Mortgage Advice Bureau (Holdings) plc

Annual Report 2022

Mortgage
Advice Bureau

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For more information please visit our website

mortgageadvicebureau.com/investor-relations

“Despite a challenging year for mortgage intermediaries on numerous fronts, I am pleased with our 2022 performance and market share growth, with revenue up 22% and adjusted EBITDA up 15% on the prior year.

“Prior to the mini-budget in September, the Group was on track for 2023 to be a record year of growth, despite an expected softening in housing transactions due to inflationary pressures. Although mortgage transaction levels have improved since the collapse post mini-budget, they remain circa 35% down year to date compared to the same period in 2022.

“MAB is performing considerably better than wider transaction numbers reflect and our market share is continuing to grow strongly. Current trading is in line with our expectations and we expect a second-half weighted financial performance. This is a strong performance considering the fall in gross mortgage approvals since October 2022 is of a similar scale to the fall seen during the Global Financial Crisis (“GFC”), rather than the normal and more easily managed peaks and troughs we see during fluctuating housing cycles.

“2022 was a milestone year for the business in terms of proposition delivery. Following the acquisition of Fluent, MAB is well-positioned as a leader in the three largest sectors for mortgage lead generation, comprising estate agency, new build, and price comparison websites. The acquisition also extends the Group’s customer reach into other specialisms including secured loans, which alone offers significant mortgage re-financing opportunities.

“We also delivered the first stage of our centralised lead generation programme, which is part of our major strategy to drive new lead flow to our partner firms in all market conditions. We also delivered meaningful time savings in the advice process, with excellent progress being made to deliver significant further time savings over the next 18 months. 2022 also saw the launch of MAB New Homes and a leading protection proposition for the Directly Authorised market through the acquisition of Auxilium.

“We continue to invest in our employees, with the significant capital investment in our Derby head office providing an excellent working environment to support the accelerated growth expected in the medium term.

“We expect the housing and mortgage markets to recover as they always do, and in the meantime, MAB continues to strengthen its proposition and use the more challenging market to onboard more high-quality firms and grow market share.”

Peter Brodnicki
Chief Executive Officer

Financial highlights

Revenue

£230.8m

2021: £188.7m .... **+22%**

Gross profit

£62.9m

2021: £51.0m .... **+24%**

Adjusted profit before tax[1]

£27.2m

2021: £24.2m .... **+13%**

Adjusted EPS[1]

37.8 pence

2021: 37.1 pence .... **+2%**

Proposed final ordinary dividends

14.7 pence per share

2021: 14.7 pence per share .... **-**

1 In addition to statutory reporting, MAB reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to improve the comparability of information between reporting periods, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary of Alternative Performance Measures.

Operational highlights

Adviser numbers

2,254

2021: 1,885 .... **+20%**

Average number of mainstream advisers

1,988

2021: 1,649 .... **+21%**

Market share of new mortgage lending

7.5%

2021: 6.4%[1] .... **+19%**

Gross mortgage completions[2]

£27.3bn

2021: £22.8 bn........................... **+20%**

Acquisition of 75.4% of The Fluent Money Group[3] ("Fluent"), the leading mortgage and specialist lending intermediary for aggregators and other national lead sources. The acquisition complements our exceptionally strong position with estate agency and new build, and diversifies the Group's operating model. Fluent is now fully integrated into MAB.

Acquisition of 75% of Aux Group Ltd ("Auxilium"), a specialist protection provider servicing Directly Authorised (DA) firms. Combining MAB's and Auxilium's protection expertise will benefit ambitious DA firms.

1 MAB previously reported a 6.3% market share in 2021, but this figure has slightly increased due to UK Finance updating its UK mortgage completions estimates.

2 First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance, and including completions from associates in the process of being onboarded under MAB's AR arrangements.

3 Acquisition of Project Finland Topco Limited, of which The Fluent Money Group Ltd is a wholly-owned subsidiary.

Who we are and what we do

Mortgage Advice Bureau is one of the UK's leading consumer intermediary brands and specialist appointed representative networks for mortgage intermediaries.

MAB's Appointed Representatives ("ARs") and their advisers specialise in providing mortgage advice to customers, as well as advice on protection and general insurance products.

Our proposition is aimed at high quality mortgage broking firms with high growth and productivity ambitions that MAB supports with our proprietary technology and services, including adviser recruitment and lead generation, learning and development, compliance auditing and supervision, and digital marketing and website solutions.

60%+ of our partner firms trade as Mortgage Advice Bureau, that is the most widely recognised mortgage intermediary brand in the UK. Our proprietary technology platform, delivers operational efficiencies, and is used by all our distribution to capture and nurture customers, manage and distribute leads, support the advice and mortgage application process, manage advice quality, and provide an exceptional AR, adviser and customer experience.

MAB has historically benefited from exceptionally strong lead flow in the estate agency and new build sectors. The acquisition of The Fluent Money Group ("Fluent") in 2022 gives us a leading position with national lead sources such as price comparison websites ("PCWs"), which represent a growing proportion of consumer searches. This gives us a dominant position in the three largest lead sectors.

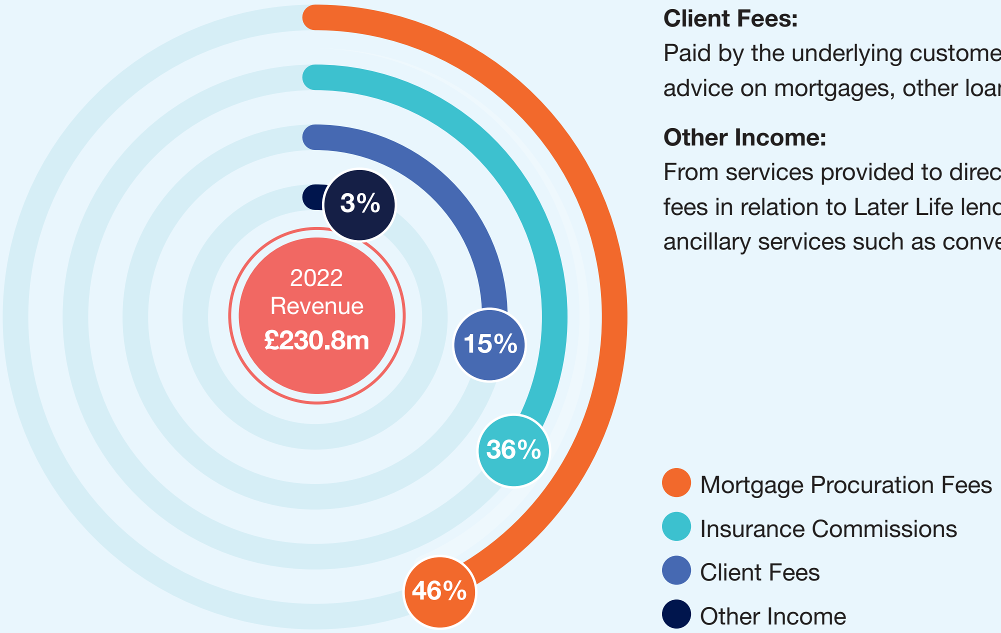
MAB has made a number of strategic investments including Fluent that we expect to significantly escalate our profit growth in the years ahead.

We are a cash generative and capital light business, that delivers strong and consistent year on year growth and returns for our investors.

> 60%+ of our partner firms trade as Mortgage Advice Bureau, the most widely recognised mortgage intermediary brand in the UK.

Our revenue model

MAB retains a revenue share from the following products sold by the Advisers of its AR firms to customers. The average number of Advisers in each financial year is one of the key drivers of revenue.



Mortgage Procuration Fees:
These are paid to MAB by lenders either via the L&G Mortgage Club or directly.

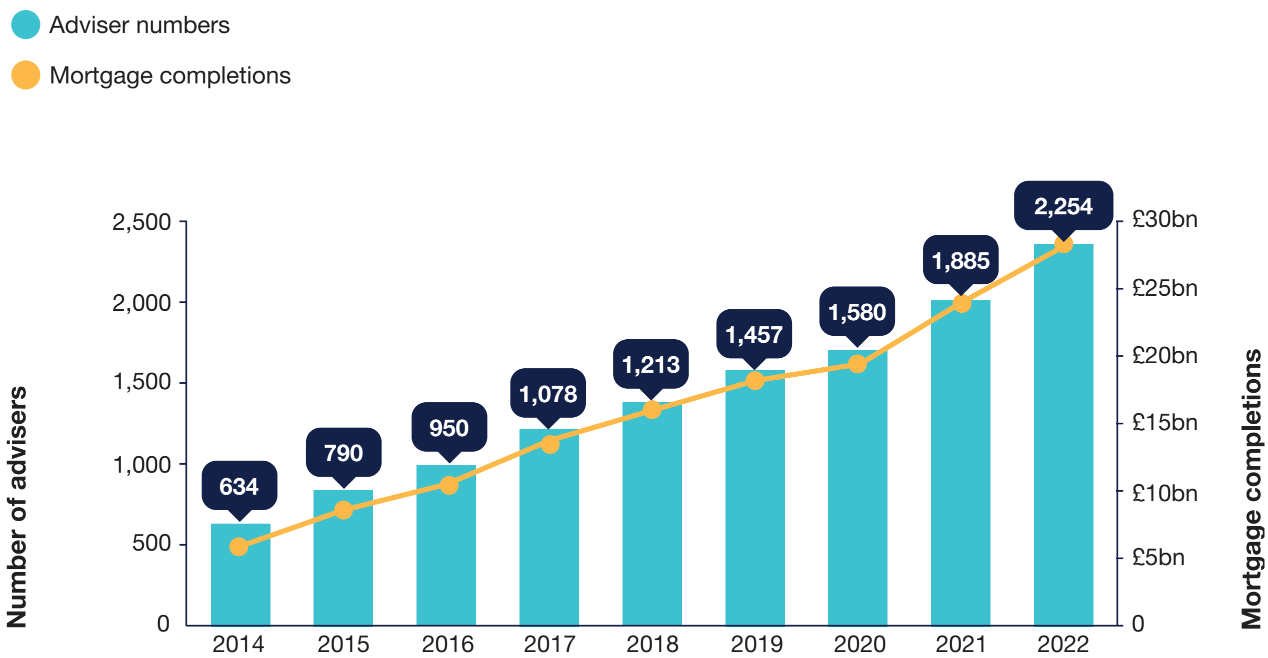
Insurance Commissions:
From advised sales of protection and general insurance policies.

Client Fees:
Paid by the underlying customer for the provision of advice on mortgages, other loans and protection.

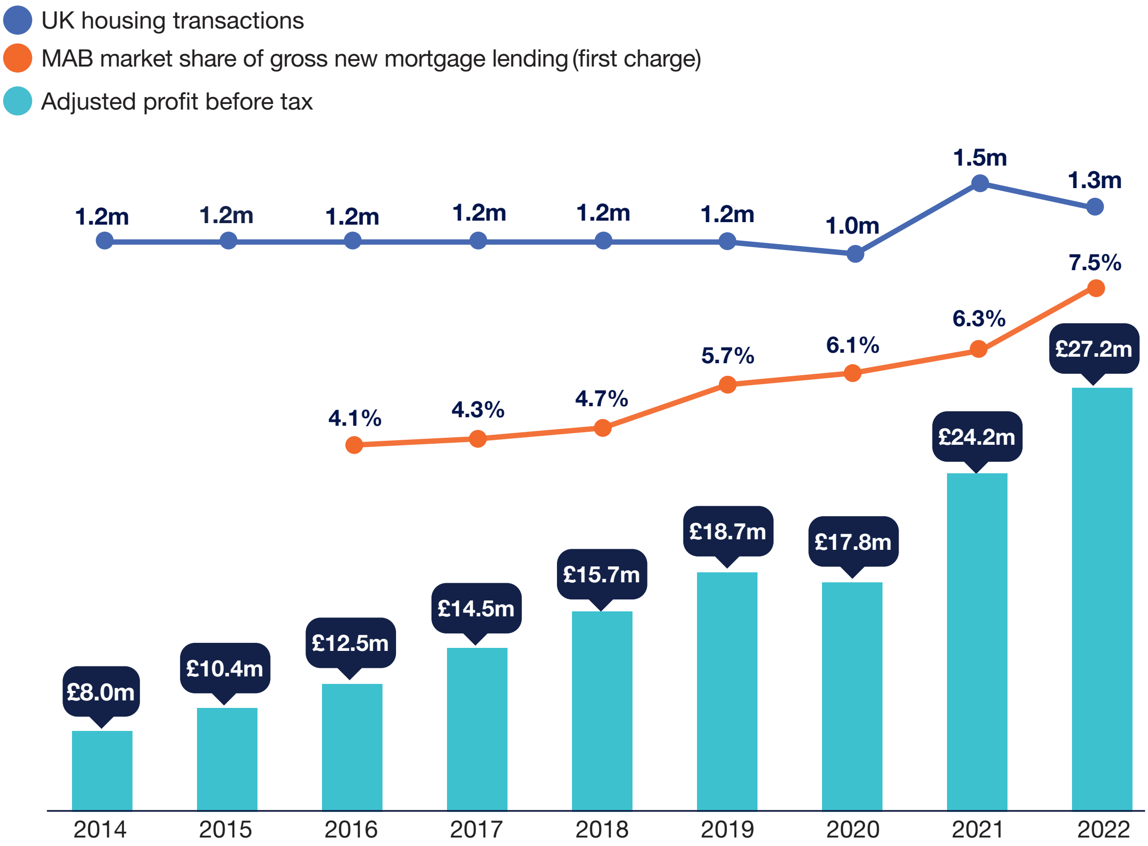
Other Income:
From services provided to directly authorised entities, fees in relation to Later Life lending and Wealth and ancillary services such as conveyancing and surveying.

Our performance since IPO

MAB has performed strongly and consistently in all market conditions since our IPO in 2014. Historic growth trends are expected to continue, boosted by accelerated profit growth as a result of high quality and strategically important investments and acquisitions made.



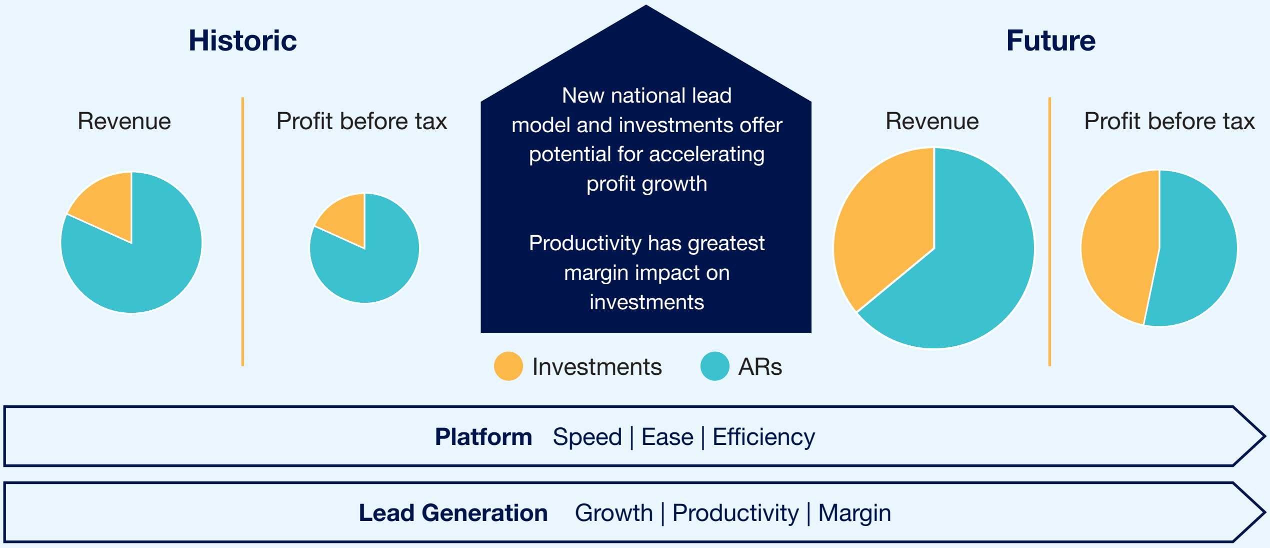
Our compound annual growth rate ("CAGR") in gross mortgage lending since our IPO in 2014 is 22%. This was achieved in a stagnant UK housing market (0% CAGR since 2014), and illustrates our ability to grow our market share in all market conditions.



Future growth

We aim to capitalise on maturing and new growth drivers. These, combined with our continuing significant investment, high calibre management, resource, and technology, put MAB in a strong position to start accelerating growth over the next few years.

Illustrative profit profile – Investments



Establishing dominance in lead generation

Since inception MAB has established an exceptionally strong position in lead generation in its core markets of estate agency and new build. Today, the Group has relationships with over 2,000 estate agencies, and a 20%+ market share of the new build sector.

The acquisition of Fluent in 2022 has enabled MAB to enter the price comparison website ("PCW") sector as a leader, thereby significantly increasing its customer reach. PCWs represent a growing proportion of consumer searches and this is therefore a strategically important sector for MAB. This means MAB now has a dominant position in the three largest lead sectors.

In turn, these three sectors all feed into MAB's growing client bank and through Fluent we have gained access to a large additional pool of opportunities. We have also developed and launched new processes and technology to improve customer retention and continue to focus on this strategically important area.

Estate Agency

- Strong historic position with estate agencies
- Relationships with over 2,000 estate agency branches
- We retain a leading position with locally generated leads

Newbuild

- MAB entered the newbuild market in 2012 with the acquisition of Mortgage Talk
- Leading ARs and invested partners including First Mortgage, Meridian, Evolve and Heron
- Launch of MAB New Homes in 2022 provides platform for strong growth

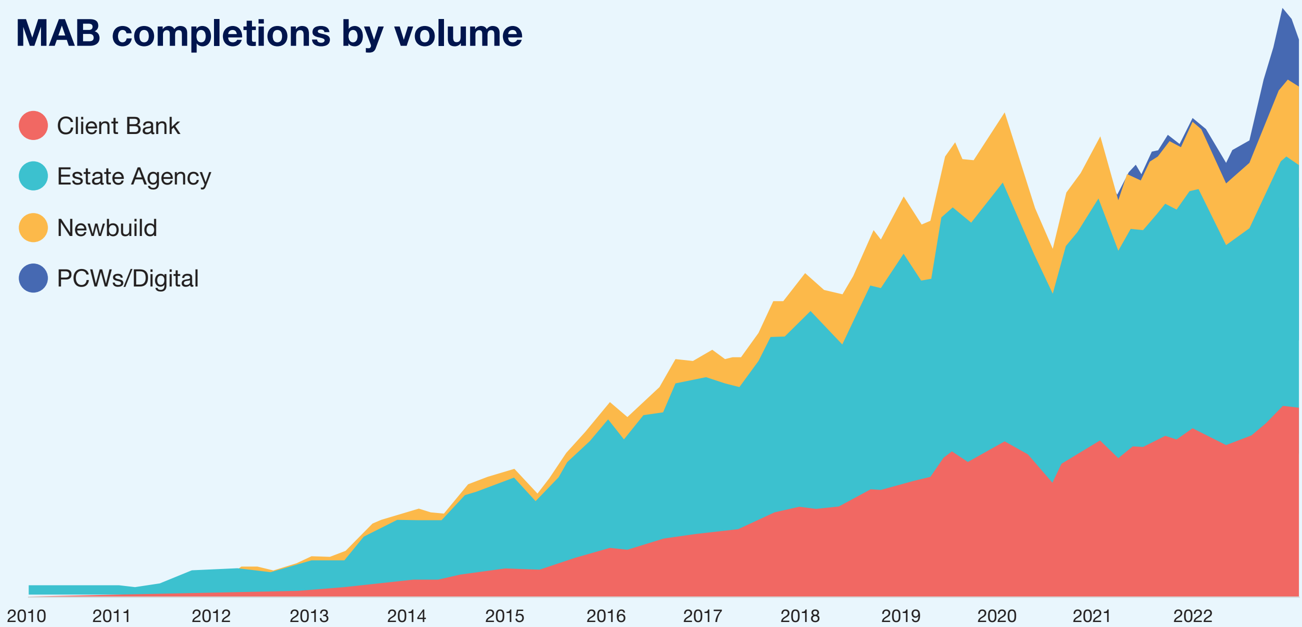
PCWs / Digital

- Represent a growing proportion of consumer searches
- MAB first secured PCW leads in 2021
- The acquisition of Fluent in July 2022 gives us a leading proposition with PCWs and major national lead sources

Client Bank

- Significant upside through continually growing client bank from the 3 largest lead sectors
- Large re-financing customer base gained through Fluent
- Technology driving increased retention

MAB completions by volume



Company headlines

- Exceptional management team and highly engaged employees
- Leading proprietary platform – MIDAS Platform driving enhanced performance
- Leading consumer intermediary brand
- Award winning – over 200 industry awards
- Reputation for innovation and excellence
- Investments play a key part in our plans for accelerated growth
- Focus on exceptional quality and productivity
- Commitment to outstanding service
- High standards of governance and board oversight
- Diverse and inclusive work environment
- Strong, sustainable returns
- Dividend policy to pay out a minimum of 75% of adjusted earnings
- Meaningful impact on local communities with our foundation, the Mortgage Advice Bureau Foundation
- MAB are a Platinum-rated Feefo member, with a score of 4.9 out of 5 from over 20,000 reviews

2022 in numbers

- **Revenue: £230.8m (2021: £188.7m)**
- **Adjusted EBITDA: £29.1m (2021: £25.3m)**
- **2,254 advisers at 31 December 2022 (2021: 1,885)**
- **£27.3bn gross mortgage completions (first charge) in 2022 (2021: £22.8bn)**
- **Continued strong growth in market share, to 7.5% in 2022**

Dear Shareholder

After an exceptionally strong year in 2021 the momentum continued into the beginning of 2022 with favourable mortgage rates and high employment supporting continued consumer confidence. The sudden outbreak of war with Russia in Ukraine in February 2022 rapidly unsettled markets and the threatened disruption to the supply of energy drove a cost-of-living crisis, with consumer price inflation accelerating.

Government initiatives to protect consumers from this were introduced and mid-year MAB gave additional salary increases targeted at the lower paid, of £1,000 to all head office non-bonussed staff, and a cash bonus of £250 in December, to help with the cost of living. Details of this and other support are given in the Directors' Remuneration Report.

The appointment of a new Prime Minister in August 2022 was followed by a disastrous mini-budget in September, and its consequences were quick and far-reaching. Overnight our market moved from being fairly stable and reasonably confident, to almost the polar opposite. The sudden and unexpected pace of mortgage rate increases, combined with the tightening of mortgage lending criteria, resulted in customers pausing both home-moving and re-financing plans. The increase in mortgage rates from sub 2% to over 5% was the largest seen in decades, severely affecting affordability for both existing and prospective borrowers.

The second Government leadership change and ensuing Autumn Statement in November 2022 helped to stabilise markets. Although macro uncertainty remains for many reasons, we expect mortgage rates to continue to stabilise, allowing customers to re-enter the home-moving market and to re-finance at more competitive mortgage rates than those seen in recent months.

MAB delivered a record performance in 2022 whilst continuing to make excellent progress on our strategic initiatives. In a market where UK gross new mortgage lending reached £313.9 billion, a 2% increase over 2021, the Group achieved revenue of £230.8m, a 22% increase over 2021. This was driven by a strong gain in market share to 7.5% (2021: 6.4%), and a 21% increase in the average number of mainstream advisers to 1,988 (2021: 1,649).

MAB's adjusted PBT for the year was £27.2m, a 13% increase compared to 2021, with adjusted earnings per share of 37.8 pence, an increase of 2%. The Group remains highly cash generative, with an operating profit to adjusted cash conversion of 103% (2021: 113%). At 31 December 2022 total adviser numbers had grown by 20% to 2,254 (31 December 2021: 1,885). Net assets of the Group as at 31 December 2022 were £75.4m (2021: £41.0m).

Acquisitions

A significant step in the delivery of our lead generation strategy was completed with the acquisition of 75.4% of Fluent, for £72.7m in cash, in July 2022. Fluent is a fast-growing mortgage and specialist lending intermediary that has formed strong relationships with aggregators and other national lead sources, operating across first charge mortgages, secured personal loans, later life lending mortgages and bridging finance. MAB has historically held a leading market position in estate agency, and subsequently developed a very strong position in the new build sector. The acquisition of Fluent enables MAB to enter the price comparison website sector as a leader, thereby significantly increasing our customer reach. Fluent has been successfully integrated into MAB.

To part finance the acquisition of Fluent, MAB entered into new debt facilities with NatWest, comprising a term loan of £20m and a revolving credit facility ("RCF") of £15m. At the year end the term loan of £20m was fully utilised and a drawdown of £3.2m on the RCF, produced an overall net debt position of £16.0m, excluding restricted cash balances.

In 2022, MAB also acquired a 75% shareholding in the Auxilium, a specialist protection service provider servicing Directly Authorised ("DA") firms, which extends the Group's addressable market into the DA sector. This is in addition to an increase in our stake from 49% to 75% in leading protection and general insurance advice firm Vita Financial Ltd.

Environmental, Social and Governance (ESG)

Consideration for ESG matters continue to be at the forefront of our decision making and helps to shape the way in which we engage with our stakeholders and the broader community.

The ESG section of the Annual Report sets out the excellent progress we have continued to make in 2022. Our scope 1 (gas) and Scope 2 (electricity) emissions per employee, as calculated using the UK Government's 2022 GHG Conversion Factors for Company Reporting, have decreased by 17%.

In 2022 we undertook a complete refurbishment of our head office building in Derby, Capital House. Key features were the re-design of all the working spaces to create a more modern and inclusive environment, and improvements to the energy efficiency of the building. I was delighted and impressed that the team managing this complex project were able to complete it on time and on budget. The result has been really well received by our employees and reflects our continued focus on culture as embedded through our MABology behaviours framework.

We also made very good progress in relation to diversity, equality and inclusivity in the workplace, and are delighted to be the winners of multiple awards at the People and Culture awards in 2022, including in the "Overall Winner" category.

Consumer Duty

The Financial Conduct Authority published its final rules on the Consumer Duty in July 2022, with rules coming into effect on 31 July 2023. The Board approved the Group's Consumer Duty implementation Plan in October 2022, and the team have made good progress against the planned activities, which includes reviewing our processes, policies, communications, and customer journey, to ensure we achieve good customer outcomes through our interactions and engagement with customers. We have always been committed to maintaining our standards of high-quality advice and good customer outcomes and believe the implementation of Consumer Duty will strengthen further our governance and risk framework.

Board changes

Stephen Smith joined the Board as a Non-Executive Director in January 2018 and through his long experience of the mortgage lending and protection markets he has made an invaluable contribution to the Group. His deep knowledge and understanding of all aspects of advice contributed to the continuing improvement in our Risk and Compliance functions, and in developing improved systems and controls. Stephen will be standing down at the AGM in May 2023 to pursue other opportunities. We wish him well and I am grateful to him for the advice and support he has given throughout his time on the Board.

Mike Jones was appointed Chair of the Group Risk Committee in October 2022 to ensure a smooth handover. A search for a new Non-Executive Director has commenced.

Dividend

Our dividend policy is to pay out a minimum of 75% of adjusted earnings. Our high cash conversion allows this return to be made to shareholders, whilst at the same time continuing to deliver on our growth strategy.

The Board is pleased to recommend the payment of a final dividend for the year of 14.7 pence per ordinary share. This brings the total proposed dividend for the year to 28.1 pence per ordinary share, reflecting the Group's policy to pay dividends reflecting a minimum pay-out ratio of 75% of the Group's adjusted earnings for the year. If approved, the final dividend will be paid on 31 May 2023 to shareholders on the register on 28 April 2023. Dividends paid during the year amounted to £17.3m and were in respect of the final dividend for the year ended 31 December 2021, and the interim dividend for the year ended 31 December 2022.

Outlook

There are signs of increasing activity in the mortgage market and rates are already lower than the peaks forecast at the time of the disastrous mini-budget in September last year. As lenders reduce their rates further and relax their underwriting criteria, affordability will improve and consumer confidence will revive, enabling both home movers and first time buyers to return to the housing market.

MAB remains highly cash generative, with an ability to swiftly adapt to changing market conditions. Despite the various market and political challenges, MAB is trading in line with expectations, continues to significantly outperform the sector and remains very well positioned to continue to grow its market share strongly through 2023.

Katherine Innes Ker

Chair

27 March 2023

Current trading and outlook

Although the volume of new mortgage approvals was down by more than 40% in the three months ended 31 January 2023 (and Buy to Let approvals were down by more than 60%), UK Finance forecasts increased re-finance activity in 2023 as 1.8 million borrowers reach the end of their existing deals and need to re-finance onto new ones.

Current activity levels are better than in Q4 2022, however new mortgage volumes reported in the market remain low. There are early signs of increasing activity, for instance the volume of mortgage searches carried out by advisers on leading mortgage sourcing technology platform Twenty7tec is recovering rapidly, with 10 of their busiest days ever having occurred in February 2023. Mortgage searches in the first two months of the year are up 10% year-on-year.

Once affordability and consumer confidence return, we expect the market to recover further as lenders reduce mortgage rates and gradually relax lending criteria. As expected, mortgage rates are already far cheaper than they were following the peak post the mini-budget but have now settled at levels that are very different to rates available a year ago.

Despite the current headwinds the Group is trading in line with expectations and continues to outperform the market, successfully growing its market share. Mortgage pipelines are also showing signs of completing more quickly, having been congested for the last few years, and we continue to expect a second-half weighted financial performance.

MAB's long term fundamentals remain strong. We anticipate a strong year ahead for re-financing, a slow but steady improvement in consumer confidence and housing transaction levels, combined with an increase in new appointed representative ("AR") recruitment and the incremental impact of new lead generation initiatives. We are confident that we will continue to grow market share in a tough market this year. MAB is in a very good position to deliver a far stronger financial performance in 2024.

Overview of 2022

I am very pleased to report the Group delivered another record performance in 2022, with revenue for the year up 22% to £230.8m (2021: £188.7m) and adjusted profit before tax ("PBT") up 13% to £27.2m (2021: £24.2m).

The strong increase in revenue was driven by organic[1] growth of 11%, significantly outperforming the market, and the positive contribution of The Fluent Money Group ("Fluent") following its acquisition in July. The 20% increase in the Group's mortgage completions[2] is summarised as follows:

	2022 £bn	2021 £bn	Increase
New mortgage completions	23.6	19.6	+21%
Product Transfers	3.7	3.2	+16%
Gross mortgage completions[2]	**27.3**	**22.8**	**+20%**

By comparison, UK gross new mortgage lending activity (excluding Product Transfers) in 2022 rose by just 2% to £313.9bn (2021: £308.1bn[3]). MAB increased its market share of UK new mortgage lending by 19% to 7.5% (2021: 6.4%[3]), with our market share in the second half increasing to 8.2% (H2 2021: 7.1%), and showing strong momentum carrying into 2023.

The total number of advisers at the year-end was up 20% to 2,254[4] (2021: 1,885), including 182 advisers at Fluent, with the average number of mainstream[5] advisers during the year up 21% to 1,988 (2021: 1,649), representing organic growth of 15%.

Delivering our growth strategy

2022 was a year of significantly delayed transactions and product withdrawals and repricing. The mini-budget in September resulted in an immediate and significant knock to economic and consumer confidence, with the associated leap in mortgage interest rates having a severe impact on housing transactions, whilst also delaying existing customers re-fixing their rates when re-financing.

At the half year we highlighted that an expected softening in housing transactions would result in some ARs taking a more cautious view of growth. However, many others that had remained growth focused, including Fluent, immediately cut their expectations and adviser base following the mini-budget due to the negative short-term outlook.

Although the unexpected and extreme market conditions adversely impacted our short-term growth objectives, MAB made major strides in further strengthening its customer, adviser, and AR propositions. Our focus on improving operational efficiency, realising synergies and reducing costs has ensured that MAB is well-positioned to build on the significant market share gains made in 2022 and achieve its growth objectives over the medium to long term.

■ Acquisition of Fluent

With MAB already holding a strong market position in estate agency and new build, we identified that price comparison websites were attracting an increasing number of customers researching and seeking mortgage advice. Our acquisition of Fluent has enabled MAB to enter this sector as a leader, significantly increasing our customer reach and ability to help more customers at all stages of their research process.

Fluent also provides access to the large retention market outside of MAB's existing customer base, whilst adding secured loans and bridging finance to the services MAB can offer. The Group's existing equity release expertise and resources have also been enhanced as a result of the acquisition, with Fluent now fully, and successfully, integrated into MAB.

■ Delivering on lead generation strategy

Our strategy is about investing in our future customers as much as those we are currently advising, supporting our plans to contribute significantly to the lead flow of our AR firms.

1 Organic means the Group before the impact of the acquisitions made in 2022 (Fluent, July 2022; Vita, July 2022; and Auxilium, November 2022).

2 First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance, and including completions from associates in the process of being onboarded under MAB's AR arrangements.

3 In 2021 we reported £313.2bn of UK mortgage completions based on UK Finance's latest estimates at the time. UK Finance revised that estimate downwards since then, implying MAB's 2021 market share increased slightly from the previously reported 6.3% to 6.4%.

4 Includes 182 Fluent advisers as at 31 December 2022 (105 advisers in the first charge mortgages division, 57 in the secured personal loans division, 14 in the later life division, and 6 in the bridging finance division). Includes a total of 180 advisers at 31 December 2022 who are later life advisers or advisers in directly authorised firms that use MAB's subsidiary, Auxilium, a specialist protection service provider, for protection. For both later life and directly authorised advisers the fees received by MAB represent the net income received by MAB as there are no commission payouts made by MAB.

5 Excludes directly authorised advisers, MAB's later life advisers and advisers from associates in the process of being onboarded under MAB's AR arrangements. Includes Fluent's second charge, later life and bridging advisers who have a higher revenue per adviser than first charge advisers.

We recognise that securing long-term business success comes from gaining an in-depth understanding of current and prospective clients. During the year we launched tools that empower our future customers to gain a better understanding of financial products and solutions through our Homebuying and MyMAB apps and website, simultaneously equipping ourselves with detailed customer insights to inform future proposition development.

At MAB, innovation is not all about technology. It's also about human behavioural change and business process change. Our strategy has been focused on lead generation, business quality, customer and broker experience, and consumer education. We have focused on early lead capture to widen the funnel of opportunities for our brokers in all market conditions, increasing the number of potential buyers and using educational coaching to get customers mortgage ready. Data insights captured during this process can significantly improve the quality of the customer experience, and ultimately their conversion at point of advice.

We are also releasing a series of post-completion retention solutions to ensure we always remain at the front of existing customers' minds. This includes regular mortgage reviews as well as early re-financing lead generation opportunities for advisers.

■ Shortening the advice process

Our aim is to reduce the 10-hour average for an adviser to take a mortgage from enquiry to completion to less than five hours by eliminating duplication and allowing data to move more freely across our digital ecosystem. In addition to driving new adviser growth and increased productivity, the integration of new technology with our key business partners will enable customers to auto-disclose and verify their identity, self-serve their eligibility and affordability, and share data and documents in a secure environment, with the new technology solutions launched during the last year already resulting in a time saving of more than one hour.

■ Launch of MAB New Homes to builder partners

Following our recent investment in New Homes specialists Evolve and Heron, we have launched a market-leading panel of specialist new build firms to meet the future requirements of our major new build partners nationally. This includes a new technology-led approach to early capture and nurture, and the financial qualification process for the MAB New Homes proposition that allows self-service customer data capture, document capture, and extraction, which we expect to underpin continued year on year market share growth.

■ Immediate benefits of new working environment

We are committed to fostering an inclusive environment where all our staff can contribute to the innovation and digital transformation of the business. In October we stripped our existing head office building in Derby back to its shell, paving the way for the creation of a new collaborative working environment that caters for hybrid working and delivers a range of work settings for up to 300 employees.

We understand all our employees and teams have different needs in terms of their wellbeing and how they work, which is why we have provided an office space that caters to those needs, levels of accessibility, and unique work styles. These bespoke working environments will offer flexibility in how we work and cater to our diverse colleagues, enabling them to thrive and perform at their very best. In line with our ESG objectives, one of our key aims in the refurbishment was to reduce the environmental impact of the office and provide an outstanding experience for our staff, customers and ARs. We have successfully delivered this.

The positive impact of the new working environment on staff performance and collaboration has been immediate, underpinning our plans for strong market share and profit growth over the medium and long term.

■ Optimising our addressable market

Following the acquisition of Fluent, in November MAB acquired a 75% shareholding in Auxilium, a specialist protection service provider servicing Directly Authorised ("DA") firms. In addition, the Group increased its stake in leading protection and general insurance advice firm Vita, from 49% to 75%.

Access to the protection expertise MAB has developed over the last two decades will greatly benefit the forward-thinking and ambitious DA firms that the Auxilium proposition is aimed at.

Additionally, to enhance the provision of pension and investment advice to our mortgage customers that have those requirements, we have partnered with St James's Place who will provide a highly complementary support structure for these products and services, to that offered by MAB to its AR firms for mortgages and protection.

In Australia, the technology integration with our joint venture partner, Australian Finance Group Ltd, is expected to complete in the second half of this year, allowing us to progress our growth plans there.

■ Summary

Despite the market downturn, 2022 was a very important year for MAB. We have continued to invest in our customer and adviser experience, our environmental agenda, and our people, by creating an optimal working environment influenced by them. We also continue to futureproof our business by entering new growth sectors and investing in prospective customers at the early stages of their research. We believe this will have a significant medium to long-term impact on adviser productivity, organic adviser growth, and AR recruitment, further driving MAB's market share growth and profitability.

We have taken a proactive and rigorous approach to costs, whilst progressing with the planned investment in our proposition to ensure the strongest possible recovery and continued market share growth. We are recruiting well from a wide range of networks and increasingly from the DA sector and are using a subdued housing market to embed new technology solutions and processes, whilst ensuring all cost efficiencies, synergies and best practices are implemented at Fluent to deliver optimal performance.

The executive team has been strengthened in marketing and in risk and compliance to reflect our market share ambitions, and our invested-in businesses continue to perform strongly in terms of adviser productivity and will increasingly contribute to market share and profitability growth.

Despite a slower than expected start to the year for the housing market, we anticipate an increasingly strong year ahead for re-financing, with a slow but steady improvement in housing transaction levels and an increase in new AR recruitment. We expect organic growth to resume in the second half when we also expect to see the incremental impact of our new lead generation initiatives. We will continue to grow our market share strongly this year, whilst ensuring that MAB will be in an even better position to deliver a far stronger financial performance in 2024.

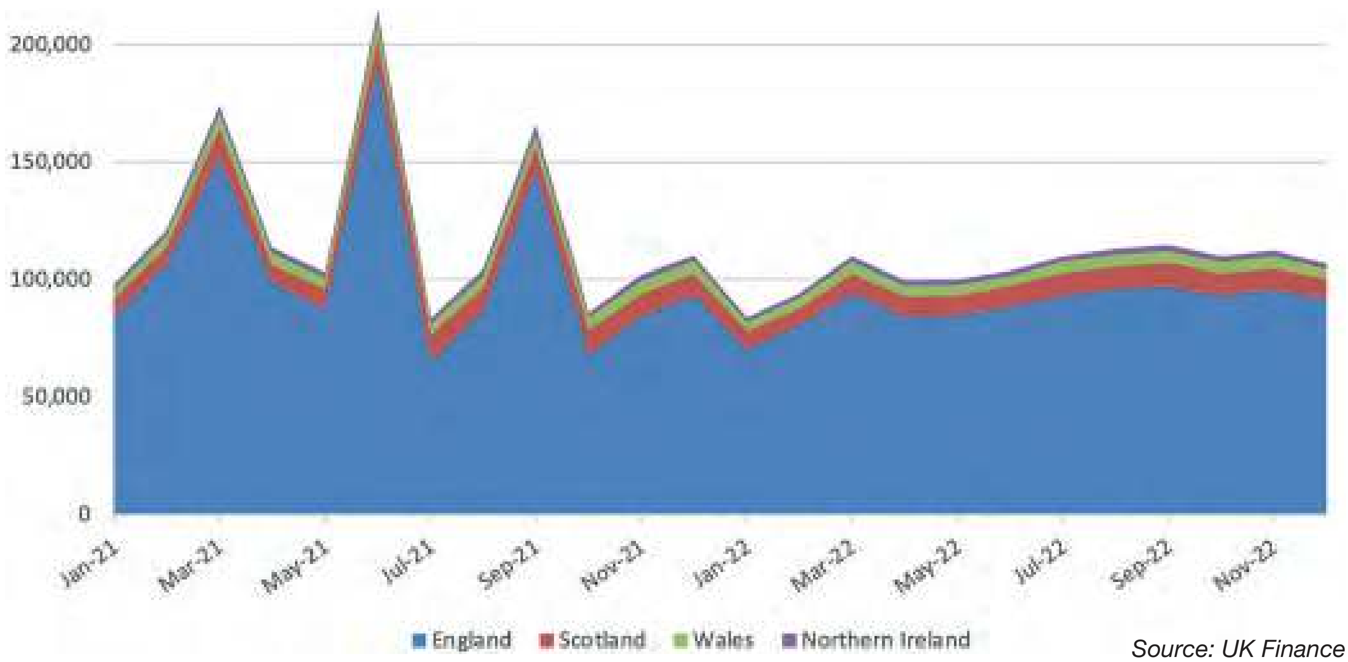
Market review 2022

The year started positively after the market had returned to steadier levels of activity towards the end of 2021. Consumer demand remained quite strong and fewer properties for sale kept house price momentum high. Pipelines continued to be highly congested, with transactions taking more than 140 days to complete, frustrating the pace of completions.

The Russian invasion of Ukraine in February resulted in a degree of consumer caution. However, despite the uncertain macroeconomic outlook and rising inflation, housing demand and activity remained quite strong.

