 November 2021. Decision Tech is now reported within Home Services (with prior year comparatives similarly restated).

Revenue fell 8% in 2021 or 11% excluding Cashback. In the first quarter all verticals declined year-on-year as they lapped a largely pre-pandemic period of 2020. From the second quarter, performance varied significantly by vertical with Money's recovery being offset by weaker Insurance trading and the closure of the energy switching market during the second half.

Insurance

Insurance revenue decreased 8% with year-on-year declines in the main channels. Declining premiums and intensifying competitor activity reduced visitor numbers in car and home insurance, though car insurance benefitted from strong conversion. Optimisation of our acquisition strategies also contributed to lower revenue in car, home and life insurance, though all three channels delivered higher gross margin rates than in 2021.

Following limited demand in the first half due to Covid-19 travel restrictions, demand for travel insurance began to recover in the second half but weakened in December as the Omicron Covid-19 variant emerged.

Money

Money recovered strongly in the year with revenue increasing 20%. In the second half, revenue was close to 2019 levels. Search traffic was below pre-pandemic levels, though conversion in our borrowing channels improved throughout the period to exceed 2019 levels.

Banking performance for the year was still below pre-pandemic levels, reflecting fewer attractive promotional deals. The flow of deals and therefore performance improved in the second half.

Home Services

Home Services revenue fell 34%, reflecting significant disruption in the energy wholesale markets. Wholesale prices rose through much of the year. Until September this meant lower customer savings year on year, and therefore lower switching levels. The particularly steep increases in wholesale prices from September led to providers removing tariffs from the market and consequently negligible energy switching. From October there were no switchable tariffs on our sites and therefore no revenue from energy.

Home comms revenue was broadly flat for the year. Broadband declined following a strong year for switching in 2020, but this was largely offset by good growth in mobile.

Travel

Trading in Travel was negligible in the first half of the year due to the pandemic restrictions but showed signs of recovery from the summer. TravelSupermarket, which provides users with holiday, car rental and travel insurance search, peaked at c.45% of 2019 revenue in October and November, prior to the emergence of the Omicron variant of Covid-19 which heavily affected travel demand in December. Icelolly.com saw a slower recovery given its currently more narrow focus on holiday search.

Cashback

The first two months of Quidco within the Group coincided with the peak online retail trading period of Black Friday. Profit grew strongly year on year, driven by an increase in activity-based marketing fees.

Gross profit

Gross margin increased nearly 4%pts from 66.5% to 70.4% in 2021. Excluding the impact of Quidco, which has structurally lower margins, Group gross margin would have been about 1%pt higher.

Around 1.5%pts of the improvement was driven by more efficient customer acquisition in Insurance and conversion gains in car insurance.

A further c.1.5%pts was due to improved conversion in Money, particularly in borrowing channels.

The remainder was driven by a change in mix. The loss from July 2021 of a large but low margin B2B contract and the weakness in energy both benefited Group margin in the second half. This was partially offset by the impact of Quidco.

We continued to see a shift of traffic to mobile devices, with 61.0% (2020: 57.4%) of MSM visits coming from a mobile device, while tablet share again declined. Overall, there was little impact on margin from changes in device mix.

In 2022 we expect the net impact of the Quidco acquisition and loss of the B2B contract to drive a c.5%pt Group margin reduction. Beyond these changes, 2022 margin will depend on typical trading dynamics, including the timing and extent of the travel and energy recoveries.

Operating costs

for the year ended 31 December

	2021	2020	Growth
	£m	£m	%
Distribution expenses	**29.5**	34.3	(14)
Administrative expenses	**120.0**	108.2	11
Operating costs	**149.5**	142.5	5
Within administration expenses			
Amortisation of technology related intangible assets	**14.6**	13.9	5
Amortisation of acquisition related intangible assets	**4.4**	2.4	82
Depreciation	**4.5**	4.5	1

Distribution expenses reduced year on year, as planned. In September we launched the MoneySuperSeven advertising campaign and in 2022 will invest further behind this campaign. This investment means distribution expenses are likely to increase to around 2020 levels in 2022.

The improvements to our data estate and the transition to a new CRM platform have allowed us to become a more efficient business. We also have simplified and delayered parts of the organisation to drive accountability and pace. The result is a significant reduction in headcount within the pre-existing (i.e., pre-acquisitions) Group.

For the full year, administrative expenses nonetheless increased by £12m, driven primarily by the consolidation of CYTI, Icelolly.com and Quidco, the return of staff incentive costs, and acquisition-related charges.

The full-year consolidation of Quidco and Icelolly.com are expected to add a further c.£10m to the operating cost base (excluding depreciation and amortisation) in 2022.

Adjusting items*

for the year ended 31 December

	2021	2020	Growth
	£m	£m	%
Deal fees and associated costs	**3.6**	-	n.m.
Amortisation of acquisition related intangible assets	**4.4**	2.4	82
Adjusting items included in administrative expenses	**8.0**	2.4	232
Change in fair value of financial instrument	**0.7**	(3.5)	n.m.
	8.7	(1.1)	n.m.

** Amortisation of acquisition related intangible assets and the change in fair value of financial instrument are not included in EBITDA and therefore are only adjusting items in the adjusted EPS calculation. Deal fees and associated costs are adjusting items in both the adjusted EBITDA and adjusted EPS calculations.*

The Group incurred £3.6m of deal fees and associated costs relating to the Quidco acquisition and combination of TravelSupermarket and Icelolly.com. These costs have been treated as an adjusting item as M&A activity is not part of the underlying course of business of the Group.

