MORTGAGE ADVICE BUREAU (HOLDINGS) PLC

("MAB" or "the Group")

26 September 2023

Interim Results for the six months ended 30 June 2023

Mortgage Advice Bureau (Holdings) Plc (AIM: MAB1.L) is pleased to announce its interim results for the six months ended 30 June 2023.

Financial summary

	H1 2023	H1 2022	Change vs H1 2022
Revenue	£117.5m	£96.5m	+22%
Gross profit	£32.9m	£25.4m	+30%
Gross profit margin	28.0%	26.4%	+1.6pp(1)
Adjusted EBITDA*	£10.5m	£12.0m	-13%
Adjusted EBITDA margin*	8.9%	12.4%	-3.5pp
Adjusted profit before tax*	£8.8m	£11.5m	-24%
Statutory profit before tax	£7.6m	£10.1m	-25%
Adjusted profit before tax margin*	7.5%	12.0%	-4.5pp
Adjusted profit before tax as a percentage of net revenue*	19.3%	38.6%	-19.3pp
Reported profit before tax margin	6.4%	10.5%	-4.1pp
Adjusted EPS*	11.8p	16.4p	-28%
Basic EPS	11.3p	14.0p	-19%
Adjusted cash conversion*	131%	124%	+7pp
Interim dividend	13.4p	13.4p	-

Operational highlights

- Market share of new mortgage lending(2) up 19% to 8.1% (H1 2022: 6.8%)
- Gross mortgage completions(2) (including product transfers) flat at £12.1bn (H1 2022: £12.2bn)
- Gross new mortgage completions(2) (excluding product transfers) down 13% to £9.0bn (H1 2022: £10.3bn)
- Adviser numbers down 6% to 2,109 (3) at 30 June 2023 (31 December 2022: 2,254)
- Average number of mainstream advisers(4) up 4% to 1,966 (H1 2022: 1,890)
- Revenue per mainstream adviser(4) up 17% following the acquisition of Fluent
- Proportion of revenue from re-financing at 36% (H1 2022: 30%)

Post period end

- 2,114 advisers at 22 September 2023, including 129 advisers from Fluent

* 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.

Peter Brodnicki, Chief Executive, commented:

“It has been an exceptionally challenging year with interest rates continuing to rise. This has clearly impacted consumer confidence, resulting in many people deciding to delay their house purchase, whilst for others there is understandably a reduced level of urgency. This has created a toughening market for mortgage brokers as the year has progressed, compounding the damaging impact of the mini-budget last September.

“However, against this difficult backdrop I am pleased with how MAB has significantly outperformed the market, with the organic business performing above expectations. To ensure we are in the best possible shape when market conditions improve we have continued to carefully invest across the entire Group to deliver optimal business and adviser efficiency. This has also been a priority with Fluent, where the short-term impact of such a significant downturn has been more strongly felt, and indeed magnified due to the business having been in such a strong growth phase at the point it was acquired by MAB.

“MAB has an exceptionally strong track record of outperformance, and the progress made this year in the development of new lead opportunities for Fluent and the rest of the Group will underpin our plans to deliver continued market share growth in 2024, even if difficult market conditions continue to prevail.

“There is a great deal to be positive about and our lead initiatives, including the addition of Fluent to the Group, will continue to strengthen our addressable market and growth plans, whilst offsetting the potential impact of any downward cycles in the future.”

Current Trading and Outlook

Following a difficult Q1 2023, with activity levels still affected by the fall in mortgage approvals post the September 2022 mini-budget, we saw an improvement in Q2 2023 and ended the half year modestly ahead of the Board's original expectations.

However, market conditions have toughened again in Q3 2023, impacting both purchase and re-financing activity. Expectations that the Bank of England base rate might be peaking coincided with a downward movement in mortgage rates, changing the behaviour of customers in terms of the timing and their urgency to commit to a new fixed mortgage rate, whether that be a product transfer or re-mortgage. In addition, the summer months saw a sharper than usual seasonal fall in mortgage financed house purchases.

This has prompted the Board to take a more cautious view on expected activity levels in Q4 2023 and hence the outlook for the full year. Although the Board still expects the MAB Group excluding Fluent to be at least in line with its original expectations for the year, it now expects the Group to report an adjusted profit before tax of not less than £22m for the 2023 financial year, with some upside likely to materialise should market conditions normalise.

The underlying level of demand for home ownership and home moves remains strong, and we are confident that once inflation is under control and the Bank of England base rate has peaked or started to fall back, we will see demand and activity strengthen again. When they do MAB will be in a very strong position to capitalise on the recovery and the inevitable catch-up in house purchase transactions that will follow. This will be boosted by continued increases in operational efficiency and market share, and the momentum that is building in our lead generation and retention initiatives.

Our new AR pipelines continue to build strongly and are expected to do so for the remainder of H2. Organic adviser growth will return when the economic outlook is more certain and our AR firms are able to plan with far more confidence.

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Analyst presentation

There will be an analyst presentation to discuss the results at 9:30am today.

Those analysts wishing to attend are asked to contact investor.relations@mab.org.uk

Copies of this interim results announcement are available at www.mortgageadvicebureau.com/investor-relations

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

[1] Percentage points.

[2] Based on first charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance, and, for H1 2022, including completions from associates in the process of being onboarded under MAB's AR arrangements.