Overall, UK gross new mortgage lending[1] was up 2% to £313.9bn (2021: £308.1bn[2]). The purchase segment decreased by 11% as the overall number of housing transactions decreased by 15%, as illustrated below:

UK property transactions by volume



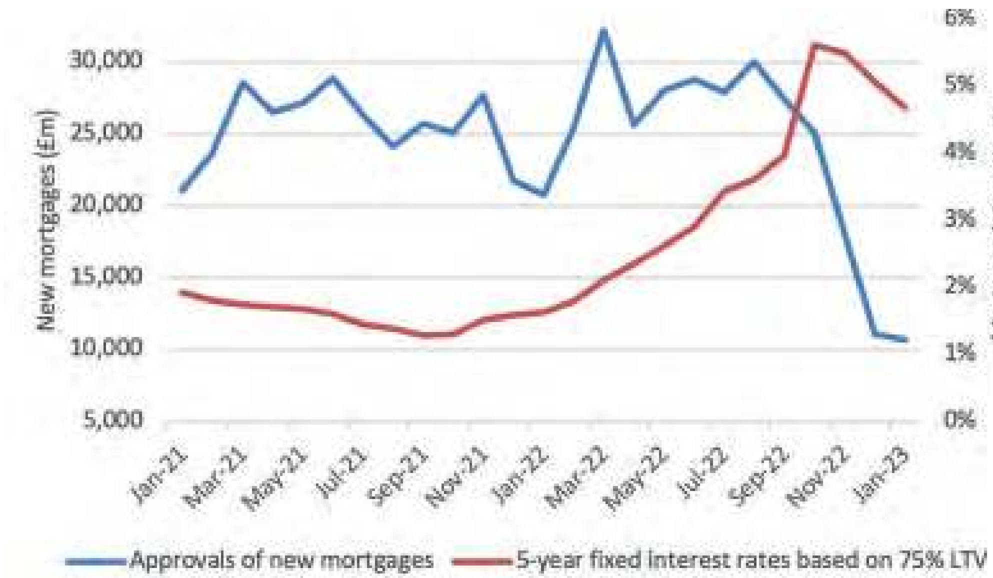
Source: UK Finance

1 First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

2 We reported £313.2bn in 2021, based on UK Finance's latest estimates at the time.

In September 2022, the mini-budget triggered significant market uncertainty, an immediate spike in the cost of borrowing, the withdrawal of many mortgage products by lenders, and a rapid tightening in underwriting criteria. After a short flurry of activity where customers rushed to secure low mortgage rates before they were withdrawn, housing-related activity slowed significantly throughout Q4. The rate of approvals for new mortgages in the last two months of the year and in January 2023 was down by more than 40% year-on-year, which will impact completions in the first half of this new financial year, as illustrated below:

Approvals of new mortgages and mortgage rates

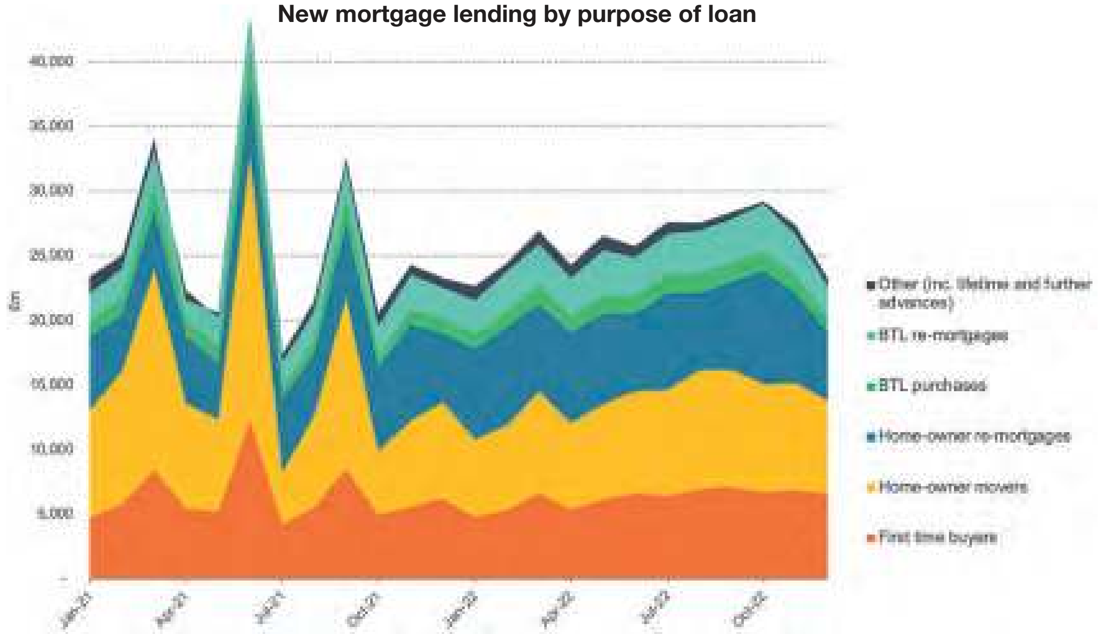


Source: UK Finance

In terms of mortgage completions[1], the re-financing segment was relatively strong throughout 2022. Re-mortgage completions were up 29% year-on-year, partly because the 2021 mortgage market was skewed towards purchase. Product transfer completions increased by 3%, with a stronger second half (9% increase year-on-year in H2 2022). Buy-to-let completions were up 18% compared to 2021, although the buy-to-let segment has been particularly adversely impacted since the mini-budget.

The trends in gross new mortgage[1] lending completions are illustrated in the graph below.

New mortgage lending by purpose of loan



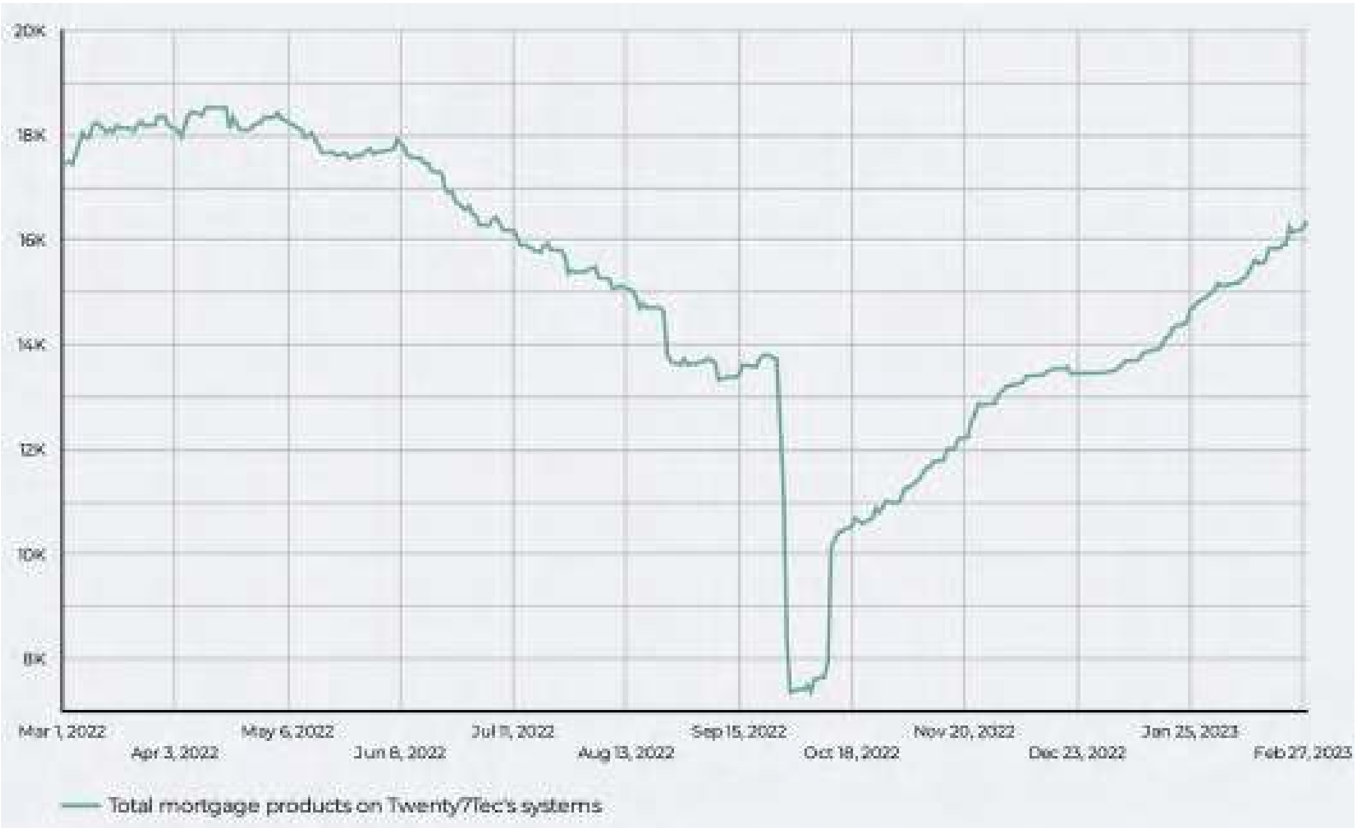
Source: UK Finance

1 First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

Average house prices increased by 10% in 2022, although the increase slowed in the second half, with the average house price starting to fall by the end of the year. This negative trend has continued in early 2023 but we expect house prices will start to settle once affordability and consumer confidence improve.

As we look further into 2023, a large number of mortgage products that were withdrawn following the mini-budget have been recently re-introduced, as illustrated on the graph below. We expect product availability to continue to catch up throughout 2023, and underwriting criteria should also continue to slowly ease.

Mortgage product availability on Twenty7tec platform



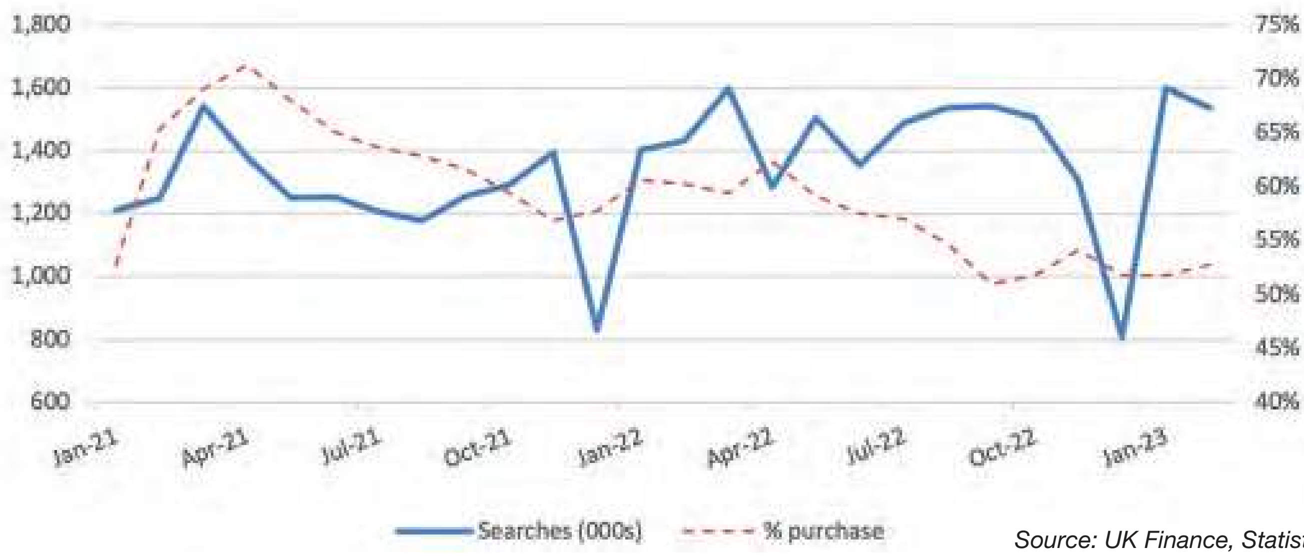
Source: Twenty7tec

New mortgage rates are looking more attractive than they were at the end of 2022, albeit mortgage pricing may have found its floor, certainly for now. With a 2%+ gap between the price of many new mortgage deals and the typical Standard Variable Rates, borrowers are increasingly looking to re-finance in 2023, whereas many chose to sit on their hands at the end of last year.

Pipelines are now completing more quickly than in 2022. This reflects the heightened capacity conveyancers now have due to the market slowdown, and to a lesser degree, a greater level of property stock available for sale. Re-financing also banks quickly, and very few of these cases fail to progress to completion.

The volume of mortgage searches carried out by advisers on leading mortgage sourcing technology platform Twenty7tec is also recovering rapidly, with ten of their busiest days ever having occurred in February 2023. Mortgage searches in the first two months of the year are up 10% year-on-year. This is illustrated in the graph below.

Twenty7tec mortgage searches and proportion of purchase-related searches



Source: UK Finance, Statista

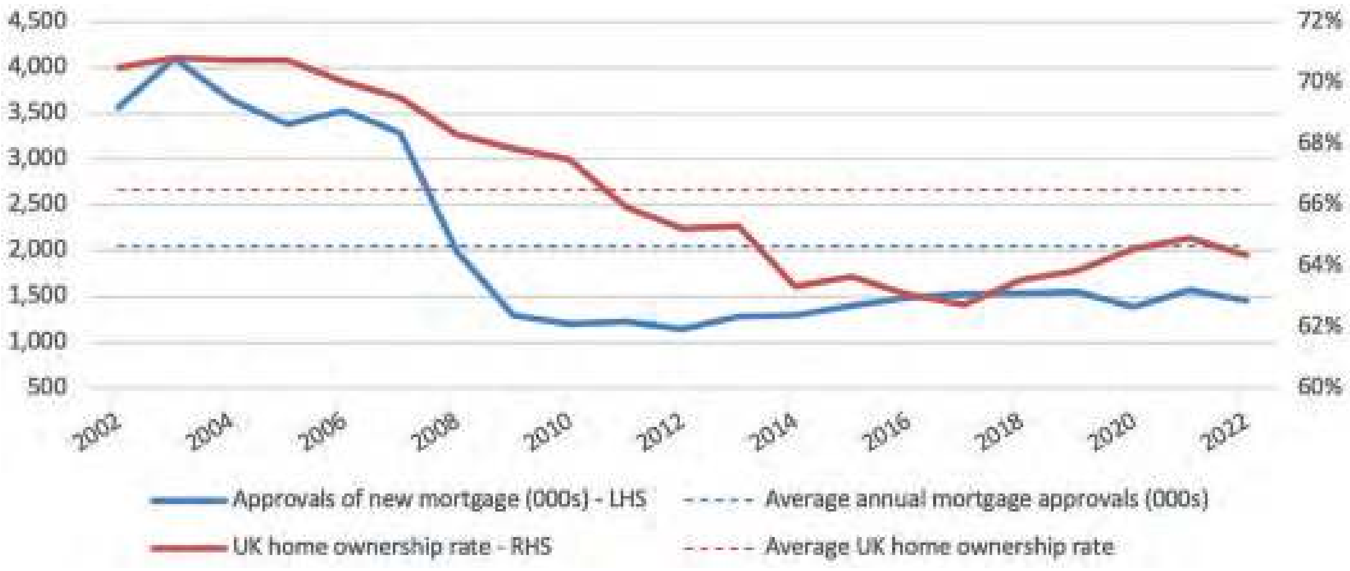
2022 saw intermediaries' share of UK residential mortgage(1) transactions increase from 80% to 84% (excluding Buy to Let, where intermediaries have a higher market share, and Product Transfers where intermediaries have a lower market share), and the Intermediary Mortgage Lenders Association ("IMLA") expects this trend to continue in 2023 and 2024.

UK Finance predicts a 12% fall in gross new mortgage(1) lending in 2023, to £275bn, caused by affordability pressures. IMLA's estimate for 2023 is £265bn. For 2024, UK Finance and IMLA currently forecast further reductions to £253bn and £250bn respectively. These estimates were published in December 2022.

For the past 20 years, UK mortgage approval levels have followed a similar pattern as the proportion of UK housing owned, as illustrated in the graph below. Both are below long-term averages, with home ownership having reduced to circa 64% from 70% in the early 2000's. There is currently considerable political focus on increasing home ownership across all political parties, which further supports MAB's long-term fundamentals.

[1] First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

UK mortgage approvals and property ownership



Source: UK Finance, Statista

Despite the inflationary environment and continued geopolitical uncertainty, consumer demand for housing and mortgages remains at a steady, albeit reduced level. This, combined with the increased number of mortgage products we have seen re-introduced, means we remain confident that heightened activity will return to the housing and mortgage market once affordability improves and consumer confidence starts to rise.

Progress with regulatory change

■ Consumer Duty

The Financial Conduct Authority ("FCA") has set out rules that require all regulated firms to consider the needs, characteristics, and objectives of their customers, to ensure they are always acting to consider and deliver optimal customer outcomes. These rules include the need to show consideration, flexibility, and attention to customers with characteristics of vulnerability. This new Consumer Duty sets higher and clearer standards of consumer protection across financial services and requires firms to put the needs of their customers first and comes into effect on 31 July 2023.

Good customer outcomes have always been central to MAB's strategy. In line with the requirements and timeline set out by the FCA, MAB submitted its 'Consumer Duty Plan' for approval by the Board prior to the 31 October 2022 deadline. Since then, work has continued to ensure the requirements of the FCA's new Consumer Duty are understood and where changes are required, that these are implemented across the business ahead of the 31 July 2023 implementation date.

ESG (Environmental, Social, Governance)

At MAB, we believe in the need to make a positive contribution to all our stakeholders. This in turn will help us become a better company with a more engaged workforce and strengthen our competitive advantage. In 2022 we accelerated our investment in this area and made good progress on all our ESG initiatives.

■ Minimising our impact on the environment

We completed our major office refurbishment project in 2022, with all colleagues moving back into head office in early January this year. Minimising our environmental impact was a central consideration for this project, as was sourcing products from local suppliers where practical, repurposing furniture and so on. The building has been fitted with high efficiency new heating, ventilation and lighting equipment, and we are pleased that its EPC rating has dramatically improved as a result.

MAB is at the forefront of Green Mortgages. In 2022, we launched our Green Hub for consumers and continued to improve our MIDAS platform to best promote Green Mortgages to our advisers. Our ARs submitted over £1 billion in Green Mortgages to our lending partners, which was a very substantial increase versus 2021. We also organised the first industry event exclusively focussed on Green Mortgages.

The narrative around Green Mortgages is rightly becoming more prominent and important, with momentum and interest gathering from advisers, consumers and from lenders. Clear targets have been set for landlords firstly to make various energy efficiency improvements to their properties, and then homeowners the same, over the next decade or so. Our intention is to become a leader in Green Mortgages. With housing representing circa 20% of carbon emissions in the UK, we will increase our involvement in this area, thereby directly contributing to the UK's overall Net Zero targets, whilst significantly helping many thousands of customers too.

MAB already serves a great social purpose, in-so-much as it helps customers to buy and re-finance their homes and protects them as well. With an increasingly environmental focus layered onto this, MAB can make a significant contribution towards the UK Government's climate commitments.

■ Community engagement and charitable activities

2022 also saw the launch of the Mortgage Advice Bureau Foundation ("Foundation"). The Foundation is a grant-giving charity that supports community-based projects chosen by our staff, our customers, and our business partners. It was created to promote awareness among our stakeholders of the growing need of the communities they live in or are choosing to move to.

The Foundation supports projects in the following areas:

- Environment and Conservation - practical and educational projects to help communities make green choices and reduce their carbon footprints;
- Health and Wellbeing - projects to help communities address health and wellbeing issues so that everybody's quality of life can be improved; and
- Preventing and Relieving Poverty - projects to support communities through financial hardship and social exclusion.

The Foundation launched in September 2022 and to date has pledged £17,000 of funding which has helped charitable projects raise over £30,000 in total. We are delighted with the buy-in and support the Foundation has received from our business partners and colleagues.

■ Employee wellbeing, and diversity, equality and inclusivity

The newly refurbished head office in Derby includes many new features that foster colleague wellbeing and increase inclusivity among our employees. In 2022 we launched a number of new training initiatives, some of which have been specifically designed to develop women across the business.

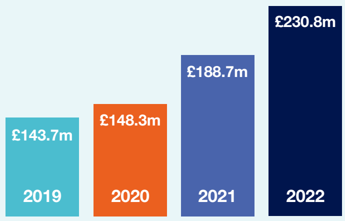
We ran an employee wellbeing calendar covering the financial, emotional and physical aspects, offering support to employees across a variety of topics through webinars or in person. We now promote staff volunteering days and have expanded our benefits to all employees.

In response to the cost-of-living crisis that persisted throughout 2022, the Board awarded an additional £1,000 pay rise as well as a £250 one-off cash bonus to all eligible non-bonused head office employees. We continued to build our own in-house ESG team and also appointed a specialist ESG consultancy firm. Consequently, we now have a very clear plan and timelines under which we will make further progress on what we have achieved over the last year. We are excited about the central role we can play in helping homeowners and landlords to achieve good outcomes with regards to making their homes more energy efficient.

Mortgage Advice Bureau

We measure the development, performance and position of our business against a number of key indicators:

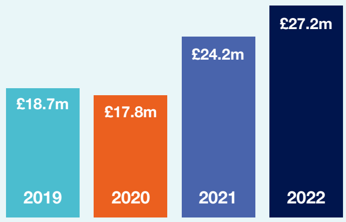
Revenue
£230.8m



Total income from all revenue streams.

Strategy / objective
Shareholder value and financial performance.

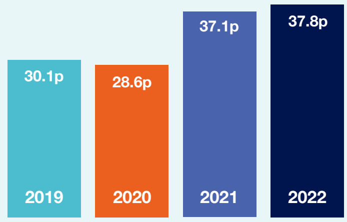
Adjusted profit before tax*
£27.2m



Profit before exceptional items and tax.

Strategy / objective
Shareholder value and financial performance.

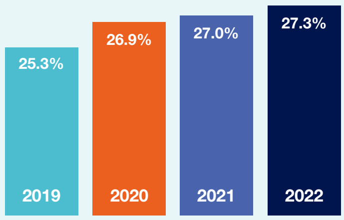
Adjusted earnings per share*
37.8p



Total comprehensive income attributable to equity holders of the Company, adjusted for exceptional items, divided by total number of ordinary shares.

Strategy / objective
Shareholder value and financial performance.

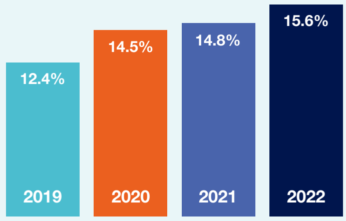
Gross profit margin
27.3%



Gross profit generated as a proportion of revenue.

Strategy/objective
Managing gross margins.

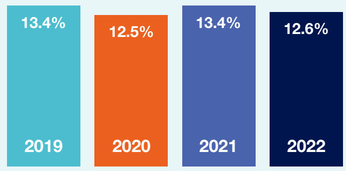
Administrative expenses ratio*
15.6%



Administrative expenses as a proportion of revenue.

Strategy/objective
Operating efficiency.

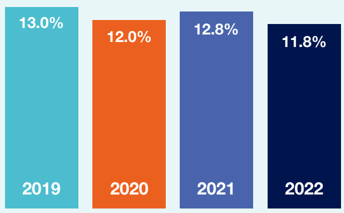
Adjusted EBITDA margin*
12.6%



Earnings before interest, tax, depreciation and amortisation as a proportion of revenue.

Strategy/objective
Shareholder value and financial performance.

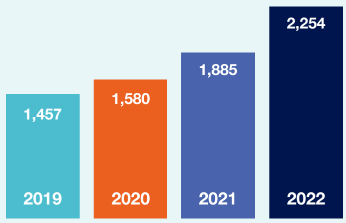
Adjusted profit before tax margin*
11.8%



Adjusted profit before tax* as a proportion of revenue.

Strategy/objective
Shareholder value and financial performance.

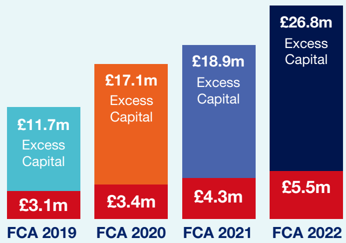
Adviser numbers
2,254



Average number of mainstream advisers[1] for 2022 was 1,988 (2021: 1,649).

Strategy/objective
Increasing the scale of operations.

Capital adequacy
£26.8m



Excess capital requirements over amounts required by the Financial Conduct Authority (FCA).

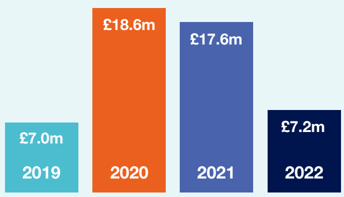
Strategy/objective
Financial stability.

Unrestricted cash balances / (Net debt)

Net cash / (debt)

£7.0m	**£18.6m**	**£17.6m**	**£(16.2)m**

Unrestricted cash balances



Bank balances at 31 December available for use in operations.

Strategy/objective
Financial stability.

[1] Excludes directly authorised advisers, MAB's later life advisers and advisers from associates in the process of being onboarded under MAB's AR arrangements. Includes Fluent's second charge, later life and bridging advisers who have a higher revenue per adviser than first charge advisers.

* In addition to statutory reporting, MAB reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to improve the comparability of information between reporting periods, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary of Alternative Performance Measures.

Revenue

Revenue increased by 22% to £230.8m (2021: £188.7m), with organic[(1)] revenue growth of 11% driven by a 15% increase in the average number of organic[(1)] mainstream advisers[(2)], resulting from a combination of existing ARs' expansion, the recruitment of new ARs, and a 4% reduction in revenue per organic mainstream adviser. As previously reported, both completions and adviser recruitment in Q4 were adversely impacted following the mini-budget, with a reduction in the number of organic mainstream advisers in Q4 as our AR firms began to reduce their headcount in line with lower expected H1 2023 purchase activity.

Fluent, which was acquired on 12 July 2022, added another 182 mainstream advisers to the Group as at 31 December 2022, and contributed an additional £21.9m of revenue during the year. Auxilium, which was acquired on 3 November 2022, added another 161 directly authorised advisers to the Group as at 31 December 2022, and contributed an additional £0.2m of revenue. In addition, MAB increased its stake in Vita from 49% to 75% on 12 July 2022, with its adviser numbers and revenues already incorporated into the Group's figures due to it having been an AR of the Group since 2016.

The Group continued to generate revenue from three core areas, with all key income sources growing strongly as set out below.

Income source (£m)	2022	2021	Increase
Mortgage procuration fees	106.6	85.1	+25%
Protection and General Insurance Commission	82.1	75.3	+9%
Client Fees	36.3	23.2	+56%
Other Income	5.8	5.1	+16%
Total	**230.8**	**188.7**	**+22%**

MAB's organic[(1)] revenue growth across the three core areas was as follows:

Income source (£m)	2022	2021	Increase
Mortgage procuration fees	99.0	85.1	+16%
Protection and General Insurance Commission	80.5	75.3	+7%
Client Fees	23.7	23.2	+2%
Other Income	5.4	5.1	+8%
Total	**208.6**	**188.7**	**+11%**

MAB's organic banked mortgage[(3)] mix had a considerably lower proportion of house purchase business compared to the prior year. This was due to an increase in re-financing, especially the proportion of product transfer completions by volume, which have a lower average procuration fee and typically have lower protection, general insurance and client fee attachment rates than other mortgage types.

Product Transfers in the period increased to 21% of MAB's mortgages[(3)] (2021: 13%). Consequently, while the Group's organic net mortgage[(3)] completions by value increased by 17%[(4)], mortgage procuration fees increased by 16%, protection and general insurance commissions increased by 7% and client fees increased by 2%. MAB's organic average mortgage size increased by 10% compared to the prior year, in line with average house prices increasing by 10% year-on-year.

MAB's total revenue from re-financing (including both re-mortgages and product transfers) represented circa 32% (31% on an organic basis) of total revenue (2021: 25%) due to the Group's organic banked mortgage mix having a higher proportion of re-financing and Fluent having a higher proportion of re-financing in its first charge mortgage mix and with the prior year reflecting a particularly high level of purchase transactions.

[1] Organic means the Group before the impact of the acquisitions made in 2022 (Fluent, July 2022; Vita, July 2022; and Auxilium, November 2022).
[2] Excludes directly authorised advisers, MAB's later life advisers and advisers from associates in the process of being onboarded under MAB's AR arrangements. Includes Fluent's second charge, later life and bridging advisers who have a higher revenue per adviser than first charge advisers.
[3] First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.
[4] Stated before completions from associates in the process of being onboarded under MAB's AR arrangements to produce more appropriate comparisons against revenue metrics.

Fluent's revenue contribution across the Group's three core business areas in the period following completion of the acquisition was as follows:

Income source (£m)	12 July 2022 – 31 Dec 2022
Mortgage procuration fees	7.6
Protection and General Insurance Commission	1.4
Client Fees	12.5
Other Income	0.4
Total	**21.9**

Fluent generates revenue from a wider range of mortgage types than MAB, including first charge mortgages, secured personal loans (second charge mortgages), later life lending mortgages and bridging finance. Fluent earns revenue on first charge mortgages in the same way as MAB. In its other divisions, Fluent predominantly earns procuration and client fees, with a smaller proportion of protection and general insurance commission earned on loans arranged for its customers.

Auxilium, a specialist protection service provider, contributed revenue of £0.2m for the two months following its acquisition. Auxilium's revenues represent the total income received and accordingly are classified under Other Income, with there being no commission payouts to the directly authorised entities serviced by the business.

The proportion of organic revenue derived from each of the Group's core revenue streams has remained relatively stable as summarised below, with small movements reflecting the change in banked mortgage mix during the period.

Income source	2022	2021
Mortgage Procuration Fees	47%	45%
Protection and General Insurance Commission	39%	40%
Client Fees	11%	12%
Other Income	3%	3%
Total	**100%**	**100%**

The proportion of total revenue derived from each of the Group's core revenue streams has changed slightly, with client fees as a proportion of total revenue increasing following the acquisition of Fluent, as summarised below.

Income source	2022	2021
Mortgage Procuration Fees	46%	45%
Protection and General Insurance Commission	36%	40%
Client Fees	16%	12%
Other Income	2%	3%
Total	**100%**	**100%**

In first charge mortgages we expect client fees to become increasingly dependent upon the type and complexity of the mortgage transaction, as well as the delivery channel, leading to a broader spread of client fees on mortgage transactions, which represent the Group's lowest margin revenue stream.

Gross profit margin

Gross profit margin for the year was 27.3% (2021: 27.0%) reflecting the anticipated increase following the acquisition of Fluent, which has a slightly higher gross profit margin than MAB. Excluding the impact of Fluent, Vita and Auxilium, MAB's gross profit margin was 26.5% (2021: 27.0%) reflecting the increased proportion of re-financing transactions in 2022, and the slightly reduced revenue share the Group receives as existing ARs grow organically by increasing their adviser numbers. In addition, larger new ARs typically join the Group on lower-than-average margins due to their existing scale, hence a degree of erosion is expected in MAB's underlying gross profit margin (prior to the impact of the Fluent acquisition) due to the continued growth of our existing ARs and the addition of new larger ARs.

Looking ahead, we expect any further erosion in underlying gross margin to be offset by economies of scale reducing the Group's overheads ratio.

Administrative expenses

Group administrative expenses increased by £8.2m (+29%) to £36.0m, mainly reflecting the impact of the acquisitions of Fluent and Vita. Organic adjusted administrative expenses increased by £2.3m (+8%) to £30.1m, reflecting MAB's continued investment in growth, and specifically in its technology platform and marketing team through a mix of employee and third-party costs, which will drive enhanced lead generation opportunities. Head office costs, including those of First Mortgage, and compliance costs also increased to support the Group's continued growth. All development work on MAB's MIDAS platform continues to be fully expensed. Organic adjusted administrative expenses as a percentage of revenue reduced slightly to 14.4% (2021: 14.8%).

MAB continues to benefit from the relatively fixed cost nature of much of its cost base, where those costs typically rise at a slower rate than revenue, which will, in part, counter the expected slight erosion of MAB's underlying gross margin as the business continues to grow.

During the year MAB awarded mid-year pay rises as well as a cash bonus to a number of staff, in addition to their usual annual pay rise, to help with the increasing costs of living.

Associates and investments

MAB's share of profits from Associates was £0.7m (2021: £1.0m) with the majority of the Group's Associates being adversely impacted by the fall-out from the mini-budget.

In addition, the Group recognised a £2.8m non-cash write off on its investment in Boomin with the company being put into liquidation after failing to secure new investors in the challenging economic climate.

Management believes that the value of a number of its associate investments exceeds their carrying value recognised using the equity accounting method under IAS 28.

Adjusted EBITDA, profit before tax and margin thereon

Adjusted EBITDA* was up 15% to £29.1m (2021: £25.3m), with the margin thereon of 12.6% (2021: 13.4%) mainly reflecting the impact of the Fluent acquisition with limited revenue synergies achieved in the year of acquisition (as expected).

Adjusted profit before tax* was up 13% to £27.2m (2021: £24.2m), with the margin thereon of 11.8% (2021: 12.8%). Statutory profit before tax reduced to £17.4m (2021: £23.2m) purely due to acquisition-related costs, amortisation of acquired intangibles and non-cash operating expenses associated with the put and call option agreements on recent acquisitions. As a result, the margin on statutory profit before tax was 7.5% (2021: 12.3%).

Fluent, Vita and Auxilium contributed profit before tax of £1.5m, £0.05m and £0.1m respectively in the periods since acquisition. These figures exclude the impact of any non-cash charges associated with the put and call options for Fluent and Auxilium.

Adjusted profit before tax* as a percentage of net revenue* was 34.0% (2021: 41.0%) primarily due to the effect of the Fluent acquisition and the change in banked mortgage mix.

Finance revenue

Finance income of £0.1m (2021: £0.05m) reflects the low interest rates that prevailed for most of the financial year and interest income accrued on loans to associates.

On 28 March 2022 MAB entered into new four-year debt facilities with NatWest, comprising a £20m Term Loan (the "Term Loan") and a £15m revolving credit facility (the "RCF") to be used in connection with the acquisition of Fluent. The RCF is also available for general corporate purposes. There is an option to extend the RCF and the Term Loan for a further year.

Finance expenses of £1.2m (2021: £0.2m) include £0.6m of interest and non-utilisation fees payable on MAB's previous and new debt facilities and the interest expense on lease liabilities and a further £0.6m relating to the unwinding of the redemption liability relating to the Fluent Option.

Taxation

The increase in the effective rate of tax on reported profit before tax to 26.4% (2021: 16.9%) was primarily due to acquisition-related costs, share-based payment costs relating to the First Mortgage, Fluent and Auxilium options and the write-off of the Boomin investment being disallowable for tax purposes, there being limited share option exercises during the year and a lower tax credit on research and development expenditure on the continued development of MAB's proprietary software platform, MIDAS. The effective tax rate on adjusted profit before tax* increased slightly to 16.8% (2021:16.2%). We expect the effective tax rate on adjusted PBT in future years to be in line with the prevailing UK corporation tax rate.

* In addition to statutory reporting, MAB reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to improve the comparability of information between reporting periods, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary of Alternative Performance Measures.

■ Earnings per share and dividend

Adjusted earnings per share* increased by 2% to 37.8p (2021: 37.1p). Basic earnings per share fell to 21.8p (2021: 35.2p) due to acquisition-related costs, amortisation of acquired intangibles and non-cash operating expenses associated with the put and call option agreements on recent acquisitions.

The Board is pleased to propose a final dividend of 14.7p per share (2021: 14.7p). This brings the total proposed dividend for the year to 28.1p per share (2021: 28.1p), reflecting the Group's policy to pay dividends reflecting a minimum pay-out ratio of 75% of the Group's annual adjusted post-tax and minority interest profits. This represents a cash outlay of £8.4m (2021: £7.8m). Following payment of the dividend, the Group will continue to maintain significant surplus regulatory reserves.

The record date for the final dividend will be 28 April 2023 and the payment date 31 May 2023. The ex-dividend date will be 27 April 2023.

■ Balance sheet

In connection with the acquisitions of Fluent, Vita and Auxilium, the Group recognised separately identifiable intangible assets with a fair value of £55.4m and goodwill totalling £38.7m. In addition, redemption liabilities of £7.0m and £0.2m in respect of the put and call options relating to the Fluent and Auxilium acquisitions respectively, are included in other payables as at 31 December 2022.

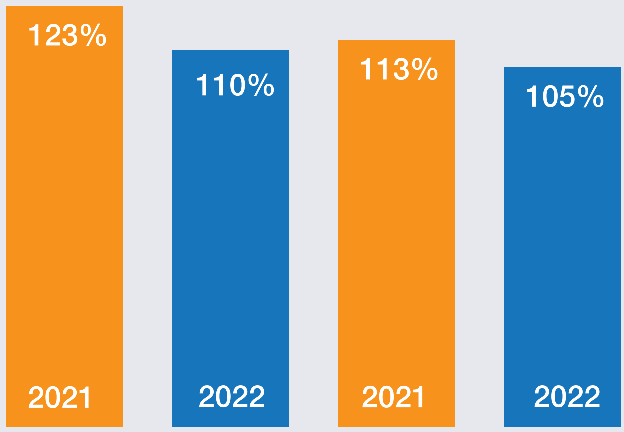
In connection with the acquisition of Fluent, the Group entered into an agreement on 28 March 2022 with NatWest, in respect of a new term loan for £20m and a revolving credit facility for £15m (the "Facilities Agreement"), in order to part fund the cash consideration payable in relation to the acquisition. As at 31 December 2022, the Group had drawn down £3.2m on the revolving credit facility, in addition to the £20m term loan, and had £0.2m of accrued interest net of prepaid loan arrangement fees. Net debt (adjusting only for unrestricted cash balances of £7.2m) was £16.2m.

■ Cash flow and cash conversion

The Group's operations produce positive cash flow, which is reflected in the net cash generated from operating activities of £24.1m (2021: £26.9m).

Headline cash conversion* was:

Adjusted cash conversion* was:



Other than the £2.8m refurbishment of the Group's head office in Derby during the year, the Group's operations are typically capital-light, with the most significant ongoing capital investment being in computer equipment. Only £0.4m of general capital expenditure on office and computer equipment was required during the year (2021: £0.2m). Group policy is not to provide company cars and no other significant capital expenditure is foreseen.

The Group's regulatory capital requirement represents 2.5% of regulated revenue and totalled £5.5m at 31 December 2022 (2021: £4.3m), with the Group reporting a surplus of £26.8m (2021: £18.9m).

* In addition to statutory reporting, MAB reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to improve the comparability of information between reporting periods, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary of Alternative Performance Measures.

The following table demonstrates how cash generated from operations was applied:

	£m
Unrestricted bank balances at the beginning of the year	**17.5**
Cash generated from operating activities excluding movements in restricted balances and dividends received from associates	26.2
Dividends received from associates	0.9
Dividends paid	(16.0)
Dividends paid to minority interest	(0.4)
Tax paid	(4.1)
Proceeds from sale of non-listed equity investment	0.1
Investment in associates (payment of deferred consideration)	(1.3)
Issue of shares (net of expenses)	38.4
Proceeds from borrowings	22.9
Repayment of borrowings	(1.5)
Net interest paid and principal element of lease payments	(0.5)
Acquisition of subsidiaries, net of cash acquired	(49.2)
Settlement of loan notes and accrued interest on acquisition	(21.9)
Capital expenditure	(3.9)
Unrestricted bank balances at the end of the year	**7.2**

The Board is ultimately responsible for risk management and regularly considers the most significant and emerging threats to the Group's strategy, as well as establishing and maintaining the Group's systems of internal control and risk management and reviewing the effectiveness of those systems. The Board and senior management are actively involved in a regular risk assessment process as part of our risk management framework, supported by TriLine Governance, Risk and Compliance software (TGRC) to enable consistency and ownership by risk owners across MAB. The Group's risk assessment process considers the impact and likelihood of risk events that could materialise and affect the delivery of the Group's strategic goals. Risk owners regularly review and update where needed the controls in place to mitigate the impact of the risks, with the output of these reviews being reported to the Risk & Compliance Committee (RCC) and secondly the Group Risk Committee (GRC) to ensure appropriate oversight is provided and that actions are in place to mitigate any areas of concern. Throughout the Group, all employees have a responsibility for managing risk and adhering to our control framework.

There are a number of potential risks that could hinder the implementation of the Group's strategy and have a material impact on its long-term performance. These arise from internal or external events, acts or omissions that could pose a threat to the Group. The principal risks identified as having a potential material impact on the Group are detailed below, together with the principal means of mitigation. These risks have been assigned a rating based on: (a) likelihood of the risk materialising to a point where it will impact MAB's strategic objectives; and (b) perceived impact to MAB that the crystalised risk may cause. The risk factors mentioned do not purport to be exhaustive as there may be additional risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse effect on the business.