The acquisitions of MSE in 2012 and Decision Tech in 2018 gave rise to intangible assets (excluding goodwill) of £12.9m and £8.7m respectively. In 2021, the acquisitions of CYTI and Quidco and the combination of TravelSupermarket and Icelolly.com gave rise to intangible assets (excluding goodwill) of £3.4m, £44.3m and £3.2m, respectively. These are being amortised over a period of 3-10 years and as a result, the charge for amortisation of acquisition related intangibles increased to £4.4m (2020: £2.4m). We expect the amortisation charge for 2022 for acquisition related intangible assets to be around £10m.

The change in fair value of a financial instrument relates to the acquisition of the remaining 72% shareholding of CYTI during the year. As at 31 December 2020 the Group held a 28% investment in CYTI with a call option valued at £3.5m to acquire the remaining share capital. As part of the acquisition during 2021 the initial investment was adjusted to its fair value resulting in a charge to the income statement of £0.7m.

Dividends

The Board has recommended a final dividend of 8.61p pence per share (2020: 8.61p), making the proposed full year dividend 11.71p pence per share (2020: 11.71p). This reflects the ongoing good cash conversion of the business, strong balance sheet and the Board's confidence in the future prospects of the Group.

The final dividend will be paid on 12 May 2022 to shareholders on the register on 1 April 2022, subject to approval by shareholders at the Annual General Meeting to be held on 5 May 2022.

Tax

The effective tax rate of 25.8% (2020: 21.1%) is above the UK standard rate of 19.0% (2020: 19.0%). This is primarily due to a charge arising from the revaluation of deferred tax liabilities following the substantive enactment on 24 May 2021 of the increase in the standard rate of corporation tax to 25%, coming into effect on 1 April 2023.

Earnings per share

Basic reported earnings per share was 9.8p (2020: 12.9p). This represents a larger percentage decrease year on year than at adjusted EBITDA level primarily due to a significant increase in adjusting items and the higher effective tax rate this year, both as noted above.

Adjusted earnings per ordinary share is based on profit before tax before the adjusting items detailed above. A tax rate of 19.0% (2020: 19.0%) is applied to calculate adjusted profit after tax. Adjusted basic earnings per ordinary share decreased 9% to 11.9p per share, in line with the percentage reduction in adjusted EBITDA.

Cashflow and balance sheet

The Group generated operating cash flows of £65.7m (2020: £83.9m) and finished the year with a net debt position of £59.6m (2020 restated: £22.8m net cash). Net debt includes borrowings of £57.5m (2020: £nil) and £14.6m (2020: £0.8m) of deferred consideration following the acquisition of Quidco.

The working capital outflow of £17.0m was largely driven by lower payables. This was primarily due to the payment of c.£8m of VAT deferred in 2020 under the Government's automatic Covid-19 deferral scheme as well as c.£5m in one-off outflows related to the Quidco acquisition.

Cash outflows on investing activities were driven by the acquisition of Quidco, with cash consideration paid in the period of £90.1m, less £32.5m of cash held by Quidco leading to a net outflow of £57.6m (see Quidco section and note 12 below for further details). We also paid £0.8m for the acquisition of CYTI (net of £0.2m cash acquired), the final £0.8m of deferred consideration for the acquisition of Decision Tech and received £2.1m on the disposal of our stake in Truelayer.

In October 2021, to part-fund the acquisition of Quidco, the Group entered into a new £50m amortising term loan that matures in October 2024. We also extended our £90m revolving credit facility ('RCF') to October 2024. The RCF has an accordion option to apply for up to £100m of additional funds during the term of the RCF. As at 31 December, there was £50m outstanding on the term loan and the Group had drawn £7.5m on the RCF.

Capital expenditure

Capital expenditure was £9.8m (2020: £11.0m) of which technology spend was £9.2m (2020: £9.2m). In 2022, we expect technology capex to be in the region of £10m.

The amortisation charge for technology assets in 2021 (£16.6m) included accelerated amortisation of several data infrastructure assets. This is due to a transition to Google Cloud Platform in 2021 as part of our data transformation. In 2022 we expect the technology amortisation charge to be in the region of £12m, excluding acquired intangibles.

CYTI

In January 2021, the Group increased its shareholding in CYTI from 28% to 100% for cash consideration of £1.0m, £0.7m of which was paid on acquisition and £0.3m later in the year. Contingent consideration of £0.1m remains on balance sheet (see note 12 to the financial statements for more detail).

Ice Travel Group

In September 2021, we transferred ownership of Travelsupermarket Limited to Ice Travel Group Limited ('ITG') in exchange for a 67% controlling stake in ITG. As part of this deal ITG also acquired Icelolly Marketing Limited as a wholly owned subsidiary. All three companies are now wholly consolidated into our results.

Quidco

On 1 November 2021 the Group acquired Quidco, for £101m on a debt-free, cash-free basis. Following the finalisation of completion accounts and adjusting for cash and debt-like items, total consideration payable was £104.6m, £14.6m of this is deferred consideration.

The upfront cash consideration was funded from the Group's existing RCF, cash resources and a new £50m amortising term loan that matures in October 2024.