[3] Includes 139 Fluent advisers as at 30 June 2023 (74 advisers in the first charge mortgages division, 54 in the secured personal loans division, 5 in the later life division, and 6 in the bridging finance division). Includes a total of 188 advisers at 30 June 2023 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.

[4] Excludes directly authorised advisers, MAB's later life advisers and, for H1 2022, 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.

Chief Executive's Review

H1 2023 was a very challenging period for the mortgage and housing markets, as inflationary pressures and rising interest rates significantly impacted consumer confidence and affordability, with lending criteria being tightened, and ultimately the demand and commitment to proceed with mortgaged property purchases.

Property transactions overall during the period fell by 18% compared to H1 2022. However the contraction in first charge mortgage lending in the purchase segment was much sharper at 30%, as the proportion of property purchase completions by cash buyers increased. Overall, gross new mortgage completions in the UK fell by £40.1bn, or 27%, to £110.5bn in H1 2023 (H1 2022: £150.6bn). Affordability constraints drove customers more towards lower margin product transfers, which saw a £24.7bn, or 28%, increase to £114.1bn.

Despite all this, Group revenue for the period was up 22% to £117.5m (H1 2022: £96.5m), with organic growth (excluding the Fluent, Auxilium and Vita acquisitions) of 1%, and Group first charge mortgage completions remained flat at £12.1bn (H1 2022: £12.2bn). Re-financing transactions accounted for 53% of the Group's first charge mortgage completions by lending value (H1 2022: 43%), driven by a 61% increase in the Group's product transfer completions to £3.1bn (H1 2022: £1.9bn). MAB's market share of new first charge mortgage lending grew by 19% to 8.1% (H1 2022: 6.8%). This outperformance of the market once again demonstrates the strength and resilience of MAB's business model.

MAB's first charge mortgage completions are analysed as follows:

	H1 2023	H1 2022	vs 2022
	£bn	£bn	
New mortgage lending	9.0	10.3	-13%
Product Transfers	3.1	1.9	+61%
Gross mortgage lending	**12.1**	**12.2**	**-1%**

Adjusted EBITDA on an organic basis was down by 11% to £10.7m (H1 2022: £12.0m), primarily due to a £3.3m/23% increase in administrative expenses reflecting the planned continued investment in the Group's growth strategy despite these challenging market conditions. Including recent acquisitions, the Group's adjusted EBITDA was down by 13% to £10.5m (H1 2022: £12.0m), reflecting Fluent's underperformance driven by the significant market downturn, as set out in more detail below. MAB's core model and First Mortgage have both outperformed the Board's original expectations for H1 2023.

Delivering our growth strategy

Due to the market downturn that followed the mini-budget, the Group entered 2023 with lower than expected pipelines of written mortgages and new Appointed Representative ("AR") firms. In addition, our existing AR firms have focused on efficiency and paused recruitment, leading to a reduction in adviser numbers. The total adviser number at 30 June 2023 was down 6%, as expected, to 2,109[(1)] (31 December 2022: 2,254).

Despite a 30% drop in higher margin purchase-related mortgage transactions compared to H1 2022 in the UK, MAB's average adviser productivity held up very well, with a 5% increase in organic revenue per mainstream adviser in the period, in part benefitting from a lower number of new advisers, who typically take a while to reach full productivity. This is testament to the quality of the firms we work with and how we support them, which is what differentiates us from the wider market.

Against the backdrop of a very challenging market, we have continued successfully to deliver our strategy to drive operational improvements within the Group and maximise opportunities for our advisers and ARs in terms of lead generation and productivity. Our technology platform continues to support the Group's outperformance of the market, and during the period we also made important strides in terms of optimising our addressable market.

H1 2023 has seen our recruitment pipelines for new AR firms build back to pre-mini-budget levels and we expect this strong activity to continue into 2024. With increasing expectations and even higher standards of consumer protection expected from the regulator, more directly authorised firms are seeking greater support from a strategic partner like MAB. Organic adviser growth will return when the economic outlook is more certain, which will enable our AR firms to plan with far greater confidence and the Group to further accelerate its growth.

We are confident that once market conditions normalise, we will be in an even stronger position to build on the significant market share gains we have made and realise our medium to long term growth objectives.

Fluent

Fluent experienced significant growth in lead flow from price comparison websites and other national lead sources right through to the point of the mini-budget. Accordingly, the business had continued to scale up its adviser base and fulfilment capabilities in anticipation of a consistent and sustained growth path.

The significant market downturn has hit Fluent hard across all product lines, and unlike more mature first charge mortgage businesses, they have not had the benefit of a significant client bank to counter this effect. Fluent's existing major lead sources have also been adversely affected in the short term both in terms of lead numbers and conversion potential.

In response to these market conditions, management took decisive action due to the negative short-term outlook and implemented a programme of "right-sizing" the cost base, which was substantially completed in Q1 2023.

Once inflation is brought under control and interest rates are at or close to their peak levels, consumer demand will recover, and we are confident that Fluent will return to its historic growth path. In the meantime, we have implemented new ways to leverage MAB's expertise and significant fulfilment capabilities to help Fluent optimise peaks and troughs in demand and drive further efficiencies, so that the impact of any future extreme market downturn, such as this one, will be greatly mitigated.

MAB's expertise and solutions in terms of customer protection and retention are now embedded within Fluent. These improvements which we are now seeing will further enhance Fluent's revenues and profit margins.