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Strategic & Market Risks			
Geo-political issues, including the ongoing Russian military action in the Ukraine and escalating tensions between the USA and China	The continuing conflict arising from the Russian invasion of Ukraine gives rise to a number of ongoing significant global issues. Its protracted nature and the sanctions applied to Russia have had a knock-on negative domestic impact in the UK, in particular due to increasing energy prices and political uncertainty. Consumer confidence levels, and consequently the housing and mortgages markets, have been disrupted and this is likely to continue until the conflict de-escalates. It is anticipated that similar challenges may arise if tensions between the USA and China cause global economic distress and uncertainty.	The outcome of the conflict in Ukraine and its likely duration remain uncertain. In the event of escalation, including NATO military activity, it is unclear how significantly this would impact the UK, but as a minimum it would be expected to further reduce household expenditure and consumer confidence. The UK funding markets however are still notably liquid, with Lenders having access to significant resources. The wider capital markets remain open and active too. The Bank Base Rate has increased during the period of the conflict as a consequence of inflation rises. MAB has no presence in the Ukraine, so the conflict does not present a direct risk to the continuity of services. However, it has outsourced some small technology related activities within Poland, but continues to monitor the situation with a view to implementing mitigation measures in the event that this neighbouring country is more directly affected by the conflict.	Low	High	No change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		The deteriorating relationship between the USA and China also serves to highlight the nature of the multi-polar world and the detrimental impact of a global conflict should issues between these nations escalate. The potential for a form of hybrid warfare grows where nations such as China and Russia conduct cyber-attacks against UK infrastructure to harm our economy and public confidence in a "plausibly deniable" manner. This contributes to the cyber risks that MAB faces as referred to further below.			
COVID-19 Pandemic	The COVID-19 Pandemic has in many respects abated following the rollout of the vaccination scheme and people returning to their normal 'pre-lockdown' lifestyles. However, there remain concerns that variants of the virus could mutate and materialise causing further significant health issues and disruption to large numbers of the population across the UK.	The risk to MAB caused by COVID-19 has decreased. During the 'lockdown' periods the business successfully implemented comprehensive remote working practices. There are significant relevant controls in place to ensure continuity. However, due to the potential risk of future new variants and the uncertainties the virus may cause, this continues to be a risk for 2023.	Low	Low	Decreased
Macroeconomic	MAB is dependent on the macroeconomic conditions surrounding the UK housing market, which impacts on property transaction levels. The risk of regular and meaningful increases in interest rates is likely to have a detrimental impact on the housing market and customers' financial situations.	MAB regularly stress tests its forecast and considers it against housing market changes and movements in Bank Base Rate. It is also notable that MAB has a highly cash generative business model and consequently holds substantial amounts of cash on deposit with banks. The Autumn of 2022 highlighted the impact of macroeconomic dynamics resulting from uncertainty and repeated changes of role holders in senior government positions and policies. This culminated in disruption to money markets, with Swap Rates increasing significantly for a limited period. Coupled with rising costs of living and inflation, these events necessitated sequential rises in the Bank Base Rates to levels not seen for several years.	Low	High	No change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Unlike during the period of economic of instability in 2008, Lenders have much greater levels of liquidity to enable borrowing, albeit at rates that borrowers may not have been used to in recent years. It is anticipated that the costs of borrowing will reduce as market competition intensifies, with lenders aiming to maintain their market shares in 2023. In the short term, the mortgage market has seen delays in transactions, and in many instances, borrowers seeking to remortgage before rates increased further. MAB is well positioned to help its customers and maximise new opportunities in this sort of changed environment.			
Availability of Mortgage Lending	MAB's offering would be at risk in the event of a significant reduction in the availability of mortgage lending.	Due to the macroeconomic volatility in the Autumn of 2022, many Lenders struggled to price effectively resulting in some introducing products only to have to withdraw them rapidly. This resulted in the number of mortgage products decreasing suddenly from c16,000 in late summer to c6,000 in early October. Confidence, having been largely restored, has seen mortgage product numbers return to c14,000. Recently there have been concerns around banking stability as a result of the failures at Silicon Valley Bank, Signature Bank, and the Credit Suisse bailout. However, the Bank of England has stated that UK banks are very well capitalised and funded. For 2023, market expectations are that c1.8m existing mortgage borrowers will be coming off existing fixed rate mortgage deals. When taking on new mortgage borrowers, lenders must assess affordability. The rate increases that borrowers are faced with would result in many of them being unable to meet these tests. The result is that many borrowers will therefore rely on Product Transfers instead, which present a different commercial outcome for MAB. MAB expects mortgage availability to continue to further stabilise and as a result, ARs and Advisers will be able to provide a highly competitive range and choice of product for customers, enabling them to re-finance and move home more freely.	Low	Medium	Decreased

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Climate Change impact and attitudes of consumers, investors, and other stakeholders	The impact of climate change is rightly at the forefront of the minds of many in terms of the role businesses have in meeting the challenges set by global leaders to drive change and transition to lower carbon economies. Businesses that do not recognise these issues and act accordingly will be materially prejudiced.	Whilst MAB's day to day operations are non-carbon intensive (as otherwise reported), it has assessed the direct physical impact of its business and continues to monitor the risks that result. From a more strategic perspective, MAB recognises that it has an important part to play in attending to the issues of climate change through its role as a leading intermediary in the financial services sector. It has significantly invested in its ESG strategy and in developing a 'Green Mortgage' offering via its preferred lenders, who similarly recognise the shift in consumer and investor perspectives and the corresponding financial outcomes. MAB is actively sharing its thoughts and action plans across its AR population. It is also promoting the need for businesses to focus on these issues at an industry level more generally through the various external forums it participates in.	Low	Low	New Risk
		Legal & Regulatory Risks			
Regulatory compliance	Failure to comply with current regulatory requirements, or appropriately anticipate, react to, and embed new legislation, regulation and applicable standards, could result in reputational and financial damage, as well as sanctioning by the relevant regulators such as the FCA (withdrawal of authorisations) and the ICO (imposition of censure and/or financial penalties).	MAB maintains open and effective relationships with regulators and relevant industry associations, in addition to having a governance structure and controls in place across the business. This ensures MAB complies with current regulatory and legislative requirements and continually monitors emerging changes, including the evolving standards in attending to the issues of climate change and broader Environmental, Social and Governance ('ESG') compliance. MAB operates an enhanced risk-based approach to supervision and governance. It has successfully initiated a programme of investment in the development of its 'Risk Profiler System', together with the deployment and integration of external systems, to further enable Advisers to deliver the best advice. MAB's policies and procedures ensure that lawful bases for the processing of personal data are documented. It also has mechanisms in place to protect such data from potential misuse as part of MAB's Cyber Security Strategy.	Low	High	No change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Appointed Representative (AR) model	MAB has full regulatory responsibility for the actions of its ARs and Advisers.	As Principal, MAB appropriately assumes overall regulatory responsibility for its ARs. This is reflected in the policies and procedures comprised in its governance and supervision framework. The Appointed Representative Regime compels that the relationship between ‘Principals’ and ‘ARs’ shall continue be the subject of detailed enquiry. As a consequence, MAB has enhanced its control environment and oversight approach to reflect the regulatory expectations. MAB also continues to proactively engage with the regulator and industry associations to discuss the dynamics of operational practices to ensure best practice continues.	Medium	Medium	No change
Litigation and complaints	MAB could be subject to litigation or complaints not covered by insurance.	MAB has strict advice guidance and compliance processes in place for Advisers. These require exacting standards of advice and record-keeping at all times. Accordingly, upheld complaint levels remain very low compared to transactional volumes. Further, MAB has not been subject to any actual or threatened material litigation. Appropriate Professional Indemnity Insurance is procured and reviewed regularly.	Low	High	No change
Fraud	MAB is potentially exposed to fraudulent activity from any of its Customers, AR firms or Advisers.	MAB has robust controls in place to monitor and identify potentially fraudulent activity, with the resource available to conduct detailed investigations should the need arise. It continues to assess the effectiveness of these controls and identify opportunities to improve, with oversight by the Risk & Compliance Committee. MAB has implemented an enhanced Electronic Identity Verification solution to mitigate the risks during Advisers’ interactions with customers. Further, regular guidance/support is given to ARs and Advisers to ensure awareness of risks and trends, with interactive training on best practice.	Medium	High	No change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Operational Risks			
Infrastructure and IT systems	MAB's performance would be adversely impacted if the availability and security of its proprietary system, and other IT infrastructure, was compromised.	There has been significant and continued investment into MAB's IT infrastructure. There are two primary line-of-business applications. Application 1 All of MAB's servers are currently hosted in a specialist data centre with appropriate security and systems resilience. A copy of the database is also held at another location. MAB will shortly further strengthen and re-factor its technology, as part of an ongoing project that will ensure complete Cloud-hosting through a leading provider of Cloud-based services. Application 2 Platform is a Cloud hosted solution and is consequently more robust. The architecture is highly resilient and can be re-provisioned rapidly should there ever be a failure. The legacy broking system will be upgraded and migrated to the cloud during Q1 & Q2 2023 making it more secure and robust, mitigating many of the current security concerns. Following MAB's acquisition of Fluent, their Fluency system will also be migrated to the cloud.	Medium	High	No change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Cyber and Information Security	The negative impact of MAB suffering a deliberate cyber-attack on its systems could be significant.	The landscape of cyber threats MAB faces remains diverse: from nefarious state-sponsored cyber-attacks on UK businesses and infrastructure, and major global events (such as the Ukraine conflict), to smaller groups or individual parties attempting to disrupt services and gain financially. Through the investment in dedicated resource in cyber security, MAB is well placed to prevent ingress, damage or theft by unauthorised third parties. In the unlikely event of a system being compromised, it has the ability to gain early warning and mitigate the effects of such incidents on a constant 24/7 basis. MAB's 'Information Security Strategic Vision' has been complimented by a 3-year 'Cyber Security Strategy', establishing a formal framework for cyber security and defining a timetable for ongoing improvements to address known threats, as well as adopting a flexible approach to counter any new ones, through a combination of prevention, detection and responsive defensive measures. The Cyber Security Strategy will also facilitate MAB in attaining industry-recognised accreditation, demonstrating that all reasonable measures are being taken to prevent cyber incidents, and to protect data.	Medium	High	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Technological advancements	MAB's offering may be compromised if it does not keep abreast of consumer expectations in relation to the use of technology, implement solutions accordingly, and otherwise drive change as it considers appropriate given its role in the market.	Fundamentally, via its ARs and Advisers, MAB provides a comprehensive and thorough advice journey to its customers. The greatest level of trust and confidence during this stems from the in-person interactions between Adviser and customer. For this reason, alternative new business models that were supposed to have made mortgage advice to customers more streamlined through the use of new technology, have yet to gain any traction in the UK. MAB is focussed on ensuring that the preliminary interactions, advice journeys, and continued relationships with customers are supported through the use of various new technology solutions that are being implemented (such as The Home Buying App and MyMAB App), with the associated efficiencies and ease of use that these allow. At the same time, MAB appreciates that demographic groups have subtly different appetites, expectations and skillsets when choosing whether or not to utilise such tools. MAB continues to monitor such issues closely and is well positioned to innovate or partner with other parties as further technological developments occur.	Low	Medium	Decreased
AR Size and Concentration	MAB's ARs are spread throughout the UK, a small number of whom have significant numbers of Advisers (over 100 per firm). There are possible risks should such larger ARs fail or where there is a heightened concentration of ARs in certain locations.	MAB maintains strong relationships with its ARs to ensure it provides appropriate support for continued growth, whilst being aware of key risks posed within its AR Model. MAB conducts regular monitoring of the ARs, including heightened and close financial scrutiny of those it is directly invested in. To the extent that certain regions, such as Scotland, have historically had a larger concentration of Advisers than other parts of the UK, the impact of this has been diluted following the addition of advisers via the Fluent acquisition.	Medium	Low	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Key Employees	The negative impact of MAB losing Key Employees and/or otherwise experiencing a substantial number of departures of employees would be significant.	MAB has significantly invested in the People & Culture team and its strategy through 2022. The 'MABology' philosophy continues to be embedded, with focus on increasing employee engagement, as well as promoting MAB's Diversity & Inclusion related policies and enhancing the implementation of its ESG standards. Remuneration continues to be reviewed annually. MAB implemented a cost-of-living countermeasure in July 2022 by awarding an additional increase to salaries and one-off bonus. Approximately 40% of the employee base participate in the share-based incentive plans. MAB has a successful history of retaining senior employees. The recruitment of further leaders in specialist roles during the last 12-18 months has enhanced the breadth of management experience and span of control. Succession planning is assessed annually by MAB's Nominations Committee. MAB also has succession plans in place for Board members and the Executive Management Team, with the aim of improving the roster of internal candidates for key roles.	Medium	Low	Decreased
Supply Chain dependencies	Disruption to MAB's supply chain would likely cause operational, financial and reputational harm.	MAB is increasingly reliant on specialist suppliers to provide certain services. The rise in cloud-based systems and system integrations is notable, bringing associated risks should the relevant suppliers fail. MAB's procurement practices have matured during the last 12 months, with the implementation of the TriLine Governance, Risk and Compliance system in parallel with adoption of a business wide Procurement Policy and Process review. The output is a refined due diligence process and improved functionality to MAB's contract repository and supplier records. MAB continues to enhance its resilience and recovery position. As well as strengthen its procurement framework to ensure appropriate supplier management. In doing so, this enables MAB to be better prepared for disruption caused by suppliers.	Medium	High	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Financial Risks			
Investment & Acquisitions	Poor execution of investment and acquisition strategy. This could apply to: a. New investments or acquisitions b. Poor trading outcomes of existing investments or acquisitions. Increased operational risks could derive from having a broader commercial offering as a result of such corporate activity.	MAB has a deliberate and focussed strategy to deliver year on year growth in market share and positive returns to investors. In part, this is achieved through new acquisitions and investments to support its objectives. All new investments or acquisitions are subject to an appropriate level of operational, financial, and legal due diligence, engaging external specialists as required. Investment and acquisition risks are managed through a set of operating performance metrics and restrictions which are set out in a suite of legal documents drafted by experienced specialists and approved by the Board. MAB has a broad portfolio of investments. In the last 12 months this has notably been enhanced following the acquisition of a majority stake in Fluent, bringing with it the scope for stronger financial performance; the benefits of a broader product mix and more diverse range of customers; and the advantages of an increased number of personnel supporting the business. There are innate risks associated with managing a more diverse and larger group of entities and ensuring strong performance. To mitigate these, MAB conducts regular performance reviews and financial monitoring, with assistance and expertise offered in the development of growth plans. MAB proactively uses its contacts, technology, support infrastructure and financial expertise to help maximise the performance of its investments. It also continues to embed its Risk Oversight framework to monitor and mitigate the operational risks outlined above in the wider group context.	Medium	Medium	Increased

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Potential loss of a major partnership or contract (lead sources)	MAB has an increasing number of material commercial partnerships with customer-lead sources. The loss of one of these contracts, or a reduction in lead volumes could impact revenues and consequently reduce profitability and strategic performance.	As MAB's group has expanded, such as via the Fluent acquisition, the benefits of relationships with more lead source partners can be enjoyed. However, the risk of overreliance on certain partners across the businesses remains, with the impact of the loss of a major lead source still being significant. MAB has an experienced relationship management team in place, with responsibility for key account management and liaison defined at senior management level and supported by members of the MAB's Executive Committee. Regular reviews are undertaken with partners to ensure continued focus on performance against service levels and compliance with contractual requirements. The widening of MAB's group should offer a more attractive proposition to such partners. This also gives MAB the ability to diversify its lead sources, reducing the scope for 'overreliance'. Further, the associated margin impact in relation to a single lead source partner on one part of MAB's group is not anticipated as being critical to MAB's overall commercial performance.	Medium	Low	Decreased

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Reputational Risks			
Reputational risk	The quality of MAB's offering, its continued growth, and the credibility of its ARs and Advisers in meeting the obligations to consumers are each material factors that directly affect its reputation. Any failures in this regard would present an immediate risk. Indirectly, were another large mortgage intermediary to fail to meet its obligations to consumers there is a risk that this could cause wider reputational harm to the market, and equivalent intermediaries (such as MAB).	MAB prides itself on its Advisers offering the best support and outcomes to customers. In doing so, it continues to develop its measures and processes, with particular regard to AR oversight and the principles of the Consumer Duty. MAB is especially mindful of how it responds to customer complaints and interactions with the Financial Ombudsman Service, always seeking to ensure an objective assessment of matters is undertaken, preserving its integrity in doing so. Customer feedback on external portals such as Feefo and Trustpilot is regularly monitored to enable MAB to have broader visibility of the experiences customers are having, and where appropriate customers are encouraged to further interact with MAB if they have satisfaction concerns. The membership of, and significant participation in, the Association of Mortgage Intermediaries forum allows MAB to voice its concerns and drive positive change across the market in the interests of all, in particular consumers.	Low	Medium	Decreased

The Directors of MAB consider that in conducting the business of the Company over the course of the year they have complied with Section 172(1) of the Companies Act 2006 (the "Act"), by fulfilling their duty to promote the success of the Company and act in the way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in s172(1)(a-f) of the Act.

Engaging with stakeholders

The continued success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is essential to us and working together towards shared goals assists us in delivering long-term sustainable success.

To fulfil their duties, the senior management team and the Directors take care to have regard to the likely consequences on all stakeholders of the decisions and actions they take, with a long-term view in mind and with the highest standards of conduct. Where possible, decisions are carefully discussed with the groups concerned and are therefore fully understood and supported when taken.

Reports are regularly made to the Board by the senior management team about the strategy, performance and key decisions taken, which provides assurance that proper consideration is given to stakeholder interests in decision-making, and the Board uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

The Group's governance structure allows the Board and the senior management team to have due regard to the impact of decisions on the following matters specified in Section 172(1) of the Act, as set out in the table below.

Section 172 factor	Approach taken
Consequences of any decision in the long-term	Our core business model and strategy are designed to secure sustainable long-term growth whilst continuing to deliver strong results in the meantime, and as such the long-term is firmly within the sights of the Board when making all material decisions. The business model and strategy of the Company is set out on pages 6 to 11. Any amendment to that strategy is subject to Board approval. At least annually, the Board considers a budget for the delivery of its strategic objectives based on a three-year forecast model. The senior management team reports financial and non-financial key performance indicators to the Board each month, including but not limited to the measures set out in the Financial review section of the Strategic report on page 23, which are used to assess the outcome of decisions made. The Board's commitment to keeping in mind the long-term consequences of its decisions underlies its focus on risk, including risks to the long-term success of the business. Our low financial leverage following our recent acquisitions ensures that the payment of dividends to shareholders and remuneration to employees, are balanced. This was especially important in 2022 given the cost-of-living crisis and the heightened geopolitical uncertainty.
Interests of employees	Our employees are fundamental to the delivery of our strategy. We are committed to developing our staff and maintaining the capacity to deliver sustainable growth. How the Directors have had regard to the interests of the Group's employees is set out on page 45, on pages 49 to 52 in the Environmental, Social and Governance section of the Strategic Report and on page 63 in the Governance section.

Section 172 factor	Approach taken
Fostering business relationships with suppliers, customers and others	Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us make better business decisions. How the business has engaged with suppliers, clients and other counterparties is set out on pages 44, 45, 63 and 64. Suppliers and other counterparties are typically our appointed representative firms, mortgage and protection product providers, affinity partners and other professional firms with which the senior management team often has a longstanding relationship. Where material counterparties are new to the business, checks are conducted prior to transacting any business to ensure that no reputational or legal issues would arise from engaging with that counterparty. The Company pays suppliers in accordance with pre-agreed terms.
Impact of operations on the community and the environment	We are proud to support our local community and in 2022 we launched our Mortgage Advice Bureau Foundation. More details on our engagement with local communities and charitable activities in 2022 can be found on pages 53 to 56, in the Environmental, Social and Governance section of the Strategic Report. The Group's impact on the environment is limited due to the nature of the Group's business operations, as set out in the Environmental performance and strategy and Environmental, Social and Governance sections of the Strategic report on pages 47 and 48, and 56 to 58. However, the Board is committed to limiting the impact of the business on the environment where possible.
Maintaining high standards of business conduct	The Board is committed to achieving and maintaining high standards of business conduct, corporate governance, integrity and business ethics. A key to maintaining our reputation for high standards is to treat our customers, partners and employees fairly at all times, and our approach to conducting our business is focused on this outcome. The Group's Risk and Compliance function acts as the second line of defence within MAB to provide appropriate support, oversight and challenge to the activity undertaken by MAB and its appointed representative firms to avoid customer detriment and ensure good outcomes are achieved. Regular reporting is reviewed by the Risk and Compliance Committee (RCC) and the Board Group Risk Committee (GRC) to scrutinise activity and provide assurance to the Board that the Company's strategic and growth objectives can be met within our risk and compliance framework. To further enhance our risk framework our outsourced internal audit arrangements operate as our independent assurance function within the third line of defence reporting directly into the Board Audit Committee, and challenge the design and effectiveness of our controls. More details on risk and our internal controls can be found on pages 65 to 73 MAB is focussed on maintaining a positive relationship with our regulator. MAB is a proactive member of the Association of Mortgage Intermediaries (AMI) and supports the trade associations' interactions with the government, regulators and policymakers to ensure the mortgage industry meets the needs of our customers and appointed representative firms. We have proactively interacted with the FCA throughout the year including providing feedback on the FCA's papers on the Appointed Representative Regime (PS22/11) and Consumer Duty (PS22/9) either directly or through AMI. The Group continuously monitors upcoming changes to regulation and is well positioned through our membership with AMI and our relationship with the regulators. More details on the Company's approach to Consumer Duty can be found on page 22 and on pages 72 and 73. Since its implementation, the processes relating to the Senior Managers & Certification Regime ("SM&CR") are well established, and are subject to continued assessment and review in connection with all aspects of our activities.

Section 172 factor	Approach taken
Acting fairly between members	The Board is committed to openly engaging with our shareholders. We recognise the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. Further details on how we engage with our shareholders can be found on pages 45 and 73. The Board oversees an investor relations programme which involves the Directors routinely meeting with the Company's institutional shareholders. The programme is managed by the Company's brokers and the Board receives prompt feedback on the outcomes of meetings. The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws. The Independent Non-Executive Chair of the Company and other Non-Executive Directors make themselves available for meetings as appropriate and all attend the Company's Annual General Meeting ("AGM"). The investor relations programme is designed to promote formal engagement with investors and is typically conducted after each half-yearly results announcement. The Group also has open lines of communication with existing investors, who may request meetings, and with potential new investors on an ad hoc basis throughout the year, including where prompted by Company announcements. Shareholder presentations are made available on the Company's website. The Company has a single class of shares in issue with all members of the Company having equal rights.

Methods used by the Board

The main methods used by the Directors to perform their duties include:

- Board meetings or strategy days to review all aspects of the Group's business model, performance and strategy and assess the long-term sustainable success of the Group, as well as its impact on key stakeholders. A number of senior management team strategy sessions also took place during the year;
- The Board meets regularly throughout the year as well as on an ad hoc basis, as required by time critical business needs, such as acquisitions or other investments. The Non-Executive Directors regularly meet with all the members of the senior management team;
- The Board is responsible for the Company's ESG activities set out in the Strategic Report on pages 49 to 59. Ben Thompson is the Group's designated executive with responsibility for ESG;
- Specialist advice from external consultancy firms is sought where appropriate, for instance with regards to ESG or executive remuneration;
- The Board's risk management procedures set out in the Corporate governance report identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to the Company and wider stakeholders;
- The Board sets the Company's purpose, values and strategy, as detailed in the Strategic Report, and the senior management team ensures they align with its culture;
- The Board carries out direct shareholder engagement via the AGM and the Executive Directors attend shareholder meetings on a regular and an ad hoc basis;
- External assurance is received through internal and external audits and reports from brokers and advisers; and
- Specific training for existing Directors and induction for new Directors as set out in the Corporate governance report.

■ Principal decisions in the year

The principal non-routine decisions taken by the Board during the year were:

- the acquisition of 75.4% of Fluent;
- the equity fundraise for £40m to part fund the acquisition of Fluent;
- the entering into a new facility agreement with NatWest in respect of a new term loan for £20m and a new revolving credit facility for £15m, to part fund the acquisition of Fluent;
- the awarding of a pay rise and a £250 one-off cash bonus to all eligible non-bonussed head office employees in response to the cost-of-living crisis;
- the acquisition of a further 26% of Vita Financial Ltd ("Vita"), the specialist protection intermediary business. This took the Group's overall share in Vita to a controlling 75% stake;
- the acquisition of 75% of Aux Group Ltd, a specialist protection service provider to the directly authorised market;
- the ratification of the Consumer Duty Implementation Plan;
- the determination of dividends. The Board recommends a final dividend of 14.7p per share for 2022 (2021: 14.7p);

Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us to make better business decisions to enable us to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of customers, suppliers and shareholders' insights into the issues that matter most to them and our business. The below table outlines how we consider these stakeholders and how we engage with them:

Stakeholder	Why we engage	How we engage and outcomes
Consumers	We aim to be at the forefront of providing the best consumer outcomes.	• The quality of consumer outcomes is central to our culture, which is reflected in our compliance strategy. • We endeavour to provide consumers the choice of how they want to transact, whilst giving our ARs the tools to improve their productivity. • We continue to enhance our vulnerable customer strategy to ensure that appropriate support is provided when customers need it most. • Customer feedback is a core component in our strategy to ensure consumers receive a first-class experience. We continue to monitor the feedback on the service our advisers provide via the online review company Feefo.
Appointed Representatives	Maintaining an active dialogue and supporting our AR partners is key to our business.	• We use a collaborative approach in operational matters such as setting goals and objectives and hold regular review meetings with each AR firm. We also work with specialist ARs and providers to explore new ideas and growing markets. • The significant support we have offered via numerous initiatives has served to strength our relationships. In particular, this includes: - Adapting and improving the technology-based solutions at the core of our business, especially in relation to increasing lead generation for our ARs; - Continuing to address important topics at the regular Business Owner forums, where we review ongoing issues, upcoming market developments; - Enhancements to our Learning & Development offering, through the design and implementation of specific adviser training programmes and a streamlined academy course to support new advisers; and - Promoting regular 'clinics' for advisers at which knowhow and supervision matters are discussed. All of which is intended to develop adviser skill and knowledge levels, and ultimately improve the proposition to their clients.

Stakeholder	Why we engage	How we engage and outcomes
Suppliers	Strong and sustainable relationships with our suppliers and providers are fundamental to our long-term success. Similarly, disciplined procurement practices encourage better relationships and greater efficiencies.	• We hold regular roundtable events with our product providers and lead partners where topics such as business process improvements are discussed as a group. • We have reviewed and enhanced our procurement policies and procedures to better document and manage relationships within our supply chain. In particular, we have implemented a new software solution that is designed to capture the key details of any supplier and track their performance.
Shareholders	As owners of the Group, we rely on our shareholders' support and their opinions are important to us.	• We have an open dialogue with our shareholders through one-to-one meetings, group meetings and the AGM. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance, environmental, social and ethical practices. • Shareholder feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision-making. • We provide detailed financial reports and presentations on the business at the half year and full year.
Employees	Our employees are our most valuable asset. Their immense knowledge, skills and experience are key to our success and are vital to ensuring we maintain the high standards of customer service.	• We focus on creating a working environment in which people thrive and where our core values are communicated effectively and upheld. We believe that a positively engaged workforce is one that is more productive, happier and fulfilled, which in turns leads to improved performance, greater customer satisfaction and reduced employee attrition. • The launch of our behaviours framework MABology has been exceptionally well received. We continue to monitor the progress of this initiative through our Employee Engagement forum, and conduct regular engagement surveys to help shape our priorities. • We hold regular forums at which colleagues are given the opportunity to learn about key business updates, to review and discuss strategic objectives, and to feedback on how we can collectively achieve our goals. These comprise "MABFest", our quarterly staff update, as well as other sessions e.g. our weekly "Friday Joy" online updates. • We regularly share feedback and recognition across the business via our 'MABplause' channel, which all employees can access on our intranet. We also solicit more detailed and specific feedback, at least once every 12 months, via our engagement survey.

Stakeholder	Why we engage	How we engage and outcomes
Communities	An important component of being a good corporate citizen is to recognise the role we can play in supporting the communities around us and implementing initiatives to do so.	• We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include: - how we can support local causes and issues, create opportunities to recruit and develop local people; and - partnering with local charities and organisations at an individual office level to raise awareness and funds. • We are proud of the positive impact of our charity, The Mortgage Advice Bureau Foundation ("Foundation"). The Foundation supports charitable projects that create awareness amongst MAB stakeholders of the growing needs of their local communities. • The impact of decisions on the environment both locally and nationally is considered, and comprises a notable focus as part of our wider ESG related activity.
The Government and regulators	The evolving regulatory landscape has a direct and material impact on the day-to-day operation of our business.	• We engage with the Government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. • We have dedicated specialist Legal, Compliance and Risk experts, (with many decades of combined experience) who are focussed on ensuring we meet our regulatory obligations. Most recent examples include: - enhancing the policies and process relating to Appointed Representative oversight, as expected of us by the FCA; and - instigating a comprehensive review of the material activities of the business in the context of embedding further policies and processes to address the requirements of the new Consumer Duty.

Further information on the ways in which the Board engages with stakeholders is set out in the Strategic Report on pages 41 to 43 and 49 to 59, in the Directors' report on pages 63 and 64 and in the Corporate governance report on page 73.

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting, requiring disclosure of the environmental performance of the Group's assets through calculating the Group's greenhouse gas ("GHG") emissions and subsequently, setting strategies to minimise these emissions. The following information summarises the Group's environmental performance over the year.

Methodology

GHG emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption data has been collated and converted into CO_2 equivalent. To collect consumption data, the Group has reviewed utility invoicing and its staff expense software to track business mileage in employee vehicles. We have used the UK Government's 2022 GHG Conversion Factors for Company Reporting in order to calculate emissions from corresponding activity data, save that this year we have reflected the actual low carbon intensity at our head office due to our 100% renewable supply of electricity. We have restated the prior year accordingly, as we made the switch in 2020.

We have collected data for MAB and our subsidiaries: First Mortgage, Fluent and Vita. Auxilium only has two employees and is considered to have minimal impact. MAB owns 80% of First Mortgage, 75.4% of Fluent, and 75% of Vita, but we have factored in 100% of the Scope 1, Scope 2, and Scope 3 emissions for these subsidiaries.

Fluent and Vita became Group subsidiaries in July 2022, and we have included their Scope 1 and Scope 2 GHG emissions (in tCO_2e) from the date of completion. We have calculated energy intensity (in tCO_2e per employee per year) using the average number of employees during the year. We consider this to be a good indicator of the scale of the business and our energy intensity. To derive a meaningful energy intensity metric for Fluent and Vita, we have factored in their emissions data for the whole year and actual average employee numbers during the year. The alternative approach, to count emissions and employees only from completion of the acquisitions would have slightly artificially depressed emissions per employee across the Group so we chose the more conservative approach.

As part of the data collection, a materiality assessment was applied to determine which indicators were relevant to the Group. We have assessed each indicator in terms of its impact on the Group and its perceived importance to stakeholders.

Reporting boundaries and limitations

The GHG sources that constitute our operational boundary for the reporting period are:

- Scope 1: Natural gas combustion within boilers. MAB does not provide any company cars;
- Scope 2: Purchased electricity consumption for our own use; and
- Scope 3: Fuel consumption from employee-owned cars for business use.

Fuel connected with employee train and plane travel for business use has been excluded as amounts are likely to be immaterial and we consider it impractical to make estimations. Water usage has also been excluded as amounts are also likely to be immaterial. Fugitive gasses from office air conditioning are also considered immaterial. We have estimated Scope 3 emissions based on the split of Diesel vs. Petrol cars in the UK.

Performance

The table below shows absolute performance and like-for-like performance of our Scope 1, 2 and 3 emissions for the year, restated for 2021 as explained above:

Energy consumption and associated GHG emissions (tCO_2e)		2021 Restated	2022	Change
Scope 1	Fuel consumption (gas office heating) (kWh)	484,361	**692,986**	**43%**
	Associated GHG (tCO_2e)	89	**126**	**43%**
Scope 2	Electricity consumption (office electricity) (kWh)	322,017	**742,817**	**131%**
	Associated GHG (tCO_2e)	50	**128**	**155%**
	Total Scope 1 & 2 emissions	139	**255**	**83%**
Scope 3	Fuel consumption (own cars for business use) (miles)	245,841	**450,662**	**83%**
	Fuel consumption (own cars for business use) (kWh)	302,359	**549,699**	**82%**
	Associated GHG (tCO_2e)	74	**134**	**82%**
	Total Scope 3 emissions	74	**134**	**82%**
Summary	Gross Scope 1, 2 and 3 emissions	213	**389**	**83%**
	Total average employees (including First Mortgage, Fluent and Vita)	445	**983**	**121%**
	Scope 1 & 2 emissions intensity (tCO_2e/employee/yr)	0.31	**0.26**	**-17%**
	Scope 3 emissions intensity (tCO_2e/employee/yr)	0.17	**0.14**	**-18%**

The Group's absolute increase in fuel consumption is due to our acquisitions in 2012, with Fluent, Vita and Auxilium having added over 500 employees to the Group.

We are pleased that our Scope 1 and 2 emissions intensity per employee decreased by 17%. This is mainly as a result of the following reasons:

- Further energy efficiency actions at MAB and FMD,
- a 9% year-on-year reduction in the UK electricity conversion factor, likely caused by an increasing proportion of UK electricity being produced from renewable sources, and
- an efficient use of space by our Fluent subsidiary, which added approximately 500 employees to the Group.

Our scope 3 emissions per employee decreased by 18% year-on-year, which is due to the relatively low mileage per employee at Fluent compared to MAB.

Sustainability is embedded into our core values and we have taken a number of steps to reduce our impact on the environment. These included upgrading our heating and ventilation system as part of the major refurbishment of our head office in Derby with a new single high-efficiency Variable Refrigerant Flow AC system. This will further reduce our energy emissions from 2023 onwards. We also installed higher efficiency LED lighting and a new suite of audio-visual display monitors throughout the building with minimum A-rated energy efficiency.

Minimising our carbon footprint was a major consideration during the design phase of the refurbishment. Our supplier selection was deliberately weighted towards engaging businesses local to Derby, and the re-use or recycling of our old equipment was a key priority. We commissioned two EPC reports, before and after, and are proud to report that our energy performance rating has improved from 84 (D rating) to 39 (B rating). More details on our energy efficiency actions can be found in the Environmental, Social and Governance section of the Strategic report on pages 56 to 58.

We continue to investigate new strategies to make our business more sustainable and through collaboration with all our stakeholders we expect to make further positive steps in this regard in 2023.

The Board recognises the need to ensure that we are a responsible business that grows sustainably and makes a positive contribution to all its stakeholders – our customers, shareholders, employees, suppliers, and the local communities in which we operate.

This year, we have included a standalone ESG section in the Directors' Strategic report. This reflects the excellent progress we have made in this area building on existing initiatives and taking steps towards the implementation of an integrated ESG strategy linking all areas of the business. ESG is an integral part of what we do it is embedded within our broader Group strategy.

At MAB we firmly believe that strengthening our positive impact on society will also help us become a better company, with a more engaged workforce and sustainable competitive advantage. In 2022, we accelerated our investment in this area, continuing to build our in-house ESG team and creating a dedicated project resource to support the roll-out of existing and new projects. We also appointed a specialist ESG consultancy firm in July 2022 after having run a selection process. The first phase of their work focussed on conducting a comprehensive review of MAB's existing ESG practices, followed by an in-depth screening of internally available data and a materiality assessment.

As a result of the ESG strategy work we carried out, we now have a roadmap under which we will make further improvements to our strategy. ESG is a key priority for MAB for 2023 and as such the company has made a further resource commitment to support the ongoing development of this area.

In this section we detail the work carried out in 2022 with a focus on the following key pillars:

1. Employee wellbeing, diversity, equality and inclusivity;
2. Community engagement and charitable activities; and
3. Minimising our impact on the environment.

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. The Board adopted the Quoted Companies Alliance ("QCA") corporate governance code, which requires the Group to apply 10 principles focused on the pursuit of medium to long-term value for shareholders and also to publish certain related disclosures.

As a Board we believe that good governance is crucial to the delivery of our strategic objectives. We aim always to remain abreast of best practice and of developments in the regulatory framework within which we operate, and in the way in which we seek to serve the needs of our customers.

Our compliance processes and robust controls result in MAB being well regarded by lenders for both volume of transactions and customer outcomes. We continue to measure highly for customer satisfaction through the online review platform Feefo, with a score of 4.9 out of 5 from over 20,000 reviews. In 2022, the number of customer complaints received was 0.2% of written mortgage volumes (2021: 0.1%, 2020: 0.2%). MAB remains below the threshold for referred complaints to the Financial Ombudsman Service and therefore does not appear on its public database.

More details on our Corporate Governance framework are set on pages 65 to 73.

Employee wellbeing, diversity, equality and inclusivity

Our employees are our most valuable asset. Their immense knowledge, skills and experience are key to our success in delivering our business plan and are vital to ensuring we maintain the high standards of customer service and satisfaction which underpin the provision of quality advice.

We focus on creating a working environment in which our diverse team can thrive and where our core values are communicated effectively and upheld. We believe that a positively engaged workforce is one that is more productive, happier and fulfilled, which in turns leads to improved performance, greater customer satisfaction and reduced employee attrition.

■ Employee wellbeing (Financial, Emotional and Physical)

We have continued to invest in the wellbeing of our employees in 2022. We ran a wellbeing calendar covering the financial, emotional and physical aspects of wellbeing. We offered support to our employees across a variety of topics and hosted webinars with specialist guest speakers and yoga and breathwork instructors. We supported different charities such as the British Heart Foundation and Roy Castle Lung Foundation to raise awareness of these important areas of our physical health. We also offered training for people going through the menopause or wanting to find out more about it to support colleagues, friends or family members.

One of our aims for 2022 was to increase Mental Health Awareness across MAB. We organised Mental Health First Aid Training sessions and established a group to promote and ensure engagement as well as to provide support to one another. We also supported the mental health charity Mind's Time to Talk Day, recognising how difficult it can be to open up about mental health.

We have expanded our benefits to include providing all head office employees with a day off to celebrate their birthday and the ability to buy or sell holidays up to 5 days, which has been very well received by our colleagues.

Recognising the importance of achieving a good work/life balance, we have continued to offer a hybrid working facility to our employees. In 2022 we also set up a volunteering programme with Derby City Mission and a Christmas Toy Appeal with the Salvation Army. Through our Volunteering Days initiative, employees are given additional time off work in order to volunteer in their chosen charity.

In response to the cost-of-living crisis that persisted throughout 2022, the Board awarded an additional £1,000 pay rise as well as a £250 one-off cash bonus to all eligible non-bonussed head office employees.

Diversity, Equality and Inclusivity ("DE&I")

In 2021 we launched our "MABology" DNA behaviours – the behaviours we aim to live and breathe to enable us to achieve our vision. This has been a real success in harnessing MAB's culture and enabling it to grow and develop further. All our MABology behaviours, in particular Use Your Voice, Be Awesome and Share the Love; have been shaped to create a diverse and inclusive work environment, to encourage employees to take pride in themselves, be open, and feel safe to show it.

We continued this work in 2022 and have embedded all of the MABology behaviours framework in our employees' personal development plans so that diversity and inclusion is a direct and tangible measure of success for all. We have also overhauled our recruitment and induction processes to ensure we are recognised as an open and inclusive employer of choice, and this will support our long-term strategy as a diverse and inclusive business.

The Group is committed to the principle of equal opportunity in employment, regardless of a person's race, creed, colour, nationality, gender, age, marital status, sexual orientation, religion or disability. Employment policies are fair, equitable and consistent with the skills and abilities of the employees and the needs of the business. All of our job advertisements have been updated to reflect this approach to DE&I, as well as incorporating the MABology language. We have also improved the way we advertise our vacancies to ensure they are broadly publicised to our employees first, and are pleased that the proportion of internal applications and resulting internal moves and/or promotions continues to be high, with nearly 40% of new roles at head office having been filled through internal moves or promotions last year.

A number of training initiatives launched over the last twelve months saw a high representation of women participants, and we aim to increase this further in 2023 and beyond. Our Learn to Lead training programme, aimed at MAB's aspiring future managers, saw a 70% attendance by women.

We also encourage and empower women within our Appointed Representative firms, and we are proud to work alongside multiple female business leaders who have been decorated with numerous industry awards over the years.

From an inclusivity perspective, we are fostering employee connections through a range of social events such as Coffee Roulette or other events covered in the Wellbeing section. As MAB continues to grow, it becomes ever more important to create an environment where employees who may not necessarily interact are encouraged to meet and interact with one another. This contributes to creating a great workplace, and enhances trust, collaboration and the take-up of the MABology values across the business. Throughout 2022 we have continued to undertake regular employee engagement surveys, with average participation having increased to 76%.

Diversity, equality and inclusion was heavily incorporated as part of the state-of-the-art refurbishment at head office completed in 2022. We understand that all our employees have diverse needs in terms of their wellbeing and how they work, which is why we have provided them with an office environment that caters for hybrid working and delivers a range of work settings. Options include numerous formats of focus pods, quiet areas and collaborative spaces, with a variety of fixed desking and agile seating available, thereby offering our colleagues flexibility in how they work and enabling them to thrive and perform at their very best. The new space also promotes employee wellbeing through an extensive use of planting, and a dedicated wellness space is available to employees for a variety of purposes, including prayer, nursing infants or meditation.

We are members of the Diversity and Inclusivity Finance Forum and are an open and diverse employer. Our approach to DE&I and culture was recognised with the following awards in 2022:

Best Medium Organisation, Business Culture Awards .... **Winner**

Overall Winner, Business Culture Awards .... **Winner**

Best Business Transformation Initiative, Business Culture Awards .... **Winner**

Women's Recognition Awards – Equality Employer of the Year .... **Winner**

Women's Recognition Awards – Elite Women .... **Winner**

Our winning team at the 2022 People and Culture awards

Learning and Development

The Group is committed to developing its employees to enhance our capacity to deliver sustainable growth and maximise workforce engagement and employee retention.

Our Deliver Wow Academy offers a leadership programme dedicated to both our head office managers and our AR business leaders. In total, over 100 people undertook the training in 2022, 42 from head office and 60 from our AR partners. The Deliver Wow Academy contains 9 modules including Emotional Intelligence, Effective Communication, Succession Planning and How to be Bolder.

The feedback from the course has been great from all, with participants using the new skills learned to interact with their teams in different ways, and adapting their leadership style to the various personalities they manage.

In 2022 we also increased the support provided to our AR partners. We improved both our adviser induction process and Academy programmes to ensure all advisers start their careers off on a high with MAB, and created new content to continue to support the provision of high-quality advice.

Our new bespoke training sessions have been tailored to our advisers' individual development needs, and are proving very popular.

In 2022 we also further developed the MAB Hub platform, set up in 2020, which provides learning and development opportunities to more effectively support the personal growth competence of our employees and advisers, and enhances the governance framework for the SM&CR regime. In 2022, approximately 80,000 hours of training were completed on the MAB Hub platform by our employees and advisers.

Our investment in people continued throughout 2022 with the launch of our informal Mentoring programme. There are many benefits to mentoring and this has been well received by our colleagues. Our mentors provide ad hoc counsel as well as regular ongoing support to the mentees.

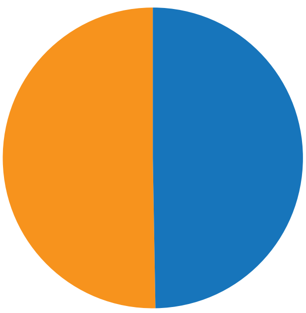
Siobhan Barrett
Regional Marketing Manager

Claire approached me for mentoring to help me identify the best approach for my career going forward, to realign me with my goals and hold me accountable for achieving the best output from myself.