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2021 £m	2020 £m
Revenue	*2*	**316.7**	344.9
Cost of sales		**(93.8)**	(115.4)
Gross profit		**222.9**	229.5
Distribution expenses		**(29.5)**	(34.3)
Administrative expenses		**(120.0)**	(108.2)
Operating profit		**73.4**	87.0
Profit on disposal of property, plant and equipment		**0.1**	-
Net finance costs	*3*	**(2.0)**	(2.0)
Share of post-tax loss of equity accounted investees	*8*	**(0.6)**	(0.7)
Change in fair value of financial instruments	*12*	**(0.7)**	3.5
Profit before taxation		**70.2**	87.8
Taxation	*4*	**(18.1)**	(18.5)
Profit for the year		**52.1**	69.3
Other comprehensive income		**1.4**	2.6
Total comprehensive income for the year		**53.5**	71.9
Profit/(loss) attributable to:			
Owners of the Company		**52.7**	69.3
Non-controlling interest	*13*	**(0.6)**	-
Profit for the year		**52.1**	69.3
Total comprehensive income attributable to:			
Owners of the company		**54.1**	71.9
Non-controlling interest	*13*	**(0.6)**	**-**
Total comprehensive income for the year		**53.5**	71.9
Earnings per share:			
Basic earnings per ordinary share (pence)	*5*	**9.8**	12.9
Diluted earnings per ordinary share (pence)	*5*	**9.8**	12.9

Consolidated statement of financial position

as at 31 December

	Note	**2021**	2020
		£m	£m
Assets			
Non-current assets			
Property, plant and equipment		**39.8**	42.6
Intangible assets and goodwill	*7*	**288.4**	170.8
Equity accounted investments	*8*	**-**	2.6
Other investments	*9*	**7.5**	8.2
Total non-current assets		**335.7**	224.2
Current assets			
Derivative financial assets		**-**	3.5
Trade and other receivables		**61.5**	45.1
Prepayments		**9.3**	8.8
Cash and cash equivalents		**12.5**	23.6
Total current assets		**83.3**	81.0
Total assets		**419.0**	305.2
Liabilities			
Non-current liabilities			
Borrowings		**40.0**	-
Other payables		**38.3**	30.7
Deferred tax liabilities		**25.3**	11.4
Total non-current liabilities		**103.6**	42.1
Current liabilities			
Borrowings		**17.5**	-
Trade and other payables		**90.1**	54.6
Current tax liabilities		**0.2**	-
Total current liabilities		**107.8**	54.6
Total liabilities		**211.4**	96.7
Equity			
Share capital		**0.1**	0.1
Share premium		**205.4**	205.0
Reserve for own shares		**(2.6)**	(2.8)
Retained earnings		**(64.7)**	(57.2)
Other reserves		**65.1**	63.4
Equity attributable to the owners of the Company		**203.3**	208.5
Non-controlling interest		**4.3**	-
Total equity		**207.6**	208.5
Total equity and liabilities		**419.0**	305.2

Consolidated statement of changes in equity

for the year ended 31 December

	Share capital	Share premium	Reserve for own shares	Retained earnings	Other reserves	Equity attributable to the owners of the Company	Non-controlling interest	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2020	**0.1**	**204.7**	**(2.9)**	**(63.4)**	**60.8**	**199.3**	**-**	**199.3**
Profit for the year	-	-	-	69.3	-	69.3	-	69.3
Other comprehensive income	-	-	-	-	2.6	2.6	-	2.6
Total comprehensive income for the year	-	-	-	69.3	2.6	71.9	-	71.9
Purchase of shares by employee trusts	-	-	(0.9)	-	-	(0.9)	-	(0.9)
Exercise of LTIP awards	-	-	1.0	(1.0)	-	-	-	-
New shares issued	0.0	0.3	-	-	-	0.3	-	0.3
Equity dividends	-	-	-	(62.8)	-	(62.8)	-	(62.8)
Share-based payments	-	-	-	0.7	-	0.7	-	0.7
At 31 December 2020	**0.1**	**205.0**	**(2.8)**	**(57.2)**	**63.4**	**208.5**	**-**	**208.5**
At 1 January 2021	**0.1**	**205.0**	**(2.8)**	**(57.2)**	**63.4**	**208.5**	**-**	**208.5**
Profit/(loss) for the year	-	-	-	52.7	-	52.7	(0.6)	52.1
Other comprehensive income	-	-	-	-	1.4	1.4	-	1.4
Total comprehensive income for the year	-	-	-	52.7	1.4	54.1	(0.6)	53.5
Acquisition of subsidiary with non-controlling interest	-	-	-	-	2.0	2.0	4.9	6.9
Purchase of shares by employee trusts	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Exercise of LTIP awards	-	-	0.5	(0.5)	-	-	-	-
New shares issued	0.0	0.4	-	-	-	0.4	-	0.4
Equity dividends	-	-	-	(62.8)	-	(62.8)	-	(62.8)
Share-based payments	-	-	-	1.4	-	1.4	-	1.4
Realisation of fair value gains	-	-	-	1.7	(1.7)	-	-	-
At 31 December 2021	**0.1**	**205.4**	**(2.6)**	**(64.7)**	**65.1**	**203.3**	**4.3**	**207.6**

Consolidated statement of cash flows
for the year ended 31 December

	2021 £m	2020 £m
Operating activities		
Profit for the year	**52.1**	69.3
Adjustments to reconcile Group profit to net cash flow from operating activities:		
Amortisation of intangible assets	**19.0**	16.3
Depreciation of property, plant and equipment	**4.5**	4.5
Profit on disposal of property, plant and equipment	**(0.1)**	-
Share of post-tax loss of equity accounted investees	**0.6**	0.7
Change in fair value of financial instruments	**0.7**	(3.5)
Net finance costs	**2.0**	2.0
Equity settled share-based payment transactions	**1.4**	0.7
Taxation expense	**18.1**	18.5
Changes in trade and other receivables	**3.6**	(0.2)
Changes in trade and other payables	**(20.6)**	0.2
Taxation paid	**(15.6)**	(24.6)
Net cash flow from operating activities	**65.7**	83.9
Investing activities		
Interest received	**0.1**	0.1
Acquisition of property, plant and equipment	**(0.6)**	(1.8)
Acquisition of intangible assets	**(9.2)**	(8.8)
Acquisition of subsidiaries, net of cash acquired	**(59.3)**	-
Acquisition of investments	**(0.7)**	(7.1)
Proceeds from disposal of property, plant and equipment	**0.4**	-
Proceeds from disposal of investments	**2.1**	-
Net cash used in investing activities	**(67.2)**	(17.6)
Financing activities		
Dividends paid	**(62.8)**	(62.8)
Proceeds from share issue	**0.4**	0.3
Purchase of shares by employee trusts	**(0.3)**	(0.9)
Proceeds from borrowings	**105.6**	55.0
Repayment of borrowings	**(48.1)**	(55.0)
Interest paid	**(2.1)**	(1.7)
Repayment of lease liabilities	**(2.3)**	(1.8)
Net cash used in financing activities	**(9.6)**	(66.9)
Net decrease in cash and cash equivalents	**(11.1)**	(0.6)
Cash and cash equivalents at 1 January	**23.6**	24.2
Cash and cash equivalents at 31 December	**12.5**	23.6