Fluent's performance to date has been below our original expectations due to the timing of completion of the acquisition relative to the onset of the market downturn. However, the compelling strategic rationale for acquiring the business remains. Fluent is the leading intermediary dealing with the fast-growing national lead source sector and has continued to grow its new lead sources in H1 2023 with notable blue-chip additions in the first charge mortgages division.

Both Fluent and MAB continue to have a strong pipeline of further new national lead sources, that seek to partner with firms that have the market leading processes, technology, and quality of service and that can drive the best consumer outcomes. The Group is ideally positioned to capitalise on this momentum, and in the meantime we will continue to drive further efficiencies within Fluent in H2 2023 and into 2024 which will benefit the Group's future profitability.

Customer lead generation

The last few years have seen MAB put major focus and investment in early customer capture and nurture, optimising opportunities from existing lead sources, and ensuring high levels of retention of existing customers.

This has included building new proprietary software, featuring a lead management system that can enable significant lead volumes to be ingested, distributed immediately to advisers across our Group, and then progressed under strict SLAs and reported on both internally and externally to third party introducers. MAB has built multiple lead sources into this new system and continues to focus on increasing the overall lead flow to ARs.

Lead generation initiatives also include MAB rolling out its Mortgage Monitoring Tool and enhancing the functionality on its Home Buying App. The former delivers personalised monthly communications enabling a far richer engagement with existing customers and homeowners in early stages of research, and the latter has enabled us to support future First Time Buyers preparing for their first purchase.

As a result of these nurture initiatives, we expect further improvements in customer retention, whilst helping our partner firms to build a client base of potential new customers from their existing lead sources. These initiatives will ultimately help us drive productivity and further market share growth in all market conditions, with the first meaningful benefits of this strategy expected to be seen in 2024.

In addition, we continue to pursue increased lead flow into Fluent, as well as exploring new processes that can drive higher conversion rates and even better customer outcomes.

Optimising our addressable market

Our plans to leverage our acquisition of Aux Group Ltd ("Auxilium"), the specialist protection platform servicing directly authorised firms, have progressed well. Access to the protection expertise MAB has developed over the last two decades will greatly benefit the forward-thinking and ambitious directly authorised firms of scale that the Auxilium proposition is aimed at.

In addition, our leading protection and general insurance advice firm Vita Financial Ltd is launching a new proposition to access the largely untapped UK business protection market and leverage the Group's significant distribution in this area.

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 further progress our growth plans there.

The FCA's New Consumer Duty (NCD) implementation

All the FCA's NCD requirements have been owned and considered across each area of MAB's business by the business leaders, ensuring full coverage and a detailed focus on making sure that MAB delivers the best possible outcomes across the customer journey. In addition, the MAB team engaged with external parties and trade associations to ensure the right approach was taken and validated along the way.

The Board was actively engaged throughout the project, from approving the project plan and approach on 31 October 2022 to the 31 July 2023 implementation deadline. Ongoing engagement with the Board now continues as “business-as-usual”.

MAB's Vision, Mission, and Cultural values, embedded in the business since 2021, are closely aligned with Consumer Duty and have supported the delivery of good outcomes for consumers. As part of the NCD project, we mapped the existing customer journey, including how we communicate with customers before, during and after the sales process, to identify potential gaps and areas where the standards of customer outcomes could be further strengthened. Important deliverables that resulted from this analysis included our bespoke vulnerable customers workstream.

Summary

Despite these extreme market conditions, MAB has delivered another period of strong market share growth and we are better positioned than ever to keep doing so.

On an organic basis, the Group is performing ahead of the Board’s original expectations for 2023. Our acquisition of Fluent will bring significant earnings enhancement to the Group when market conditions improve. We continue to make good progress with Fluent to help them maximise profitability through driving further efficiencies as part of the wider MAB Group, including sharing best practice in customer retention and the provision of protection.

The longer-term fundamentals for the property and mortgage markets remain strong, and our strategy underpins our confidence in the outlook when market conditions improve, with the significant progress made in terms of customer retention and lead generation further supporting that confidence.