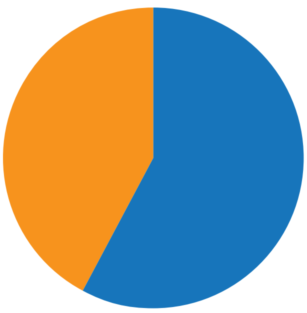
"The mentoring sessions definitely helped me realise my potential, build confidence in my learning and development as a new manager, and step outside my comfort zone in my personal and office life, by taking on challenges which enabled me to build character and test my resilience. My mentor gave me the best possible advice with regards to building my presence in the workplace, tips on how to lead a team by identifying my own leadership style and showcasing what I have achieved to the right people.

I have since then earned a promotion to regional marketing manager".

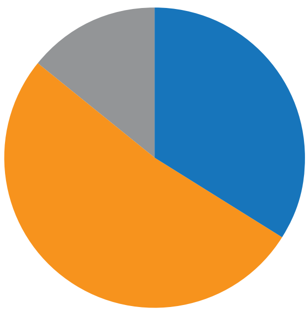
Diversity metrics



Employee diversity	
Men	50%
Women	50%



Gender split of Management	
Men	58%
Women	42%



Employee age	
Under 30	34%
30-50	52%
Over 50	14%

Community engagement and charitable activities

Corporate Social Responsibility is very important to the Group, and we strive to maximise our positive impact on the communities in which we operate.

MAB has always contributed to charity through donations, sponsorship and supporting activities of their employees, however the recipients of these donations tended to be large charitable organisations. In 2020, employee feedback indicated a growing willingness to support a more diverse selection of charities whose work at the local level is invaluable, and this need for local action was brought into even sharper focus after the covid crisis.

In December 2021, MAB applied to establish a Charity Incorporated Organisation (CIO), Mortgage Advice Bureau Foundation (the "Foundation"). The charity was authorised by the Charity Commission in March 2022. Former MAB New Homes Director, Andy Frankish, conceived the project from scratch and is now Mortgage Advice Bureau Foundation's CEO. The trustees are:

Name	Mortgage Advice Bureau Foundation role	Other role
Andy Frankish	Trustee and CEO	
Lucy Tilley	Trustee and Chair	Chief Financial Officer at Mortgage Advice Bureau
Ali Crossley	Trustee	Managing Director, Distribution at Legal and General
Esther Dijkstra	Trustee	Managing Director, Intermediaries at Lloyds Banking Group
Ben Thompson	Trustee	Deputy Chief Executive Officer at Mortgage Advice Bureau
Peter Brodnicki	Trustee	Chief Executive Officer at Mortgage Advice Bureau
Fabien Holler	Trustee	Company Secretary at Mortgage Advice Bureau

■ Social Purpose

Mortgage Advice Bureau enables people to buy their own homes, re-finance and helps them fulfil their aspirations by making key financial moments in life a simple, happy and reassuring experience. Homes make communities and the key aim of the Foundation is to support communities at grass roots level to improve the standards of living and therefore the enjoyment in the places where people choose to live.

The Foundation is a grant-giving charity and issues grants to other charities and Community Interest Companies (CIC) across the UK. These charities and CICs are put forward by our employees, our customers and our business partners including appointed representatives, lenders and protection providers. Grants are issued to part-fund project costs with well-defined purposes that meet our assessment criteria. In 2022, grants were capped at the lower of £5,000 and 50% of the total project costs. We aim to leverage MAB's network, maximise stakeholder involvement and create awareness among MAB employees and customers of the growing needs of their local communities.

Through our grant-giving policy we support charities active in the following three areas:

1) Health and wellbeing – projects to help communities address health and wellbeing issues so that everybody's quality of life can be improved;

2) Preventing and relieving poverty – projects to support communities through financial hardship and social exclusion; and

3) Environment and conservation – practical and educational projects to help communities make green choices and reduce their carbon footprints.

Sustainability is a key factor for all of our projects, but the focus is far broader than just the environment, it is about ensuring a strong, healthy and just society by promoting personal wellbeing, healthy recreation and social cohesion, pulling communities together whilst ensuring inclusion, and creating equal opportunities for all.

We have partnered with the leading crowdfunding platform, Crowdfunder, to host our supported projects so they have the best chance of achieving their fundraising goals, and provide compliance support those charities.

■ Governance

The Foundation is a registered Charitable Incorporated Organisation regulated by the Charity Commission for England and Wales. The Foundation's charity number is 1198352.

The trustees share responsibility for governing the charity, direct how it is managed and run, and safeguard the Foundation's assets.

The Foundation Committee oversees the scoring of applications received through a detailed scoring matrix to ensure selected projects meet the Foundation's stated purposes. Projects that exceed our threshold can be chosen by the Committee to be referred to the Trustees for final approval.

The members of the Committee are listed below. They continue to donate their time generously and impart their experience and thoughtful advice in driving the Foundation forward, and we thank them for their selfless contribution.

Name	Mortgage Advice Bureau Foundation role	Other positions
Stephen Alger	Committee member	Business Principal, Mortgage Advice Bureau Norfolk
Lee Cardwell	Committee member	Co-founder, MAB New Homes Rotherham
Sarah Drew	Committee member	Product Manager at MAB
Lian Findler	Committee member	Sales and Development Director at Marquis FS
Kate Fuller	Committee member	Founder, Mortgage Advice Bureau Crawley
Jon Lord	Committee member	Founder, Metro Finance
Andrew Milnes	Committee member	Founder, Mortgage Q
Claire Taddei	Committee member	Co-Founder, Mortgage Advice Bureau, Scotland Network Partner

■ Progress

We launched our grant funding model internally to our employees and network partners in September 2022 with a fund of £25,000 pledged by MAB.

In the period to the end of December 2022 we received 35 requests for funding from a wide variety of charities. Out of these:

- 9 full applications were considered by our Committee
- Funding was pledged to 6 projects subject only to the matched-funding element
- 5 of these projects have now been fully funded, including the matched-funding element.

As at 31 December 2022, the Foundation had pledged £16,700 of funding which has helped charitable projects raise over £30,000 in total. Our systems and processes are well established and we are now able to process and deliver funding to multiple applications on a weekly basis, subject to funding.

■ Other charitable activities

In addition to its commitment to the Foundation, in 2022 MAB also:

- donated £20,000 to the British Red Cross as part of its Ukraine Crisis Appeal;
- helped raised £3,468 for charitable donations as part of the MAB Golf Day; and
- gave a further £11,747 through donations and sponsorships towards various causes including the Alzheimer's Society Charity Ball and Prostate Cancer UK.

Overall, MAB's charitable donations in 2022 totalled over £55,000.

In addition, Fluent made a small donation to the Education for the Children Foundation for every completion in 2022. As part of this scheme, since completion of the acquisition in July 2022, Fluent donated £18,020 to Education for the Children, in support of students at The School of Hope in Guatemala. Fluent also became a bronze patron of two different charities, Bolton Lads and Girls Club and Bolton Hospice. Overall, in 2022 Fluent raised approximately £60,000 for their chosen charities.

Volunteering as part of the Salvation Army's Christmas Toy Appeal

MAB head office team at the MAB Golf Day

■ Case Study: Beartown Rickshaw

In November 2022 the Foundation received an application from Beartown Rickshaw. The project was sponsored by our AR partner at the Mortgage Advice Bureau office in Macclesfield.

Beartown is a charity that provides free rickshaw leisure rides around Macclesfield to people who are experiencing social isolation or limited mobility, and gives them an opportunity to get out in the fresh air safely and securely and visit local attractions, thereby improving mental health of as many residents as they can.

Beartown was seeking £4,330 funding to purchase essential equipment to maintain the rickshaw and to invest in the promotion of the service through web and social media. It also allowed them to provide winter equipment to enable volunteers to service a growing demand throughout the year. The Foundation issued them with a grant for £2,165.

Beartown Rickshaw is a fantastic project which can be easily replicated in all towns around the UK.

■ Case Study: Relate

In December 2022 the Foundation received an application from the Relate charity who had started a community project in Woking called Family Minds Enriched. Their grant application was sponsored by our AR partner in Mortgage Advice Bureau Crawley. Family Minds Enriched helps alleviate mental health issues for individuals within vulnerable families where NHS counselling is unavailable because of lengthy waiting lists. These families are unable to pay for treatment because of low incomes, compounded by the cost-of-living crisis which is often a contributor to their anxiety.

Relate needed to deliver proof of concept that subsidising counselling sessions with individuals, couples, or young people not only improved their mental health and well-being but also improved relationships with family and friends, and in certain cases reduced the likelihood of (re)offending. In demonstrating this, the charity was able to secure additional funding lines to continue the great work.

MAB Foundation supported Relate with £2,500 of funding to deliver their successful proof of concept.

Minimising our impact on the environment

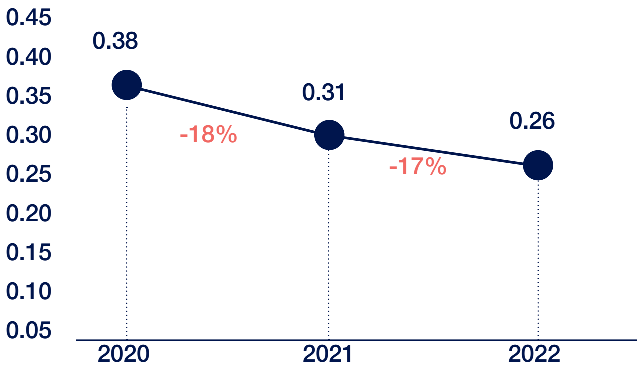
Reducing our environmental footprint is an important priority for MAB, despite our overall footprint being limited due to the nature of our operations as a mortgage intermediary business.

As a company, we are not only focussed on reducing our direct carbon emissions, but also on delivering a positive impact on all our stakeholders and society. With the housing sector representing circa 20% of carbon emissions in the UK, we believe we have a bigger role to play in contributing towards the UK's overall Net Zero targets by 2050.

■ Reducing MAB's carbon emissions

As set out in the Environmental Performance and Strategy report on pages 47 and 48, our Scope 1 (gas) and Scope 2 (electricity) emissions per employee have reduced by 48% since 2020. We took action to switch electricity suppliers to be powered by 100% renewable electricity at our head office as well as all the FMD offices, and energy saving light and heating was installed.

Scope 1 & 2 emissions intensity (tCO2e/employee/yr)



We expect our annual energy emissions per employee to continue to decrease due to the major refurbishment project we carried out at our head office building in Derby in 2022. Minimising our environmental impact was a central consideration for this project, as was sourcing products from local suppliers where practical, and repurposing furniture. Extensive workplace analysis and culture surveys were undertaken during this period to ensure the needs of our employees were fully aligned with the design of both working practices and office space. A number of specific initiatives and product or design selections were made to support these aims:

- supplier selection was deliberately weighted towards engaging businesses local to Derby;
- installation of a new single high-efficiency Variable Refrigerant Flow AC system to provide a more consistent and controlled temperature throughout the building, as well as improved clean air ventilation and a single source of hot water via an insulated storage tank;
- installation of new high efficiency, low energy LED lighting operating on motion sensor activation throughout the building. Whilst LED lighting was in use in the majority of the interior prior to the refurbishment, it was of a lower specification ;
- a new suite of audio-visual display monitors throughout the building giving a consistency of equipment with minimum A-rated energy efficiency and improving the position over the previous mixed stock of equipment.
- an upgrade to security and the alarm system with all entrances and exits operated by employee staff cards, thereby improving the safety of the working environment;
- installation of secure bicycle store with card activated locking system to encourage more people to cycle to work;
- installation of an electrical vehicle (EV) charging point with capacity for charging 2 EVs and scope to add a further two at a future point if required; and
- extensive use of green planting throughout all areas.

We no longer use a gas supply into our head office building in Derby, and due to our renewable electricity supply and the above energy efficiency gains, we expect our energy intensity to continue to decrease in 2023.

We commissioned two EPC reports, before and after the refurbishment, and are pleased to report that our energy performance rating has improved from 84 (D rating) to 39 (B rating).

We will continue to work with specialist consultants throughout 2023 to improve further our carbon reporting framework based on science-based targets and drive the Group's sustainability agenda. We will also prepare to follow the set of recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD).

■ Green Mortgages

MAB is at the forefront of Green Mortgages. In 2022, we launched our Green Hub for consumers and continued to improve our MIDAS technology platform to best promote Green Mortgages to our advisers. As a result, our ARs submitted over £1 billion in Green Mortgages to our lending partners, a very substantial increase versus 2021. We also organised the first industry event exclusively focussed on Green Mortgages.

The narrative around Green Mortgages is rightly becoming more prominent and important, with momentum and interest gathering from advisers, consumers and lenders. New minimum energy efficiency standards are currently planned to be phased in the buy-to-let market by 2025, and we expect a similar trend to start gathering momentum for homeowners over the next decade or so. Our intention is to become a leader in Green Mortgages. With housing representing circa 20% of carbon emissions in the UK, we will considerably increase our involvement in this area, thereby directly contributing to the UK's overall Net Zero targets, whilst significantly helping many thousands of customers too.

MAB already serves a great social purpose, in-so-much as it helps customers to buy and re-finance their homes, and protects them as well. With an increasingly environmental focus layered onto this, MAB is becoming very central and relevant to making a difference towards the UK Government's climate commitments.

The Mortgage Advice Bureau Green Hub

The first industry Green Mortgage event, organised by MAB

Joe Micoud
Mortgage and Protection Adviser,
MAB Scotland
(Home Loan Services Ltd)

What ESG means to you

To me, ESG means doing the right thing by investing in a way which is sustainable to all stakeholders involved, including employees, customers, lenders, builders, and investors. This is a massive focus when it comes to mortgages, as lenders start to focus on incentivising the energy efficiency of the properties they lend against. Meanwhile, for builders in the new build sector, ESG drives them to construct energy efficient homes.

Why green mortgages are important

Green mortgages are important as they drive the right behaviours. They naturally focus clients' attention towards energy efficient homes, either from buying a new build or making improvements to their own home to improve its energy efficiency. This supports the overall drive to reduce emissions and protect the planet, and in turn, benefits all those involved. The client benefits from lower bills via cheaper running costs (and potentially lower rates from the green mortgage deal), while the lender benefits from increased demand because they've been able to offer this deal. It also helps to improve their profile as a socially responsibly lender, and it increases demand for builders and other companies who provide the resources to increase the energy efficiency of homes across the UK. I feel that green mortgages can only be seen as a good thing, and having conversations like this will help to raise further awareness and drive the right behaviours.

How MAB has supported you in selling green mortgages to your customers

MAB has provided a range of resources in the form of webinars, literature, and practical examples, mainly via the Green Hub. This has instilled me with confidence in terms of my discussions with clients (especially during the initial rollout). I've always felt I have the support to have in-depth, detailed discussions with my clients around the topic of green mortgages, and I know where to turn if there is anything I'm unsure of. MAB highlight specific products on the sourcing system for green mortgages, which makes it easier to identify and supports my discussions with my clients. Moving forward, I feel this will be an everchanging and evolving area, and the support that I receive will remain invaluable.

■ Waste reduction

On a day-to-day basis, the main types of waste we generate are paper and food waste, and we look to recycle as much as possible. We continue to work with a socially responsible specialist IT recycling company to arrange for the secure disposal and reuse of our old IT equipment, and as part of the head office refurbishment we carried out the following reuse or recycle initiatives:

- during the strip-out, the "Great MAB Giveaway" initiative saw us offer any existing office furniture and equipment to employees in exchange for a minimum donation to the Derby City Mission Charity. This initiative was also extended to charities and businesses with around ten local organisations taking office furniture and equipment for their own use;
- the existing mechanical and electrical equipment (airconditioning units, central heating systems, pipes and radiators, scrap metal etc) was either recycled or in some cases re-purposed by local contractors for re-use elsewhere; and
- all previous monitor equipment stock was purchased by our supplier for re-purposing, re-sale, recycling or secure disposal to WEEE standards.

The adoption of new technology and processes can be an important waste minimisation factor, and improvements to our MIDAS technology platform and to the structure of our compliance function have meant ARs, advisers and their clients are required to print fewer documents. Our focus on reducing the level of printing undertaken by the Group continues.

We no longer use plastic mineral water bottles or single use plastic drinking cups.

Modern slavery

MAB recognises that it has a responsibility to take a robust approach to the issues derived from the Modern Slavery Act 2015 and has implemented processes that are aimed at ensuring that there is no slavery or human trafficking in its business or supply chains.

To enable us to assess whether a particular activity is at high risk of facilitating modern slavery or human trafficking:

- MAB holds a Risk Register of all operations, and regularly reviews this in the context of supply chain and business operations.
- There are no high-risk activities identified in relation to modern slavery or human trafficking.

The nature of MAB Group's supply chain reflects the fact that it is primarily a recipient of services, rather than goods and materials. Essentially, it relies on a mix of general business suppliers (ranging from facilities management support to technology solutions), as well as financial services providers, such as mortgage providers and insurance providers. The relationships with many of these key suppliers and outsourcers are well-established, with appropriate governance and oversight procedures in place.

We also review our salaries on an annual basis to ensure our employees are not paid below the national minimum wage. We provide a competitive package of benefits to all employees.

A copy of our Modern Slavery and Human Trafficking Statement can be found on our website at www.mortgageadvicebureau.com/modern-slavery-and-human-trafficking.

Anti-bribery policy

MAB highly values its reputation for ethical behaviour and upholding the utmost integrity. We have a zero tolerance approach to bribery and corruption and ensure that all of our employees and suppliers are adequately trained to limit our exposure to bribery by:

- Setting out clear anti-bribery and corruption policies;
- Providing mandatory training to all employees;
- Encouraging our employees to be vigilant and report any suspected cases of bribery in accordance with the specified procedures; and
- Escalating and investigating instances of suspected bribery and assisting the police or other appropriate authorities in their investigations.

Gender pay reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires all employers with 250 or more employees in the UK to publish details of their gender pay gap.

The aim of this legislation is to achieve greater transparency about gender pay difference. The analysis is based on data as at 5 April of each year and shows the differences in the average pay between men and women. More details can be found on our website at

https://www.mortgageadvicebureau.com/gender-pay-gap.

Forward looking statements

The strategic report is prepared for the members of MAB and should not be relied upon by any other party for any other purpose. Where the report contains forward- looking statements these are made by the Directors in good faith based on the information available to them at the time of their approval of this report.

Consequently, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risks underlying such forward looking statements and information. The Group undertakes no obligation to update these forward looking statements.

On behalf of the Board

Lucy Tilley
Chief Financial Officer

27 March 2023

The Board comprises three Executive and five Non-Executive Directors. A short biography of each Director is set out below:

Katherine Innes Ker,
Aged 62
Non-Executive Chair

Katherine has extensive executive and non-executive director experience. She is Senior Independent Director of Forterra plc, Non-Executive Director of Vistry Group plc and GRIO plc, and Chair of toob ltd. Her experience as a Chair includes The Television Corporation plc, Shed Media plc, Victoria Carpets plc and Sovereign Housing Association, and she was Deputy Chair of Marine Farms S.A. Katherine has been a Non-Executive Director of, amongst others, St Modwen Properties plc, Taylor Wimpey plc, Taylor Woodrow plc, Fibernet plc, Williams Lea plc, S&U plc and Gyrus Group plc. She is Chair of the Remuneration Committee, Balliol College, Oxford.

Peter Brodnicki,
Aged 60
Chief Executive Officer

As one of the founders of MAB in 2000, Peter has more than 35 years' experience in mortgage and financial services. Prior to founding MAB, he was with Legal & General for five years, where he held the position of Head of the Estate Agency Network, and also latterly as Recruitment Director. Peter's experience prior to Legal & General includes sales and management roles at Albany Life, before which he was at John Charcol. Peter has received a number of industry awards over the years, including Business Leader of the Year six times, Mortgage Strategist of the Year twice, and the Industry's Most Influential Person.

Ben Thompson,
Aged 53
Deputy Chief Executive Officer

Ben has been in financial services since 1986 and before joining MAB in 2018, he was Chief Executive Officer of ULS Technology, the AIM-listed provider of online B2B platforms for the UK conveyancing and financial intermediary markets. Prior to that, he held senior positions at Legal & General Group Plc, where he ran their market-leading mortgage distribution business, as well as the banking division.

Before Legal & General, Ben held roles at Paymentshield, St. James's Place, Winterthur Life and TSB. He also has extensive experience in both retail and private banking, as well as in residential property, in particular estate agency.

Lucy Tilley,
Aged 51
Chief Financial Officer

Lucy joined MAB in May 2015 as Finance Director and became Chief Financial Officer in July 2019. She qualified as a Chartered Accountant in 1996 with KPMG. Prior to joining MAB, Lucy was a director in the corporate broking team at Canaccord Genuity Limited, and was part of the team that worked on MAB's admission to AIM in November 2014. At Canaccord Genuity Limited, she advised numerous quoted and unquoted companies predominantly in the financial services sector.

Nathan Imlach,
Aged 53
Senior Independent Non-Executive Director

Nathan is Chief Strategic Adviser to AIM listed Mattioli Woods plc, where his focus is on acquisitions and contributing to its future direction. He qualified as a Chartered Accountant with Ernst & Young, specialising in providing mergers and acquisitions advice to a broad range of quoted and unquoted clients in the UK and abroad. He is a Fellow of the Chartered Institute for Securities & Investment and holds the Corporate Finance qualification from the Institute of Chartered Accountants in England and Wales. Nathan is also a trustee of Leicester Grammar School Trust.

Stephen Smith,
Aged 65
Non-Executive Director

Stephen has worked in the financial services market for over 40 years and was responsible for Legal & General's award-winning Mortgage Club, estate agency and surveying operations, before retiring at the end of 2017. He is a former deputy chairman of The Association of Mortgage Intermediaries and served on its board for 14 years. He is a Fellow of the Chartered Institute of Bankers and holds a number of non-executive directorships with companies operating in the mortgage and Fintech markets.

David Preece,
Aged 62
Non-Executive Director

David joined MAB as an Executive Director in 2004 and retired as Chief Operating Officer in 2019, remaining on the Board as a Non-Executive Director. He has more than 40 years of experience in financial services and is an Associate of the Chartered Institute of Bankers. Prior to joining MAB, David's roles included Senior Manager at NatWest Group Financial Control, Head of Mortgage Operations at NatWest and Head of Membership Services at the Britannia Building Society.

Mike Jones,
Aged 59
Non-Executive Director

Mike joined Lloyd Bank plc in 1985 and retired from Lloyds Banking Group plc (LBG) at the end of 2020. He worked in various roles across the group, most recently as Managing Director, Intermediaries & Specialist Brands since 2010. His primary role was leading the Halifax, BM Solutions and Scottish Widows Bank business development teams, working with mortgage intermediaries across the UK. Mike chaired the LBG Housing Forum, the LBG Intermediary Conduct Forum and was responsible in the UK for Birmingham Midshires, Scottish Widows Bank and intelligent Finance. He was also responsible for LBG's European retail bank operating in Germany and The Netherlands, a role that sees him continue into 2021 as Chair of the Supervisory Board of Lloyds Bank GmbH following his appointment in March 2019.

Company:	**Mortgage Advice Bureau (Holdings) plc**	
Directors:	**Katherine Innes Ker**	Non-Executive Chair
	Peter Brodnicki	Chief Executive Officer
	Ben Thompson	Deputy Chief Executive Officer
	Lucy Tilley	Chief Financial Officer
	Nathan Imlach	Senior Independent Non-Executive Director
	Stephen Smith	Independent Non-Executive Director
	Mike Jones	Independent Non-Executive Director
	David Preece	Non-Executive Director
Company secretary:	**Fabien Holler**	
Registered office:	**Capital House** Pride Place Pride Park Derby DE24 8QR	
Registered number:	04131569	
Nominated adviser and joint broker:	**Numis Securities Limited** 45 Gresham Street London England EC2V 7BF	
Joint broker:	**Peel Hunt LLP** 100 Liverpool Street London England EC2M 2AT	
Auditor:	**BDO LLP** 55 Baker Street London W1U 7EU	
Solicitors:	**Norton Rose Fulbright LLP** 3 More London Riverside London SE1 2AQ	
Principal bankers:	**NatWest Bank plc** Cumberland Place Nottingham NG1 7ZS	
Registrars:	**Equiniti Limited** Aspect House Spencer Road Lancing West Sussex BN99 6DA	

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2022. For the purposes of this report, the expression "Company" means Mortgage Advice Bureau (Holdings) plc and the expression "Group" means the Company and its subsidiaries.

Results and business review

The principal activity of the Group continues to be the provision of financial services, in particular the provision of mortgage advice and advice on protection and general insurance products. The principal activity of the Company is that of a non-trading holding company. The review of the business, operations, principal risks and outlook are included in the Strategic report on pages 4 to 59. The financial statements set out the results of the Group on pages 90 to 152.

In 2022, the Group has continued to deliver its strategy to achieve year-on-year growth, irrespective of prevailing market conditions:

- Group revenue increased by 22% to £230.8m;
- Adviser numbers grew by 20% to 2,254 at 31 December 2022; and
- Our market share of new mortgage lending increased by 19% to 7.5%.

Adjusted profit before tax increased by 13% to £27.2m. Group profit for the year after taxation amounted to £12.8m, down 34% on the previous year due to the exceptional costs incurred in the Fluent acquisition. Income tax expense for the year was £4.6m, an effective rate of 26.4% (2021: 16.9%).

Dividends

In line with the Group's dividend policy following the First Mortgage acquisition of paying out a minimum of 75% of its adjusted earnings, the Board recommends a final dividend of 14.7 pence per share, totalling £8.4m. For the year as a whole, the total dividend of 28.1 pence per share represents a payout of 75% of the Group's adjusted profit after tax for 2022, minorities and adjusting for non-cash items.

This has not been included within the Group financial statements as no obligation existed at 31 December 2022. If approved, the final dividend will be paid on 31 May 2023 to ordinary shareholders whose names are on the register on 28 April 2023. Dividends paid during the year amounted to £16.0m and were in respect of the final dividend for the year ended 31 December 2021 and the interim dividend for the year ended 31 December 2022.

Going concern

The Directors have assessed the Enlarged Group's prospects until 31 December 2024, taking into consideration the current operating environment, including the impact of geopolitical and macroeconomic uncertainty and inflationary pressures on property and lending markets. The Directors' financial modelling considers the Enlarged Group's profit, cash flows, regulatory capital requirements, borrowing covenants and other key financial metrics over the period.

These metrics are subject to sensitivity analysis, which involves flexing a number of key assumptions underlying the projections, including the effect of geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets and the Group's business volumes and revenue mix, which the Directors consider to be severe but plausible stress tests on the Enlarged Group's cash position, banking covenants and regulatory capital adequacy. The Group's financial modelling shows that the Enlarged Group should continue to be cash generative, maintain a surplus on its regulatory capital requirements and be able to operate within its current financing arrangements.

Based on the results of the financial modelling, the Directors expect that the Enlarged Group will be able to continue in operation and meet its liabilities as they fall due over this period. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Events after the reporting date

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Directors

A list of the current serving Directors and their biographies is given on page 60. Stephen Smith will not stand for re-election at the 2023 Annual General Meeting scheduled to take place on 24 May 2023, all the other Directors will stand for (re-)election at the 2022 Annual General Meeting.

Directors' indemnity

All Directors and Officers of the Company have the benefit of the indemnity provision contained in the Company's Articles of Association and have received a deed of indemnity from the Company. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and Officers, although no cover exists in the event Directors or Officers are found to have acted fraudulently or dishonestly.

Share capital

Mortgage Advice Bureau (Holdings) plc is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of the London Stock Exchange plc. The Company's issued share capital during the year and as at 31 December 2022 is shown in note 26. Save as agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by section 561 of the Companies Act 2006.

Rule 9 of the City Code

Under rule 9 of the City Code, where any person acquires an interest in shares which carry 30% or more of the voting rights that person is normally required to make a general offer to all remaining shareholders of the Company to acquire their shares.

The Panel on Takeovers and Mergers ("the Panel") considers two of the Directors (Peter Brodnicki and David Preece) as persons acting in concert for the purposes of the City Code. At 31 December 2022 the Concert Party held ordinary shares, in aggregate, representing 19.9% of the issued share capital of the Company.

Substantial shareholdings

At 31 December 2022, the Company had been notified of the following interests representing 3% or more of its issued share capital:

Shareholder	Holding
Liontrust Investment Partners	19.33%
Peter Brodnicki	18.24%
abrdn plc	9.88%
Kayne Anderson Rudnick Investment Management	8.87%
Octopus Investments Nominees Ltd	5.05%
M&G Plc	4.90%
SEB Investment Management AB	3.33%
Wasatch Advisors, Inc	3.10%

Directors' interests

Directors' emoluments, beneficial interests in the shares of the Company and their options to acquire shares are disclosed in the Directors' Remuneration Report. During the period covered by this report, no Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006. There are procedures in place to deal with any Directors' conflicts of interest arising under section 175 of the Companies Act 2006 and such procedures have operated effectively.

Related party transactions

Details of related party transactions are given in note 29.

Employee engagement

At MAB, we are committed to investing in and developing our employees to build the expertise and capacity to deliver sustainable growth over the long term. We maintain a culture that is based on knowledge, professionalism and diversity, putting customers first and adopting a team-based, collegiate approach. Retaining the commitment, integrity, expertise and passion of our people is vital to our success and remains a priority of the Board.

More details on how we have engaged with employees in 2022 can be found on in the Section 172(1) statement and the Environmental, Social and Governance sections of the Strategic Report on pages 41 to 43 and 49 to 52.

We continue to share the success of the Group with our employees. MAB operates a WorkSave Pension Plan available to all employees and contributes to the pension schemes of Directors and all employees. The Group operates an Unapproved Incentive Plan and a Share Incentive Plan, details of which are given in the Directors' Remuneration Report and the financial statements.

The Mortgage Advice Bureau (Holdings) plc Share Incentive Plan ("the SIP") enables eligible employees to buy shares in the Company in a tax advantageous manner by having an amount deducted from pre-tax salary each month. In addition, the Company grants participating employees matching shares. The SIP is proving ever more popular among our employees, with MAB employee participation now standing at 48% (2021: 44%). The take up among the employees of First Mortgage has also kept increasing year-on-year since the acquisition on 2 July 2019. The average monthly contribution has also increased to £111 (2021: £108).

Engagement with customers and suppliers

Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us to make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of customers, suppliers and shareholders' insights into the issues that matter most to them and our business.

In particular, maintaining an active dialogue and supporting our ARs is key to our business. We use a collaborative approach in operational matters such as setting goals and objectives and hold regular review meetings with each AR firm. We also work with specialist ARs and providers to explore new ideas and growing markets.

Several initiatives were introduced and built upon throughout the year to maximise engagement with our ARs and advisers. Investment were made across all of our major support functions, including sales, recruitment, marketing, regulatory and compliance. In 2022 we extended the scope of our customer care team to assist ARs and advisers in maximising every opportunity.

Regular business owner forums are used to educate our business owners on current trends, market updates and developments at MAB whilst fortnightly clinics are also held at an adviser level. Such sessions are designed to increase adviser skill and knowledge and ultimately to help support their proposition to their clients. These events supplement our content rich online platform, MABChat, which is used across our network, as well as MABHub, our training and competency online platform.

Fluent holds regular meetings with its key lead partners, ranging from weekly to monthly depending on the partner. Fluent produces a detailed suite a reporting KPIs for its lead partners, with KPIs including lead volumes, sales conversions, product choice, rate, payment, revenues, and many other customer data points. This KPI pack can also be automated and delivered directly into partner platforms in a timing schedule to suit them.

We aim to be at the forefront of providing good advice to consumers, leveraging our proprietary MIDAS platform, by offering our customers the choice of how they want to transact whilst giving our ARs the tools to improve their productivity. ARs input regularly into the MIDAS platform for instance through the Regular User Group that has been established. We continue to enhance our vulnerable customer strategy to ensure that appropriate support is provided when customers need it most.

We have further invested in our learning and development function and improved both our adviser induction process and Academy programmes to support our ARs with the recruitment of advisers. We have streamlined and created new content for our academy courses to allow advisers to be operational sooner whilst not compromising on the quality of customer outcomes.

In 2022, we created a new leadership programme, the "Deliver Wow Academy" and opened it to our AR business leaders. In total, 60 managers from our AR partners undertook the training course. The Deliver Wow Academy contains 9 modules including Emotional Intelligence, Effective Communication, Succession Planning and How to be Bolder. Our new bespoke training sessions have been tailored to our advisers' individual development needs, and are proving very popular.

Each region now has a dedicated learning and development consultant who works with our ARs and their advisers to help create bespoke learning packages to drive the knowledge and skill required to help our customers.

In recognition of our approach to learning and development, MAB is proud to have achieved the City & Guilds Princess Royal Training Award. The award is an honour for UK employers across all industries that have created lasting impact by successfully linking their skills development needs to business performance.

The quality of consumer outcomes is central to our culture, which is reflected in our compliance strategy. We run regular compliance workshops for each AR firm, and in 2022 we further improved MAB Hub, the online platform first launched in 2020 to aid with the provision of proactive and efficient compliance support to our ARs whilst helping their advisers with continuing professional development.

Strong and sustainable relationships with our product providers are also fundamental to our success. We hold regular roundtable events with them where topics such as business process improvements are discussed as a group. This open dialogue has for instance contributed to the implementation by our technology team of a more seamless mortgage submission process. We continue to complete further direct to lender submission routes for mortgage applications and have plans to extend these further in 2022, with the major top 10 lenders.

Maintaining good relationships with suppliers is also important to us. In 2022 we paid 97% of all our invoices within 30 days and won a Fast Payer Award.

■ Community engagement and charitable donations

Corporate Social Responsibility is important to the Group, and we try to engage with the communities in which we operate in a meaningful and impactful manner.

More details on our community engagement and charitable donations can be found in the Environmental, Social and Governance section of the Strategic Report on pages 53 to 56.

■ Political donations

The Group has made no political donations during the year (2021: £nil).

■ Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held on 24 May 2023. The notice of meeting is included with this document and contains further information on the ordinary business to be proposed at the meeting.

■ Principal risks and uncertainties

The Directors' view of the principal risks and uncertainties facing the business is summarised in the Strategic report on pages 29 to 40. A full review of financial risk management can be seen on pages 140 to 143.

■ Corporate governance

A full review of Corporate governance appears on pages 65 to 73.

■ Auditors

BDO LLP, who were appointed as auditors during 2014, have confirmed their willingness to continue in office as auditor in accordance with Section 489 of the Companies Act 2006. The Group is satisfied that BDO LLP are independent and there are adequate safeguards in place to safeguard their objectivity. A resolution to re-appoint BDO as the Company's auditor will be proposed at the AGM on 24 May 2023.

■ Directors' statement as to disclosure of information to the auditor

All of the Directors who were members of the Board at the time of approving the Directors' Report have taken all the steps they might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. To the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware.

On behalf of the Board

Lucy Tilley
Chief Financial Officer

27 March 2023

Introduction

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. Under the AIM Rules the Group is required to apply a recognised corporate governance code. The Board adopted the Quoted Companies Alliance ("QCA") corporate governance code, which requires the Group to apply 10 principles focused on the pursuit of medium to long-term value for shareholders and also to publish certain related disclosures.

As a Board we believe that good governance is crucial to the delivery of our strategic objectives. We aim always to remain abreast of best practice and of developments in the regulatory framework within which we operate, and in the way in which we seek to serve the needs of our customers.

Further details on MAB's corporate governance are contained in the section entitled 'Corporate Governance' on MAB's investor website (www.mortgageadvicebureau.com/investor-relations).

Board composition and independence

In 2022, the Board of Directors comprised three Executive Directors, four independent Non-Executive Directors and one other Non-Executive Director. Their biographies on page 60 demonstrate a range of experience which is key to the success of the Group.

The four independent Non-Executive Directors are considered by the Board to be independent of management and free from any relationship which might materially interfere with the exercise of independent judgement. As such, they provide a strong independent element to the Board. The Board does not consider the independent Non-Executive Directors' shareholdings to impinge on their independence. Nathan Imlach is the Senior Independent Director.

All the Non-Executive Directors bring a mix of skills and experience at a senior level of business operations and strategy. Together they bring the skills and experience which support our strategic direction and our culture.

All Directors have access to the Company Secretary, Fabien Holler, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. The Board meets at least seven times each year, and additional meetings are held as required. The Board is the principal forum for directing the business of the Group.

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group, sets its long-term objectives and commercial strategy, and approves its business plans, operating and capital budgets, and the interim and annual accounts.

The Board considers and approves the Group's dividend policy, changes in the Group's capital and financing structure, and significant transactions including acquisitions and disposals. The Board is responsible for ensuring the maintenance of a sound system of internal control and risk management, for Board appointments and succession planning, the approval of the Remuneration Policy and remuneration arrangements for the Directors and other senior managers, and for setting the terms of reference for Board Committees. Other matters are delegated to management, supported by policies for reporting to the Board.

The Company maintains appropriate insurance cover in respect of legal action against the Company's Directors, but no cover exists in the event that a director is found to have acted fraudulently or dishonestly.

The agenda and papers for Board meetings are distributed by the Company Secretary on a timely basis, usually five days before each Board meeting.

The roles of Chair and Chief Executive Officer are distinct with clear division of responsibilities. The Chair's role is to ensure good corporate governance, and her responsibilities include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, setting the Board's agenda, ensuring that all directors participate fully in the activities and decision making of the Board, and ensuring communication with shareholders. As part of the Senior Managers and Certification Regime (SM&CR) which applies to the Company as an FCA-regulated firm, the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer each have a specific role clearly set out in a statement of responsibilities. Together, they are responsible for overseeing the development and the delivery of the strategy approved by the Board, and the day-to-day operational and commercial management of the Group by the senior executive team. The Board is committed to developing the corporate governance and management structures of the Group to ensure they continue to meet the ongoing needs of the business.

On appointment, Board members, in particular the Chair and the Non-Executive Directors, disclose their commitments and agree to allocate such time as is necessary to the Company in order to discharge their duties effectively. The Board has considered the time commitments of each director and is comfortable that each has sufficient available capacity to carry out the required duties for the Company. Any conflicts of interest are dealt with in accordance with the Board's conflict of interest procedures.

All Executive and Non-Executive Directors retire and put themselves forward for re-election annually at each Annual General Meeting. Stephen Smith will not seek re-election at the 2023 Annual General Meeting. All the other Directors will stand for re-election.

The Board aims to lead by example and do what is in the best interests of the Company. We have a strong set of values as part of our MABology behaviours framework, that we communicate as fundamental to achieving good customer outcomes and promoting business success, and this is core to our culture. The board is committed to ensuring MAB has a healthy corporate culture and conducts an annual staff survey as part of this.

Induction, training and performance evaluation

All the Directors keep abreast of key issues and developments pertaining to industry, financial, regulatory and governance matters. The Directors regularly attend briefing seminars, conferences and/or industry forums, read trade publications and undertake training courses or online learning to keep up-to-date on relevant matters. Where appropriate, the Board receives presentations from industry and professional experts. The Chief Executive Officer and Deputy Chief Executive Officer are regular participants at a number of industry specific conferences, and the Chief Financial Officer regularly participates in seminars on accounting, other financial and governance matters.

In addition, the Non-Executive Directors hold other directorships and continually add to their skillset through those connections. Regular and open communication ensures that relevant information is disseminated effectively to the Board as a whole. Any Director, on appointment and throughout their service, is entitled to receive any training they consider necessary to fulfil their responsibilities effectively.

As required by SM&CR, the non-executive Chair regularly assesses the continuing fitness and propriety of each Board member and their individual contributions to ensure amongst other things that:

- their contribution is relevant and effective;
- they are committed; and
- where relevant, they have maintained their independence.

Board evaluation

In 2022 the recommendations and conclusions of the Board evaluation that had been undertaken in 2020 were kept under review and acted upon as necessary. A summary of the findings of the review of the Board's, Committee's and Chair's performance and overall effectiveness is detailed below. In the course of the year the Terms of Reference for each of the committees of the Board were updated to reflect changes required by developments in governance standards and practices. A Schedule of Matters Reserved for the Board was updated to reflect the change in size of the Group since the IPO in 2014.

The effectiveness evaluation process focused on the following areas:

- composition, mix of skills and experience, diversity;
- procedures and operation of the Board and Committees;
- culture and tone from the top;
- stewardship and governance; and
- strategy.

The evaluation confirmed that the board understands its strengths and weaknesses, and can respond appropriately according to changing market and business needs. The Board concluded that the composition of the Board and its Committees are appropriate, procedures in place are effective, responsibilities are divided clearly, and the Directors have the skills and experience, independence and knowledge to allow the Board and its Committees to effectively discharge their duties. The Senior Independent Director conducted a separate review with each of the Directors to assess the performance of the Chair and compiled a detailed report on these areas, shared with the Chair, and which concluded that the Chair was effective, and had the requisite skills, experience and knowledge required.

Induction programme

The Board has an induction programme so that new directors receive a formal induction on their appointment covering the activities of the Group, its key business, governing law and corporate governance codes, strategy, financial and regulatory risks, the terms of reference of the Board and its Committees, and the latest financial information. The induction programme includes meetings with the Executive Directors, Company Secretary, members of the Executive board and other members of management, meetings with external advisers including our Nominated Adviser and auditors as appropriate, and access to Board and Committee papers and minutes.

Board committees

To assist in discharging its duties, the Board has delegated authority to four specialist committees: an Audit Committee, a Group Risk Committee, a Remuneration Committee, and a Nominations Committee. The terms of reference of each committee are approved by the Board and kept under review. The Chair of each committee provides a report of any meeting of that committee at the following Board meeting.

Meetings and attendance

All directors are expected to attend all Board meetings and meetings of Committees of which they are members. In 2022, the number of Board meetings held was higher than scheduled as the Group faced the challenges caused by the cost of living crisis, and evaluated and executed the acquisitions of Fluent, Vita and Auxilium. Directors' attendance at meetings during the year was as follows:

Meetings attended (eligible to attend)	Board	Audit	Remuneration	Nomination	GRC
Katherine Innes Ker	17 (17)	5 (5)	6 (6)	1 (1)	8 (8)
Peter Brodnicki	17 (17)	–	–	1 (1)	8 (8)
Ben Thompson	15 (17)	–	–	–	8 (8)
Lucy Tilley	17 (17)	–	–	–	8 (8)
Nathan Imlach	15 (17)	5 (5)	5 (6)	1 (1)	8 (8)
Michael Jones	17 (17)	5 (5)	6 (6)	0 (1)	8 (8)
Stephen Smith	17 (17)	5 (5)	6 (6)	1 (1)	8 (8)
David Preece	17 (17)	–	–	–	8 (8)

Notes:
1. David Preece stood down as a member of the Audit and Remuneration Committees following the Company's 2020 AGM. He remains an observer on these Committees.