Notes

1. **Basis of preparation**

Moneysupermarket.com Group PLC (the Company) is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange.

The financial statements are prepared on the historical cost basis. Comparative figures presented in the financial statements represent the year ended 31 December 2020.

The financial statements have been prepared on the same basis as those for the year ended 31 December 2020.

Going concern

The Directors have prepared the consolidated financial statements on a going concern basis for the following reasons. As at 31 December 2021, the Group's external debt comprised an amortising loan repayable over three years (with a balance outstanding of £50m) and a revolving credit facility ('RCF'), (of which £7.5m of the £90m available was drawn down). No further amounts have been drawn down since the year end. The operations of the business have been impacted by Covid-19 and the current conditions affecting the energy market. However, the Group remains profitable, cash generative and compliant with the covenants of the bank loan and RCF.

The Directors have prepared cash flow forecasts for the Group, including its cash position, for a period of at least 12 months from the date of approval of the consolidated financial statements. The Directors have also considered the effect of Covid-19 and the current energy market conditions upon the Group's business, financial position, and liquidity in severe, but plausible, downside scenarios. The scenarios modelled take into account the potential impacts of Covid-19 and the current energy market conditions and include a base scenario derived from the Group's latest forecasts. The severe, but plausible, downside scenarios modelled, under a detailed exercise at a channel level, included minimal recovery over the period of the cash flow forecasts and in the most severe scenarios reflected some of the possible cost mitigations that could be taken. The impact these scenarios have on the financial resources, including the extent of utilisation of the available debt arrangements and impact on covenant calculations has been modelled. The possible mitigating circumstances and actions in the event of such scenarios occurring that were considered by the Directors included cost mitigations such as a reduction in the ordinary dividend payment, a reduction in operating expenses or the slowdown of capital expenditure. A reverse stress test has also been performed.

The scenarios modelled and the reverse stress test showed that the Group will be able to operate at adequate levels of liquidity for at least the next 12 months from the date of signing the consolidated financial statements. The Directors, therefore, consider that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the consolidated financial statements and have prepared them on a going concern basis.

2. **Segmental information**

Below we report a measure of profitability at segment level that reflects the way performance is assessed internally. The Group has a number of teams, capabilities and infrastructure which are used to support all verticals e.g. data platform and brand marketing. These are shared costs of the Group rather than "central costs". We have concluded there is no direct or accurate basis for allocating these costs to the operating segments and therefore they are disclosed separately, which is how they are presented to the Chief Operating Decision Maker.

The Group's reportable segments are Insurance, Money, Home Services, Travel and Cashback. These segments represent individual trading verticals which are reported separately for revenue and directly attributable expenses. Net finance costs, share of loss of equity accounted investments, tax and net assets are only reviewed by the Chief Operating Decision Maker at a consolidated level and therefore have not been allocated between segments. All assets held by the Group are located in the UK.

Home Services now includes the B2C and B2B revenues and directly attributable expenses from Decision Tech brands, in line with the organisational changes implemented in the year and comparatives for Home Services have been restated on the same basis.

Following the acquisition of CYTI, the costs and revenues associated with this business are now included in the Insurance segment.

Travel is revenue and directly attributable expenses from TravelSupermarket prior to 1 September 2021 and then the combined Ice Travel Group thereafter.

Cashback is a new segment covering the revenue and directly attributable expenses from Quidco following its acquisition in the year.

The following summary describes the products and services in each segment.

Segment	Products and services
Insurance	Customer completes transaction for insurance policy on any of the following: provider website, our website or a telephone call.
Money	Customer completes transaction for money products such as credit cards, loans and mortgages on provider website.
Home Services	Customer completes transaction for home services products such as energy and broadband on provider website.
Travel	Customer completes transaction for travel products on provider website or our website.
Cashback	Customer completes transaction for retail, telecommunications, services and travel products with a cashback incentive on merchant website.

Segment	Insurance £m	Money £m	Home Services £m	Travel £m	Cashback £m	Shared costs £m	Total £m
Year ended 31 December 2021							
Revenue	158.7	75.2	68.1	4.1	10.6	-	**316.7**
Directly attributable expenses	(64.0)	(24.4)	(34.9)	(5.0)	(8.8)	(79.1)	**(216.2)**
Adj. EBITDA contribution	94.7	50.8	33.2	(0.9)	1.8	(79.1)	**100.5**
*Adj. EBITDA contribution margin**	60%	68%	49%	(21%)	17%	-	**32%**
Depreciation and amortisation							**(23.5)**
Deal fees and associated costs							**(3.6)**
Profit on disposal of property, plant and equipment							**0.1**
Net finance costs							**(2.0)**
Share of post-tax loss of equity accounted investees							**(0.6)**
Change in fair value of financial instruments							**(0.7)**
Profit before tax							**70.2**
Taxation							**(18.1)**
Profit for the year							**52.1**