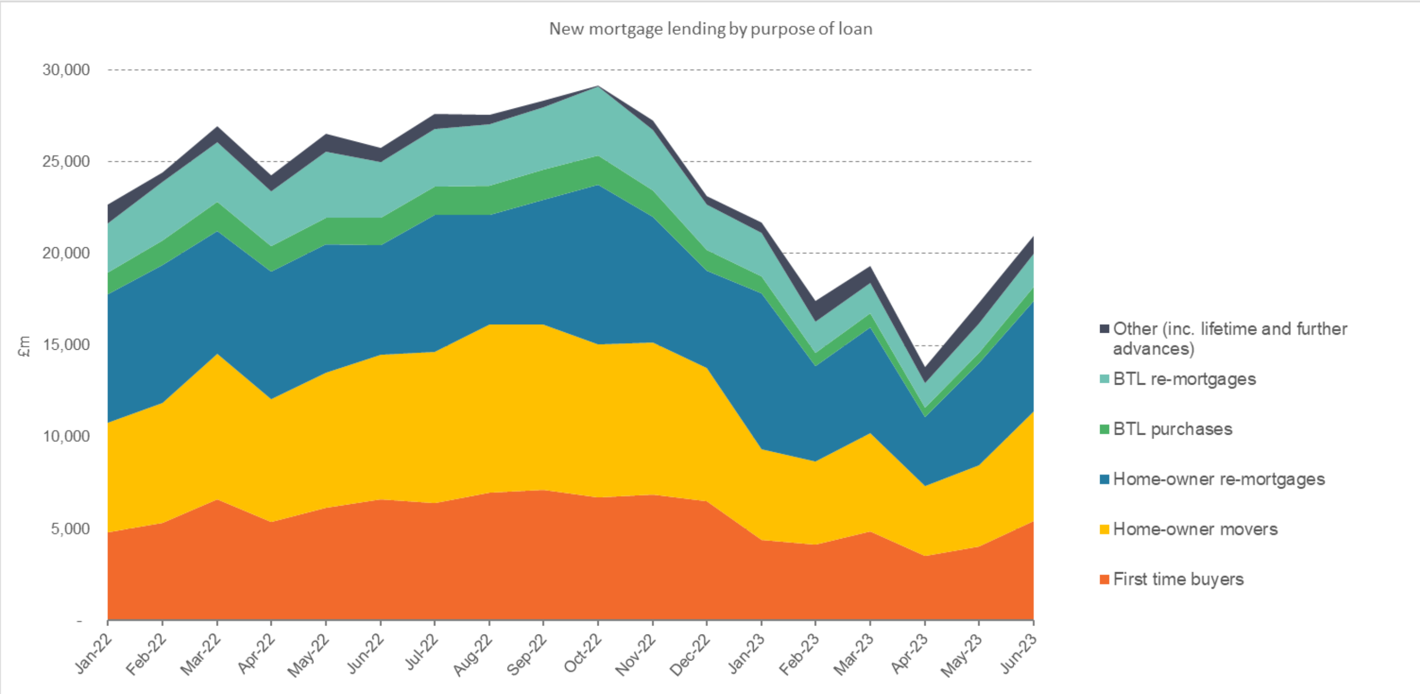
Market review

The fall in new mortgage approval volumes in the aftermath of the September 2022 mini-budget continued throughout much of H1 2023 as rising costs of living and higher interest rates created further affordability constraints and reduced consumer confidence. New mortgage approvals in Q1 2023 were 40% down year-on-year, and despite a slightly improving picture in Q2 2023, new mortgage approvals were still 25% down year-on-year.

This led to gross new mortgage completions being down 27% to £110.5bn in H1 2023 (H1 2022: £150.6bn). The purchase segment was down 30% and the re-mortgaging segment down 24%, as illustrated in the table and graph below.

UK Gross new mortgage lending by segment, £bn			
	H1 2023	H1 2022	%
Residential purchase	55.4	77.3	-28
Buy-to-let purchase	4.2	8.4	-50
Purchase segment	**59.6**	**85.7**	**-30**
Residential re-mortgage	34.9	41.1	-15
Buy-to-let re-mortgage	10.4	18.7	-44
Re-mortgage segment	**45.3**	**59.8**	**-24**
Buy-to-let segment	**14.6**	**27.1**	**-46**

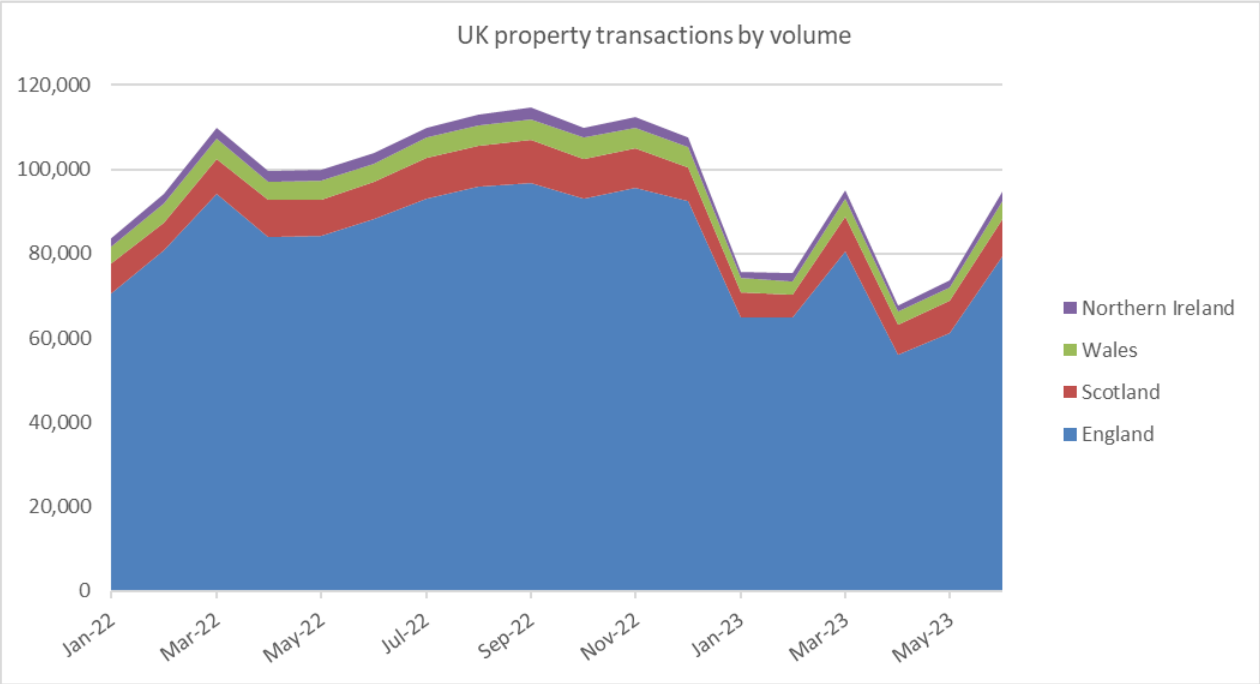
Source: UK Finance



Source: UK Finance

Whilst affordability pressures restricted the external re-mortgaging sector during the period, Product Transfers saw a 28% increase by value.