Audit Committee

The Audit Committee comprises Nathan Imlach (Chair), Katherine Innes Ker, Mike Jones and Stephen Smith. Nathan Imlach is a Chartered Accountant and the Board is satisfied that all members of the committee have recent and relevant financial experience. We have considered the Financial Reporting Council's guidance that the Committee should have competence relevant to the financial services sector and have concluded that the Committee, as a whole, satisfies this requirement. The Board believes the Committee is independent, with all members being independent Non-Executive Directors.

The responsibilities of the Audit Committee are outlined in the Committee's Terms of Reference, with its key responsibilities being:

- to review the reporting of financial and other information to the shareholders of the Company and to monitor the integrity of the financial statements;
- to review the Company's accounting procedures and provide oversight of significant judgement areas;
- to review the effectiveness of the Group's internal financial control and risk management systems;
- to review the effectiveness of the external audit process and the independence and objectivity of the external auditor;
- to review audit fees and proposals for future years; and
- to report to the Board how it has discharged its responsibilities.

Committee meetings are normally attended by representatives of the external and internal auditors. The Chief Executive Officer, Chief Financial Officer and Deputy Chief Executive Officer are invited to attend at the Committee's request. The presence of other senior executives from the Group may be requested. The Committee meets the Chief Financial Officer not less than four times a year and with representatives of the external auditors, without management present, at least once a year.

There is a cross membership with the Group Risk Committee, to help ensure that agendas are aligned, and key information is shared appropriately across the Board Committees.

Activities during the year

The Audit Committee met five times during the year, where it considered the significant financial and audit issues, the judgements made in connection with the financial statements and reviewed the narrative within the Annual Report and the Interim Report.

During the year the Audit Committee continued to monitor the internal audit function, which has been outsourced to RSM Risk Assurance Services LLP since March 2021. In light of an ever-changing regulatory environment, the committee resolved that outsourcing gives the Company access to greater skills externally, while having the ability to expand or reduce our internal audit activities to meet the ongoing demands of the business.

The Audit Committee also considered the appointment of, and fees payable to, the external auditor and discussed with them the scope of the interim review and annual audit.

Specific audit issues the committee discussed included:

- Assessment of whether each entity and the group as a whole are going concerns, including whether forecast performance would result in an adequate level of headroom over the group's available cash facilities;
- The correct recognition of revenues under IFRS 15;
- Review of the whether any impairment needed to be recognised in respect of the intangible assets of the group, including the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment;
- Review of whether any impairment needed to be recognised in respect of the carrying value of trade and other receivables;
- Review of provisions recognised in respect of commission on life policies that may be clawed back if the policy lapses within four years of being taken out and management's key assumptions and estimates applied in reaching these recognition and measurement decisions;
- Review of whether any impairment needed to be recognised in respect of the carrying value of investments in and loans to associates, or investments in non-listed equity shares;
- Review and approval of the internal audit plan for the year;
- Development of an audit and assurance policy;
- The design and implementation of enhanced information technology general controls around logical access management and change management for the Company's key financial systems through segregation of duties, adherence to formal change processes and formal user access reviews; and
- A review of the Committee's performance.

Significant judgements and estimates

Significant critical accounting judgements and key estimates in connection with the group's financial statements for the year ended 31 December 2022 and other matters considered by the committee included:

Goodwill and intangible assets	
As set out in Note 14 to the Group financial statements, at 31 December 2022, the Group had goodwill of £54.4m (2021: £15.2m). Under IAS 36, these balances are assessed annually for impairment. Impairment testing requires the application of judgement, largely around the assumptions that are built into the calculation of the value in use of the cash generating unit being tested for impairment.	The committee considered the impairment reviews carried out by management. These reviews focused on the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment. The underlying cash flow assumptions were challenged by management and the committee, having regard to historical performance. This was supported by the challenge to the Group's budgets earlier in the year. The main assumptions reviewed by the committee were the achievability of long-term business plans and the discount rate used as outlined in Note 14. These assumptions were subject to sensitivity analysis by management which was also reviewed by the committee. The committee concluded that the carrying values of goodwill and intangibles included in the financial statements are appropriate.

Acquisition accounting	
Business combinations are accounted for using the purchase accounting method. This involves assessing the fair value of the assets acquired and whether any assets acquired meet the criteria for recognition as separately identifiable intangible assets. Intangible assets are measured on initial recognition at their fair value at the date of acquisition.	The committee reviewed the purchase price allocations prepared by management, supported by appointed third-party experts, on the purchase of Fluent, Vita and Auxilium during the year. These reviews focused on the underlying future cash flow assumptions and the discount rate used to determine the present value of the cash flows attributable to the subject intangible assets. The committee concluded that the fair values of the identifiable assets and liabilities of these acquired businesses as at their respective dates of acquisition included in the financial statements are appropriate.
Contingent consideration payable on acquisitions	
The Group has entered into certain acquisition agreements that provide for a contingent consideration to be paid. A financial instrument is recognised for all amounts management anticipates will be paid under the relevant acquisition agreement. This requires management to consider whether contingent payments should be accounted for as consideration or remuneration, make an estimate of the expected future cash flows from the acquired business and determine a suitable discount rate for the calculation of the present value of any contingent consideration payments. As set out in note 15, the carrying amount of contingent consideration provided for at 31 December 2022 was £nil (2021: £2.2m).	The committee considered management's assessment of the amounts that will be paid under the relevant acquisition agreements. These reviews focused on the assumptions underlying the cash flows covering the contingent consideration period. Following this review, the committee was satisfied that the judgements exercised were appropriate and that the contingent consideration payable on acquisitions was fairly stated in the financial statements.
Clawback provision	
As detailed in Note 24, the Group recognises a provision for the estimated cost of repaying commission income received upfront on protection policies that may lapse in the four years following issue. This provision is an estimate and the actual amount and timing of future cash flows are dependent on future events. Management reviews this provision at each reporting date to ensure it is measured at the current best estimate of the expenditure required to refund the liabilities. Any difference between the amounts previously recognised and the current estimate is recognised immediately in the statement of comprehensive income.	The committee considered and challenged the nature of the provision, the potential outcomes and the prior history of cancellations in order to assess whether the provision recorded is prudent and appropriate. The committee discussed with management the key elements of judgement to assure themselves as to the adequacy and appropriateness of the provision. Following this discussion, the committee was satisfied that the judgements exercised were appropriate and that the provision was fairly stated in the financial statements.

Use of alternative performance measures	
The Group has identified certain measures that it believes will assist in the understanding of the performance of the business. These measures are not defined under IFRS but can be used, subject to appropriate disclosure in the Annual Report and Accounts. These alternative performance measures are net revenue, administrative expenses ratio, adjusted operating profit, adjusted profit before tax, adjusted EBITDA, adjusted profit after tax, adjusted earnings per share, headline cash conversion, adjusted cash conversion, and net debt, as set out on pages 160 to 162.	The committee considered the measures and felt that these alternative performance measures are those considered by management to be important comparables and key measures used within the business for assessing performance. They are not substitute for, or superior to, any IFRS measures. The committee was also satisfied that the disclosure of the alternative performance measures was appropriate.
Other matters	
In addition to the above matters, the committee assessed whether each entity and the Group as a whole are going concerns. The committee also reconsidered a number of other judgements made by management including IFRS 2 'Share-based payment', IFRS 9 'Financial instruments' and IFRS 16 'Leases'.	The committee considered whether the forecast financial performance would result in an adequate level of headroom over the Group's available cash facilities. The committee also discussed the key assumptions underpinning the Group's forecast financial performance with management regularly during the year and considered a range of sensitivities to those forecasts, together with the feasibility and effectiveness of mitigating factors. The committee concluded there are no material uncertainties that cast doubt about the Group's ability to continue as a going concern and that the adoption of the going concern basis is appropriate. The committee considered management's approach, proposed disclosures, assessment of impact on the financials and the judgements made in relation to impairment allowances and the factors considered around expected credit losses on financial instruments.

Internal audit

The internal audit function is responsible for providing assurance over the design and operational effectiveness of the internal controls related to the Group's key activities. Our internal audit activity is based around a strategic, risk-based approach to cyclical internal audit with consideration of the Group's key strategic priorities and risks. This approach is designed to provide assurance over key areas including; governance, risk management and control. During the year the internal audit function engaged in a number of activities, including:

- Developing our internal audit plan based on an analysis of the Group's corporate objectives, risk profile and assurance framework, as well as other factors such as emerging issues in our sector;
- Delivering audits providing assurance over the Group's procurement arrangements, oversight of Appointed Representatives, employee wellbeing and hybrid working arrangements, operational resilience and commission payments and reconciliation; and
- The internal audit function has developed a forward-looking plan to provide the Group with assurance over key areas of regulatory focus in 2023, including the new Consumer Duty and conduct risk management. The plan is supplemented by additional reviews on core business areas including information technology general controls as well as work due under a cyclical approach.

As the third line of defence, the internal audit function (together with the external auditors in connection with their audit of the financial statements) builds risk awareness within the organisation by challenging the first and second lines of defence to continue improving the internal control framework.

External auditor

An analysis of fees payable to the external audit firm in respect of audit and non-audit services during the year is set out in note 6 to the financial statements. The Company is satisfied the external auditor remains independent in the discharge of their audit responsibilities.

The Committee also reviews the external auditor's management letter and detailed presentations are made to the Committee by the Company's auditor at least once a year.

■ Remuneration Committee

As at 31 December 2022, the Remuneration Committee comprised Katherine Innes Ker (Chair), Nathan Imlach, Stephen Smith, and Mike Jones.

The Committee meets not less than twice a year, and more frequently as required. It is responsible for determining and reviewing the Group's policy on executive remuneration and other benefits, ensuring that this is aligned to the delivery of the Group's strategic objectives and terms of employment, including performance-related bonuses and share options. The Committee administers the operation of the share option and share incentive schemes established by the Company.

The members of the Remuneration Committee have no personal interest in the outcome of their decisions and seek to serve the interests of shareholders to ensure the continuing success of the Company. All members of the Remuneration Committee are independent Non-Executive Directors. The remuneration of the Non-Executive Directors is determined by the Executive Directors of the Board. No Director is permitted to participate in decisions concerning their own remuneration.

The Committee met six times during the year, with key items considered including:

- The Group's remuneration policy and its operation;
- Annual review of the Executive Directors' and other Senior Managers' base salaries and bonus arrangements;
- The impact of the cost of living crisis and support for employees, with a focus on the lower paid;
- Awards to be granted under the share option and share incentives schemes operated by the Company; and
- Vesting of executive share options.

The Committee continues to review the Group's long-term incentive plans to ensure it can continue to attract, retain and incentivise appropriately qualified staff to achieve its goals.

Further information about the Committee and the Group's remuneration policy is as set out on pages 74 to 79 in the Directors' Remuneration Report.

■ Nominations Committee

The Nominations Committee comprises Katherine Innes Ker (Chair), Nathan Imlach, David Preece, Stephen Smith, Mike Jones and Peter Brodnicki.

The Committee is responsible for:

- reviewing the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board and to make recommendations to the Board with regard to any changes;
- succession planning for both Executive Directors and Non-Executive Board roles, and other Senior Executives in the Group; and
- identifying and recommending to the Board for approval candidates to fill Board and senior management vacancies where required.

The Committee works in close consultation with the Executive Directors, with its main priorities being Board structure, ensuring that we have the right skills and experience to fulfil our responsibilities, and management development and succession.

The Nominations Committee met once during the year, to consider succession planning for the Executive Directors, to note appointments to and succession planning for the executive team, and to consider the development of succession planning for the Non-Executive Directors. Mike Jones replaced Stephen Smith as Chair of the Group Risk Committee on 1 November 2022.

■ Group Risk Committee, and Risk and Compliance Committee

The Group Risk Committee (GRC) comprises Stephen Smith (Chair until 31/10/22), Mike Jones (Chair from 1 November 2022), Katherine Innes Ker, Nathan Imlach, David Preece, Peter Brodnicki, Ben Thompson and Lucy Tilley. In 2022 the Group created a new role and appointed Paul Gill as Chief Risk Officer (CRO). Committee meetings are normally attended by Paul Gill.

The GRC met eight times in 2022 (five in 2021) to review and consider the following:

- All major Group-related existing and potential risks, including a review of the Group Risk Register, Risk Appetite and Management Framework, and any Risk and Compliance Committee escalations;
- The Consumer Duty regulations;
- Regulatory consultation papers and impending legislation changes;
- Senior Managers and Certification Regime (SM&CR);
- General Data Protection Regulation (GDPR);
- Cyber Security;
- Operational Resilience;
- M&A activity
- Environmental, Social and Governance (ESG), vulnerable clients, diversity, and any other relevant regulatory themes;
- The effectiveness of the Group's procedures on whistleblowing, anti-bribery and corruption, and anti money-laundering; and
- Other major risk considerations and relevant upcoming legislation.

The increased number of GRC meetings in 2022 predominantly reflected the work involved in planning for implementation of the Customer Duty regulations and the integration of Fluent.

The Risk and Compliance Committee (RCC) is chaired by the Chief Risk Officer. The RCC meets monthly and reports into the GRC. The remit of the RCC include reviewing the adequacy and effectiveness of the Company's internal controls, compliance and risk management systems (including conduct risk), ensuring that the Company is fulfilling its regulatory responsibilities. As and when required, the RCC escalates major risk events to the GRC.

Risk Management Framework

The Group's risk framework is designed to ensure that risks are identified, managed and reported effectively. The appointment of a new Chief Risk Officer (CRO) in 2022 has been key to further enhancing the Group's risk management framework, and this appointment has been supplemented by the adoption of the TriLine Governance, Risk and Compliance solution, which offers an effective portal for the tracking of risk-related activity, and the appointment of a Risk Data Analyst.

As part of the ongoing enhancements of the risk management framework the Group also re-designed its risk taxonomy to enable more cohesive and transparent risk insight and reporting. The risk taxonomy was reviewed and approved by GRC in September 2022 and has subsequently been embedded into the TriLine system.

MAB operate a "three lines of defence" model to support our risk management framework summarised as follows:

- First line: senior management and risk owners accountable for identifying, managing, assessing and treating risks sits within first line. These responsibilities include implementing and operating systems and controls to manage risk, identifying and reporting risks, reducing risk and implementing revisions where risks exceed risk appetite; and regularly assessing of risks within their remit.
- Second line: the second line consists of the following teams: Operational Risk, Compliance Policy & Governance, Quality & Risk Assurance, Supervision and Data Protection & Information Security who all provide a level of independence from the first line. They are responsible for providing oversight and challenge of the first line's day-to-day management, monitoring and reporting of risks to both senior management and in RCC.
- Third line: our external and internal audit partners are responsible for providing independent assurance to both senior management and the Audit Committee as to the effectiveness of the Group's governance, risk management and internal controls.

Output from the three lines of defence model is reported into the Risk & Compliance Committee on a monthly basis.

Statement of Risk Appetite (SORA)

The Statement of Risk Appetite outlines the amount and type of risk that the Group is prepared to accept in pursuit of its strategic objectives. Factors such as market, people, technology, regulation and policies help shape the Group's risk appetite. At least annually the Statement of Risk Appetite is formally reviewed and approved by the Risk & Compliance Committee, Group Risk Committee and the Board.

The Group retains a balanced overall appetite for risk, ensuring that its internal controls support business growth expectations and mitigate risk to appropriate levels.

Risk assessment

All risk owners within MAB are required to identify and assess their departmental risks on a quarterly basis. TriLine has been configured to align with MAB's risk taxonomy and supports risk owners with the following:

- Risk identification
- Assessment of risks and the potential consequences
- Management of significant risks
- Reporting and monitoring of risks
- Ownership of the risk management framework

The Group's risk assessment process includes the assessment of the inherent and residual likelihood and impact of a risk materialising. Reporting is presented to the Risk and Compliance Committee following quarterly reviews with relevant information being presented to GRC and the Board.

Consumer Duty

The Financial Conduct Authority published its final rules on the Consumer Duty in July 2022, with rules coming into effect on 31 July 2023. The MAB Board approved the Group's Consumer Duty Implementation Plan which sets out the intended plan and approach to enable MAB to meet the requirements of the duty by the deadline as established by the FCA. The plan has identified appropriate project and governance arrangements through which progress against the plan will be tracked by the Board.

The enhanced customer outcomes focus principally encompasses the following:

- products and services;
- price and value;
- customer understanding; and
- customer support.

Under the new rules, MAB is required to ensure that customers receive products that provide "fair value" and to challenge product providers where required.

Good customer outcomes have always been central to MAB's strategy. The MAB team have made good progress against the planned activities, which includes reviewing our processes, policies, communications, and customer journey, to ensure we achieve good customer outcomes through our interactions and engagement with customers and that where changes are required, these are implemented across the business ahead of the 31 July 2023 implementation date.

To drive these changes, we have also appointed an Executive Champion for Consumer Duty, who is the ultimate sponsor, promoter, and supporter of the new regulation. Significant time, focus and resource has enabled us to make good progress towards meeting the 31 July 2023 deadline. This is a large body of new work for MAB, but one we believe will further strengthen the Group and the important role it plays in the housing and mortgage markets.

MAB is also actively engaged in the work of Association of Mortgage Intermediaries (AMI) trade body on Consumer Duty and its requirements.

■ Communications with shareholders

The Board is committed to maintaining communication with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and financial statements, the Interim Report, the AGM and the Group's website (www.mortgageadvicebureau.com/investor-relations).

All Directors will normally attend each AGM and shareholders are given the opportunity to ask questions. In addition, the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer welcome dialogue with individual institutional shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the annual and interim results, and prompt feedback is received by the Board through the Company's corporate brokers.

The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws. The Chair and other Non-Executive Directors make themselves available for meetings as appropriate.

■ Internal control and risk management

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks and can only provide reasonable not absolute assurance against material misstatement or loss.

The Directors believe that the Group has internal control procedures in place appropriate to the size and nature of the business. In accordance with the guidance of the Turnbull Committee on internal control, an ongoing process is in operation for the identification, evaluation and management of significant risks faced by the Group. The Board routinely reviews the effectiveness of the system of internal control and risk management to ensure controls react to changes in the nature of the Group's operations. There are two Board committees that review various risks: the Audit Committee and the Group Risk Committee. Further details of these committees are described on pages 67 to 73.

The Group maintains appropriate insurance cover and reviews the adequacy of the cover regularly, in conjunction with the Group's insurance brokers.

On behalf of the Board

Lucy Tilley

Chief Financial Officer

27 March 2023

Remuneration committee

The committee is responsible for the Group's policy on executive remuneration, including performance related annual bonus and share option awards, other benefits, and terms of employment. The Committee also administers the operation of the share option schemes and share incentive schemes established by the company, including the Long Term Incentive Plan (LTIP) and Appointed Representative option scheme. The Committee operates under terms of reference approved by the Board.

The members of the Committee as at 31 December 2022 were Katherine Innes Ker (Chair), Nathan Imlach, Stephen Smith, and Mike Jones.

Remuneration policy

The Group's remuneration policy sets basic salaries at a level which is competitive with comparable AIM-listed businesses, with a substantial proportion of the overall package of compensation linked to performance through participation in short and long term incentive schemes. Executive Directors receive other customary benefits such as pension contributions, death in service insurance, sick pay, and private medical insurance. The objective is to attract, retain and appropriately incentivise high performing executives capable of achieving the Group's objectives and thereby enhance shareholder value.

During the year, the Committee reviewed the operation of the remuneration policy, assessing the appropriateness and effectiveness of the performance measures and the balance between the use of short and long term performance measures, being the annual bonus and the LTIP.

The Committee agreed to rebalance the Executive Directors' remuneration structure in favour of longer term objectives from 2023 onwards. The maximum potential payout under the annual bonus is reduced from 200% to 150% of base salary and the annual award under the LTIP increased from 100% to 150% of base salary. This better aligns the remuneration with best practice and with shareholder interests.

In addition, the annual bonus performance targets for 2023 include ESG performance measures. From being based 100% on adjusted PBT, in 2023 the performance targets will become based 90% on adjusted PBT and 10% on ESG measures related to achieving good customer outcomes. These measures are selected by the GRC and derived from KPIs monitored and reported on to track the quality of advice, and recommended to the Remuneration Committee for inclusion in the 2023 annual bonus. These new performance targets reflect the importance to the Group of a robust governance framework putting the customer first and the work that has been carried out towards the implementation of the new Consumer Duty. The Remuneration Committee will consider including further meaningful ESG-related metrics in the LTIP performance criteria from 2024 onwards.

Remuneration activity in response to the cost-of-living crisis

In 2022 the average pay rise awarded to employees across the Group was 4.5%. In response to the cost of living crisis that was precipitated in early 2022 by the war in Ukraine, the Board awarded in June 2022 an additional £1,000 pay rise to all eligible non-bonussed head office employees, aimed at benefiting the lowest paid employees. None of the Executive Directors, senior management, or other employees with a significant element of bonus received the pay increase. The Executive Directors reduced their allocations in the 2022 LTIP awards from 1.75x to 1.0x base salary to part fund the additional cost of the salary increases.

In addition, a £250 cash bonus was awarded to all non-bonussed head office employees in December 2022. None of the Executive Directors, senior executives or employees with a significant element of bonus received the cash bonus.

Salaries and fees

Salaries for Executive Directors are reviewed annually, taking into account increases in base pay for employees and external benchmark data, and the effective date for changes in Directors' remuneration is 1 January. After remaining unchanged throughout 2021, reflecting the impact of the continuing pandemic and the uncertain economic outlook, the Executive Directors' salaries were increased by 4.5% from 1 January 2022, in line with the average across the Group.

Fees for the Non-Executive Directors are determined by the Executive Directors, having regard to the fees paid to Non-Executive Directors in other AIM-listed companies of a similar size and complexity, the time commitment and the responsibilities of the role. Non-Executive Directors do not receive bonuses and do not participate in the share incentive schemes. No options are held by the Independent Non-Executive Directors. No Director is permitted to participate in decisions about his or her own remuneration.

For 2022, Non-Executive Directors were paid an annual base fee of £38,400. In addition, a fee of is paid to the Chairs of the Audit, Group Risk and Remuneration Committees, and to the Senior Independent Director. Set at £3,600 and £2,100 per annum respectively, these were benchmarked against other AIM-listed companies and in part reflect increasing responsibilities including under the Senior Managers and Certification Regime.

Effective 1 January 2023, the base salaries of Peter Brodnicki and Ben Thompson were raised by 10%, and Lucy Tilley's base salary was raised by 12%. These increases reflect the near doubling in size of the Group following the acquisition of Fluent, Vita and Auxilium, and the increase in the scale and scope of the Executive Directors' responsibilities.

Annual base fees for the Non-Executive Directors were increased from 1 January 2023 to £40,000 and the fee for chairing a Committee of the Board was increased to £9,000 pa. These better align the NED fees with other AIM listed businesses of a similar scale and reflect the increased responsibility that results from the FCA's enhanced supervisory regime, and in particular the introduction in 2023 of the new Consumer Duty.

■ Annual bonus

In 2022, the annual bonus scheme was based on the actual increase in adjusted Profit Before Tax achieved for the year compared to the highest previous adjusted Profit before Tax, a "high watermark scheme", before the impact of the acquisitions made in year. The maximum award under the scheme was 200% of basic salary for any individual Executive Director.

The growth in profit in 2022 was measured over the adjusted profit before tax for the year ended 31 December 2021, as the previous high watermark profit of £23.2m. This resulted in a bonus pool distributed between the Executive directors, and details are given on page 76.

A transaction bonus was awarded to the Executive Directors and to key executives on the successful completion and integration of the acquisition of Fluent, and details are given on page 76. As stated on page 74, from 2023 onwards, the annual award under the annual bonus scheme will be capped at 150% of base salary, and performance targets will no longer be solely based on adjusted PBT.

■ Long Term Incentive Plan

The Group has adopted the Mortgage Advice Bureau Executive Share Option plan as the Long Term Incentive Plan (LTIP) to incentivise certain of its senior employees and directors.

On 6 June 2022, 154,850 options over ordinary shares of 0.1 pence each in the company were granted to the Executive Directors and senior executives of MAB under the Mortgage Advice Bureau Executive Share Option Plan. The exercise of the options is subject to the achievement of performance conditions based on total shareholder return (TSR) and earnings per share (EPS) criteria. Subject to the achievement of the performance conditions, these options will vest on 6 April 2025. The exercise price for these options is 0.1 pence, being the nominal cost of ordinary shares.

The 2019 LTIP award vested in July 2022. Half of the award was subject to an EPS performance condition measured over three financial years and the other half subject to a TSR performance condition measured over three years from grant. 100% of the TSR performance condition was achieved, and just over 80% of the EPS performance condition was achieved. As a result, just over 90% of the total award vested.

■ Service contracts

It is the Group's policy for all Executive Directors to have contracts of employment that contain a termination notice period not exceeding twelve months. The appointment of the Chief Executive Officer, Peter Brodnicki, continues until terminated by either party giving not less than twelve months' notice to the other party. The appointments of the Deputy Chief Executive Officer, Ben Thompson, and of the Chief Financial Officer, Lucy Tilley, continue until terminated by either party giving not less than six months' notice to the other party.

The Non-Executive Directors do not have service contracts. A Letter of Appointment provides for an initial period of 36 months and continues until terminated by either party by giving three months' prior written notice at any time after the initial 36-month period. All Directors are subject to annual re-election at the Annual General Meeting.

■ Employee incentivisation and reward

MAB is committed to the provision of an inclusive working environment and ensuring the fair reward of all employees, regardless of seniority across the business. In addition to the Executive Directors and senior management, the Committee considers wider workforce remuneration and reward.

■ Share Incentive Plan

The Mortgage Advice Bureau (Holdings) plc Share Incentive Plan (SIP) enables employees to buy shares in the Company at an effective discount to the London Stock Exchange price by having an amount deducted from pre-tax salary each month. In addition, the Company grants participating employees matching shares.

The Share Incentive Plan is proving ever more popular among our employees, with MAB employee participation now standing at 48% (2021: 44%). The take up among the employees of First Mortgage has also kept increasing year-on-year since the acquisition on 2 July 2019.
The average monthly contribution has also increased to £111 (2021: £108).

■ Single total figure of remuneration for each director

The Directors' remuneration payable in respect of the year ended 31 December 2022 was as follows:

	Basic salary and fees		Annual bonus[1]		Pension contributions		Benefits[2]		Long-term incentive plan[3]		Total	
	2022 £000s	2021 £000s	2022 £000s	2021 £000s	2022 £000s	2021 £000s	2022 £000s	2021 £000s	2022 £000s	2021 £000s	2022 £000s	2021 £000s
Executives												
Peter Brodnicki	410	390	282	440	–	–	2	2	298	127	993	959
Ben Thompson	276	258	282	440	2	5	2	1	298	357	859	1,062
Lucy Tilley	268	250	242	342	–	4	–	–	232	127	741	723
Sub-Total	954	898	806	1,223	2	9	4	3	827	611	2,593	2,744
Non-Executives												
Katherine Innes Ker	89	85	–	–	–	–	–	–	–	–	89	85
Nathan Imlach	44	42	–	–	–	–	–	–	–	–	44	42
Stephen Smith	42	40	–	–	–	–	–	–	–	–	42	40
David Preece[4]	68	93	–	–	–	–	–	–	–	38	68	131
Mike Jones	42	33	–	–	–	–	–	–	–	–	42	33
Sub-Total	286	293	–	–	–	–	–	–	–	38	286	332
Total	**1,239**	**1,192**	**806**	**1,223**	**2**	**9**	**4**	**3**	**827**	**649**	**2,878**	**3,075**

Notes:
1. For 2022, bonuses include a £100k transaction bonus paid to each Executive Director relating to the Fluent acquisition.
2. The benefit package of each Executive Director includes the provision of life assurance and the option of private medical assurance under a Group scheme.
3. Total market price of shares under option vesting during the year at their vesting date, less any option exercise price payable.
4. For 2022, basic salary and fees figure included Non-Executive Director fees of £38,400 (2021: £36,500) and an additional consultancy fee of £30,000 (2021: £56,600).

■ Directors' interests in shares

As at 31 December 2022, the interest of the Directors in the Ordinary shares of the Company were:

Director	Ordinary shares of 0.1p	%
Peter Brodnicki	10,401,336	18.24
David Preece	924,800	1.62
Ben Thompson	83,915	0.15
Nathan Imlach	26,057	0.05
Lucy Tilley	21,131	0.04
Katherine Innes Ker	16,304	0.03
Mike Jones	3,000	0.01
Stephen Smith	–	–

Note:
Directors' shareholdings include any shareholdings of trusts or family members deemed to be connected persons.

■ Interest in options

The Group operates the Mortgage Advice Bureau Executive Option Plan by which certain of the Executive Directors and other Senior Executives are able to subscribe for ordinary shares in the Company. All options were measured at fair value at the date of grant. The interests of the Directors during 2022 were as follows:

Director		Date granted	Exercise price £	At 1 Jan 2022 No.	Granted during the year No.	Exercised during the year No.	Forfeited/ Not vested during the year No.	At 31 Dec 2022 No.
Peter Brodnicki	**(1)**	Jun-22	0.001	–	36,262	–	–	36,262
	(2)	Apr-21	0.001	19,766	–	–	–	19,766
	(3)	Jul-20	0.001	37,108	–	–	–	37,108
	(4)	Jul-19	0.001	37,396	–	–	3,679	33,717
	(5)	Apr-18	0.001	9,957	–	–	–	9,957
				104,227				**136,810**
Ben Thompson	**(1)**	Jun-22	0.001	–	24,097	–	–	24,097
	(2)	Apr-21	0.001	19,766	–	–	–	19,766
	(3)	Jul-20	0.001	37,108	–	–	–	37,108
	(4)	Jul-19	0.001	37,396	–	–	3,679	33,717
				94,270				**114,688**
Lucy Tilley	**(1)**	Jun-22	0.001	–	23,231	–	–	23,231
	(2)	Apr-21	0.001	17,570	–	–	–	17,570
	(3)	Jul-20	0.001	28,862	–	–	–	28,862
	(4)	Jul-19	0.001	29,085	–	–	2,862	26,223
	(5)	Apr-18	0.001	9,957	–	–	–	9,957
				85,474				**105,843**

Notes:
(1) Unapproved Option scheme - first date exercisable is 6 April 2025, last date exercisable is 6 April 2030.
(2) Unapproved Option scheme - first date exercisable is 1 April 2024, last date exercisable is 1 April 2029.
(3) Unapproved Option scheme - first date exercisable is 22 April 2023, last date exercisable is 22 July 2028.
(4) Unapproved Option scheme - first date exercisable is 1 July 2022, last date exercisable is 1 July 2027.
(5) Unapproved Option scheme - first date exercisable is 11 April 2021, last date exercisable is 9 April 2026.

■ LTIP awards

All the LTIP awards are subject to a three-year service period from the date of grant. Half of the award is subject to a condition relating to the Company's growth in adjusted EPS over three financial years (the EPS Performance Condition), and the other half is subject to a condition relating to the Company's growth in TSR over three years from grant (the TSR Performance Condition). Vested and unvested LTIP awards are subject to a formal malus and clawback mechanism.

The following performance conditions apply to the outstanding LTIP awards. Vesting is on a straight-line basis between threshold and maximum.

2020 award:

Metric	Weighting (% of award)	Performance condition	Threshold	Maximum
Vesting (% of maximum)			40%	100%
Adjusted EPS	50%	Absolute growth in adjusted earnings per share over the three-year performance period	12.5%	25%
Total shareholder return (TSR)	50%	Average absolute annual growth in TSR over the three years from grant	7.5%	15%

The 2020 award reflected the adverse impact of the Coronavirus pandemic on the Group's adjusted EPS in 2020.

2021 award:

Metric	Weighting (% of award)	Performance condition	Threshold	Maximum
Vesting (% of maximum)			25%	100%
Adjusted EPS	50%	Absolute growth in adjusted earnings per share over the three-year performance period	40%	70%
Total shareholder return (TSR)	50%	Average absolute annual growth in TSR over the three years from grant	5%	15%

2022 award:

Metric	Weighting (% of award)	Performance condition	Threshold	Maximum
Vesting (% of maximum)			25%	100%
Adjusted EPS	50%	Compound annual growth rate in EPS	15%	26%
Total shareholder return (TSR)	50%	Compound annual growth rate in shareholder value	10%	20%

Note 31 to the financial statements contains details of all options granted to directors and employees as at 31 December 2022. All of the share options were granted for nil consideration.

■ Total shareholder return performance graph

The graph below illustrates the total shareholder return (TSR) for the eight years ended 31 December 2022 in terms of the change in value of an initial investment of £100 against the corresponding TSR in hypothetical holdings of shares in the FTSE AIM All Share Index.

The Company is a member of the FTSE AIM All Share Index and considers this to be the most appropriate broad equity market index for the purpose of measuring the Company's relative performance.

The mid-market closing price of the Company's ordinary shares at 31 December 2022 was 530 pence and the range during the financial year was 482 pence to 1,470 pence.

None of the Directors had an interest in any contract of significance in relation to the business of the Company or its subsidiaries at any time during the financial year.

■ Shareholder engagement

We take a keen interest in our shareholders' views on executive remuneration and welcome any feedback on the Directors' Remuneration Report. At the 2022 AGM, 99.99% of the votes cast were in favour of accepting the Remuneration Report.

This Remuneration Report will be subject to an advisory vote at the 2023 AGM. Our goal is to be clear and transparent in the presentation of this report and I look forward to shareholders' support on this resolution.

On behalf of the Board

Katherine Innes Ker
Chair of the Remuneration Committee

27 March 2023

The Directors are responsible for preparing the Directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. The maintenance and integrity of the corporate and financial information included on the Group's website is the responsibility of the Directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mortgage Advice Bureau (Holdings) PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We have assessed the reasonableness of the assumptions within the Directors' forecast for liquidity and profitability for a period of 12 months from the signing of these accounts corroborating the inputs to supporting documentary evidence. This involved considering the base and stress scenarios testing undertaken by the Directors to support the Going concern assessment which included assumptions about the potential impact this could have on revenue (mainly from purchase mortgages) and possible cost saving measures. We assessed whether the capital and cash positions are adequate and whether the Group complies with its covenant requirements in both the base and stress scenarios.
- We have reviewed publicly available information on the house market and house price index to assess any impact on going concern.
- We assessed how the directors have factored in ongoing economic pressures such as high inflation, cost of living crisis and increasing interest rates on the business, checking these had been appropriately considered as part of the Directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*99.1% (2021: 100%) of Group profit before tax* *99.9% (2021: 100%) of Group revenue* *99.4% (2021: 100%) of Group total assets*		
Key audit matters		**2022**	**2021**
	Revenue Recognition	✔	✔
	Clawback Provision	✔	✔
	Valuation of deferred consideration and put/call options	✔	✔
	Acquisition of subsidiaries	✔	✘
Materiality	Group financial statements as a whole £1,006,000 (2021: £918,000) based on 5% (2021: 5%) of adjusted Profit before tax (2021: 3 year average Profit before tax).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group is made up of the Parent Company and its wholly owned subsidiaries. The significant components were determined to be MAB Limited, MAB Derby Limited and Project Finland Topco Limited and its subsidiaries. These three components were subject to full scope audits performed by the Group audit team. In respect of the non-significant components the Group audit team carried out specific procedures on balances that were identified as material to the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**How the scope of our audit addressed the key audit matter**
Revenue Recognition Management's associated accounting policies are outlined in note 1 and with the detailed disclosure in note 3 to the financial statements. The Group's revenue comprises of commissions (including procuration fees), client fees and other income. Revenue recognition is considered to be a significant audit risk as it is a key driver of the return to investors and there is a risk that there could be manipulation or omission of amounts recorded in the system. For these reasons we considered this to be a key audit matter.	We performed the following procedures: • We assessed whether the Group approved policies are in accordance with the applicable accounting standards. • We tested the operating effectiveness of the reconciliation controls in place between revenue and cash banked and agreed revenue per the reconciliation to third party reports. • For commission income we obtained the third party reports supporting the transactions selected for testing and traced a sample back to cash receipts. • Using third party reports, we recalculated the procuration fees to be recognised independently and agreed to cash received. • For client fees we agreed a sample to providers' statements and cash receipts. • We vouched a sample of other income to third party reports and cash to check that they have been accounted for in the correct period. **Key observations:** Based on these procedures we consider revenue to have been recognised appropriately in line with accounting standards.

Key audit matters (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Clawback provision Management's associated accounting policies with detail about judgements in applying accounting policies and critical accounting estimates are outlined in note 2 with the detailed disclosure in note 24 to the financial statements. The clawback provision is an estimate of the commission received up front that is repayable on life assurance policies that may lapse in a period of up to four years following inception of the policies. The significant estimates and judgements made in determining the provision are set out in note 2e to the financial statements. The clawback provision is considered a significant audit risk due to the management judgement and estimation applied in calculating the repayment commission and we therefore considered this to be a key audit matter.	Our procedures included the following: • We compared the relevant assumptions e.g. unearned commission, likely future lapse rates and lapse rate history used in the model with third party reports. • For other assumptions e.g. age profile of the commission received, the Group's share of any clawback, and the success of the Appointed Representatives in preventing lapses and/or generating new income at the point of a lapse, we validated these to management's supporting analysis of the Group's actual experience based on data gathered from third party providers' statements. • We tested the arithmetical accuracy of the spreadsheet model. • We agreed inputs into the model for a selected sample back to third party supporting documentation. • We reviewed the historic payback patterns and performed testing on the historical accuracy of management's provisions by comparing clawbacks during the current financial year to the prior year provision raised. **Key observations:** Based on the procedures undertaken we consider the judgments and estimates made by management in calculating the clawback provision to be reasonable.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of deferred consideration and put/call options Management's associated accounting policies with the detail about judgements in applying accounting policies and critical accounting estimates are outlined in the notes 2 and with the detailed disclosure in note 15 to the financial statements. The Group has a number of investment in associates and subsidiaries which either have a deferred consideration element or put/call options assigned to them or both. The valuation of these balances comprises of key inherent risks for the Group with respect to management judgements and estimates and we therefore considered this to be a key audit matter.	Our procedures included the following: Deferred Consideration • We reviewed all share purchase agreements and traced all payments to bank statements. • We reviewed management's deferred consideration calculation and agreed the inputs back to supporting documentation. • We evaluated whether management's deferred consideration calculation was performed in accordance with the applicable accounting standards. Put/Call Options • We reviewed all valuation reports prepared by management's expert and all options agreements and agreed inputs back to supporting documentation. We assessed whether the valuation was appropriate and in accordance with applicable accounting standards. • We assessed the reasonableness of the valuation methodology used by management with the assistance of our internal valuation experts. **Key observations:** Based on the procedures undertaken we consider the judgments and estimates made by management on the valuation of deferred consideration and put/call options to be reasonable.
Acquisition of subsidiaries The accounting policies and critical judgements and estimates applied are disclosed within the Group's accounting policies in note 2 to the financial statements with the detailed disclosure in note 18 to the financial statement. During 2022, the Group completed the acquisitions of subsidiaries ("the Transactions") as set out in Note 18. The accounting for the acquisition balance sheet and the subsequent Purchase Price Allocation ("PPA") assessment, involved the alignment of material accounting policies, determination of the fair value of consideration, identification and valuation of intangible assets at acquisition date and the subsequent goodwill as well as put/call options. Management engaged an external expert to undertake the PPA assessment and assist with the assessment of corporation tax and deferred tax balances associated with the transaction. These acquisitions are material, non-routine transactions for the Group and the accounting considerations and disclosures are complex and include significant management estimates and judgements. We have therefore determined this to be a key audit matter.	We reviewed the Sale and Purchase Agreements to understand the structure of the Transactions and to confirm the consideration paid. We also assessed whether the Group exercised control on those subsidiaries upon completion of the Transactions in accordance with IFRS 10 and checked the effective dates of the Transactions. Our detailed procedures included the following: • We reviewed the reports prepared by management's experts and documentation from management on the accounting treatment of the Transactions and held various discussions with management to assess and check whether the accounting treatment of the business combination, put/call option and related accounting matters were in line with the applicable accounting standards. • With the assistance of our internal valuation experts we reviewed and assessed the valuation methodology and significant assumptions, including the identification of amounts related to customer relationships, and other intangibles, included in the PPA. • We evaluated the capabilities, competence, objectivity and independence of the valuation experts engaged by management for the PPA assessment.

Key audit matter	How the scope of our audit addressed the key audit matter
	• We have checked the completeness and reasonability of intangible assets identified and capitalised by management by understanding the business through discussions with management, reviewing prior years accounts and obtaining an understanding of material business cycles. • We reviewed the cashflow forecasts prepared by management including inputs and assumptions used to assess the fair value of intangible assets acquired by comparing to actual and historical results and industry data and the reasonableness of the underlying information used. • For the remaining balances, we performed audit procedures and obtained supporting documentation, on a sample basis, to confirm the completeness, accuracy and carrying value of the amounts included on the acquisition balance sheet. • We checked the alignment of the subsidiaries' accounting policies to group accounting policies and tested management's assessment and adjustments as a result of the first time adoption of IFRS on those acquired subsidiaries against the requirements of the applicable accounting standards. • We confirmed the acquisition accounting entries in the group statements and the calculation of goodwill against requirements of the applicable financial reporting standard. • With the assistance of our internal tax specialists, we reviewed the corporation and deferred tax entries associated with the Transactions and the recoverability of the deferred tax asset recognised. • We reviewed the adequacy of the disclosure notes in the financial statements in relation to the Transactions to assess compliance with the requirements of the applicable accounting standards. **Key observations:** Based on the procedures performed, we considered the methodology and assumptions used in the accounting for the Transactions to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent Company financial statements**	
	2022	**2021**	**2022**	**2021**
Materiality	£1,006,000	£918,000	£268,000	£214,000
Basis for determining materiality	5% of profit before tax, excluding write off of investment in non-listed equity shares	5% of 3 year average profit before tax	5% of Total investments	
Rationale for the benchmark applied	Profit before tax was determined to be the most appropriate benchmark as the Group is listed with profitability seen as the main interest of investors. The write off of investment in non-listed equity shares has been excluded as this is a non-routine event.	Profit before tax was determined to be the most appropriate benchmark as the Group is listed with profitability seen as the main interest of investors.	As the Parent Company is a holding company, it was considered appropriate to determine materiality based on Total investments.	
Performance materiality	£754,000	£688,000	£201,000	£160,000
Basis for determining performance materiality	75% of materiality based on our risk assessment and our assessment of expected total value of known and likely misstatements.			