Segment	Insurance £m	Money £m	Home Services £m	Travel £m	Cashback £m	Shared costs £m	Total £m
Year ended 31 December 2020							
Revenue	172.9	62.8	103.2	6.0	-	-	**344.9**
Directly attributable expenses	(74.6)	(26.0)	(49.7)	(5.3)	-	(81.5)	**(237.1)**
Adj. EBITDA contribution	98.3	36.8	53.5	0.7	-	(81.5)	**107.8**
*Adj. EBITDA contribution margin**	57%	59%	52%	11%	-	-	***31%***
Depreciation and amortisation							**(20.8)**
Net finance costs							**(2.0)**
Share of post-tax loss of equity accounted investees							**(0.7)**
Change in fair value of financial instruments							**3.5**
Profit before tax							**87.8**
Taxation							**(18.5)**
Profit for the year							**69.3**

**Adjusted EBITDA contribution margin is calculated by dividing adjusted EBITDA contribution by revenue.*

Insurance adjusted EBITDA margin increased from 57% to 60% in the year, driven primarily by changes in our acquisition approach for key channels, as well as higher car conversion.

Money saw considerable revenue growth, exiting the year in line with 2019 run rates. Margin benefitted from improving conversion in cards and loans as lending criteria eased, resulting in a 9%pt increase in margin.

Home Services revenue declined significantly due to the collapse of energy switching in the second half. Contribution margin for the whole vertical declined slightly reflecting the growing mix of B2B revenue (where margins are structurally significantly lower) during the first half, and bad debt costs associated with the administration of several energy partners.

Travel moved into a loss due to continued Covid-19 disruption to the travel market which was particularly acute in the first half. It generated a small profit during the second half.

Margin for Cashback is significantly lower than other verticals as a large proportion of commission is paid out to members as cashback.

Shared costs declined slightly due to operational efficiencies and lower marketing costs which were partially offset by an increase in people costs.

3. Net finance costs

	2021 £m	2020 £m
Finance income	**0.1**	0.1
Finance costs	**(2.1)**	(2.1)
	(2.0)	(2.0)

4. Taxation

The Group's consolidated effective tax rate for the year ended 31 December 2021 was 25.8% (2020: 21.1%). The increase in rate is due to a charge arising from the revaluation of deferred tax liabilities following the increase in the standard rate of corporation tax to 25% from April 2023.

	2021 £m	2020 £m
Current tax		
Current tax on income for the year	**15.9**	17.6
Adjustment in relation to prior period	**(0.3)**	0.3
	15.6	17.9
Deferred tax		
Origination and reversal of temporary differences	**(1.1)**	(0.8)
Adjustment due to changes in corporation tax rate	**3.5**	1.3
Adjustment in relation to prior period	**0.1**	0.1
	2.5	0.6
	18.1	18.5

5. Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year. The Company's own shares held by employee trusts are excluded when calculating the weighted average number of ordinary shares outstanding.

Diluted earnings per share
Diluted earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings per share
Basic and diluted earnings per share have been calculated on the following basis:

	2021 £m	2020 £m
Profit after taxation attributable to the owners of the Company	**52.7**	69.3
Basic weighted average ordinary shares in issue (millions)	**536.4**	536.4
Dilutive effect of share based instruments (millions)	**0.1**	0.1
Diluted weighted average ordinary shares in issue (millions)	**536.5**	536.5
Basic earnings per ordinary share (pence)	**9.8**	12.9
Diluted earnings per ordinary share (pence)	**9.8**	12.9

Adjusted basic and diluted earnings per share have been calculated as follows:

	2021 £m	2020 £m
Profit before tax	**70.2**	87.8
Adjusted for loss before tax attributable to non-controlling interest	**0.7**	-
Profit before tax attributable to the owners of the Company	**70.9**	87.8
Amortisation of acquisition related intangible assets	**4.4**	2.4
Amortisation of acquisition related intangible assets attributable to non-controlling interest (see note 13)	**(0.1)**	-
Deal fees and associated costs	**3.6**	-
Deal fees and associated costs attributable to non-controlling interest (see note 13)	**(0.6)**	-
Change in fair value of financial instruments	**0.7**	(3.5)
	78.9	86.7
Estimated taxation at 19% (2020: 19%)	**(15.0)**	(16.5)
Profit for adjusted EPS purposes	**63.9**	70.2
Basic adjusted earnings per share (pence)	**11.9**	13.1
Diluted adjusted earnings per share (pence)	**11.9**	13.1

6. Dividends

	2021 £m	2020 £m
Equity dividends on ordinary shares:		
Final dividend for 2020: 8.61 pence per share (2019: 8.61 pence per share)	**46.2**	46.2
Interim dividend for 2021: 3.10 pence per share (2020: 3.10 pence per share)	**16.6**	16.6
	62.8	62.8
Proposed for approval (not recognised as a liability as at 31 December):		
Final dividend for 2021: 8.61 pence per share (2020: 8.61 pence per share)	**46.2**	46.2