Property transactions were down 18% in H1 2023 compared to H1 2022, as illustrated in the graph below. The smaller contraction relative to mortgage lending volumes indicates an increasing proportion of cash buyers, with higher interest rates putting cash buyers in an increasingly favourable position to those taking out a mortgage.



Source: UK Finance

The value of mortgage lending was also impacted by average house prices starting to fall from the peak reached in 2022. Average house prices fell 1.8% in the period compared to H2 2022, and we expect this trend to continue in the short term. However, average house prices in H1 2023 were still up 3.3% compared to H1 2022.

The share of UK residential mortgage transactions via intermediaries (excluding buy to let, where intermediaries have a higher market share, and product transfers where intermediaries have a lower market share) continued to grow to 87% (H1 2022: 84%), with consumers increasingly needing choice, advice, and support in a more complex and uncertain macro environment. We expect this increased intermediary market share to remain stable in the short term and that house prices will stabilise once affordability and consumer confidence improve.

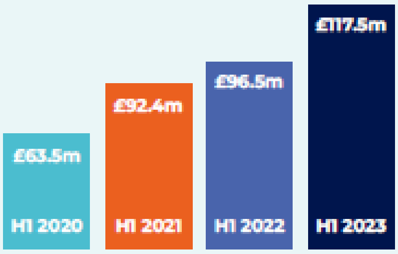
In December 2022 UK Finance predicted £275bn of gross new mortgage lending in 2023. IMLA's estimate was £265bn. Gross new mortgage lending in H1 2023 amounted to £110.5bn, and we expect the actual figure for the full year to fall well short of those estimates. However, re-financing activity should continue to perform strongly, driven by product transfers as fewer customers are able to move away from their existing lender.

Despite the current headwinds, the underlying level of demand for home ownership and mortgages remains strong, and we expect activity levels to strengthen again once inflation is under control and mortgage rates have peaked or start to fall back.

Financial review

We measure the development, performance, and position of our business against several key indicators.

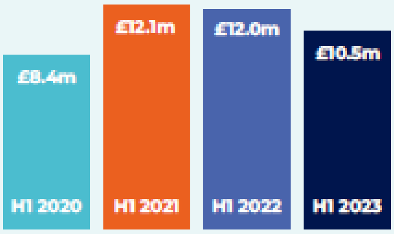
Revenue
£117.5m



Total income from all revenue streams.

Strategy / objective
Shareholder value and financial performance.

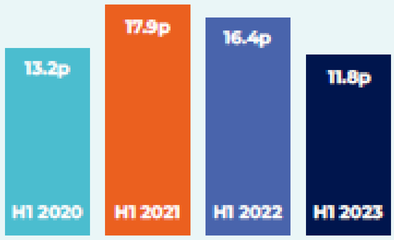
Adjusted EBITDA*
£10.5m



Earnings before interest, tax, depreciation and amortisation.

Strategy / objective
Shareholder value and financial performance.

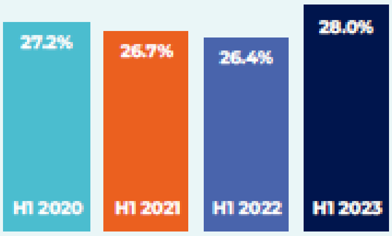
Adjusted earnings per share*
11.8p



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.

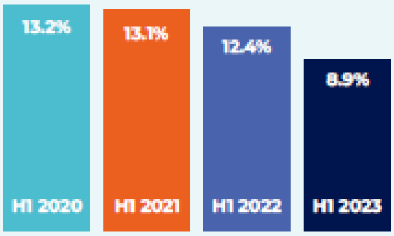
Gross profit margin
28.0%



Gross profit generated as a proportion of revenue.

Strategy/objective
Managing gross margins.

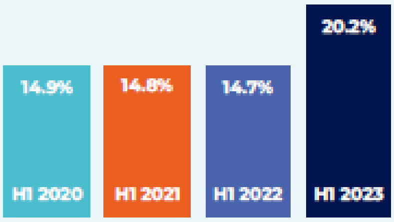
Adjusted EBITDA margin*
8.9%



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

Strategy/objective
Shareholder value and financial performance.

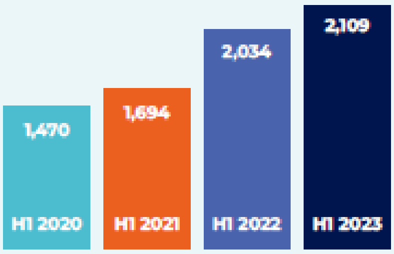
Administrative expenses ratio
20.2%



Administrative expenses, depreciation and amortisation as a proportion of revenue.

Strategy/objective
Operating efficiency.

Adviser numbers
2,109



Average number of mainstream advisers[1] for H1 2023 was 1,966 (H1 2022: 1,890).

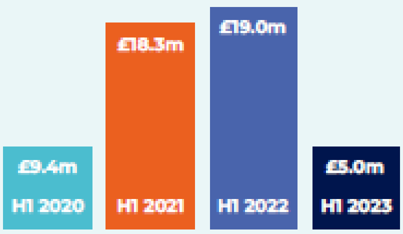
Strategy/objective
Increasing the scale of operations.