Component materiality

We set materiality for each significant component of the Group, including the parent company, based on a percentage of between 43% and 79% (2021: 78% and 99%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £436,515 to £792,000 (2021: £712,000 to £905,000). In the audit of each significant component, we further applied performance materiality levels ranging from 65% to 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £20,000 (2021: £18,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company and the industry in which it operates and considered the risk of acts by the Group and Parent Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Financial Conduct Authority ("FCA") regulations, FCA Mortgage Advice and Selling Standards, the applicable accounting standards and tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls, the risk of fraud in revenue recognition and in relation to accounting estimates such as the clawback provision and intangible assets recognition and measurement.

Our procedures in response to the above included:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the audit committee for any instances of non-compliance with laws and regulation and any known or suspected instances of fraud;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and correspondence with the Financial Conduct Authority to check for any instances of non-compliance with applicable laws and regulations;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments on a sample basis to supporting documentation;
- in respect of the risk of fraud in relation to revenue recognitions and in accounting estimates such as the clawback provision and intangible assets recognition and measurement, performing the procedures as set out in the Key Audit Matters section of our report; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ariel Grosberg
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

27 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

	Note	**2022 £'000**	2021 £'000
Revenue	3	**230,820**	188,663
Cost of sales	4	**(167,873)**	(137,697)
Gross profit		**62,947**	50,966
Administrative expenses		**(36,000)**	(27,844)
Impairment of loans to related parties	19	**–**	(16)
Share of profit of associates	15	**712**	1,011
Costs relating to First Mortgage, Fluent and Auxilium options	5	**(1,999)**	(967)
Amortisation of acquired intangibles	5	**(2,582)**	(367)
Acquisition costs	5	**(2,755)**	–
Impairment of associate	15	**–**	(408)
Non-listed equity investment written off	16	**(2,783)**	–
Profit on disposal of associate	15	**19**	–
Profit on sale of non-listed equity investment	16	**58**	311
Gain on fair value measurement of deferred consideration	15	**884**	–
Gain on fair value measurement of non-listed equity investment	16	**–**	283
(Loss)/gain on fair value measurement of derivative financial instruments	15	**(18)**	328
Operating profit	6	**18,483**	23,297
Finance income	8	**108**	45
Finance expense	8	**(1,238)**	(160)
Profit before tax		**17,353**	23,182
Tax expense	9	**(4,574)**	(3,910)
Profit for the year		**12,779**	19,272
Total comprehensive income		**12,779**	19,272
Profit is attributable to:			
Equity owners of Parent Company		**12,237**	18,722
Non-controlling interests		**542**	550
		12,779	19,272
Earnings per share attributable to the owners of the Parent Company			
Basic	10	**21.8p**	35.2p
Diluted	10	**21.6p**	35.0p

All amounts shown relate to continuing activities.

The notes on pages 94 to 152 form part of these financial statements.

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**6,128**	2,667
Right of use assets	13	**3,872**	2,457
Goodwill	14	**53,885**	15,155
Other intangible assets	14	**55,823**	2,704
Investments in associates and joint venture	15	**11,387**	12,433
Investments in non-listed equity shares	16	**–**	2,783
Derivative financial instruments	15	**320**	220
Other receivables	19	**831**	1,098
Deferred tax asset	25	**1,797**	1,871
Total non-current assets		**134,043**	41,388
Current assets			
Trade and other receivables	19	**10,288**	6,341
Derivative financial instruments	15	**–**	142
Cash and cash equivalents	20	**25,462**	34,411
Total current assets		**35,750**	40,894
Total assets		**169,793**	82,282
Equity and liabilities			
Share capital	26	**57**	53
Share premium	26	**48,155**	9,778
Capital redemption reserve	27	**20**	20
Share option reserve	27	**4,511**	3,523
Retained earnings	27	**15,154**	25,408
Equity attributable to owners of the Parent Company		**67,897**	38,782
Non-controlling interests		**7,548**	2,205
Total equity		**75,445**	40,987
Liabilities			
Non-current liabilities			
Trade and other payables	21	**9,438**	2,583
Provisions	24	**8,038**	5,716
Lease liabilities	13	**3,014**	2,202
Derivative financial instruments	15	**10**	34
Loans and other borrowings	22	**16,598**	–
Deferred tax liability	25	**14,659**	757
Total non-current liabilities		**51,757**	11,292
Current liabilities			
Trade and other payables	21	**34,397**	29,342
Lease liabilities	13	**933**	394
Loans and other borrowings	22	**6,809**	–
Corporation tax liability		**452**	267
Total current liabilities		**42,591**	30,003
Total liabilities		**94,348**	41,295
Total equity and liabilities		**169,793**	82,282

The notes on pages 94 to 152 form part of these financial statements.

The financial statements were approved by the Board of Directors on 27 March 2023.

P Brodnicki
Director

L Tilley
Director

	Attributable to the holders of the Parent Company							
	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000	Non–controlling interests £'000	Total Equity £'000
Balance as at 1 January 2021	53	9,778	20	1,807	23,882	35,540	1,908	37,448
Profit for the year	–	–	–	–	18,722	18,722	550	19,272
Total comprehensive income	–	–	–	–	18,722	18,722	550	19,272
Transactions with owners								
Issue of shares	–	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	1,210	–	1,210	–	1,210
Deferred tax asset recognised in equity	–	–	–	649	–	649	–	649
Reserve transfer	–	–	–	(143)	143	–	–	–
Dividends paid	–	–	–	–	(17,339)	(17,339)	(253)	(17,592)
Transactions with owners	–	–	–	1,716	(17,196)	(15,480)	(253)	(15,733)
Balance as at 31 December 2021 and 1 January 2022	**53**	**9,778**	**20**	**3,523**	**25,408**	**38,782**	**2,205**	**40,987**
Profit for the year	–	–	–	–	12,237	12,237	542	12,779
Total comprehensive income	–	–	–	–	12,237	12,237	542	12,779
Transactions with owners								
Issue of shares	4	38,377	–	–	–	38,381	–	38,381
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	5,216	5,216
Acquisition of subsidiaries	–	–	–	–	(6,540)	(6,540)	–	(6,540)
Share-based payment transactions	–	–	–	1,827	–	1,827	–	1,827
Deferred tax asset recognised in equity	–	–	–	(767)	–	(767)	–	(767)
Reserve transfer	–	–	–	(72)	72	–	–	–
Dividends paid	–	–	–	–	(16,023)	(16,023)	(415)	(16,438)
Transactions with owners	4	38,377	–	988	(22,491)	16,878	4,801	21,679
Balance as at 31 December 2022	**57**	**48,155**	**20**	**4,511**	**15,154**	**67,897**	**7,548**	**75,445**

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit for the year before tax		**17,353**	23,182
Adjustments for:			
Depreciation of property, plant and equipment	12	**591**	385
Depreciation of right of use assets	13	**563**	383
Amortisation of intangibles	14	**2,866**	558
Profit from sale of non-listed equity investment	16	**(58)**	(311)
Profit from disposal of associate	15	**(19)**	–
Loss from disposal of fixed assets	12	**38**	–
Share-based payments	31	**2,983**	1,210
Share of profit from associates	15	**(712)**	(1,011)
Impairment and amount written off of associates	15	**–**	408
Amount written off of non-listed equity investment	16	**2,783**	–
Gains on fair value movements taken to profit and loss		**(866)**	(611)
Dividends received from associates	15	**910**	275
Finance income	8	**(108)**	(45)
Finance expense	8	**1,238**	160
		27,562	24,583
Changes in working capital			
Increase in trade and other receivables	19	**(1,317)**	(1,475)
Increase in trade and other payables	21	**833**	6,053
Increase in provisions	24	**1,387**	1,140
Cash generated from operating activities		**28,465**	30,301
Income taxes paid		**(4,124)**	(3,433)
Net cash generated from operating activities		**24,341**	26,868
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(3,229)**	(205)
Purchase of intangibles	14	**(615)**	–
Proceeds from sale of non-listed equity investment	16	**115**	331
Net cashflow on acquisition of subsidiaries	18	**(49,157)**	–
Acquisition of associates and deferred consideration for associates	15	**(1,327)**	(5,010)
Acquisition of non-listed equity shares	16	**–**	(2,500)
Net cash used in investing activities		**(54,213)**	(7,384)
Cash flows from financing activities			
Proceeds from borrowings	22, 35	**22,918**	–
Settlement of loan notes and accrued interest on acquisition	18, 35	**(21,891)**	–
Repayment of borrowings	22, 35	**(1,500)**	–
Interest received	8	**102**	47
Interest paid		**(102)**	(160)
Principal element of lease payments	13	**(547)**	(349)
Issue of shares	26	**40,000**	–
Costs relating to issue of shares	26	**(1,619)**	–
Dividends paid	11	**(16,023)**	(17,339)
Dividends paid to minority interest		**(415)**	(253)
Net cash used in financing activities		**20,923**	(18,054)
Net (decrease)/increase in cash and cash equivalents		**(8,949)**	1,430
Cash and cash equivalents at the beginning of year		**34,411**	32,981
Cash and cash equivalents at the end of the year		**25,462**	34,411

The notes on pages 94 to 152 form part of these financial statements.

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented.

The consolidated financial statements are presented in Great British Pounds and all amounts are rounded to the relevant thousands, unless otherwise stated.

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements have been prepared on a historical cost basis, except for investments in non-listed equities and derivative financial instruments relating to investments in associates that have been measured at fair value.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report as set out earlier in these financial statements. The financial position of the Group, its cash flows and liquidity position are described in these financial statements.

The Group made an operating profit of £18.5m during 2022 (2021: £23.3m) and had net current liabilities of £6.8m as at 31 December 2022 (31 December 2021: £11.0m assets) and equity attributable to owners of the Group of £67.9m (31 December 2021: £38.8m).

Going concern

The Directors have assessed the Group's prospects until 31 December 2024, taking into consideration the current operating environment, including the impact of geopolitical and macroeconomic uncertainty and inflationary pressures on property and lending markets. The Directors' financial modelling considers the Group's profit, cash flows, regulatory capital requirements, borrowing covenants and other key financial metrics over the period.

These metrics are subject to sensitivity analysis, which involves flexing a number of key assumptions underlying the projections, including the effect of geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets and the Group's business volumes and revenue mix, which the Directors consider to be severe but plausible stress tests on the Group's cash position, banking covenants and regulatory capital adequacy. The Group's financial modelling shows that the Group should continue to be cash generative, maintain a surplus on its regulatory capital requirements and be able to operate within its current financing arrangements.

Based on the results of the financial modelling, the Directors expect that the Group will be able to continue in operation and meet its liabilities as they fall due over this period. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Changes in accounting policies

New standards, interpretations, and amendments effective for the year ended 31 December 2022

New standards, interpretations and amendments applied for the first time

The Group applied a number of standards and interpretations for the first time in 2022 but these did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New standards with no impact on the Group

- **Annual improvements to IFRS standards 2018 – 2020 (Effective 1 January 2022)** The improvements impact IFRS 1, IFRS 9, IFRS 16 and IAS 41. The Group is not a first-time adopter of IFRS standards (IFRS 1) and does not engage in agricultural activities (IAS 41) so the improvements to those standards do not impact the Group. The improvement to IFRS 16 removed illustrations of accounting for lease incentives which are not relevant to the Group's leasing activities. Amendments to IFRS 9 clarified the 10% test for derecognition of financial liabilities when considering payment of net fees. The Group has not identified any material impact of the amendment on the derecognition of its financial liabilities.

- **Amendments to IAS 37 Onerous contracts – Cost of fulfilling a contract (Effective 1 January 2022)** The amendments further clarify the costs of fulfilling a contract that are to be assessed in relation to the requirements of contracts being classified as onerous. The Group has not identified any material provisions required for onerous contracts after considering the clarified cost assessments.

- **Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use (Effective 1 January 2022)** Under the amendments, proceeds from selling items before the related item of PP&E is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. The Group has not sold any items of PP&E before they became available for use and so this amendment has no impact on the Group's financial statements.

1 Accounting policies (continued)

■ New standards with no impact on the Group (continued)

- **Amendments to IFRS 3 – Reference to the conceptual framework (Effective 1 January 2022)** The amendments change references from the 1989 framework to the 2018 conceptual framework. In addition to this, the amendment added clarified that IAS 37 provisions or IFRIC 21 are applicable for identify liabilities assumed in business combinations. The amendments also added disclosure requirements for not recognising contingent assets acquired on business combinations. The Group has updated its disclosure in respect of business combinations and there has not been any further impact on the Group's financial statements from these amendments.

New standards, interpretations and amendments not yet effective

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations will be effective for future years and, therefore, have not been applied in preparing these consolidated Financial Statements. At the date of authorisation of these Financial Statements, the following standards and interpretations were in issue but have not been applied in these Financial Statements as they were not yet effective:

Standard or Interpretation	Periods commencing on or after
IFRS 17 – Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to IAS 8 – Definition of accounting estimates	1 January 2023
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1 Presentation of financial statements – On classification of liabilities	1 January 2023

IFRS 17 does not apply to the Group and therefore has no impact on the Financial Statements of the Group in future periods. Other than to expand certain disclosures within the Financial Statements, the Directors do not expect the adoption of the amendments to these other standards listed above to have a material impact on the Financial Statements of the Group in future periods.

■ Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting date.

All other assets are classified as non-current.

Assets included in current assets are expected to be realised within twelve months after the reporting date. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables approximates their fair value.

■ Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidate statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

1 Accounting policies (continued)

Associates

Where the Group has the power to participate in, but not control the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently, associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment. More information on the impairment of associates is included in note 2.

Joint ventures

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment at rates calculated to write off the cost of each asset on a straight-line basis over their expected useful lives, as follows:

Freehold land	not depreciated
Freehold buildings	36 years
Fixtures and fittings	5 years
Computer equipment	3 years

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. The Directors reassess the useful economic life of the assets annually.

Goodwill

Goodwill represents the excess of a cost of a business combination over the Group's interest in the fair value of identifiable assets under IFRS 3 Business Combinations.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Other intangible assets

Intangible assets other than goodwill acquired by the Group comprise licences, the website software, acquired technology, customer and member relationships, lender and introducer relationships, and trademarks and brands and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the consolidated statement of comprehensive income within administrative expenses on a straight-line basis over the period of the licence agreements or expected useful life of the asset and is charged once the asset is in use.

Amortisation, which is reviewed annually, is provided on intangible assets to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

Licences	6 years
Website	3 years
Software development	3 years
Acquired technology	10 years
Customer relationships	5 to 9 years
Trademarks and brands	3, 10 and 11 years
Lender and introducer relationships	14 years
Member relationships	3 years

1 Accounting policies (continued)

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying value of the asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss except to the extent that they reverse gains previously recognised in other comprehensive income. An impairment loss for goodwill is not reversed.

Financial assets

In the consolidated statement of financial position, the Group classifies its financial assets into one of the following categories dependent on the purpose for which the financial asset was acquired.

- Fair value through profit or loss
- Amortised cost

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments which arise principally through the Group's trading activities, and these assets arise principally to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for loans to associates and other parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of three months or less.

Investments in non-listed equity shares

Investments in non-listed shares are non-derivative financial assets, and are carried at fair value, with gains and losses arising from changes in fair value taken directly to the consolidated statement of comprehensive income.

Derivative financial instruments

Derivative financial instruments comprise option contracts to acquire additional ordinary share capital of associates of the Group. Derivative financial assets are carried at fair value, with gains and losses arising from changes in fair value taken directly to the statement of comprehensive income. Fair values of derivatives are determined using valuation techniques, including option pricing models.

Financial liabilities

Trade and other payables are recognised initially at fair value and subsequently carried at amortised cost.

Loans and other borrowings

Loans and other borrowings comprise the Group's bank loans including any bank overdrafts. Loans and other borrowings are recognised initially at fair value net of any directly attributable transaction costs. After initial recognition, Loans and other borrowings are subsequently carried at amortised cost using the effective interest calculation method.

1 Accounting policies (continued)

■ Leases

The Group's leasing activities and how they are accounted for

The Group leases a number of properties from which it operates and office equipment. Rental contracts are typically made for fixed periods of five to ten years, with break clauses negotiated for some of the properties.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Group adopted the modified transition approach and from 1 January 2019, all leases are accounted for by recognising a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, except for:

- leases of low value assets; and
- leases with a duration of 12 months or less

Payments associated with short-term leases and leases of low value assets will continue to be recognised on a straight-line basis as an expense in the statement of comprehensive income. Low value assets within the Group comprise of IT equipment.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- where it does not have recent third-party financing, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group; and
- makes adjustments specific to the lease, e.g. term, country and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group does not revalue its land and buildings that are presented within property, plant and equipment, and has chosen not to do so for the right of use buildings held by the Group.

Variable lease payments

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Extension and termination options

Termination options are included in a number of the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

1 Accounting policies (continued)

■ Leases (continued)

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate, the Group is typically reasonably certain not to terminate.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to not terminate.
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

■ Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Where goodwill has been allocated to the Group's cash-generating units (CGUs) and part of the operation within the unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the subsequent acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Where a business combination is for less than the entire issued share capital of the acquiree and there is an option for the acquirer to purchase the remainder of the issued share capital of the business and/or for the vendor to sell the rest of the entire issued share capital of the business to the acquirer, then the acquirer will assess whether a non-controlling interest exists and also whether the instrument(s) fall within the scope of IFRS 9 Financial Instruments and is/are measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Options that are not within the scope of IFRS 9 and are linked to service will be accounted for under IAS 19 Employee Benefits and/or IFRS 2 Share-based Payments as appropriate.

IFRS 3 prohibits the recognition of contingent assets acquired in a business combination. No contingent assets are recognised by the Group in business combinations even if it is virtually certain that they will become unconditional or non-contingent.

1 Accounting policies (continued)

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation (see note 2c).

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Revenue

The Group recognises revenue from the following main sources:

- ***Mortgage procuration fees*** paid to the Group by lenders either via the L&G Mortgage Club or directly
- ***Insurance commissions*** from advised sales of protection and general insurance policies
- ***Client fees*** paid by the underlying customer for the provision of advice on mortgages, other loans and protection
- ***Other Income*** comprising income from services provided to directly authorised entities, fees in relation to Later Life lending and Wealth and ancillary services such as conveyancing and surveying

Mortgage procuration fees, insurance commissions and client fees are included at the gross amounts receivable by the Group in respect of all services provided. The Group operates a revenue share model with its trading partners and therefore commissions are paid in line with the Group revenue recognition policy and are included in cost of sales.

Mortgage procuration fees, insurance commissions and client fees earned are accounted for when received or guaranteed to be received, as until received it is not possible to be certain that the transaction will be completed. When mortgage procuration fees, insurance commissions and client fees are received this confirms that the performance obligation has been satisfied. In the case of life insurance commissions there is a possibility for a four-year period after the inception of the policy that part of the commission earned may have to be repaid if the policy is cancelled during this period. A clawback provision is made for the expected level of commissions repayable. More information on the clawback provision is included in note 2.

Other income is credited to the statement of comprehensive income when received or guaranteed to be received.

Finance income

Finance income comprises interest receivable on cash at bank and interest recognised on loans to associates and other Appointed Representative firms. Interest income is recognised in the statement of comprehensive income as it accrues.

Foreign exchange

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss other than if it relates to items recognised in other comprehensive income in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted by the statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

1 Accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except for when:

- The difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company or;
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Sales taxes

Where sales tax is incurred on expenses and assets, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Segment reporting

An operating segment is a distinguishable segment of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM). The Board reviews the Group's operations and financial position as a whole and therefore considers that it has only one operating segment, being the provision of financial services operating solely within the UK. The information presented to the CODM directly reflects that presented in the financial statements and they review the performance of the Group by reference to the results of the operating segment against budget.

Operating profit is the profit measure, as disclosed on the face of the consolidated statement of comprehensive income that is reviewed by the CODM.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

1 Accounting policies (continued)

■ Share-based payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where options are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of the options at the date of the grant over the vesting period.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The Directors consider that the estimates and judgements that have the most significant effect on the carrying amounts of assets and liabilities within the financial statements are set out below.

(a) Acquisitions and business combinations

When an acquisition arises, the Group is required under UK-adopted International Accounting Standards to calculate the Purchase Price Allocation ("PPA"). The PPA requires companies to report the fair value of assets and liabilities acquired and it establishes useful lives for identified assets. The identification and the valuation of the assets and liabilities acquired involves estimation and judgement when determining whether the recognition criteria are met.

Subjectivity is also involved in the PPA with the estimation of the future value of relationships, technology, brand and goodwill. The fair value of separately identifiable intangible assets acquired during the year was £55.4m (2021: £nil), with the key assumptions used to calculate these fair values being those around the estimated useful lives of the acquired introducer relationships and technology, the estimated future cash flows expected to arise from these relationships and technology and the appropriate discount rate to be used to discount these cash flows to their present value. Residual goodwill totalling £38.7m (2021: £nil) has been accounted for during the year.

(b) Fair value of put and call options in connection with acquisitions

When the Group makes an acquisition of less than 100% of the entire issued share capital of an entity, in certain cases it has entered into a put and call option agreement to acquire the remaining share capital of that entity after a certain amount of time. The fair value of the put and call option will need to be determined in accounting for the instrument which involves certain estimates regarding the future financial performance of the entity, including EBITDA or profit before tax, as well as the use of an appropriate discount rate.

(c) Impairment of intangible assets

For the purposes of impairment testing, acquired relationships, technology, brands and goodwill are allocated to the group of cash-generating units ("CGUs") that are expected to benefit from the business combination.

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Value in use calculations are utilised to calculate recoverable amounts of a CGU. Value in use is calculated as the net present value of the projected pre-tax cash flows of the CGU in which the relationships, technology and brand is contained. The net present value of cash flows is calculated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and expenses during the period covered by the calculations. Changes to revenue and expenses are based upon management's expectation and actual outcomes may vary. Forecast cash flows are derived from the Group's forecast model, extrapolated for future years, and assume a terminal growth rate of 5.0% (2021: 5.0%), which management considers reasonable given the Group's historic growth rates and its market share growth model.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 14.

(d) Impairment of trade and other receivables

Judgement is required when determining if there is any impairment to the trade and other receivable balances, and the Group uses the simplified approach for trade receivables within IFRS 9 using the lifetime expected credit losses. During this process judgements about the probability of the non-payment of the trade receivables are made.

In considering impairment provisions for loans to associates the forward-looking expected credit loss model is used. In determining the lifetime expected credit losses for loans to associates, the Group has had to consider different scenarios for repayments of these loans and have also estimated percentage probabilities assigned to each scenario for each associate where applicable. More information is included in note 19.

2 Critical accounting estimates and judgements (continued)

(e) Clawback provision

The provision relates to the estimated value of repaying commission received up front on protection policies that may lapse in a period of up to four years following inception. The provision is calculated using a model that has been developed over several years. The model uses a number of factors including the total unearned commission at the point of calculation, the age profile of the commission received, the Group's proportion of any clawback, estimates of future lapse rates, and the success of the Appointed Representatives in preventing lapses and/or generating new income at the point of a lapse.

The key uncertainties in the calculation are driven by lapse rates and recovery rates. A 0.5% change (absolute) in lapse rates causes a £0.4m change in the provision. A 2% change (absolute) in the recoveries rate causes a £0.2m change in the provision. More information is included in note 24.

(f) Investments in associates

The Group is required to consider whether any investments in associates have suffered any impairment.

The Group uses two methods to test for impairment,

- Net Present Value of the next 5 year's projected free cash flow and terminal value.
- Valuation of business on a multiple basis.

The use of both methods requires the estimation of future cash flows, future profit before tax and choice of discount rate. Actual outcomes may vary. Where the carrying amount in the consolidated statement of financial position is in excess of the estimated value, the Group will make an impairment charge against the investment value and charge this amount to the consolidated statement of comprehensive income under impairment and amount written off associates.

The Group continues to make investments in associates, with elements of deferred consideration in some cases, as well as enter into commitments or option agreements to increase its stake or fully acquire certain associates. In accounting for these, the Group has had to make certain estimates on the amounts of deferred consideration likely to be payable and also the future performance and value of these businesses in determining the fair value of the options.

(g) Share options, employer's National Insurance Contributions and Deferred Tax

Under the Group's equity-settled share-based remuneration schemes (see note 31), estimates are made in assessing the fair value of options granted. The fair value is spread over the vesting period in accordance with IFRS 2. The Group engages an external expert in assessing fair value, both Black-Scholes and Stochastic models are used, and estimates are made as to the Group's expected dividend yield and the expected volatility of the Group's share price.

In addition, the Group estimates the employer's National Insurance Contributions that will fall due on exercise of options and provides for this over the vesting period. In doing so, estimates as to the share price at vesting and the proportion of options from each grant that will vest are made with reference to the Group's prospects.

Deferred tax assets include temporary timing differences related to the issue and exercise of share options. Recognition of the deferred tax assets assigns an estimate of the proportion of options likely to vest and an estimate of share price at vesting. The carrying amount of deferred tax assets relating to share options as at 31 December 2022 was £1.0m (2021: £1.8m).

3 Revenue

The Group operates in one segment being that of the provision of financial services in the UK. Revenue is derived as follows:

	2022 £'000	2021 £'000
Mortgage procurement fees	**106,615**	85,108
Protection and general insurance commission	**82,095**	75,280
Client fees	**36,257**	23,230
Other income	**5,853**	5,045
	230,820	188,663

4 Cost of sales

Costs of sales are as follows:

	2022 £'000	2021 £'000
Commissions paid	**142,769**	129,639
Fluent affinity partner payments	**8,000**	–
Impairment of trade receivables	**102**	(5)
Other cost of sales	**601**	–
Wages and salary costs	**16,401**	8,063
	167,873	137,697

Wages and salary costs	**2022 £'000**	2021 £'000
Gross wages	**14,001**	6,642
Employers' national insurance	**1,530**	752
Defined contribution pension costs	**570**	437
Other direct costs	**300**	232
	16,401	8,063

5 Acquisition costs

First Mortgage Direct

On 2 July 2019 Mortgage Advice Bureau (Holdings) plc acquired 80% of the entire issued share capital of First Mortgage Direct Limited ("First Mortgage").

Costs relating to the amortisation of acquired intangibles amounted to £367,000 (2021: £367,000) in the year ended 31 December 2022. The option (comprising the put and the call option) over the remaining 20% of the issued share capital of First Mortgage has been accounted for under IAS 19 Employee Benefits and IFRS 2 Share-based Payments due to its link to the service of First Mortgage's Managing Director. In accordance with IAS 19, £435,871 (2021: £424,606) has been included within the consolidated statement of comprehensive income within costs relating to Acquisition Options and, in accordance with IFRS 2, a further £409,452 (2021: £542,844) has been included in the consolidated statement of comprehensive income within costs relating to Acquisition Options (see note 31).

Project Finland Topco

On 28 March 2022 Mortgage Advice Bureau (Holdings) plc acquired 75.4% of the entire issued share capital of Project Finland Topco Limited which indirectly owns 100% of the Fluent Money Group Limited ("Fluent").

Costs relating to the amortisation of acquired intangibles amounted to £2,127,643 in the year ended 31 December 2022. In addition to this, the Group incurred £2,610,156 of costs in the year ended 31 December 2022 which related to the acquisition of Project Finland Topco Limited.

There is a put and call option over the remaining 24.6% of the issued share capital of Fluent has been accounted for under IAS 32 and IFRS 2 Share-based Payments, as respectively a proportion is treated as consideration under IAS 32, with the balance treated as remuneration under IFRS 2, because the amount payable on exercise of the option consists of a non-contingent element, and an element that is contingent upon continued employment of the option holders within the Group. In accordance with IFRS 2, a further £798,413 has been included in the consolidated statement of comprehensive income (see note 31). The put and call option over certain growth shares that have been issued to Fluent's wider management team has been accounted for under IFRS 2 Share-based Payments as exercise is solely contingent upon continued employment. In accordance with IFRS 2, a further £347,903 has been included in the consolidated statement of comprehensive income (see note 31).

Vita Financial Limited

On 12 July 2022 Mortgage Advice Bureau (Holdings) plc increased its stake in Vita Financial Limited ("Vita") from 49% to 75% of the entire issued share capital.

Costs relating to the amortisation of acquired intangibles amounted to £32,700 in the year ended 31 December 2022. In addition to this, the Group incurred £14,400 of costs in the year ended 31 December 2022 which related to the acquisition of Vita Financial Limited.

Aux Group Limited

On 3 November 2022 Mortgage Advice Bureau (Holdings) plc acquired 75% of the entire issued share capital of Aux Group Limited ("Auxilium").

Costs relating to the amortisation of acquired intangibles amounted to £54,846 in the year ended 31 December 2022. In addition to this, the Group incurred £130,063 of costs in the year ended 31 December 2022 which related to the acquisition of Aux Group Limited.

There is a put and call option over the remaining 25% of the issued share capital of Auxilium has been accounted for under IAS 32 and IFRS 2 Share-based Payments, as respectively a proportion is treated as consideration under IAS 32, with the balance treated as remuneration under IFRS- 2 because the amount payable on exercise of the option consists of a non-contingent element, and an element that is contingent upon continued employment of the option holder within the Group. In accordance with IFRS 2, a further £7,497 has been included in the consolidated statement of comprehensive income (see note 31).

6 Operating profit

Operating profit is stated after the following items:

	Note	**2022 £'000**	2021 £'000
Depreciation of property, plant and equipment	12	**591**	385
Depreciation of right of use assets	12	**563**	383
Amortisation of acquired intangibles	5	**2,582**	367
Amortisation of other intangibles	14	**284**	191
Costs related to Acquisition Options	5	**1,999**	967
Costs related to acquisitions	5	**2,755**	–
Impairment and amounts written off non-listed equity investments	16	**2,783**	–
Impairment of loans to related parties	19	**–**	16
Gain on fair value measurement of deferred consideration	15	**(884)**	–
Gain on fair value measurement of non-listed equity investments	16	**–**	(283)
Loss/(gain) on fair value measurement of derivative financial instruments	15	**18**	(328)

Profits from associates are disclosed as part of the operating profit as this is the operational nature of the Group.

	2022 £'000	2021 £'000
Auditor remuneration:		
Fees payable to the Group's auditor for the audit of the Group's financial statements.	**312**	172
Fees payable to the Group's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	**288**	10
Audit-related assurance services	**55**	25

7 Staff costs

Staff costs, including executive and non-executive Directors' remuneration, are as follows:

	2022 £'000	2021 £'000
Wages and salaries	**32,204**	20,564
Share-based payments (see note 31)	**2,983**	1,932
Social security costs	**3,608**	2,242
Defined contribution pension costs	**1,373**	1,454
Other employee benefits	**730**	542
	40,898	26,734

Staff costs are included in the consolidated statement of comprehensive income as follows:

	2022 £'000	2021 £'000
Cost of sales (see note 4)	**16,401**	8,063
Administrative expenses	**24,497**	18,671
	40,898	26,734

The average number of people employed by the Group during the year was:

	2022 Number	2021 Number
Executive Directors	**3**	3
Advisers	**216**	103
Compliance	**98**	76
Sales and marketing	**106**	92
Operations	**367**	171
Total	**790**	445

7 Staff costs (continued)

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, which are the Directors of Mortgage Advice Bureau (Holdings) plc.

	2022 £'000	2021 £'000
Wages and salaries	**2,047**	2,424
Share-based payments	**441**	428
Social security costs	**280**	373
Defined contribution pension costs	**2**	9
Other employment benefits	**4**	7
	2,774	3,241

During the year retirement benefits were accruing to 2 Directors (2021: 2) in respect of defined contribution pension schemes.

The total amount payable to the highest paid Director in respect of emoluments was £858,176 (2021: £830,796). The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2021: £nil).

8 Finance income and expense

Finance income	**2022 £'000**	2021 £'000
Interest income	**102**	23
Interest income accrued on loans to associates	**6**	22
	108	45

Finance expense	**2022 £'000**	2021 £'000
Interest expense	**515**	102
Interest expense on lease liabilities	**77**	58
Unwinding of redemption liability	**646**	–
	1,238	160

During the year, interest accrued in previous years of £nil was paid (2021: £23,602).

The interest expense during the year mainly relates to a new term loan and revolving credit facility entered into during the year (see note 22).

9 Income tax

	2022 £'000	2021 £'000
Current tax expense		
UK corporation tax charge on profit for the year	**4,184**	4,196
Total current tax	**4,184**	4,196
Deferred tax expense		
Origination and reversal of timing differences	**291**	(33)
Temporary difference on share-based payments	**128**	(342)
Effect of changes in tax rates	**(29)**	89
Total deferred tax (see note 25)	**390**	(286)
Total tax expense	**4,574**	3,910

The reasons for the difference between the actual charge for the year and the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%) applied to profit for the year is as follows:

	2022 £'000	2021 £'000
Profit for the year before tax	**17,353**	23,182
Expected tax charge based on corporation tax rate	**3,297**	4,405
Expenses not deductible for tax purposes amortisation and impairment	**618**	160
Research & Development	**(139)**	(439)
Tax on share options exercised	**(27)**	(119)
Other share option differences	**652**	–
Adjustment to deferred tax charge due to change in tax rate	**25**	89
Other differences	**(5)**	–
Fair value loss/(gain) on derivative financial instruments	**(70)**	(62)
Fair value gain on deferred consideration	**(168)**	–
Profits from associates	**(135)**	(192)
Amounts written off investments	**529**	78
Fixed asset differences	**55**	(9)
Short term timing differences at different tax rates	**(54)**	–
Chargeable gains	**(4)**	–
Utilisation of brought forward tax losses	**–**	(1)
Total tax expense	**4,574**	3,910

For the year ended 31 December 2022 the deferred tax credit relating to unexercised share options recognised in equity was £783,556 (2021: £558,869 - charge). A charge of £16,568 (2021: £89,639) was recognised in deferred tax in equity as a result of remeasurements arising from changes to UK corporation tax rates.

10 Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share	**2022 £'000**	2021 £'000
Profit for the year attributable to the owners of the parent	**12,237**	18,722
Weighted average number of shares in issue	**56,081,853**	53,184,872
Basic earnings per share (in pence per share)	**21.8p**	35.2p

For diluted earnings per share, the weighted average number of ordinary shares in existence is adjusted to include potential ordinary shares arising from share options.

Diluted earnings per share	**2022 £'000**	2021 £'000
Profit for the year attributable to the owners of the parent	**12,237**	18,722
Weighted average number of shares in issue	**56,528,515**	53,552,928
Diluted earnings per share (in pence per share)	**21.6p**	35.0p

The share data used in the basic and diluted earnings per share computations are as follows:

Weighted average number of ordinary shares	**2022**	2021
Issued ordinary shares at start of year	**53,204,620**	53,153,187
Effect of shares issued during year	**2,877,233**	31,685
Basic weighted average number of shares	**56,081,853**	53,184,872
Potential ordinary shares arising from options	**446,662**	368,056
Diluted weighted average number of shares	**56,528,515**	53,552,928

10 Earnings per share (continued)

The reconciliation between the basic and adjusted figures is as follows:

	2022 £'000	2021 £'000	**2022 Basic earnings per share (pence)**	2021 Basic earnings per share (pence)	**2022 Diluted earnings per share (pence)**	2021 Diluted earnings per share (pence)
Profit for the year	**12,237**	18,722	**21.8**	35.2	**21.6**	35.0
Adjustments:						
Amortisation of acquired intangibles	**2,582**	367	**4.6**	0.7	**4.6**	0.7
Costs relating to the First Mortgage, Fluent and Auxilium options	**1,715**	967	**3.1**	1.8	**3.0**	1.8
Costs relating to Fluent and Auxilium acquisitions	**2,755**	–	**4.9**	–	**4.9**	–
Gain on deferred consideration	**(891)**	–	**(1.6)**	–	**(1.6)**	–
(Gain)/loss on derivative financial instruments	**18**	(328)	**–**	(0.6)	**–**	(0.6)
Amount written off non-listed equity investment	**2,783**	–	**5.0**	–	**4.9**	–
Impairment of loans to related parties	**–**	16	**–**	–	**–**	–
Unwinding of redemption liability	**646**	–	**1.1**	–	**1.1**	–
Profit on sale of assets	**(19)**	–	**–**	–	**–**	–
Tax effect of adjustments	**(609)**	(3)	**(1.1)**	–	**(1.1)**	–
Adjusted earnings	**21,217**	19,741	**37.8**	37.1	**37.4**	36.9

The Group uses adjusted results as key performance indicators, as the Directors believe that these provide a more consistent measure of operating performance. Adjusted profit is therefore stated before one-off acquisition costs, ongoing non-cash items relating to the acquisitions of First Mortgage, Fluent and Auxilium, fair value gains on financial instruments relating to options to increase shareholding in Associate businesses and impairment of loans to related parties, net of tax.

11 Dividends

	2022 £'000	2021 £'000
Dividends paid and declared on ordinary shares during the year:		
Final dividend for 2021: 14.7p per share (2020: 19.2p)	**8,381**	10,210
Interim dividend for 2022: 13.4p per share (2021: 13.4p)	**7,642**	7,129
	16,023	17,339

	2022 £'000	2021 £'000
Equity dividends on ordinary shares:		
Proposed for approval by shareholders at the AGM:		
Final dividend for 2022: 14.7p per share (2021: 14.7p)	**8,384**	7,821
	8,384	7,821

The record date for the final dividend is 28 April 2023 and the payment date is 31 May 2023. The ex-dividend date will be 27 April 2023. The Company statement of changes in equity shows that the Company had positive reserves as at 31 December 2022 of £2,470,000. There are sufficient distributable reserves in subsidiary companies to pass up to Mortgage Advice Bureau (Holdings) plc in order to pay the proposed final dividend. The proposed final dividend for 2022 has not been provided for in these financial statements, as it has not yet been approved for payment by shareholders.

The final dividends paid and declared can differ from the proposed total dividends for approval due to (1) additional shares issued after the publication of these accounts but before the record date and (2) the number of unallocated shares within the Group's Share Incentive Plan that do not receive a dividend.

12 Property, plant and equipment

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2022	2,536	1,050	1,417	5,003
Additions	–	2,903	326	3,229
Acquisition of subsidiaries	–	348	513	861
Disposals	–	(620)	(741)	(1,361)
As at 31 December 2022	**2,536**	**3,681**	**1,515**	**7,732**
Depreciation				
As at 1 January 2022	349	823	1,164	2,336
Charge for the year	58	164	369	591
Eliminated on disposal	–	(583)	(740)	(1,323)
As at 31 December 2022	**407**	**404**	**793**	**1,604**
Net Book Value				
As at 31 December 2022	**2,129**	**3,277**	**722**	**6,128**

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2021	2,536	1,015	1,247	4,798
Additions	–	35	170	205
As at 31 December 2021	**2,536**	**1,050**	**1,417**	**5,003**
Depreciation				
As at 1 January 2021	292	672	987	1,951
Charge for the year	57	151	177	385
As at 31 December 2021	**349**	**823**	**1,164**	**2,336**
Net Book Value				
As at 31 December 2021	**2,187**	**227**	**253**	**2,667**

Office refurbishment

During the year, the Group undertook a refurbishment project of its head office premises located in Derby costing £2.8m, which is included within Fixtures and fittings. As a result of this project, the Group disposed of assets with an original cost of £1.4m and a net book value of £0.04m for nil consideration.

13 Right of use assets

Leases

This note provides information for leases where the Group is a lessee.

The consolidated statement of financial position shows the following amounts on leases:

Right of use assets	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2022	2,457	–	2,457
Additions	950	–	950
Acquisition of subsidiary	919	142	1,061
Depreciation	(546)	(17)	(563)
Disposals	(33)	–	(33)
As at 31 December 2022	**3,747**	**125**	**3,872**

Lease liabilities	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2022	2,596	–	2,596
Additions	919	–	919
Acquisition of subsidiary	874	142	1,016
Interest expense	74	3	77
Lease payments	(604)	(20)	(624)
Disposals	(37)	–	(37)
As at 31 December 2022	**3,822**	**125**	**3,947**

Right of use assets	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2021	2,590	–	2,590
Additions	250	–	250
Depreciation	(383)	–	(383)
As at 31 December 2021	**2,457**	**–**	**2,457**

13 Right of use assets (continued)

Lease liabilities

	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2021	2,695	–	2,695
Additions	250	–	250
Interest expense	58	–	58
Lease payments	(407)	–	(407)
As at 31 December 2021	**2,596**	**–**	**2,596**

The present value of the lease liabilities is as follows:

31 December 2022	**Within 1 year**	**1-2 years**	**2-5 years**	**After 5 years**	**Total**
Lease payments (undiscounted)	1,048	994	1,857	345	4,244
Finance charges	(115)	(83)	(94)	(5)	(297)
Net present values	**933**	**911**	**1,763**	**340**	**3,947**

31 December 2021	**Within 1 year**	**1-2 years**	**2-5 years**	**After 5 years**	**Total**
Lease payments (undiscounted)	449	454	1,228	665	2,796
Finance charges	(55)	(46)	(83)	(16)	(200)
Net present values	**394**	**408**	**1,145**	**649**	**2,596**

Leases

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Depreciation charge of right of use assets	**563**	383
Interest expense	**77**	58
Short term lease expense	**40**	5
Low value lease expense	**3**	2

The total cash flow for leases during the period was £665,543 (£2021: £409,275)

Variable lease payments

One property lease contains variable lease payments linked to current market rental from January 2023, August 2023 and December 2024. A 1% fluctuation in market rent would impact total annual lease payments by approximately £16,000.

Extension and termination options

As at 31 December 2022, the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising a break clause because it was considered reasonably certain that the Group would not exercise its right to break the lease. Total lease payments of £1.0m are potentially avoidable were the Group to exercise break clauses at the earliest opportunity.