7. **Intangible assets**

	Market related	Customer relationships	Customer lists	Technology related	Goodwill	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Cost						
At 1 January 2020	155.3	69.3	2.3	108.7	212.6	548.2
Additions	-	-	-	9.2	-	9.2
Disposals	-	(69.3)	(2.3)	(16.4)	-	(88.0)
At 31 December 2020	155.3	-	-	101.5	212.6	469.4
Amortisation						
At 1 January 2020	146.8	69.3	2.3	77.6	74.3	370.3
Charge for the year	1.7	-	-	14.6	-	16.3
Eliminated on disposal	-	(69.3)	(2.3)	(16.4)	-	(88.0)
At 31 December 2020	148.5	-	-	75.8	74.3	298.6
Carrying value						
At 1 January 2020	8.5	-	-	31.1	138.3	177.9
At 31 December 2020	**6.8**	**-**	**-**	**25.7**	**138.3**	**170.8**
Cost						
At 1 January 2021	155.3	-	-	101.5	212.6	469.4
Additions	14.3	21.2	-	24.6	76.5	136.6
Disposals	-	-	-	(2.7)	-	(2.7)
At 31 December 2021	169.6	21.2	-	123.4	289.1	603.3
Amortisation						
At 1 January 2021	148.5	-	-	75.8	74.3	298.6
Charge for the year	2.0	0.4	-	16.6	-	19.0
Eliminated on disposal	-	-	-	(2.7)	-	(2.7)
At 31 December 2021	150.5	0.4	-	89.7	74.3	314.9
Carrying value						
At 1 January 2021	6.8	-	-	25.7	138.3	170.8
At 31 December 2021	**19.1**	**20.8**	**-**	**33.7**	**214.8**	**288.4**

Asset disposals in the year include assets with an original cost of £2.7m (2020: £88.0m) and a carrying value of £nil (2020: £nil) that are no longer in use and have therefore been retired.

8. **Equity accounted investments**

	Podium Solutions Limited (50%) £m	CYTI (Holdings) Limited (28%) £m	Total £m
At 31 December 2020			
Investment	1.0	2.8	3.8
Group share of loss brought forward	(0.5)	-	(0.5)
Group share of loss for the period	(0.5)	(0.2)	(0.7)
	-	2.6	2.6
At 31 December 2021			
Investment	1.0	2.8	3.8
Additions	0.6	-	0.6
Derecognition of investment upon acquisition	-	(2.8)	(2.8)
Group share of loss brought forward	(1.0)	-	(1.0)
Group share of loss for the period	(0.6)	-	(0.6)
	-	**-**	**-**

On 28 January 2021, the Group acquired the remaining 72% of the share capital of CYTI (Holdings) Limited ('CYTI'). CYTI is therefore now accounted for as a subsidiary and fully consolidated into the Group accounts. See note 12 for further details.

9. **Other investments**

	1 January 2020 £m	Additions £m	Fair value uplift £m	31 December 2020 £m
Truelayer Limited	1.4	-	-	1.4
Flagstone Investment Management Limited	2.5	0.3	0.8	3.6
By Miles Ltd	1.0	-	1.6	2.6
Plum Fintech Limited	0.4	-	0.2	0.6
	5.3	0.3	2.6	8.2

	1 January 2021 £m	Disposals £m	Fair value uplift £m	31 December 2021 £m
Truelayer Limited	1.4	(2.1)	0.7	-
Flagstone Investment Management Limited	3.6	-	-	3.6
By Miles Ltd	2.6	-	-	2.6
Plum Fintech Limited	0.6	-	0.7	1.3
	8.2	(2.1)	1.4	7.5

Investments are measured at fair value, using the latest unquoted share price implied by recent transactions in shares of the investments. Updates are made as required considering market conditions as at 31 December 2021. This valuation method falls under level 3 as defined by IFRS 13 Fair Value Measurements.

Sensitivity analysis
For the fair value of investments, a 5% movement in share price would have an effect of £0.4m (2020: £0.4m) on the total value.

10. **Related party transactions**

Peter Duffy, Robin Freestone, Scilla Grimble, James Bilefield and Sally James in total received dividends from the Group totalling £30,389 (2020: Robin Freestone, Scilla Grimble, James Bilefield and Sally James in total received £19,491).

11. **Commitments and contingencies**

At 31 December 2021, the Group was committed to incur capital expenditure of £0.9m (2020: £0.5m).

Comparable with most companies of our size, the Group is a defendant in a small number of disputes incidental to its operations and from time to time is under regulatory scrutiny.

As a leading website operator, the Group occasionally experiences operational issues as a result of technological oversights that in some instances can lead to customer detriment, dispute and potentially cash outflows. The Group has a professional indemnity insurance policy in order to mitigate liabilities arising out of events such as this. The contingencies outlined above are not expected to have a material adverse effect on the Group.

12. **Acquisition of subsidiaries**

CYTI (Holdings) Limited

In 28 January 2021, the Group acquired the remaining 72% of the share capital and voting rights of CYTI (Holdings) Limited ('CYTI').

The fair value of total consideration for the acquisition was £6.5m which comprised the following:

	£m
Cash paid for remaining 72% of share capital	1.0
Contingent consideration for remaining 72% of share capital	0.1
Fair value of initial 28% investment	1.9
Fair value of call option on exercise date	3.5
Total consideration	6.5

Contingent consideration is subject to confirmation that there is not a contingent liability due in respect of pre-acquisition trading and is expected to be settled within one year of the balance sheet date.

On acquisition of the remaining share capital, the original 28% investment was remeasured to its fair value of £1.9m. This resulted in a charge to the income statement of £0.7m. Prior to the acquisition, the Group held a call option to acquire the remaining share capital which had a fair value on the date of acquisition of £3.5m. No acquisition costs were incurred in the year.

The fair value of the total identifiable net assets acquired was £2.9m:

	£m
Property, plant and equipment	0.7
Intangible assets	3.4
Trade and other receivables	0.5
Cash	0.2
Trade payables	(0.1)
Non-trade payables and accrued expenses	(0.4)
Lease liabilities	(0.6)
Deferred tax	(0.8)
Fair value of total identifiable net assets acquired	2.9

Intangible assets relate to technology expenditure that had not been capitalised in CYTI prior to acquisition (an explanation of how these fair values were determined is included at the end of this note). Since the publication of the Group's interim accounts for the half year ended 30 June 2021, a deferred tax liability of £0.8m has been recognised in relation to the acquired intangible assets.