Unrestricted cash balances / (Net debt)

Net cash / (debt)

£9.4m	£18.3m	£19.0m	£(19.4)m

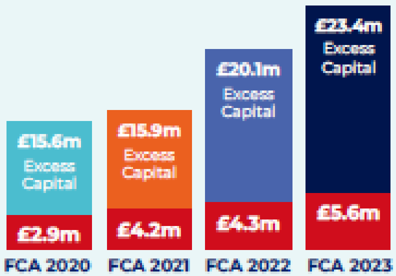
Unrestricted cash balances



Bank balances at 30 June available for use in operations.

Strategy/objective
Financial stability.

Capital adequacy
£23.4m



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

Strategy/objective
Financial stability.

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[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.

Revenue

Group revenue for the six months ended 30 June 2023 increased by 22% to £117.5m (H1 2022: £96.5m), with organic[(1)] growth of 1% despite the market seeing a 40% drop in new mortgage approvals following the mini-budget in September 2022.

Following the Group's acquisition of Fluent, the average number of mainstream advisers[(2)] during the period increased by 4% to 1,966 (H1 2022: 1,890). On an organic basis we saw a 4% reduction in the average number of mainstream advisers to 1,814 (H1 2022: 1,890), as our existing AR firms paused recruitment and focused on efficiency following the impacts of the mini-budget. This led to a circa 5% increase in organic revenue per adviser, though this figure is somewhat flattered by a lower proportion of new advisers in the period. In addition, we entered 2023 with a lower-than-expected pipeline of written mortgages and new AR firms.

The Group continued to generate revenue from three core areas, summarised as follows:

	Group revenue		
Income source	**H1 2023**	**H1 2022**	**Change vs 2022**
	£m	£m	%
Mortgage Procuration Fees	48.4	44.9	+8%
Protection and General Insurance Commission	44.9	37.2	+21%
Client Fees	21.9	11.8	+86%
Other Income	2.3	2.6	-12%
Total	**117.5**	**96.5**	**+22%**

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

	Organic revenue		
Income source	**H1 2023**	**H1 2022**	**Change vs 2022**
	£m	£m	%
Mortgage Procuration Fees	42.1	44.9	-6%
Protection and General Insurance Commission	42.7	37.2	+15%
Client Fees	10.9	11.8	-7%
Other Income	1.8	2.6	-27%
Total	**97.5**	**96.5**	**+1%**

In this period of market downturn, MAB's organic first charge banked mortgage mix saw a lower proportion of house purchase business compared to the prior period with an increase in re-financing. In particular, the proportion of product transfer completions, which have a lower average procuration fee and typically have lower protection, general insurance and client fee attachment rates, further increased to 29% (H1 2022: 18%).

Consequently, while the Group's organic gross first charge mortgage completions by value (excluding £0.5bn of completions that did not generate procuration fees for the Group in H1

2022 from ARs in the process of being onboarded) remained stable, mortgage procuration fees decreased by 6% and client fees decreased by 7% as a result of the higher proportion of product transfers. However, the Group's organic protection and general insurance commissions increased by 15%, which reflects the strong focus of MAB's advisers on protection when the mortgage market falls, particularly in our invested businesses, and the strength of MAB's proposition and support in these areas.

Fluent's revenue contribution across the Group's three core revenue streams in H1 2023 was as follows, with £0.4m of revenue synergies realised:

Income source (£m)	**H1 2023**
Mortgage procuration fees	6.4
Protection and General Insurance Commission	1.7
Client Fees	11.0
Other Income	0.4
Total	**19.5**

Auxilium, a specialist protection service provider, contributed revenue of £0.5m for H1 2023. Auxilium's revenues represent the total income received and accordingly are classified under Protection and General Insurance Commission, with no commission payouts to the directly authorised entities serviced by the business.

MAB's average first charge mortgage size decreased by 5.3% compared to the prior period, with average house prices increasing by 3.3% compared to H1 2022, reflecting the increased proportion of re-financing completions where the average mortgage size is lower than for purchase transactions.

MAB's overall revenue from re-financing (including both re-mortgages and product transfers) represented circa 36% of total revenue (H1 2022: 30%).

The proportion of organic revenue derived from each of the Group's core revenue streams has changed slightly as summarised below, with the movements reflecting the change in banked mortgage mix, and in particular the large increase in product transfers during the period, and also the increase in protection revenues.

Income source	**H1 2023**	**H1 2022**
Mortgage Procuration Fees	43%	47%
Protection and General Insurance Commission	44%	38%
Client Fees	11%	12%
Other Income	2%	3%
Total	100%	100%

The proportion of total revenue derived from each of the Group's core revenue streams has also changed, affected by the dynamics as set out above for organic revenue, but also by client fees as a proportion of Fluent's revenue being higher than the organic Group's proportion due to client fees on second charge mortgages, and conversely by protection and general insurance commission being a lower proportion of total revenue for Fluent due to lower attachment rates on second charge mortgages, as summarised below.

Income source	**H1 2023**	**H1 2022**

Mortgage Procuration Fees	41%	47%
Protection and General Insurance Commission	38%	38%
Client Fees	19%	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 first charge mortgage transactions, which represent the organic Group's lowest margin revenue stream.