14 Intangible assets

Goodwill and identified intangible assets arising on acquisitions are allocated to the cash-generating unit of that acquisition. The Board considers that the Group has only one operating segment and now has five cash-generating units (CGUs). The goodwill relates to the following acquisitions:

- Talk Limited in 2012, and in particular its main operating subsidiary Mortgage Talk Limited ("Mortgage Talk")
- First Mortgage Direct Limited ("First Mortgage") in 2019
- Project Finland Topco Limited ("Fluent") in 2022
- Vita Financial Limited ("Vita") in 2022
- Auxilium Partnership Limited (Auxilium") in 2022

Goodwill	**2022 £'000**	2021 £'000
Cost		
As at 1 January	**15,308**	15,308
Acquisition of subsidiaries	**38,730**	–
As at 31 December	**54,038**	15,308
Accumulated impairment		
As at 1 January and 31 December	**(153)**	(153)
Net book value		
As at 31 December	**53,885**	15,155

Where the goodwill allocated to the CGU is significant in comparison with the entity's total carrying amount of goodwill this is set out below:

Goodwill	Mortgage Talk £'000	First Mortgage £'000	Fluent £'000	Other[1] £'000	Total £'000
Cost					
As at 1 January 2022	4,267	11,041	–	–	15,308
Acquisition of subsidiary[2]	–	–	36,974	1,757	38,730
At 31 December 2022	**4,267**	**11,041**	**36,974**	**1,757**	**54,038**
Accumulated impairment					
As at 1 January and 31 December 2022	**153**	**–**	**–**	**–**	**153**
Net book value					
At 31 December 2022	**4,114**	**11,041**	**36,974**	**1,757**	**53,885**

1 'Other' comprises Vita and Auxilium.
2 Further details can be found in the business combinations note 18.

The goodwill is deemed to have an indefinite useful life. Under IAS 36, "Impairment of assets", the Group is required to review and test its goodwill for impairment annually or in the event of a significant change in circumstances. The impairment reviews conducted at the end of 2022 concluded that there had been no impairment of goodwill.

14 Intangible assets (continued)

The key assumptions set out below and used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the period covered by the calculations, based upon management's expectations, with the discount rates reflecting current market assessments of the time value of money and the risks specific to these assets, based on the Group's WACC. Revenue growth is based on past performance and management's expectation of growth rates in the markets in which it operates, and forecast costs are based on management's expectations of changes to the current structure of each CGU. The terminal value growth rate of 5% reflects the Group's market share growth model.

Goodwill arose on the acquisition of Mortgage Talk Limited and has since been allocated to the CGU of the Group as it existed prior to the impact of the subsequent four acquisitions listed above. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £4.1m (2021: £4.1m) carrying value of goodwill for this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a five-year period and applied a discount rate of 11.3% (2021: 11.2%) and then applied a terminal value calculation, which assumes a growth rate of 5% (2021: 5%) in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any reasonably possible changes to any of the key assumptions applied in determining the value in use would **not** cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

Goodwill arose on the acquisition of First Mortgage and has since been allocated to this CGU of the Group. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £11.0m (2021: £11.0m) carrying value of goodwill for this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a five-year period and applied a discount rate of 20.7% (2021: 20.7%) and then applied a terminal value calculation, which assumes a growth rate of 5% (2021: 5%) in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any reasonably possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

Goodwill arose on the acquisition of Fluent and has since been allocated to this CGU of the Group. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £37.0m carrying value of goodwill for this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a six-year period and applied a discount rate of 22.4% and then applied a terminal value calculation, which assumes a growth rate of 5% in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any reasonably possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

The sensitivity of the value in use for all acquisitions to changes in the key assumptions are as follows:

Assumption	Base assumption	Change in assumption	Increase/ (decrease) in value in use, £m
Discount rate	Various	+1.0%	(28.0)
Years 1-5 cash flows	Various	-5.0%	(30.7)
Long-term growth rate	5.0%	-2.0%	(36.1)

14 Intangible assets (continued)

Other intangible assets	Licences £'000	Website £'000	Technology /Software £'000	Customer contracts £'000	Trademarks and brands £'000	Other relationships £'000	Total £'000
Cost							
As at 1 January 2022	108	140	571	1,980	1,470	–	4,269
Additions	–	83	534	–	–	–	615
Acquisition of subsidiaries	–	–	16,824	357	3,619	34,568	55,368
Disposals	–	–	–	–	–	–	–
As at 31 December 2022	**108**	**223**	**17,929**	**2,337**	**5,089**	**34,568**	**60,254**
Accumulated Amortisation							
As at 1 January 2022	108	140	399	550	368	–	1,565
Charge for the year	–	–	1,053	247	312	1,254	2,866
Disposals	–	–	–	–	–	–	–
As at 31 December 2022	**108**	**140**	**1,452**	**797**	**680**	**1,254**	**4,431**
Net book value							
As at 31 December 2022	**–**	**83**	**16,477**	**1,540**	**4,409**	**33,314**	**55,823**

Other intangible assets	Licences £'000	Website £'000	Technology /software £'000	Customer contracts £'000	Trademarks and brands £'000	Other relationships £'000	Total £'000
Cost							
As at 1 January 2021	108	140	571	1,980	1,470	–	4,269
Additions	–	–	–	–	–	–	–
As at 31 December 2021	**108**	**140**	**571**	**1,980**	**1,470**	**–**	**4,269**
Accumulated Amortisation							
As at 1 January 2021	108	140	208	330	221	–	1,007
Charge for the year	–	–	191	220	147	–	558
As at 31 December 2021	**108**	**140**	**399**	**550**	**368**	**–**	**1,565**
Net book value							
As at 31 December 2021	**–**	**–**	**172**	**1,430**	**1,102**	**–**	**2,704**

Technology/software includes software development and acquired technology assets. Other relationships include lender and introducer relationships and member relationships assets.

15 Investments in associates and joint venture

The Group holds investments in associates and a joint venture, all of which are accounted for under the equity method, as follows:

Company name	Registered office	Percentage of ordinary shares held	Description
CO2 Commercial Limited	Profile House, Stores Road, Derby DE21 4BD	49	Property surveyors
Sort Group Limited	Burdsall House, London Road, Derby DE24 8UX	43.25	Conveyancing services
Buildstore Limited	NSB & RC Lydiard Fields, Great Western Way, Swindon SN5 8UB	25	Provision of financial services
Clear Mortgage Solutions Limited	114 Centrum House, Dundas Street, Edinburgh EH3 5DQ	49	Provision of financial services
MAB Broker Services PTY Limited	Level 7, 68 Alfred Street, Milsons Point, NSW 2061	48.05	Provision of financial services
Eagle and Lion Limited(1)	22 West Mall, Clifton, Bristol, BS8 4BQ	49	Provision of financial services
The Mortgage Broker Group Limited	The Granary, Crowhill Farm, Ravensden Road, MK44 2QS	25	Provision of financial services
Meridian Holdings Group Limited	68 Pullman Road, Wigston, Leicester, LE18 2DB	40	Provision of financial services
Evolve FS Ltd	Unit 26-28 Brightwell Barns, Waldringfield Road, Brightwell, Ipswich, Suffolk, IP10 0BJ	49	Provision of financial services
Heron Financial Limited	Moor Park Golf Club, Moor Park, Rickmansworth, Hertfordshire, England, WD3 1QN	49	Insurance agent and broker
M & R FM Ltd(2)	14 Kensington Terrace, Gateshead, NE11 9SL	25	Provision of financial services

The reporting date for the Group's associates, as listed in the table above, other than Clear Mortgage Solutions Limited, is 31 December and their country of incorporation is England and Wales. The reporting date for Clear Mortgage Solutions Limited is 30 December and its country of incorporation is England and Wales. The reporting date for the Group's joint venture, MAB Broker Services PTY Limited, is 30 June and its country of incorporation is Australia.

(1) On 2 September 2021, Eagle and Lion Limited passed a special resolution to enter into voluntary liquidation. On 6 January 2023, Eagle and Lion Limited was dissolved.

(2) 25% of the ordinary share capital of M & R FM Ltd is held by First Mortgage Direct Ltd.

15 Investments in associates and joint venture (continued)

The investment in associates and the joint venture at the reporting date is as follows:

	2022 £'000	2021 £'000
As at 1 January	**12,433**	4,883
Additions	**–**	7,222
Disposals	**(848)**	–
Credit/(charge) to the statement of comprehensive income:		
Share of profit	**712**	1,011
Impairment and amount written off	**–**	(408)
	712	603
Dividends received	**(910)**	(275)
As at 31 December	**11,387**	12,433

The Group is entitled to the results of its Associates in equal proportion to its equity stakes.

The carrying value of the Group's joint venture, MAB Broker Services PTY Limited, as at 31 December 2022 is £nil (2021: £nil). In the year ended 30 June 2022, MAB Broker Services PTY Limited reported a loss of AUD0.38m (2021: loss of AUD0.01m).

There were no additions during the year. 2021 additions included £5.0m of initial cash consideration and £2.2m of estimated deferred consideration.

Acquisitions and disposals

2022

On 14 April 2022, Mortgage Advice Bureau Limited paid a further £277,600 in deferred consideration in respect of its acquisition of a 49% stake in Heron Financial Limited in November 2021. A further estimated deferred consideration of £0.2m is payable following finalisation of Heron's audit for the year ending 31 December 2022.

On 27 April 2022, Mortgage Advice Bureau Limited paid a further £179,252 in deferred consideration in respect of its acquisition of a further 29% interest in Vita Financial Limited in May 2021. No further deferred consideration is estimated to be payable following finalisation of Vita's audit for the year ending 31 December 2022.

On 21 July 2022, Mortgage Advice Bureau Limited paid a further £625,567 in deferred consideration in respect of its acquisition of a 49% stake in Evolve FS Limited in July 2021.

On 12 July 2022, Mortgage Advice Bureau Limited acquired a further 26% of Vita Financial Limited having previously held 49% of the share capital of Vita Financial Limited. As a result, the Group now exercises control over Vita Financial Limited and so the investment is considered a subsidiary of the Group. The carrying value of the 49% holding in Vita Financial Limited was £848,022. The fair value of the previously held equity interest was established to be £867,500, therefore a gain of £19,478 is recognised in the consolidated statement of comprehensive income as this previously held interest is treated as though it has been disposed of.

On 15 July 2022, First Mortgage Direct Limited, an 80% owned subsidiary of the Group, paid a further £244,858 in deferred consideration in respect of its acquisition of a 25% stake in M & R FM Limited in January 2021.

On 19 October 2022, Mortgage Advice Bureau Limited disposed of its 49% stake in Lifetime FS Limited for nil consideration.

15 Investments in associates and joint venture (continued)

Acquisitions and disposals (continued)

2021

On 12 January 2021, First Mortgage Direct Limited, an 80% owned subsidiary of the Group, acquired a 25% stake in M & R FM Ltd, for an initial cash consideration of £663,400. Deferred consideration was payable following finalisation of M & R FM Ltd's audit for the year ended 31 December 2021 and this was estimated to be £0.2m at 31 December 2021.

On 13 January 2021, Mortgage Advice Bureau Limited ceased to have an investment in Freedom 365 Mortgage Solutions Limited, having entered into a deed of termination.

Mortgage Advice Bureau Limited acquired a further 29% interest in Vita Financial Limited ("Vita") on 28 May 2021 at an initial cash consideration of £159,081. Deferred consideration was payable following the finalisation of Vita's audits for the year ended 31 December 2021 and 31 December 2022 respectively and this was estimated to be £0.2m and £0.2m respectively at 31 December 2021.

On 16 July 2021, as part of a shareholding restructure in Sort Group Limited, in which Sort Group Limited increased its stake in Sort Limited to 100% (previously 75.68%), the Group disposed of its 10.52% shareholding in Sort Limited for £nil cash consideration. The Mortgage Advice Bureau Limited now holds 43.25% of Sort Group Limited which is equal to the previous effective interest prior to the shareholding restructure held through separate investments in Sort Group Limited, Sort Limited and Sort Technology Limited. With no change in effective interest, the carrying value of the investment in Sort Limited has been transferred to Sort Group Ltd.

Mortgage Advice Bureau Limited acquired a 49% stake in Evolve FS Ltd ("Evolve") plus an option over a further 31% of the ordinary share capital of Evolve on 20 July 2021 at an initial cash consideration of £2,316,290. Deferred consideration was payable following finalisation of Evolve's audit for the year ended 31 December 2021 and this was estimated to be £0.7m at 31 December 2021.

Mortgage Advice Bureau Limited acquired a 49% stake in Heron Financial Limited ("Heron") plus an option over the remaining ordinary share capital of Heron on 30 November 2021 at an initial cash consideration of £1,600,000. Deferred consideration was payable following finalisation of Heron's audit for the year ended 31 December 2021 and 31 December 2022 and this was estimated to be £0.4m and £0.5m respectively at 31 December 2021.

On 30 September 2021, Mortgage Advice Bureau Limited paid a further £271,183 in deferred consideration in respect of its acquisition of a further 24% interest in Clear Mortgage Solutions Limited in December 2020.

In accordance with IAS 28 the Group impaired further the value of the investment in The Mortgage Broker Group Limited by £400,000 (2020: £472,850) due to its performance. The investment in The Mortgage Broker Group Limited is classified as Level 3 for the purposes of disclosure in the fair value hierarchy. The recoverable amount of the asset is its fair value less costs of disposal and the market approach has been determined as the most appropriate method of estimating the fair value of this investment.

15 Investments in associates and joint venture (continued)

Summarised financial information for associates

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the unaudited financial statements or management accounts of the relevant associates and joint ventures and not the Group's share of those amounts:

2022	Evolve FS Ltd £'000	Heron Financial Ltd £'000	Meridian Holdings Group ltd £'000	Sort Group Limited £'000	Pinnacle Surveyors (England & Wales) Limited £'000
Non-current assets	45	183	1,927	592	30
Cash balances	502	409	1,700	2,003	316
Current assets (excluding cash balances)	356	266	166	605	708
Current liabilities	(493)	(150)	(868)	(1,134)	(569)
Non-current liabilities and provisions	(7)	(161)	(740)	(93)	(49)
Revenue	4,792	2,576	6,873	12,042	5,838
Profit/(loss) before taxation	(26)	275	(78)	976	424
Total comprehensive income (PAT)	(26)	209	(78)	820	345
Carrying value of investments					
As at 1 January 2022	3,143	2,536	1,541	1,628	464
Profit attributable to Group	(16)	102	(44)	438	165
Dividends received	(245)	–	–	(130)	(348)*
As at 31 December 2022	2,882	2,638	1,497	1,936	281

15 Investments in associates and joint venture (continued)

Summarised financial information for associates (continued)

2021

	Evolve FS Ltd £'000	Heron Financial Ltd £'000	Meridian Holdings Group ltd £'000	Sort Group Limited £'000	Pinnacle Surveyors (England & Wales) Limited £'000
Non-current assets	53	259	1,948	350	26
Cash balances	1,433	351	1,648	1,598	602
Current assets (excluding cash balances)	206	122	1,179	749	1,332
Current liabilities	(747)	(115)	(1,496)	(1,129)	(751)
Non-current liabilities and provisions	–	(268)	(878)	(236)	(300)
Revenue	5,395	2,822	7,957	10,487	5,723
Profit before taxation	857	602	535	772	850
Total comprehensive income (PAT)	691	505	433	591	695
Carrying value of investments					
As at 1 January 2021	–	–	1,363	1,282	348
Acquisition	2,992	2,536	–	–	–
Profit attributable to Group	151	–	178	346	341
Dividends received	–	–	–	–	(225)*
As at 31 December 2021	**3,143**	**2,536**	**1,541**	**1,628**	**464**

* These dividends are received from CO2 Commercial Limited, the parent undertaking of Pinnacle Surveyors (England & Wales) Limited. All other information disclosed above relates to Pinnacle Surveyors (England & Wales) Limited.

15 Investments in associates and joint venture (continued)

Individually immaterial associates and joint ventures

In addition to the interests in associates disclosed above, the group also has interests in a number of individually immaterial associates and a joint venture that are accounted for using the equity method. The aggregate of the summarised financial information for these associates is shown below, along with the summarised financial information for the joint venture. The information disclosed reflects the amounts presented in the unaudited financial statements or management accounts of the relevant associates and the joint venture and not the Group's share of those amounts:

	2022 Associates £'000	2021 Associates £'000	**2022 Joint Venture £'000**	2021 Joint Venture £'000
Non-current assets	**413**	439	**42**	79
Cash balances	**3,287**	2,832	**25**	384
Current assets (excluding cash balances)	**1,561**	1,718	**1,167**	1,018
Current liabilities	**(2,155)**	(1,489)	**(74)**	(178)
Non-current liabilities and provisions	**(1,366)**	(1,131)	**(109)**	(98)
Revenue	**14,470**	15,147	**486**	478
Profit/(loss) before taxation	**424**	711	**(267)**	(541)
Total comprehensive income (PAT)	**146**	513	**(213)**	5
Profit attributable to Group	**67**	(5)	**–**	–
Dividends received	**188**	50	**–**	–

All associates and joint venture prepare their financial statements in accordance with FRS 102 other than MAB Broker Services PTY Limited who prepare their financial statements in accordance with the Australian Accounting Standards. There would be no material difference to the profit attributable to the Group if the accounts of any of the associates were prepared in accordance with IFRS.

Unrecognised losses

The Group has discontinued recognising its share of losses from its joint venture as these exceed the carrying amount of the investment. The Group had unrecognised losses in the year of £75,948 (2021: £nil) and cumulative unrecognised losses of £801,644 (2021: 725,696).

Derivative financial instruments

The fair value of the call option at 31 December 2022 for Evolve is £255,994 (2021: £124,055). The fair value of the call option and put option at 31 December 2022 for Heron is £64,114 (2021: £95,455) and £10,280 (2021: £34,235) respectively.

The put and call option in respect of Meridian was not exercised during the year, consequently it has no value at 31 December 2022.

The fair values of the option contracts have been calculated using an option valuation model. The key assumptions used to value the options in the model are the value of shares in the associate, the anticipated growth of the business, the option exercise price, the expected life of the option, the expected share price volatility of similar businesses, forecast dividends and the risk-free interest rate. The gains and losses relating to the derivative financial instruments is included within 'operating profit'. These financial instruments are categorised as Level 3 within the fair value hierarchy.

15 Investments in associates and joint venture (continued)

Deferred Consideration

The fair value of deferred consideration at 31 December 2022 was £nil (2021: £2.2m). During the year, £1.3m of deferred consideration was paid (2021: £0.3m) and a gain of £0.9m (2021: £nil), resulting from the actual deferred consideration paid being lower than the original amounts estimated, has been recognised in the consolidated statement of comprehensive income.

16 Investments in non-listed equity shares

	2022 £'000	2021 £'000
As at 1 January	**2,783**	75
Additions	**–**	2,500
Revaluation	**–**	283
Write-off of investment	**(2,783)**	–
Disposals	**–**	(75)
As at 31 December	–	2,783

The investment at the start of the year represented a shareholding of 2.92% in PD Innovations Limited, trading as Boomin, at a value of £2,783,000. This investment is classified as Level 3 for the purpose of disclosure in the fair value hierarchy, with any fair value movements taken to the consolidated statement of comprehensive income. Boomin was put into liquidation in October 2022, having not been able to secure new investors in the challenging economic climate, which leads to a £2.8m non-cash write-off of the investment. The Group originally paid cash consideration of £2.5m on 9 April 2021 for a 3.17% stake in PD Innovations Limited.

On 23rd April 2021, the investment in Yourkeys Technology Ltd was sold for initial consideration of £329,000 with estimated deferred consideration of £57,000. This resulted in a gain recognised in the consolidated statement of comprehensive income of 311,000.

During the year, deferred consideration of £115,000 was received relating to the sale of Yourkeys Technology Limited. This was £58,000 higher than estimated, resulting in a gain recognised in the consolidated statement of comprehensive income.

17 Subsidiaries

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at the reporting date have been included in the consolidated financial statements. The trading subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held (effective holding)	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
Mortgage Talk Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Provision of financial services
First Mortgage Direct Limited	Scotland	80	Provision of financial services
First Mortgage Limited	Scotland	80	Provision of financial services
Property Law Centre Limited	Scotland	80	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
Mortgage Advice Bureau Australia (Holdings) PTY Limited	Australia	100	Intermediate holding company
Mortgage Advice Bureau PTY Limited	Australia	100	Holding of intellectual property
Vita Financial Limited	England and Wales	75	Provision of financial services
BPR Protect Limited	England and Wales	75	Provision of financial services
AUX Group Limited	England and Wales	75	Provision of financial services
Auxilium Partnership Limited	England and Wales	75	Provision of financial services
Project Finland Topco Limited	England and Wales	75.4	Intermediate holding company
Project Finland Bidco Limited	England and Wales	75.4	Intermediate holding company
The Fluent Money Group Limited	England and Wales	75.4	Intermediate holding company
Fluent Mortgages Holdings Limited	England and Wales	75.4	Intermediate holding company
Fluent Mortgages Limited	England and Wales	75.4	Provision of financial services
Fluent Mortgages Horwich Limited	England and Wales	75.4	Provision of financial services
Fluent Lifetime Limited	England and Wales	75.4	Provision of financial services
Fluent Money Limited	England and Wales	75.4	Provision of financial services
Fluent Loans Limited	England and Wales	75.4	Provision of financial services
Fluent Bridging Limited	England and Wales	75.4	Provision of financial services

17 Subsidiaries (continued)

Mortgage Advice Bureau (Holdings) plc also holds a number of dormant subsidiaries which at the reporting date have been included in the consolidated financial statements. The dormant subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau (UK) Limited	England and Wales	100	Dormant
Mortgage Advice Bureau (Bristol) Limited	England and Wales	100	Dormant
MAB (Derby) Limited	England and Wales	100	Dormant
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant
MAB1 Limited	England and Wales	100	Dormant
MAB Private Finance Limited	England and Wales	100	Dormant
MAB Financial Planning Limited	England and Wales	100	Dormant
First Mortgage Shop Limited	Scotland	80	Dormant
First Mortgages Limited	Scotland	80	Dormant
Fresh Start Finance Limited	Scotland	80	Dormant

The registered office for Vita Financial Limited and its subsidiary is 1st Floor Tudor House, 16 Cathedral Road, Cardiff CF11 9LJ. The registered office of Mortgage Advice Bureau Australia (Holdings) PTY Limited and Mortgage Advice Bureau PTY Limited is Norton Rose Fulbright, Level 18, 225 George Street, Sydney, NSW 2000, Australia. The registered office for First Mortgage Direct Limited and its subsidiaries which are incorporated in Scotland is 30 Walker Street, Edinburgh, EH3 7HR. The registered office for Project Finland Topco Limited and its subsidiaries is 102 Rivington House Chorley New Road, Horwich, Bolton, England, BL6 5UE.

The registered office for all other subsidiaries of Mortgage Advice Bureau (Holdings) plc is Capital House, Pride Place, Pride Park, Derby, DE24 8QR, United Kingdom.

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, MABWM Limited and Mortgage Advice Bureau Australia (Holdings) PTY Limited.

Mortgage Advice Bureau Australia (Holdings) PTY Limited has a 100% equity stake in Mortgage Advice Bureau PTY Limited and a 48.05% equity stake in MAB Broker Services PTY Limited.

17 Subsidiaries (continued)

On 2 July 2019, Mortgage Advice Bureau Limited acquired 80% of the ordinary share capital of First Mortgage Direct Limited. First Mortgage Direct Limited holds 100% of the ordinary share capital of First Mortgage Limited, Property Law Centre Limited, First Mortgages Limited, First Mortgage Shop Limited, and Fresh Start Finance Limited.

On 12 July 2022 Mortgage Advice Bureau Limited acquired 75.4% of the ordinary share capital of Project Finland Topco Limited. Project Finland Topco Limited holds 100% of the ordinary share capital of Project Finland Bidco Limited, which in turn holds 100% of the ordinary share capital of The Fluent Money Group Limited. The Fluent Money Group Limited holds 100% of the issued share capital of Fluent Mortgage Holdings Limited, Fluent Lifetime Limited, Fluent Money Limited, Fluent Loans Limited and Fluent Bridging Limited. Fluent Mortgage Holdings Limited owns 100% of the ordinary share capital of Fluent Mortgages Limited and Fluent Mortgages Horwich Limited.

On 12 July 2022 Mortgage Advice Bureau Limited increased its stake in Vita Financial Limited to 75%. Vita Financial Limited holds 100% of the ordinary share capital of BPR Protect Limited.

On 3 November 2022 Mortgage Advice Bureau Limited acquired 75% of the ordinary share capital of Aux Group Limited. Aux Group Limited holds 100% of the ordinary share capital of Auxilium Partnership Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited, and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

Three of the Group's subsidiaries, First Mortgage Limited (SC177681), Property Law Centre Limited (SC348791) and Fluent Mortgages Horwich Limited (14127588) are exempt from the audit of individual accounts under section 479A of the Companies Act 2006.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

18 Business combinations

Project Finland Topco Limited

On 28 March 2022, Mortgage Advice Bureau Limited, a subsidiary of Mortgage Advice Bureau (Holdings) plc, entered into a sale and purchase agreement to acquire 75.4% of the issued share capital of Project Finland Topco Limited ("Fluent"). Fluent is a technology-enabled telephone advice mortgage and specialist lending intermediary that has developed an end-to-end digital customer journey, across Mortgages (first charge mortgages), Secured Personal Loans (second charge mortgages), Later Life lending and Bridging Finance. Fluent has formed relationships with a range of third-party brands, including aggregators and other national lead sources operating across all of its product areas. The acquisition of Fluent is transformational for MAB's national lead generation strategy and should accelerate the Group's growth and broaden revenue mix and customer proposition. The transaction received approval from the Financial Conduct Authority ("FCA") on 5 July 2022 and was completed on 12 July 2022.

The remaining 24.6% equity stake is subject to a put and call option. The call option provides MAB with the opportunity to acquire the remaining equity after 5.5 years from the date of acquisition at a valuation based upon a multiple of 2027 Earnings Before Interest, Tax, Depreciation, and Amortisation ("EBITDA"). As a result, the group controls Project Finland Topco Limited and its subsidiary undertakings (together referred to as the "Project Finland Topco Limited Group"). On acquisition MAB also issued Growth Shares to former founders and key management of the Fluent Group which are subject to put and call options. The total consideration for the above put and call option and the put and call options over the growth shares is capped at c.£118m and will be determined on the basis of future financial performance. MAB will, at its discretion, be able to satisfy up to 50% of the exercise consideration for the above put and call options in ordinary shares and such shares will be subject to a 12-month orderly market undertaking upon issue.

18 Business combinations (continued)

Project Finland Topco Limited (continued)

The cost of the acquisition comprised cash consideration of £49.8m. On the same date, the non-controlling interests in the Project Finland Topco Limited group were acquired for consideration totalling £1.5m. The put and call option over the ordinary shares has been measured at the present value redemption amount at £17.0m. An initial redemption liability valued at £6.4m relating to the put and call option over the ordinary shares has been classified as accounting consideration under IAS 32 and recognised as a deduction in parent equity. £0.6m has been included within finance expenses relating to the unwinding of the redemption liability from the date of acquisition to the end of the year, giving a value for the redemption liability of £7.0m at the end of the year. The remaining present value redemption amount of £10.6m is treated as remuneration and is accounted for as a share-based payment arrangement under IFRS 2, with 50% treated as cash-settled and 50% treated as equity-settled. In accordance with IFRS 2, £0.8m has been included as an expense relating to share-based payments (see note 31). The put and call option has been accounted for respectively under IAS 32 and IFRS 2 Share-based Payments, as the redemption liability element is treated as consideration under IAS 32, with the balance treated as remuneration under IFRS 2, because the amount payable on exercise of the option consists of a non-contingent element, and an element that is contingent upon continued employment of the option holders within the Group. The put and call options over the growth shares have been fair valued at £4.6m. The put and call options over the growth shares are treated as remuneration and are accounted for as a share-based payment arrangement under IFRS 2 as exercise is solely contingent upon continued employment, with 50% treated as cash-settled and 50% treated as equity-settled. In accordance with IFRS 2, £0.3m has been included as an expense relating to share-based payments (see note 31).

The results contributed by Project Finland Topco Limited and its subsidiary undertakings between the completion of the acquisition date and 31 December 2022 are as follows:

	£'000
Revenue	**21,883**
Profit after tax*	**1,139**

* This excludes £1.1m of acquisition option costs recognised under IFRS2 that arose as part of the acquisition.

If the acquisition had occurred on 1 January 2022, the consolidated pro-forma revenue and profit before tax for the year ended 31 December 2022 would have been £253.6m and £13.9 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for

- differences in accounting policies between the Group and the subsidiary,
- the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2022,
- the additional IFRS 2 charges relating to the acquisition options costs, and
- costs linked to Private Equity ownership that would not have been incurred.

The goodwill arising on acquisition of £37.0m is reviewed annually for impairment.

18 Business combinations (continued)

Project Finland Topco Limited (continued)

The business combination has been accounted for using the purchase method of accounting. At 12 July 2022 (" date of acquisition"), the assets and liabilities of the Project Finland Topco Limited Group were consolidated at their fair value to the Group, as set out below:

	Initial book value £'000	Fair value adjustment £'000	Fair value at date of acquisition £'000
Intangible fixed assets	437	53,465	53,902
Right of use assets	1,061	–	1,061
Property, plant and equipment	822	–	822
Trade receivables	1,151	–	1,151
Other receivables	390	–	390
Prepayments and accrued income	632	–	632
Cash at bank	3,451	–	3,451
Total assets	**7,944**	**53,465**	**61,409**
Loans and other borrowings	(23,391)	–	(23,391)
Trade payables	(1,127)	–	(1,127)
Accruals	(3,972)	–	(3,972)
Lease liabilities	(1,016)	–	(1,016)
Provisions	(460)	–	(460)
Corporation tax	(30)	–	(41)
Deferred tax	751	(13,212)	(12,461)
Total liabilities	**(29,245)**	**(13,212)**	**(42,427)**
Net assets acquired			**18,952**
Non-controlling interests			(4,657)
Goodwill			36,974
Total Consideration			**51,269**

Satisfied by:	**£'000**
Cash	51,269
	51,269

18 Business combinations (continued)

Project Finland Topco Limited (continued)

The goodwill is attributable to the value of the acquired workforce, deferred tax and economic goodwill which includes the opportunity to grow both new and existing introducer and lender relationships.

After the acquisition, the subsidiary company Mortgage Advice Bureau Limited repaid loan notes and accrued interest on those loan notes totalling £21.9m.

The acquisition was financed by:	**£'000**
Issue of share capital	38,423
Loans and other borrowings	25,300
Cash held within the Group	9,437
	73,160

Cash used in: Acquisition of 75.4% of the issued share capital of Project Finland Topco Limited	49,765
Acquisition of non-controlling interests in Fluent Mortgage Holdings Limited, Fluent Lifetime Limited and Fluent Bridging Limited	1,504
	51,269
Settlement of loan notes and accrued interest	21,891
	73,160

Cashflow on Acquisition of Subsidiary undertaking:	**£'000**
Cash consideration	51,269
Cash at bank acquired	(3,451)
	47,818

AUX Group Limited

On 3 November 2022, Mortgage Advice Bureau Limited, a subsidiary of Mortgage Advice Bureau (Holdings) plc, acquired 75% of Aux Group Limited and its subsidiary undertaking (together referred to as the "Aux Group"). Aux Group is a specialist protection service provider servicing directly authorised firms and the acquisition gives the Group the platform to extend its expertise in protection across directly authorised firms.

The remaining 25% equity stake is subject to a put and call option. The call option provides Mortgage Advice Bureau Limited with the opportunity to acquire the remaining equity within 7 years, but not before the accounts for the year ended 31 December 2026 are filed.

18 Business combinations (continued)

AUX Group Limited (continued)

The cost of the acquisition comprised cash consideration of £2,106,515. The put and call option over the ordinary shares has been valued at the present value redemption amount at £337,144. A redemption liability valued at £168,572 relating to the put and call option over the ordinary shares has been classified as accounting consideration under IAS 32 and recognised as a deduction in parent equity. The remaining present value redemption amount of £168,572 is treated as remuneration and is accounted for as a cash-settled share-based payment arrangement under IFRS 2. In accordance with IFRS 2, £7,497 has been included as an expense relating to share-based payments (see note 31). The put and call option has been accounted for respectively under IAS 32 and IFRS 2 Share-based Payments, as the redemption liability element is treated as consideration under IAS 32, with the balance treated as remuneration under IFRS 2, because the amount payable on exercise of the option consists of a non-contingent element, and an element that is contingent upon continued employment of the option holder within the Group.

The results contributed by Aux Group Limited and its subsidiary undertakings between the acquisition date and the 31 December 2022 are as follows:

	£'000
Revenue	**210**
Profit after tax	**118**

* This excludes £0.1m of acquisition option costs recognised under IFRS2 that arose as part of the acquisition

If the acquisition had occurred on 1 January 2022, the consolidated pro-forma revenue and profit before tax for the year ended 31 December 2022 would have been £231.5m and £17.6m respectively. These amounts have been calculated using the subsidiary's results and adjusting them for

- differences in accounting policies between the Group and the subsidiary,
- the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2022, and
- the additional IFRS 2 charges relating to the acquisition options costs.

The goodwill arising on acquisition of £1.0m is reviewed annually for impairment. The goodwill is attributable to the value of the acquired workforce and deferred tax.

18 Business combinations (continued)

AUX Group Limited (continued)

The business combination has been accounted for using the purchase method of accounting. At 3 November 2022 ("date of acquisition"), the assets and liabilities of the Aux Group were consolidated at their fair value to the Group, as set out below:

	Initial book value £'000	Fair value adjustment £'000	Fair value at date of acquisition £'000
Intangible fixed assets	–	987	987
Property, plant and equipment	2	–	2
Other receivables	40	–	40
Prepayments and accrued income	45	–	45
Cash at bank	850	–	850
Total assets	**937**	**987**	**1,924**
Accruals	(21)	–	(21)
Clawback provision	(143)	–	(143)
Corporation tax	(84)	–	(84)
Deferred tax	–	(237)	(237)
Total liabilities	**(248)**	**(237)**	**(485)**
Net assets acquired			**1,439**
Non-controlling interests			(360)
Goodwill			1,027
Total Consideration			**2,106**

Satisfied by:	**£'000**
Cash	2,106
	2,106

Cashflow on Acquisition of Subsidiary undertaking:	**£'000**
Cash consideration	2,106
Cash at bank acquired	(850)
	1,256

18 Business combinations (continued)

Vita Financial Limited

On 12 July 2022, Mortgage Advice Bureau Limited, a subsidiary of Mortgage Advice Bureau (Holdings) plc, acquired 26% of Vita Financial Limited ("Vita") for a consideration of £460,306. Vita has performed exceptionally well in supporting MAB's AR firms who wish to outsource some of their protection or general insurance leads. As part of MAB's wider protection strategy, the acquisition will enable the Group to extend Vita's proposition into a wider addressable market to fully leverage its expertise. Mortgage Advice Bureau Limited had previously held 49% of share capital of Vita Financial Limited, of which the fair value at the date of acquisition was £867,500.

The results contributed by Vita Financial Limited between the acquisition date and the 31 December 2022 are as follows:

	£'000
Revenue	**1,114**
Profit after tax	**39**

If the acquisition had occurred on 1 January 2022, the consolidated pro-forma revenue and profit before tax for the year ended 31 December 2022 would have been £230.8m and £17.4m respectively. These amounts have been calculated using the subsidiary's results and adjusting them for

- differences in accounting policies between the Group and the subsidiary,
- the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2022, and
- Intercompany eliminations arising on consolidation.

The goodwill arising on acquisition of £0.7m is reviewed annually for impairment. The goodwill is attributable to the value of the acquired workforce and deferred tax.

The business combination has been accounted for using the purchase method of accounting. At 12 July 2022 ("date of acquisition"), the assets and liabilities of Vita Financial Limited were consolidated at their fair value, as set out below:

	Initial book value £'000	Fair value adjustment £'000	Fair value at date of acquisition £'000
Intangible fixed assets	–	479	479
Property, plant and equipment	36	–	36
Trade receivables	453	–	453
Cash at bank	377	–	377
Total assets	**866**	**479**	**1,345**
Other payables	(72)	–	(72)
Corporation tax	(21)	–	(21)
Clawback provision	(331)	–	(331)
Deferred tax	(6)	(117)	(123)
Total liabilities	**(430)**	**(117)**	**(547)**
Net assets acquired			**798**

18 Trade and other receivables (continued)

Vita Financial Limited (continued)

	Initial book value £'000	Fair value adjustment £'000	Fair value at date of acquisition £'000
Non-controlling interests			(199)
Fair value of previously held equity interest			(868)
Goodwill			729
Total Consideration			**460**

Satisfied by:	**£'000**
Cash	460
	460

Cashflow on Acquisition of Subsidiary undertaking:	**£'000**
Cash consideration	460
Cash at bank acquired	(377)
	83

Reconciliation of net cash flow on acquisition of subsidiaries	**£'000**
Net cashflow on acquisition of Fluent	47,818
Net cashflow on acquisition of Auxilium	1,256
Net cashflow on acquisition of Vita	83
	49,157

19 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**3,029**	1,741
Less provision for impairment of trade receivables	**(476)**	(374)
Trade receivables - net	**2,553**	1,367
Receivables from related parties	**29**	–
Other receivables	**962**	448
Loans to related parties	**559**	1,398
Less provision for impairment of loans to related parties	**(2)**	(2)
Less amounts written off loans to related parties	**–**	(628)
Total non-derivative financial assets other than cash and cash equivalents classified at amortised costs	**4,101**	2,583
Prepayments and accrued income	**7,018**	4,856
Corporation tax	**–**	–
Total trade and other receivables	**11,119**	7,439
Less: non-current portion - Loans to related parties	**(305)**	(541)
Less: non-current - Trade receivables	**(526)**	(557)
Current portion	**10,288**	6,341

Reconciliation of movement in trade receivables to cash flow	2022 £'000	2021 £'000
Movement per trade receivables	**3,679**	1,030
Corporation tax	**–**	499
Accrued interest movement	**(6)**	16
Accrued interest write off	**–**	(15)
Accrual of deferred consideration for Yourkeys disposal	**55**	(55)
Acquired trade and other receivables	**(2,710)**	–
Intercompany arising on acquisitions	**299**	–
Total movement per cash flow	**1,317**	1,475

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Included within trade receivables are operational business development loans to Appointed Representatives. The non-current trade receivables balance is comprised of loans to Appointed Representatives.

19 Trade and other receivables (continued)

Also included in trade receivables are amounts due from Appointed Representatives relating to commissions that are refundable to the Group when policy lapses or other reclaims exceed new business. As these balances have no credit terms, the Board of Directors consider these to be past due if they are not received within seven days. In the management of these balances, the Directors can recover them from subsequent new business entered into with the Appointed Representative or utilise payables that are owed to the same counterparties and included within payables as the Group has the legally enforceable right of set off in such circumstances. These payables are considered sufficient by the Directors to recover receivable balances should they default, and, accordingly, credit risk in this respect is minimal.

In light of the above, the Directors do not consider that disclosure of an aging analysis of trade and other receivables would provide useful additional information. Further information on the credit quality of financial assets is set out in note 23.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. As at 31 December 2022 the lifetime expected loss provision for trade receivables is £0.5m (2021: £0.4m). The movement in the impairment allowance for trade receivables has been included in cost of sales in the consolidated statement of comprehensive income.

Impairment provisions for loans to associates are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. In determining the lifetime expected credit losses for loans to associates, the Directors have considered different scenarios for repayments of these loans and have applied percentage probabilities to each scenario for each associate where applicable.

A summary of the movement in the provision for the impairment of receivables is as follows:

	2022 £'000	2021 £'000
As at 1 January	**374**	379
New provisions for impairment losses	**106**	4
Increases in existing provisions for impairment losses	**–**	5
Impairment provisions no longer required	**(4)**	(14)
As at 31 December	**476**	374

A summary of the movement in the provision for the impairment of loans to related parties is as follows:

	2022 £'000	2021 £'000
As at 1 January	**2**	614
Increases in existing provisions for impairment losses	**–**	–
Impairment provisions no longer required	**–**	(612)
As at 31 December	**2**	2

19 Trade and other receivables (continued)

During the prior year, a principal loan balance of £0.6m was written off in respect of Eagle and Lion Limited which represents the principal loan balance write-off and release of £0.6m of expected credit losses already recognised. The movement in the impairment allowance for receivables for loans to associates has been included in impairment of loans to related parties in the consolidated statement of comprehensive income in year ended 31 December 2021. As at 31 December 2022 the lifetime expected loss provision for loans to associates is £0.0m (2021: £0.0m), with 12 month expected credit losses recognised for remaining associates.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above less collateral held as security. Details of security held are given in note 23.

20 Cash and cash equivalents

	2022 £'000	2021 £'000
Unrestricted cash and bank balances	**7,219**	17,548
Bank balances held in relation to retained commissions	**18,243**	16,863
Cash and cash equivalents	**25,462**	34,411

Bank balances held in relation to retained commissions earned on an indemnity basis from protection policies are held to cover potential future lapses in Appointed Representatives commissions. Operationally the Group does not treat these balances as available funds. An equal and opposite liability is shown within Trade and other payables (note 21).

21 Trade and other payables

	2022 £'000	2021 £'000
Appointed Representatives retained commission	**18,243**	16,863
Other trade payables	**8,658**	6,255
Trade payables	**26,901**	23,118
Social security and other taxes	**2,190**	1,305
Other payables	**208**	70
Redemption liability (see note 18)	**7,186**	–
Deferred consideration (see note 15)	**–**	2,212
Accruals	**7,350**	5,220
	43,835	31,925

	2022 £'000	2021 £'000 Restated*
Current	**34,397**	29,342
Non-current	**9,438**	2,583
	43,835	31,925

* In prior year, all trade and other payables were incorrectly presented as current. This resulted in an overstatement of current liabilities and an understatement of non-current liabilities by £2.6m as at 31 December 2021 and by £1.2m as at 31 December 2020.