Goodwill arising from the acquisition was recognised as follows:

	£m
Consideration	6.5
Fair value of assets and liabilities acquired	(2.9)
Goodwill arising on acquisition of CYTI (Holdings) Limited	3.6

The goodwill is primarily attributable to the experience and processes in place within CYTI for providing white label website services, which can be leveraged into new channels, as well as the synergies expected to be achieved from integrating the company into the Group.

For the eleven months ended 31 December 2021, CYTI contributed revenue of £0.4m and a loss after tax of £2.0m to the Group's results. CYTI generated additional revenue of £1.9m from other companies within the Group which has been eliminated on consolidation and is therefore not included in its loss after tax.

Ice Travel Group ('ITG')

On 1 July 2021, the TravelSupermarket business was transferred out of Moneysupermarket.com Limited into a newly incorporated, wholly owned subsidiary, Travelsupermarket Limited. On 1 September 2021, the entire share capital of Travelsupermarket Limited was transferred to Ice Travel Group Limited ("ITG"), a newly incorporated non-trading holding company, in exchange for 67% of the share capital and voting rights of ITG. At this point ITG had also acquired 100% of the share capital of Icelolly Marketing Limited.

Total consideration (including amounts paid by the non-controlling interest) for the acquisition of ITG was £20.9m. No cash was transferred. The consideration was settled by the issuance of share capital by ITG which was credited as fully paid.

The fair value of total consideration therefore comprised the following:

	£m
Share capital of Travelsupermarket.com Limited	14.0
Share capital of Icelolly Marketing Limited	6.9
Total consideration	20.9

Travelsupermarket Limited continues to be controlled by the Group and therefore, in accordance with IFRS 10 – Consolidated Financial Statements, its assets and liabilities continue to be consolidated at their carrying values. This includes the goodwill balance relating to TravelSupermarket that was on the Group's Consolidated Statement of Financial Position prior to this transaction.

The Group incurred deal fees and other associated deal costs of £2.7m as part of the hive out of Travelsupermarket Limited and combination with ITG. These costs primarily relate to legal fees and due diligence costs and have been included in administrative expenses. £1.8m of these costs have been recognised in ITG.

The fair value of the total identifiable net assets of Icelolly Marketing Limited was £2.8m:

	£m
Property, plant and equipment	0.3
Intangible assets	3.2
Trade and other receivables	0.4
Cash	0.0
Trade payables	(0.4)
Non-trade payables and accrued expenses	(0.1)
Lease liabilities	(0.2)
Deferred tax	(0.4)
Fair value of total identifiable net assets acquired	2.8

Intangible assets include £1.4m of technology expenditure that had not been capitalised in Icelolly Marketing Limited prior to acquisition and the Icelolly.com brand which was valued at £1.8m (an explanation of how these fair values were determined is included at the end of this note).

Goodwill arising from the acquisition was recognised as follows:

	£m
Total consideration	20.9
Element of total consideration relating to Travelsupermarket Limited	(14.0)
Element of total consideration relating to Icelolly Marketing Limited	6.9
Fair value of identifiable net assets acquired with Icelolly Marketing Limited	(2.8)
Goodwill arising on acquisition of Icelolly Marketing Limited	4.1

The goodwill is primarily attributable to the skills and technical talent of Icelolly Marketing Limited's workforce and the synergies expected to be achieved from integrating the company into the Group.

For the four months ended 31 December 2021, Ice Travel Group contributed revenue of £2.2m and a loss after tax of £1.8m to the Group's results. ITG's loss after tax includes £1.8m of deal fees and associated costs and £0.2m of amortisation of intangibles relating to the acquisition of ITG which have been treated as adjusting items. It should be noted that the negative adjusted EBITDA contribution of (£0.9m) for the Travel operating segment includes TravelSupermarket from 1 January to 31 August and ITG (which includes TravelSupermarket) from 1 September to 31 December.

Maple Syrup Media Limited (Quidco)

On 1 November 2021, the Group acquired 100% of the share capital and voting rights of Maple Syrup Media Limited (trading as Quidco). The fair value of total consideration for the acquisition was £104.6m which comprised the following:

	£m
Cash consideration	90.1
Deferred consideration (payable Feb 2022)	0.9
Deferred consideration (payable Aug 2022)	3.8
Deferred consideration (payable Nov 2023)	9.8
Total consideration	104.6

The £0.9m payable in February 2022 is a price adjustment in respect of the final completion accounts for Quidco compared to the estimated balance sheet at the time of the acquisition. The remaining £13.6m deferred consideration (comprising £3.8m and £9.8m payable in August 2022 and November

2023 respectively) will be paid subject to certain liabilities not arising or being identified. We do not currently have any indicators of such liabilities and therefore reflect the deferred consideration at full value.

The Group incurred acquisition-related costs of £0.9m on legal fees and due diligence costs. These costs have been included in administrative expenses.

The fair value of the total identifiable net assets acquired was £35.8m:

	£m
Tangible assets	1.1
Intangible assets	44.3
Trade and other receivables	19.7
Cash	32.5
Trade payables	(43.3)
Non-trade payables and accrued expenses	(7.1)
Lease liabilities	(1.0)
Deferred tax	(10.4)
Fair value of total identifiable net assets acquired	35.8

Goodwill arising from the acquisition was recognised as follows:

	£m
Consideration	104.6
Fair value of assets and liabilities acquired	(35.8)
Goodwill	68.8

Intangible assets include technology expenditure that had not been capitalised prior to acquisition (£10.6m), member relationships (£21.2m) and the Quidco brand (£12.5m).

An explanation of the valuation methodologies is included at the end of this note. In arriving at these valuations, we considered the key inputs and judgements, supported by independent and expert advice, and performed sensitivity analysis to consider their impact on the asset valuation.