Gross profit margin

The Group's gross profit margin increased to 28.0% (H1 2022: 26.4%) and MAB's organic gross profit margin also increased to 28.3% (H1 2022: 26.4%). This is due to the increased proportion of protection revenue in the organic Group in H1 2023. The network organic business of the Group receives slightly reduced revenue share 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 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 organic gross margin to be offset by operational leverage reducing the Group's administrative expenses ratio*.

Administrative expenses

Group administrative expenses increased by £9.5m (+67%) to £23.7m, mainly reflecting the impact of the acquisitions of Fluent and Vita. Organic administrative expenses increased by £3.3m (+23%) to £17.5m, 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 we expect to drive enhanced lead generation opportunities and future revenue growth. Head office costs, including those of First Mortgage, also increased to support the Group's growth strategy. MAB's Head office refurbishment at the end of 2022 led to a £0.3m increase in the depreciation charge. All development work on MAB's MIDAS platform continues to be fully expensed. The Group's administrative expenses ratio was 20.2% (H1 2022: 14.7%), and the organic administrative expenses ratio* increased to 17.9% (H1 2022: 14.7%) reflecting the adverse impact of the market downturn on revenue growth in a period where the Board originally expected to deliver operational leverage.

The Group expects to continue 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, with the operational leverage offsetting the expected slight erosion of MAB's underlying organic gross margin as the business continues to grow.

Associates and investments

MAB's share of profits from associates was £0.1m (H1 2022: £0.3m) with a slower start to the year for the Group's associates resulting from the market downturn.

MAB considers the value of a number of these investments exceeds their balance sheet value as accounted for using the equity accounting method under IAS 28.

Adjusted EBITDA, profit before tax and margin thereon

Adjusted EBITDA* was down 13% to £10.5m (H1 2022: £12.0m), with the reduction in the margin thereon to 8.9% (H1 2022: 12.4%) primarily reflecting the impact of the current market conditions, particularly on the Fluent acquisition, and lower revenue growth than originally anticipated.

Organic adjusted EBITDA* was £10.7m (H1 2022: £12.0m), with the margin thereon of 11.0% (H1 2022: 12.4%).

Fluent, Vita and Auxilium contributed adjusted EBITDA of -£0.5m, £0.0m(3) and £0.3m respectively in H1 2023. 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* reduced to 19.3% (H1 2022: 38.6%).

Adjusted profit before tax* was £8.8m (H1 2022: £11.5m), with the margin thereon being 7.5% (H1 2022: 12.0%). Organic adjusted profit before tax* was £9.6m (H1 2022: £11.5m), with the margin thereon of 9.8% (H1 2022: 12.0%). Statutory profit before tax was £7.6m (H1 2022: £10.1m) with the margin thereon being 6.4% (H1 2022: 10.5%).

Finance income and expense

Finance income of £0.1m (H1 2022: £0.04m) reflects interest income accrued or received on loans to associates and other appointed representatives. Finance expenses of £(2.4)m (H1 2022: £0.1m) includes £0.7m of interest and non-utilisation fees payable on MAB's new debt facilities and the interest expense on lease liabilities, a £3.5m gain relating to the remeasurement of the redemption liability relating to the Fluent Option and a £0.4m charge relating to the unwinding of the redemption liability of the Fluent Option.

Taxation

The effective tax rate on adjusted profit before tax* increased to 20.6% (H1 2022: 19.8%) and the effective rate of tax on reported profit before tax reduced to 15.2% (H1 2022: 21.9%), despite the increase in the prevailing UK corporation tax rate from 1 April 2023. This was primarily due to the large movement in deferred tax resulting from the unwinding of the acquired intangibles deferred tax liability relating to Fluent and also the deferred tax asset arising from losses within Fluent. We expect the effective tax rate on adjusted PBT in future years to be in line with the prevailing UK corporation tax rate.

Earnings per share and dividend

Adjusted earnings per share* was 11.8p (H1 2022: 16.4p) and adjusted earnings per share* on an organic basis (also excluding the impact of the increased share capital as a result of the placing) was 13.5p (H1 2022: 16.9p). Basic earnings per share fell to 11.3p (H1 2022: 14.0p) 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 confirm an interim dividend for the year ending 31 December 2023 of 13.4p per share (H1 2022: 13.4p per share), reflecting the Group's dividend policy based on a minimum payout ratio of 75% of the Group's annual adjusted post-tax and minority interest profits. This represents a cash outlay of £7.7m (H1 2022: £7.6m). Following payment of the dividend, the Group will continue to maintain significant surplus regulatory reserves.

The record date for the interim dividend is 6 October 2023 and the payment date is 3 November 2023. The ex-dividend date will be 5 October 2023.

Balance sheet

In connection with the acquisitions of Fluent, Vita and Auxilium in 2022, the Group recognised separately identifiable intangible assets with a fair value at 30 June 2023 of £50.7m and goodwill totalling £38.7m. Redemption liabilities of £3.8m 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 30 June 2023.

In March 2022, the Group entered into an agreement with NatWest for a new term loan of £20m and a revolving credit facility of £15m, to part fund the cash consideration on the acquisition of Fluent. As at 30 June 2023, the Group had drawn down £6.0m on the revolving credit facility, in addition to an outstanding balance of £18.1m on the term loan, and had £0.3m of accrued interest net of prepaid loan arrangement fees. Net debt (adjusting only for unrestricted cash balances of £5.0m) was £19.4m.