21 Trade and other payables (continued)

Should a protection policy be cancelled within four years of inception, a proportion of the original commission will be clawed back by the insurance provider. The majority of any such repayment is payable by the Appointed Representative, with the Group making its own provision for its share of any such repayment as set out in note 24. It is the Group's policy to retain a proportion of commission payable to the Appointed Representative to cover such potential future lapses; these sums remain a liability of the Group. This commission is held in a separate ring-fenced bank account as described in note 20.

Redemption liabilities of £7.0m and £0.2m in respect of the put and call options relating to the Fluent and Auxilium acquisitions respectively, as set out in note 18, have been included in other payables as at 31 December 2022.

As at 31 December 2022 and 31 December 2021, the carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Reconciliation of movement in trade payables to cash flow	2022 £'000	2021 £'000
Movement per trade payables	**11,909**	8,263
Deferred consideration on associates	**1,327**	(2,210)
Fair value measurement of deferred consideration	**884**	–
Share–based payment accruals	**(656)**	–
Redemption liability	**(7,186)**	–
Acquired trade and other payables	**(5,192)**	–
Intercompany arising on acquisition	**(253)**	–
Total movement per cash flow	**833**	6,053

22 Loans and borrowings

	2022 £'000	2021 £'000
Bank loans	**23,407**	–
Total loans and borrowings	**23,407**	**–**
Less: non-current portion – Bank loans	**(16,598)**	–
Current portion	**6,809**	**–**

A summary of the maturity of loans and borrowings is as follows:

Bank loans	2022 £'000	2021 £'000
Payable in 1 year	**6,809**	–
Payable in 1-2 years	**3,750**	–
Payable in 2-5 years	**12,848**	–
Total bank loans	**23,407**	**–**

22 Loans and borrowings (continued)

In connection with the acquisition of Fluent, the Group entered into an agreement on 28 March 2022 with NatWest, in respect of a new term loan for £20m and a revolving credit facility for £15m (the "Facilities Agreement"), in order to part fund the cash consideration payable in relation to the acquisition. It is MAB's intention to repay the drawn down proportion of the revolving element of this debt facility as soon as practicable. In respect of the new facilities, the Group has given security to NatWest in the form of fixed and floating charges over the assets of Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited, Mortgage Advice Bureau (Holdings) plc, First Mortgage Direct Limited, First Mortgage Limited, Project Finland Bidco Limited, Fluent Money Limited and Fluent Mortgages Limited.

Loan covenants

Under the terms of the Facilities Agreement, the Group is required to comply with the following financial covenants:

- Interest cover shall not be less than 5:1
- Adjusted leverage shall not exceed 2:1

The Group has complied with these covenants since the Facilities Agreement was entered into.

23 Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

- Trade and other receivables
- Investments in non-listed equity shares
- Derivative financial instruments
- Cash and cash equivalents
- Trade and other payables

A summary of financial instruments held by category is provided below:

Financial assets	2022 £'000	2021 £'000
Cash and cash equivalents	**25,462**	34,411
Investments in non-listed equity shares (FVTPL)	**–**	2,783
Trade and other receivables (amortised cost)	**4,101**	2,583
Derivative financial instruments (FVTPL)	**320**	362
Total financial assets	**29,883**	40,139

23 Financial instruments – risk management (continued)

Principal financial instruments (continued)

Financial liabilities	2022 £'000	2021 £'000 Restated*
Trade and other payables	**29,299**	23,189
Loans and borrowings	**23,407**	–
Deferred consideration	**–**	2,212
Accruals	**7,350**	5,220
Redemption liability	**7,186**	–
Lease liabilities	**3,947**	2,596
Derivative financial instruments	**10**	34
Total financial liabilities	**71,199**	33,251

* The disclosure of financial liabilities incorrectly included £1.3m of social security and other taxes, which are not financial instruments. The disclosure is therefore restated to make this correction. The correction has no other impact on these financial statements.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, and designs and operates processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board sets guidelines to the finance team and monitors adherence to its guidelines on a monthly basis.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a trading partner or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from loans to its trading partners. It is Group policy to assess the credit risk of trading partners before advancing loans or other credit facilities. Assessment of credit risk utilises external credit rating agencies. Personal guarantees are generally obtained from the Directors of its trading partners.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables are given in note 19.

Financial assets - maximum exposure	2022 £'000	2021 £'000 Restated*
Cash and cash equivalents	**25,462**	34,411
Trade and other receivables (Amortised cost)	**4,101**	2,583
Derivative financial instruments (FVTPL)	**320**	362
Total financial assets	**29,883**	37,356

* The disclosure of financial assets with exposure to credit risk incorrectly included investment in non-listed equity shares of £2.8m however these do not have credit risk exposure. The disclosure is therefore restated to make this correction. The correction has no other impact on these financial statements.

23 Financial instruments – risk management (continued)

The carrying amounts stated above represent the Group's maximum exposure to credit risk for trade and other receivables. An element of this risk is mitigated by collateral held by the Group for amounts due to them.

Trade receivables consist of a large number of unrelated trading partners and therefore credit risk is not concentrated. Due to the large volume of trading partners the Group does not consider that there is any significant credit risk as a result of the impact of external market factors on their trading partners. Additionally, within trade payables are amounts due to the same trading partners that are included in trade receivables; this collateral of £716,680 (2021: £822,382) reduces the credit risk.

The Group's credit risk on cash and cash equivalents is limited because the Group places funds on deposit with National Westminster Bank plc (rated A+), The Royal Bank of Scotland plc (rated A+), Barclays plc (rated A), HSBC Bank plc (rated AA-) and Bank of Scotland plc (rated A+).

Interest rate risks

The Group's interest rate risk arises from cash on deposit. The Group aims to maximise its return on cash on deposit whilst ensuring that cash is available to meet liabilities as they fall due. Current market deposit interest rates are minimal and therefore any fall in these rates is unlikely to have a significant impact on the results of the Group.

Foreign exchange risk

As the Group does not operate outside of the United Kingdom and has only one investment outside the UK, it is not exposed to any material foreign exchange risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group's trade and other payables are repayable within one year from the reporting date and the contractual undiscounted cash flow analysis for the Group's trade and other payables is the same as their carrying value. The contractual maturities of financial liabilities are as follows:

31 December 2022 (£000)	**Within 1 year**	**1 - 2 years**	**2 -5 years**	**After 5 years**	**Total**
Trade and other payables	8,866	–	–	–	8,866
Loans and borrowings	6,809	3,750	12,848	–	23,407
Accruals	5,644	168	1,538	–	7,350
Redemption liability	–	–	169	7,017	7,186
Lease liabilities	1,048	994	1,857	345	4,244
Derivative financial instruments	–	10	–	–	10
Appointed representative retained commission	17,697	30	440	76	18,243
Total	**40,064**	**4,952**	**16,852**	**7,438**	**69,306**

23 Financial instruments – risk management (continued)

31 December 2021 (£000) (Restated*)	Within 1 year	1 - 2 years	2 -5 years	After 5 years	Total
Trade and other payables	6,325	–	–	–	6,325
Deferred consideration	1,483	729	–	–	2,212
Accruals	3,942	183	1,095	–	5,220
Lease liabilities	449	454	1,228	665	2,796
Derivative financial instruments	–	34	–	–	34
Appointed representative retained commission	16,287	28	478	70	16,863
Total	28,486	1,428	2,801	735	33,450

* The disclosure incorrectly included £1.3m of social security and other taxes, which are not financial instruments, and Appointed Representatives retained commission has been included in the maturity analysis as at 31 December 2022, with comparatives restated for 31 December 2021 as it was incorrectly excluded. The disclosure is therefore restated to make this correction. The correction has no other impact on these financial statements.

Appointed representative retained commission does not have a definite maturity date and it is not possible to accurately estimate the repayment profile, other than when Appointed Representative firms are in the initial term of their contract. The Directors consider that the disclosed maturity profile is the most appropriate.

The Board receives annual 12-month cash flow projections based on working capital modelling as well as information regarding cash balances monthly. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. Additionally, the Group has financial resource requirements set by its regulator, the Financial Conduct Authority. The Board has set a policy to ensure that adequate capital is maintained to ensure that these externally set financial resource requirements are exceeded at all times. Quarterly reports are made to the Financial Conduct Authority and submission is authorised by the Chief Financial Officer, at which time capital adequacy is re-assessed.

Capital management

The Group monitors its capital which consists of all components of equity (i.e. share capital, share premium, capital redemption reserve, share option reserve and retained earnings).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders,
- To ensure that capital is maintained at all times to ensure that financial resource requirements set by its regulator, the Financial Conduct Authority, are exceeded at all times, and
- To ensure the Group has the cash available to develop the services provided by the Group to provide an adequate return to shareholders.

24 Provisions

Clawback provision	2022 £'000	2021 £'000
As at 1 January	**5,716**	4,576
Acquisition of subsidiary	**935**	–
Charged to the statement of comprehensive income	**1,387**	1,140
As at 31 December	**8,038**	5,716

The provision relates to refund liabilities for the estimated cost of repaying the Group's share of commission income received upfront on protection policies that may lapse in the four years following issue. Under the Group's revenue contracts with protection providers, if the policy is cancelled by the customer within a four-year period after the inception of the policy, then a proportion of the commission received upfront has to be repaid to the protection provider. Provisions are held in the financial statements of nine of the Group's subsidiaries: Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited, First Mortgage Direct Limited, First Mortgage Limited, Fluent Mortgages Limited, Fluent Mortgages Horwich Limited, Vita Financial Limited, BPR Protect Limited and Auxilium Partnership Limited. The exact timing of any future repayments (termed 'clawbacks') within the four-year period is uncertain and the provision was based on the Directors' best estimate, using industry data where available, of the probability of clawbacks to be made.

25 Deferred tax

Deferred tax is calculated in full on temporary differences using tax rates of 19% and 25% depending on when the temporary differences are expected to unwind (2021: 19% and 25%).

The movement in deferred tax is shown below:

	2022 £'000	2021 £'000
Net deferred tax asset - opening balance	**1,114**	179
Acquisition of subsidiary	**(12,820)**	–
Recognised in the statement of comprehensive income	**(389)**	286
Deferred tax movement recognised in equity	**(767)**	649
Net deferred tax (liability)/asset - closing balance	**(12,862)**	1,114

The deferred tax balance is made up as follows:

	2022 £'000	2021 £'000
Fixed asset differences	**(14,659)**	(686)
Other timing differences	**312**	108
Tax losses	**659**	–
Share-based payments	**826**	1,692
Net deferred tax (liability)/asset	**(12,862)**	1,114

25 Deferred tax (continued)

Reflected in the statement of financial position as follows:	2022 £'000	2021 £'000
Deferred tax liability	**(14,659)**	(757)
Deferred tax asset	**1,797**	1,871
Net deferred tax (liability)/asset	**(12,862)**	1,114

Deferred tax liabilities have arisen due to capital allowances which have been received ahead of the depreciation charged in the accounts and the recognition of the fair value of acquired assets in business combinations.

26 Share capital

Issued and fully paid	2022 £'000	2021 £'000
Ordinary shares of 0.1p each	**57**	53
Total share capital	**57**	53

In connection with the acquisition of Fluent Money Group, the Group issued 3,809,524 new ordinary shares in an equity placing on 28 March 2022 to raise £40.0m gross to part fund the consideration for the acquisition. The new ordinary shares were issued at £10.50 per ordinary share. The share premium recognised was £38.4m after deduction of £1.6m of costs directly associated with the equity placing. In addition, during the year 16,851 ordinary shares of 0.1p each were issued following partial exercise of options issued in July 2019 at no premium. As at 31 December 2022, there were 57,030,995 ordinary shares of 0.1p in issue (2021: 53,204,620). See also note 31.

27 Reserves

The Group's policy is to maintain an appropriate capital base and comply with its externally imposed capital requirements whilst providing maximum shareholder value.

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the company at par value of any shares repurchased.
Share option reserve	The fair value of equity instruments granted by the Company in respect of share-based payment transactions and deferred tax recognised in equity.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

28 Retirement benefits

The Group operates defined contribution pension schemes for the benefit of its employees and also makes contributions to a self-invested personal pension ("SIPP"). The assets of the schemes and the SIPP are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the SIPP and amounted to £1,373,209 (2021: £1,454,025). There were contributions payable to the SIPP as at 31 December 2022 of £238,987 (2021: £130,792).

29 Related party transactions

The following details provide the total amount of transactions that have been entered into with related parties during the twelve months ended 31 December 2022 and 2021, as well as balances with related parties as at 31 December 2022 and 31 December 2021.

During the year the Group paid commission of £926,956 (2021: £906,073) to Buildstore Limited, an associated company. At 31 December 2022 there was a balance of £13,559 (2021: £10,443) of retained commission to cover future lapses.

During the year the Group received introducer commission from Sort Limited, a subsidiary of an associated company of £1,491,978 (2021: £1,159,360). At 31 December 2022, there was a net loan outstanding from Sort Group Limited of £218,369 (2021: £218,369).

During the year the Group paid commission of £4,549,994 (2021: £5,001,507) to Clear Mortgage Solutions Limited, an associated company. At 31 December 2022 there was a balance of £652,466 (2021: £542,290) of retained commission to cover future lapses.

During the year the Group paid commission of £2,948,580 (2021: £nil) to Evolve FS Ltd, an associated company. At 31 December 2022 there was a balance of £75,766 (2021: £nil) of retained commission to cover future lapses.

During the year the Group paid commission of £4,459 (2021: £nil) to Heron Financial Limited, an associated company. At 31 December 2022 there was a balance of £19 (2021: £nil) of retained commission to cover future lapses.

Vita Financial Limited was an associated company of the Group until it became a subsidiary on 12 July 2022, after which it was no longer a related party. During the period in which it was a related party, the Group paid commission of £716,861 (2021: £1,309,270) to the company. There was a balance at 31 December 2021 of £171,539 of retained commission to cover future lapses.

BPR Protect Limited was a subsidiary of an associated company of the Group until Vita Financial Limited became a subsidiary on 12 July 2022, after which it was no longer a related party. During the period in which it was a related party, the Group paid commission of £222,509 (2021: £521,314) to the company. There was a balance at 31 December 2021 of £82,409 of retained commission to cover future lapses.

During the year the Group paid commission of £1,791,391 (2021: £1,634,833) to The Mortgage Broker Limited, an associated company. At 31 December 2022 there was a balance of £66,858 (2021: £66,785) of retained commission to cover future lapses. At 31 December 2022, there was a loan outstanding from The Mortgage Broker Limited of £19,556 (2021: £nil).

During the year the Group paid commission of £4,480,696 (2021: £3,990,911) to Meridian Holdings Group Ltd, an associated company. At 31 December 2022 there was a balance of £546,203 (2021: £545,605) of retained commission to cover future lapses. At 31 December 2022, there was a loan outstanding from Meridian Holdings Group Ltd of £319,414 (2021: £550,069).

During the year the Group paid commission of £2,826,184 (2021: £1,352,455) to M & R FM Ltd, an associated company. At 31 December 2022 there was a balance of £107,094 (2021: £34,598) of retained commission to cover future lapses. M & R FM Ltd purchased leads from First Mortgage at a total of £39,869 (2021: £18,606).

29 Related party transactions (continued)

During the year the Group received dividends from associated companies as follows:

	2022 £'000	2021 £'000
CO2 Commercial Limited	**348**	225
Evolve FS Ltd	**245**	–
Sort Group Limited	**130**	–
M & R FM Ltd	**187**	–
Lifetime FS Limited	**–**	50
Total dividends received	**910**	275

30 Ultimate controlling party

There is no ultimate controlling party.

31 Share-based payments

Mortgage Advice Bureau Executive Share Option Plan

The Group operates two equity-settled share-based remuneration schemes for Executive Directors and certain senior management, one being an approved scheme, the other unapproved, but with similar terms. Half of the options are subject to a total shareholder return (TSR) performance condition and the remaining half are subject to an earnings per share (EPS) performance condition. The outstanding options in the unapproved scheme vest and are exercisable as follows:

For options granted during 2018 and outstanding as at 1 January 2022:
- 100% based on performance to 31 March 2021, exercisable between 11 April 2021 and 9 April 2026.

For options granted during 2019 and outstanding as at 1 January 2022:
- 100% based on performance to 31 March 2022, exercisable between 1 July 2022 and 1 July 2027.

For options granted during 2020 and outstanding as at 1 January 2022:
- 100% based on performance to 31 March 2023, exercisable between 22 April 2023 and 21 July 2028.

For options granted during 2021 and outstanding as at 1 January 2022:
- 100% based on performance to 31 March 2024, exercisable between 1 April 2024 and 31 March 2029.

For options granted during the year:
- 100% based on performance to 31 March 2025, exercisable between 6 April 2025 and 6 June 2030.

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year for the Mortgage Advice Bureau Executive Share Option Plan:

	2022 WAEP £	2022 Number	2021 WAEP £	2021 Number
Outstanding as at 1 January	**0.001**	**460,380**	0.001	504,462
Granted during the year	**0.001**	**154,850**	0.001	115,502
Exercised	**0.001**	**(16,851)**	0.001	(51,433)
Lapsed *	**–**	**(22,376)**	–	(108,151)
Outstanding as at 31 December	**0.001**	**576,003**	0.001	460,380

* Due to not fully vesting, retirement or leaving the Group.

31 Share based payments (continued)

Mortgage Advice Bureau Executive Share Option Plan (continued)

As at 31 December 2022, 576,003 options over ordinary shares of 0.1 pence each in the Company were exercisable with a weighted average exercise price of £0.001.

On 6 June 2022, 154,850 options over ordinary shares of 0.1 pence each in the Company were granted to the Executive Directors and senior executives of MAB under the equity-settled Mortgage Advice Bureau Executive Share Option Plan (the "Options") with a weighted average fair value of £7.07 per option. Exercise of the Options is subject to the service conditions and achievement of performance conditions based on total shareholder return and earnings per share criteria. Subject to achievement of the performance conditions, the Options will be exercisable 3 years from the date of grant. The exercise price for the Options is 0.1 pence, being the nominal cost of the Ordinary Shares.

Options exercised on 14 and 15 July 2022 resulted in respectively 12,357 and 1,498 ordinary shares being issued at an exercise price of 0.1p per share. The price of the ordinary shares at the time of exercise was respectively £8.64 and £8.72 per share.

Options exercised on 30 September 2022 resulted in 1,498 ordinary shares being issued at an exercise price of 0.1p per share. The price of the ordinary shares at the time of exercise was £6.22 per share.

Options exercised on 8 November 2022 resulted in 1,498 ordinary shares being issued at an exercise price of 0.1p per share. The price of the ordinary shares at the time of exercise was £7.00 per share.

For the Options outstanding under the Mortgage Advice Bureau Executive Share Option Plan as at 31 December 2022, the weighted average remaining contractual life is 5.9 years (2021: 6.3 years). This is now calculated on the basis of the final date that the options can be exercised, whereas previously it was disclosed on the basis of the first date the options could be exercised, as it is currently the more relevant figure.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration scheme operated by the Group.

	2022	2021
Equity-settled		
Option pricing model – EPS	**Black-Scholes**	Black-Scholes
Option pricing model – TSR	**Stochastic**	Stochastic
Exercise price	**£0.001**	£0.001
Expected volatility	**41.66%**	39.41%
Expected dividend yield	**2.70%**	2.23%
Risk free interest rate	**1.78%**	0.18%

Expected volatility is a measure of an amount by which the share price is expected to fluctuate during a period. Dividends paid on shares reduce the fair value of an award as a participant does not receive the dividend income on these shares.

The Options offer participants the opportunity to benefit from increasing per share value without risking the current per share price. The risk-free rate used is the rate of interest obtainable from UK government securities as at the date of grant over the expected term.

The options granted this year have vesting periods of 2 years and 10 months from the date of grant and the calculation of the share-based payment is based on these vesting periods.

31 Share based payments (continued)

MAB AR Option Plan

The Group operates an equity-settled share plan, the AR Option Plan, to reward selected ARs of the Group. The AR Option Plan provides for options which have a nominal exercise price of 0.01 pence per share (or, for any individual AR, not less than £1 on each occasion of exercise) to acquire Ordinary Shares subject to performance conditions. Certain criteria must be met in order for ARs to be eligible, including using the Mortgage Advice Bureau brand and being party to an AR Agreement which provides for an initial contract term of at least five years at the date of grant. The AR Options will normally become exercisable following the fifth anniversary of grant subject to the satisfaction of performance conditions based on financial and other targets, including quality of consumer outcomes, compliance standards and continued use of the Mortgage Advice Bureau brand.

There were no options outstanding under the AR Option Plan at 1 January 2022 and there have been no grants of options during the year.

Share-based remuneration expense

The share-based remuneration costs for the year are made up as follows:

	2022 £'000	2021 £'000
Charge for equity settled schemes	**763**	667
National Insurance on equity settled schemes	**324**	393
Share incentive plan costs	**147**	107
Free shares awarded to employees	**186**	222
Acquisition option costs	**1,563**	543
Total costs	**2,983**	1,932

Options exercised during the period resulted in a transfer from the Share option reserve to Retained earnings of £71,574 (2021: £143,000) reflected in the consolidated statement of changes in equity.

32 Non-controlling interests (NCI)

Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in First Mortgage Direct Limited, Project Finland Topco Limited, Vita Financial Limited and Aux Group Limited, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See note 1 for the Group's accounting policies for business combinations.

Set out below is summarised financial information for each subsidiary that has a non-controlling interest that is material to the Group. The amounts disclosed for each subsidiary are their consolidated financial information before inter-company eliminations with Mortgage Advice Bureau Limited.

2022 **Summarised balance sheet**	**First Mortgage Direct Limited 2022 £'000**	**Project Finland Topco Limited ("Fluent") 2022 £'000**	**Total 2022 £'000**
Current assets	12,443	3,721	16,164
Current liabilities	(2,788)	(26,950)	(29,738)
Current net assets/(liabilities)	**9,655**	**(23,229)**	**(13,574)**
Non-current assets	3,213	19,094	22,307
Non-current liabilities	(4,263)	(1,209)	(5,472)
Non-current net assets/(liabilities)	**(1,050)**	**17,885**	**16,835**
Net assets/(liabilities)	8,605	(5,344)	3,261
Accumulated NCI	**2,297**	**4,654**	**6,951**

Summarised statement of comprehensive income	**£'000**	**£'000**	**£'000**
Revenue	18,220	21,883	40,103
Profit/(loss) for the period and total comprehensive income	2,534	(8)	2,526
Profit/(loss) allocated to NCI	507	(2)	505
Dividends paid to NCI	415	–	415

Summarised cash flows	**£'000**	**£'000**	**£'000**
Cash flows from operating activities	6,201	1,261	7,462
Cash flows from investing activities	(730)	(1,319)	(2,049)
Cash flows from financing activities	(1,659)	(1,725)	(3,384)
Net increase in cash & cash equivalents	3,811	(1,783)	2,028

32 Non-controlling interests (NCI) (continued)

2021 Summarised balance sheet	First Mortgage Direct Limited 2021 £'000	Total 2021 £'000
Current assets	11,198	11,198
Current liabilities	(2,428)	(2,428)
Current net assets	**8,770**	**8,770**
Non-current assets	3,447	3,447
Non-current liabilities	(4,093)	(4,093)
Non-current net liabilities	**(646)**	**(646)**
Net assets	8,124	8,124
Accumulated NCI	**2,205**	**2,205**

Summarised statement of comprehensive income	£'000	£'000
Revenue	16,587	16,587
Profit for the period and total comprehensive income	2,752	2,752
Profit allocated to NCI	550	550
Dividends paid to NCI	253	253

Summarised cash flows	£'000	£'000
Cash flows from operating activities	6,200	6,200
Cash flows from investing activities	(730)	(730)
Cash flows from financing activities	(1,659)	(1,659)
Net increase in cash & cash equivalents	3,811	3,811

33 Contingent liabilities

The Group had no contingent liabilities as at 31 December 2022 or 31 December 2021.

34 Events after the reporting date

There were no material events after the reporting period, which have a bearing on the understanding of these consolidated financial statements.

35 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2022 £'000	2021 £'000
Cash at bank available on demand	**7,219**	17,548
Bank balances held in relation to retained commissions	**18,243**	16,863
Total cash and cash equivalents	**25,462**	34,411

A reconciliation of liabilities from financing transactions is set out as follows:

	Loans and borrowings £'000	Leases £'000	Total £'000
Balance as at 1 January 2021	**–**	**2,695**	**2,695**
Cash flows			
Principal lease payments		(349)	(349)
Non-cash flows			
New leases	–	250	250
Balance as at 31 December 2021 and 1 January 2022	**–**	**2,596**	**2,596**
Cash flows			
Principal loan amounts	**23,200**	**–**	**23,200**
Loan arrangement fees	**(282)**	**–**	**(282)**
Settlement of loan notes and accrued interest on acquisition	**(21,891)**	**–**	**(21,891)**
Repayment of borrowings	**(1,500)**	**–**	**(1,500)**
Principal lease payments	**–**	**(547)**	**(547)**
Non-cash flows			
Acquisition of subsidiaries	**23,391**	**1,016**	**24,407**
New leases	**–**	**919**	**919**
Accrued interest	**426**	**–**	**426**
Unwinding of loan arrangement fees	**63**	**–**	**63**
Disposals	**–**	**(37)**	**(37)**
Balance as at 31 December 2022	**23,407**	**3,947**	**27,354**

The following parent entity financial statements are prepared under FRS 102 and relate to the Company and not to the Group. The statement of accounting policies which have been applied to these accounts can be found on page 155.

The Company is a non-trading holding company and has no employees. As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year of £16,023,000 (2021: £17,339,000).

	Note	**2022 £'000**	2021 £'000
Fixed assets			
Investments	3	**5,361**	4,297
Current assets			
Debtors	4	**45,341**	6,960
Net assets		**50,702**	11,257
Capital and reserves			
Called up share capital	5	**57**	53
Share premium account	6	**48,155**	9,778
Capital redemption reserve	6	**20**	20
Retained earnings	6	**2,470**	1,406
		50,702	11,257

The notes on pages 155 to 159 form part of these financial statements.

The financial statements were approved by the board of Directors on 27 March 2023

P Brodnicki
Director

L Tilley
Director

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Balance as at 1 January 2021	53	9,778	20	856	10,707
Profit for the year	–	–	–	17,339	17,339
Total comprehensive income	–	–	–	17,339	17,339
Transactions with owners					
Issue of shares	–	–	–	–	–
Share-based payments	–	–	–	550	550
Dividends paid	–	–	–	(17,339)	(17,339)
Transactions with owners	–	–	–	(16,789)	(16,789)
Balance as at 31 December 2021 and 1 January 2022	**53**	**9,778**	**20**	**1,406**	**11,257**
Profit for the year	–	–	–	16,023	16,023
Total comprehensive income	–	–	–	16,023	16,023
Transactions with owners					
Issue of shares	4	38,377	–	–	38,381
Share-based payments	–	–	–	1,064	1,064
Dividends paid	–	–	–	(16,023)	(16,023)
Transactions with owners	4	38,377	–	–	–
As at 31 December 2022	**57**	**48,155**	**20**	**2,470**	**50,702**

1 Accounting policies

■ Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The FRS 102 reduced disclosure framework has been applied and the Company meets the definition of a qualifying entity. The principal accounting policies are summarised below. They have all been consistently applied to all years presented.

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. Given the nature of the Company's business there are no critical accounting estimates or areas of judgement required in the preparation of the financial statements.

■ Cash flow statement

The cash flows of the Company are included in the consolidated cash flow statement of Mortgage Advice Bureau (Holdings) plc which is included in this annual report. Consequently, the Company is exempt under the terms of FRS 102 from publishing a cash flow statement.

■ Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the accounts.

■ Investments

Investments in subsidiaries are held at historical cost less provision for impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the Company will settle a share-based payment transaction in respect of future consideration payable by a subsidiary for the purchase of a minority stake relating to an acquisition the cost of the share-based payment is capitalised.

■ Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds.

■ Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

■ Financial Instruments

The Company makes little use of financial instruments other than intercompany balances and so its exposure to credit risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position, and profit of the Company. The Directors consider that there is no credit risk on intercompany balances.

2 Profit for the year

During the year the Company's only income was dividends receivable from its subsidiaries. The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements for the Group. Remuneration for the audit of the Company financial statements is borne by a subsidiary entity.

3 Investments

	Subsidiary undertakings £'000
Cost	
As at 1 January 2022	**4,297**
Additions	**1,064**
As at 31 December 2022	**5,361**
Net book value	
As at 31 December 2022	**5,361**
As at 31 December 2021	4,297

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at the reporting date have been included in the consolidated financial statements. The trading subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
Mortgage Talk Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Provision of financial services
First Mortgage Direct Limited	Scotland	80	Provision of financial services
First Mortgage Limited	Scotland	80	Provision of financial services
Property Law Centre Limited	Scotland	80	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
Mortgage Advice Bureau Australia (Holdings) PTY Limited	Australia	100	Intermediate holding company
Mortgage Advice Bureau PTY Limited	Australia	100	Holding of intellectual property
Vita Financial Limited	England and Wales	75	Provision of financial services
AUX Group Limited	England and Wales	75	Provision of financial services
Auxilium Partnership Limited	England and Wales	75	Provision of financial services

3 Investments (continued)

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Project Finland Topco Limited	England and Wales	75.4	Provision of financial services
Project Finland Bidco Limited	England and Wales	75.4	Provision of financial services
The Fluent Money Group Limited	England and Wales	75.4	Provision of financial services
Fluent Mortgages Holdings Limited	England and Wales	75.4	Provision of financial services
Fluent Mortgages Limited	England and Wales	75.4	Provision of financial services
Fluent Lifetime Limited	England and Wales	75.4	Provision of financial services
Fluent Money Limited	England and Wales	75.4	Provision of financial services
Fluent Loans Limited	England and Wales	75.4	Provision of financial services
Fluent Bridging Limited	England and Wales	75.4	Provision of financial services

Mortgage Advice Bureau (Holdings) plc also holds a number of dormant subsidiaries which at the reporting date have been included in the consolidated financial statements. The dormant subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau (UK) Limited	England and Wales	100	Dormant
Mortgage Advice Bureau (Bristol) Limited	England and Wales	100	Dormant
MAB (Derby) Limited	England and Wales	100	Dormant
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant
MAB1 Limited	England and Wales	100	Dormant
MAB Private Finance Limited	England and Wales	100	Dormant
MAB Financial Planning Limited	England and Wales	100	Dormant
First Mortgage Shop Limited	Scotland	80	Dormant
First Mortgages Limited	Scotland	80	Dormant
Fresh Start Finance Limited	Scotland	80	Dormant

3 Investments (continued)

The registered office for Vita Financial Limited is 1st Floor Tudor House, 16 Cathedral Road, Cardiff CF11 9LJ. The registered office of Mortgage Advice Bureau Australia (Holdings) PTY Limited and Mortgage Advice Bureau PTY Limited is Norton Rose Fulbright, Level 18, 225 George Street, Sydney, NSW 2000, Australia. The registered office for First Mortgage Direct Limited and its subsidiaries which are incorporated in Scotland is 30 Walker Street, Edinburgh, EH3 7HR. The registered office of Project Finland Topco Limited and its subsidiaries is 102 Rivington House, Chorley Road, Bolton, BL6 5UE.

The registered office for all other subsidiaries of Mortgage Advice Bureau (Holdings) plc is Capital House, Pride Place, Pride Park, Derby, DE24 8QR, United Kingdom.

Mortgage Advice Bureau Australia (Holdings) PTY Limited has a 100% equity stake in Mortgage Advice Bureau PTY Limited and also a 48.05% equity stake in MAB Broker Services PTY Limited.

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, MABWM Limited and Mortgage Advice Bureau Australia (Holdings) PTY Limited. On 2 July 2019, Mortgage Advice Bureau Limited acquired 80% of the ordinary share capital of First Mortgage Direct Limited.

First Mortgage Direct Limited holds 100% of the ordinary share capital of First Mortgage Limited, Property Law Centre Limited, First Mortgages Limited, First Mortgage Shop Limited and Fresh Start Finance Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited, and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

Three of the Group's subsidiaries, First Mortgage Limited (SC177681), Property Law Centre Limited (SC348791) and Fluent Mortgages Horwich Limited (14127588) are exempt from the audit of individual accounts under section 479A of the Companies Act 2006.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

4 Debtors – amounts falling due within one year

	2022 £'000	2021 £'000
Amounts due from Group undertakings	**45,341**	6,960

Amounts due from Group undertakings are unsecured, interest free and have no fixed repayment term.

5 Share capital

Issued and fully paid

	2022 £'000	2021 £'000
Ordinary shares of 0.1p each	**57**	53
Total share capital	**57**	53

In connection with the acquisition of Fluent Money Group, the Group issued 3,809,524 new ordinary shares in an equity placing on 28 March 2022 to raise £40.0m gross to part fund the consideration for the acquisition. The new ordinary shares were issued at £10.50 per ordinary share. The share premium recognised was £38.4m after deduction of £1.6m of costs directly associated with the equity placing. In addition, during the year 16,851 ordinary shares of 0.1p each were issued following partial exercise of options issued in July 2019 at no premium. As at 31 December 2022, there were 57,030,995 ordinary shares of 0.1p in issue (2021: 53,204,620).

6 Reserves

The following describes the nature and purpose of each reserve within equity.

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the Company at par value of any shares repurchased.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

7 Financial instruments and risk

The only financial asset of the company is an amount due from other Group undertakings and therefore the Company is exposed to minimal financial risks. Details of the Group's management of the financial risks to which it is exposed are set out in note 23 to the financial statements for the Group.

8 Related party transactions

The Company has taken advantage of the exemption in s33.1A of FRS102 not to disclose transactions with group companies which are 100% owned.

Glossary of Alternative Performance Measures ("APMs") for the Group report and financial statements

Certain numerical information and other amounts and percentages presented have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

APM	Closest equivalent statutory measure	Definition and purpose
Income statement measures		
Net revenue	Gross profit	Net revenue is revenue less commissions paid to Appointed Representative firms and payments to Fluent affinity partners.
Administrative expenses ratio	None	Calculated as administrative expenses (which exclude amortisation of acquired intangibles, acquisition costs incurred in the year and non-cash operating expenses relating to put and call option agreements) divided by revenue.
Adjusted EBITDA	None	Calculated as EBITDA before charges associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner.

Net revenue:

£m	**2022**	2021
Revenue	**230.8**	188.7
Commissions paid	**(142.8)**	(129.6)
Payments to Fluent affinity partners	**(8.0)**	–
Net revenue	**80.1**	59.0

Adjusted EBITDA:

Charges associated with acquisition or investments in businesses include:

- non-cash charges such as amortisation of acquired intangibles and the effect of fair valuation of acquired assets,
- non-cash operating expenses relating to put and call option agreements and cash charges including transaction costs,
- fair value movements on deferred consideration, and
- fair value movements on derivative financial instruments.

£m	**2022**	2021
Adjusted profit before tax	**27.2**	24.2
Depreciation	**1.1**	0.8
Amortisation of other intangibles	**0.3**	0.2
Net interest expense	**0.5**	0.1
Adjusted EBITDA	**29.1**	25.3

APM	Closest equivalent statutory measure	Definition and purpose
Adjusted operating profit	Operating profit	Calculated as operating profit before charges associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner. Charges associated with acquisition or investments in businesses include: • non-cash charges such as amortisation of acquired intangibles and the effect of fair valuation of acquired assets, • non-cash operating expenses relating to put and call option agreements and cash charges including transaction costs, • fair value movements on deferred consideration, and • fair value movements on derivative financial instruments.

£m	2022	2021
Operating profit	**18.5**	23.3
Acquisition of acquired intangibles	**2.6**	0.4
Acquisition costs	**2.8**	–
Non-cash operating expenses relating to put and call option agreements	**2.0**	1.0
Impairment losses	**2.8**	–
Non-cash fair value gains on financial instruments	**(0.9)**	(0.3)
Adjusted operating profit	**27.7**	24.3

APM	Closest equivalent statutory measure	Definition and purpose
Adjusted profit before tax	Profit before tax	Calculated as profit before tax before charges associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner. Charges associated with acquisition or investments in businesses include: • non-cash charges such as amortisation of acquired intangibles and the effect of fair valuation of acquired assets, • non-cash operating expenses relating to put and call option agreements and cash charges including transaction costs, • fair value movements on deferred consideration, and • fair value movements on derivative financial instruments.

£m	2022	2021
Profit before tax	**17.4**	23.2
Amortisation of acquired intangibles	**2.6**	0.4
Acquisition costs	**2.8**	–
Non-cash operating expenses relating to put and call option agreements	**2.0**	1.0
Impairment losses	**2.8**	–
Non-cash fair value gains on financial instruments	**(0.9)**	(0.3)
Unwinding of redemption liability	**0.6**	–
Adjusted profit before tax	**27.2**	24.2

Glossary of Alternative Performance Measures ("APMs") for the Group report and financial statements (continued)

APM	Closest equivalent statutory measure	Definition and purpose
Adjusted profit before tax margin	None	Calculated as adjusted profit before tax divided by revenue.
Adjusted earnings per share	Basic earnings per share	Calculated as basic earnings per share before charges (net of tax) associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner.
Cash flow measures		
Headline cash conversion	None	Headline cash conversion is cash generated from operating activities adjusted for movements in non-trading items, including loans to AR firms and associates and cash transaction costs as a percentage of adjusted operating profit.

£m	2022	2021
Cash generated from operating activities	**28.5**	30.3
Acquisition costs	**2.8**	–
Decrease in loans to AR firms and associates	**(0.8)**	(0.7)
Headline cash generated	**30.5**	29.6

APM	Closest equivalent statutory measure	Definition and purpose
Adjusted cash conversion	None	Adjusted cash conversion is headline cash conversion adjusted for increases in restricted cash balances as a percentage of adjusted operating profit.

£m	2022	2021
Headline cash generated	**30.5**	29.6
Increase in restricted cash balances	**(1.4)**	(2.4)
Adjusted cash generated	**29.1**	27.2

APM	Closest equivalent statutory measure	Definition and purpose
Balance sheet measures		
Net debt	None	Loans and borrowings less unrestricted cash balances.

Appointed Representative, AR, or AR firm	An intermediary firm or person who is party to an agreement with a FCA regulated firm permitting them to carry out certain regulated activities
AR Agreement	Agreement governing the terms of the commercial relationship between MAB and an AR firm, and setting out how income from products sold by Advisers of the AR is split between MAB and the AR
Adviser	A person employed or engaged by an AR firm, carrying out mortgage and/or general or protection insurance advisory services to customers
Base Rate	The Bank of England base rate is the interest rate that the Bank of England charges banks for secured overnight lending. It is the UK Government's key interest rate for enacting its monetary policy
Bridging Finance	Short-term borrowing used to bridge a gap in funding until a property transaction completes
Clawbacks	The right of insurers to reclaim some or all of the commission paid to an intermediary in the event premiums are not paid by the policy holder in the period during which the policy holder pays monthly premiums, typically 48 months for protection products for MAB
Client fee	A fee paid by the consumer to the intermediary who has arranged the consumer's mortgage with a lender
Consumer Duty	The policy statement published by the FCA in July 2022, which aims to set higher and clearer standards of consumer protection
Corporate Social Responsibility	A type of business self-regulation that aims to contribute to societal goals by engaging in or supporting ethically-oriented practices (e.g. fundraising for charity)
Directly Authorised	An entity that is directly authorised by the FCA to carry out regulated activities
ESG	Environmental, Social and Governance
Execution only	Refers to a customer entering into a regulated mortgage contract without being given advice, or where the advice given by a firm has been rejected. This is effectively a self-service process
FCA	Financial Conduct Authority
FSCS	The Financial Services Compensation Scheme is the UK's statutory deposit insurance and investors compensation scheme for customers of authorised financial services firms
FTB	First Time Buyer
GDPR	The General Data Protection Regulation, a regulation in EU law on data protection and privacy
General insurance	Buildings and contents insurance and certain other non-life insurance products but excluding protection
Gross mortgage lending	New mortgage lending and product transfers
Help-to-Buy	UK Government incentives that aim to help first time buyers and those looking to move homes purchase a residential property. Help-to-Buy schemes include Equity Loans and Shared Ownership schemes
Intermediary, intermediary firm, or mortgage intermediary	A firm or individual who arranges mortgages with lenders on behalf of customers, (as opposed to a lender that the customer approaches directly). An intermediary is either directly authorised by the FCA or is an appointed representative of a directly authorised firm

IMLA	The Intermediary Mortgage Lenders Association is a trade association that represents the views and interests of UK mortgage lenders who are involved in the generation of mortgage business via professional financial intermediaries
Insurance or insurance products	Includes protection and general insurance
IR35	The UK's anti-avoidance tax legislation designed to tax disguised employment at a rate similar to employment
Later Life Lending	Refers to mortgage products aimed at those approaching or already in retirement, who are looking to release some of the equity in their home for a variety of reasons
Lifetime Mortgage	A type of Later Life Lending whereby no capital or interest repayments are made. Compounded interest is added to the capital throughout the term of the loan, which is then repaid by selling the property when the borrower dies or moves out
Mortgage Advice and Selling Standards	Policy statement issued by the FCA in February 2020 which sets out a package of remedies aiming to help consumers make better informed choices with regard to mortgages
Mortgages Market Study	Market study conducted by the FCA in 2019 as a precursor to the Mortgage Advice and Selling Standards policy statement
Mortgage panel or lender panel	A panel of mortgage lenders used by intermediaries
New build	Encompasses properties built by developers, custom build, self-build and affordable housing
New mortgage lending	Lending resulting from a mortgage completion in connection with a house purchase or a re-mortgage with a different lender to the customer's existing lender
PCW	Price Comparison Website
Procuration fee, or Mortgage procuration fee	A fee paid by a lender to the intermediary who has arranged a mortgage with the lender
Product transfer	The process of switching an existing mortgage product to a new one with the same lender
Protection insurance	Life insurance (including critical illness), family income protection and certain other insurance products (but excluding general insurance)
Secured Personal Loan	A loan that uses a property as security, also known as second charge mortgage
Service centres or telephone centres	MAB's regional telephone service centres operated by certain AR firms. The services provided by these centres include reviews of mortgage and related insurance products on an on-going basis with replacement or new products offered to customers, as appropriate
SM&CR	The Senior Manager and Certification Regime, a regime that aims to raise standards of governance, increase individual accountability and help restore confidence in the financial services sector

Mortgage Advice Bureau

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