The tables below show the valuation inputs which are considered to be key judgements and where a reasonably expected movement in that input could create a significant impact relative to the total asset valuation. In the context of the valuation methodology, the technology asset is not considered to contain key judgements whereas those made for member relationships and brand valuations are disclosed below.

The actual judgement applied, along with the sensitivity modelled are shown along with the impact on the total valuation. The impacts shown are based on the individual and separate inputs and are not the combined effect.

Member relationships

Asset	**Valuation (£m)**	**Key input**	**Judgement applied**	**Sensitivity**	**Impact (£m)**
Member relationships	21.2	Attrition per annum (reducing balance)	15%	+/- 5ppts	(3.3)/4.8
		Brand royalty rate	7.5%	+/-2.5ppts	(1.5)/1.5

The judgement concerning revenues attributed to loyal members is not considered sensitive to the overall valuation.

Please note, as the member relationships are valued using a MEEM approach (see valuation technique detail below), the valuation is impacted by other asset valuations. The input on the brand royalty rate is considered a key judgement and is therefore included within this valuation and sensitivity.

Brand

Asset	Valuation (£m)	Key input	Judgement applied	Sensitivity	Impact (£m)
Brand	12.5	Royalty rate	7.5%	+/-2.5ppts	4.2/(4.2)

Goodwill

The goodwill is attributable mainly to the experience and knowledge of the workforce and processes in place within Quidco, alongside the synergies expected to be achieved from integrating the Company into the Group's existing platforms to build a competitive cashback offering.

For the two months ended 31 December 2021, Quidco contributed revenue of £10.6m and profit after tax of £1.4m to the Group's results. Deal fees and associated costs relating to the acquisition of Quidco were incurred by its parent company, Moneysupermarket.com Financial Group Limited.

Goodwill

None of the goodwill recognised in respect of any of these acquisitions is expected to be deductible for tax purposes. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Fair values of intangible assets

The same approach was taken to determining the fair value of acquired intangible assets for each of the subsidiaries acquired during the year.

Assets acquired	Valuation technique
Technology	A rebuild cost valuation method was used to determine the value of the technology asset. This was developed in consultation with Senior Technology professionals and using a cost assumption for developers inclusive of a profit margin as would be the case in an external build contracted to develop an equivalent platform. A degree of obsolescence has also been assumed within the costs to reflect the advancements in technology since it has been built.
Domain names and brands	Relief-from-royalty method cross checked using a multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the domain names being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the domain names, by excluding any cash flows related to contributory assets. This was determined in consultation with independent external valuation specialists to identify the fair value of the domain names (marketing related intangible assets) on the acquisition date
Member relationships	The multi-period excess earnings method ('MEEM') was used to determine the present value of net cash flows expected to be generated by the member relationships, by applying an expected churn rate based on the length of time that the relationships were judged to have been held to determine related earnings. Charges were then applied to these earnings to reflect the contribution of other assets (such as Brand and Technology) to generating the earnings.

	There is therefore an inter-relation with the other valuation inputs which are considered in the round. The valuation was determined in consultation with independent external valuation specialists to identify the fair value of the member relationships (marketing related intangible assets) on the acquisition date.

13. **Non-controlling interest**

The only non-controlling interest within the Group relates to the 33% non-controlling interest in Ice Travel Group Limited and its two wholly owned subsidiaries Travelsupermarket Limited and Icelolly Marketing Limited.

The following table summarises ITG's financial performance and position at the year end before any intra-group eliminations.

	Ice Travel Group Limited	Travel-supermarket Limited	Icelolly Marketing Limited	Total
Non-controlling interest	**33%**	**33%**	**33%**	**33%**
	£m	**£m**	**£m**	**£m**
Non-current assets*	-	7.4	7.4	14.8
Current assets	1.8	1.2	0.8	3.8
Non-current liabilities	(3.0)	-	(0.4)	(3.4)
Current liabilities	(0.1)	(1.0)	(1.4)	(2.5)
Net (liabilities)/assets	(1.3)	7.6	6.4	12.7
Net (liabilities)/assets attributable to non-controlling interest	(0.4)	2.6	2.1	4.3
Revenue	-	1.8	0.4	2.2
Loss	(1.6)	0.0	(0.2)	(1.8)
Other comprehensive income	-	-	-	-
Total comprehensive income	(1.6)	0.0	(0.2)	(1.8)
Loss attributable to the non-controlling interest	(0.5)	0.0	(0.1)	(0.6)
Other comprehensive income attributable to non-controlling interest	-	-	-	-
Total comprehensive income attributable to non-controlling interest	(0.5)	0.0	(0.1)	(0.6)
Cash flows from operating activities	(2.8)	0.5	0.4	(1.9)
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	4.0	-	-	4.0
Net increase in cash and cash equivalents	1.2	0.5	0.4	2.1

* Non-current assets for Travelsupermarket Limited includes £7.4m of goodwill that was recognised on the Group's balance sheet prior to the acquisition of ITG.

ITG's loss and total comprehensive income for the year of £2.2m included £1.8m of deal fees and associated costs and £0.2m of amortisation of intangibles relating to the acquisition of ITG by the Group. £0.6m of the deal fees and associated costs and £0.1m of the amortisation of intangibles are included in the loss and total comprehensive income attributable to the non-controlling interest.

Appendix

Statutory Information

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2021 or 31 December 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the registrar of companies, and those for 2021 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The annual report and accounts for the year ended 31 December 2021 will be posted to shareholders in March 2022. The results for the year ended 31 December 2021 were approved by the Board of Directors on 16 February 2022 and are audited. The Annual General Meeting will take place on 5 May 2022. The final dividend will be payable on 12 May 2022 to shareholders on the register at the close of business on 1 April 2022.

Presentation of figures

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.