Cash flow and cash conversion

The Group's operations produce positive cash flow. This is reflected in the net cash generated from operating activities of £8.8m (H1 2022: £11.5m).

Adjusted cash conversion* was:

H1 2023	131%
H1 2022	124%

Other than the £2.8m refurbishment of the Group's head office in Derby in Q4 2022, the Group's operations are typically capital-light, with the most significant ongoing capital investment being in computer equipment. Only £0.3m of general capital expenditure on office and computer equipment was required during the period (H1 2022: £0.1m), with a further £0.4m spent on the finalisation of the refurbishment of the Group's head office in Derby. Group policy is not to provide company cars and no other significant capital expenditure is foreseen.

The Group has a regulatory capital requirement amounting to 2.5% of regulated revenue. At 30 June 2023 this regulatory capital requirement was £5.6m (31 December 2022: £5.5m), with the Group having a surplus of £23.4m (31 December 2022: £26.8m).

The following table demonstrates how cash generated by the Group was applied:

	£m
Unrestricted bank balances at the beginning of the year	7.2
Cash generated from operating activities excluding movements in restricted balances and dividends received from associates	11.7
Dividends paid	(8.4)

Dividends paid to minority interest	(0.3)
Tax paid	(3.3)
Investment in subsidiary, associates and minority interests	(0.7)
Proceeds from borrowings	2.8
Repayment of borrowings	(1.9)
Net interest paid and principal element of lease payments	(0.9)
Capital expenditure	(1.2)
Unrestricted bank balances at the end of the period	5.0

* 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.

[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] Vita's revenue, being protection and general insurance commission only, has been incorporated into the Group's figures since 2016 when it became an AR of the Group.

Cautionary Statement

Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the Group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "aims", "anticipates", "believes", "continues", "could", "due", "estimates", "expects", "goal", "intends", "may", "objectives", "outlook", "plans", "potential", "probably", "project", "seeks", "should", "targets", or "will" or, in each case, their negative or other variations or comparable terminology.

By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Except as required by applicable law or regulation, no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.

This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

INDEPENDENT REVIEW REPORT TO MORTGAGE ADVICE BUREAU (HOLDINGS) PLC (“the Company”) AND ITS GROUP

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the London Stock Exchange AIM Rules for Companies.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the interim condensed consolidated statement of financial position, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“ISRE (UK) 2410”). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting”.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with

the London Stock Exchange AIM Rules for Companies which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange AIM Rules for Companies for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants

London

United Kingdom

25 September 2023

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

Interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 Unaudited £'000	2022 Unaudited £'000
Revenue	2	**117,545**	96,468
Cost of sales	3	**(84,601)**	(71,032)
Gross profit		**32,944**	25,436
Administrative expenses		**(23,713)**	(14,214)
Costs relating to First Mortgage, Fluent and Auxilium options	4	**(1,081)**	(423)
Amortisation of acquired intangibles	4	**(2,580)**	(183)
Acquisition costs	4	**(148)**	(1,453)
Restructuring costs		**(238)**	-
Net gains on fair value measurement of deferred consideration	10	**-**	650
Net fair value losses on fair value measurement of derivative financial instruments	10	**(214)**	(25)
Share of profit of associates	10	**75**	314
Profit on sale of non-listed equity investment	11	**-**	59
Operating profit		**5,045**	10,161
Finance income	5	**130**	42
Finance expense	5	**2,404**	(96)
Profit before tax		**7,579**	10,107
Tax expense	6	**(1,149)**	(2,214)
Profit for the period		**6,430**	**7,893**
Total comprehensive income		**6,430**	7,893
Profit is attributable to:			
Equity owners of Parent Company		**6,423**	7,698
Non-controlling interests		**7**	195
		6,430	7,893
Earnings per share attributable to the owners of the Parent Company			
Basic	7	**11.3p**	14.0p
Diluted	7	**11.2p**	13.8p

Interim condensed consolidated statement of financial position as at 30 June 2023 and 31 December 2022

	Note	**30 June 2023 Unaudited £'000**	31 Dec 2022 Audited £'000
Assets			
Non-current assets			
Property, plant and equipment		**6,227**	6,128
Right of use assets		**3,442**	3,872
Goodwill	9	**53,885**	53,885
Other intangible assets		**53,629**	55,823
Investments in associates and joint venture	10	**11,931**	11,387
Derivative financial instruments		**274**	320
Other receivables	12	**682**	831
Deferred tax asset		**2,551**	1,797
Total non-current assets		**132,621**	134,043
Current assets			
Trade and other receivables	12	**13,974**	10,288
Corporation tax		**812**	-
Cash and cash equivalents	13	**23,642**	25,462
Total current assets		**38,428**	35,750
Total assets		**171,049**	169,793

Interim condensed consolidated statement of financial position as at 30 June 2023 and 31 December 2022 (continued)

	Note	**30 June 2023 Unaudited £'000**	31 Dec 2022 Audited £'000
Equity and liabilities			
Share capital	17	**57**	57
Share premium		**48,155**	48,155
Capital redemption reserve		**20**	20
Share option reserve		**5,718**	4,511
Retained earnings		**13,616**	15,154
Equity attributable to owners of Parent Company		**67,566**	67,897
Non-controlling interests		**7,058**	7,548
Total equity		**74,624**	75,445
Liabilities			
Non-current liabilities			
Trade and other payables	14	**5,230**	9,438
Provisions		**8,554**	8,038
Lease liabilities		**2,605**	3,014
Derivative financial instruments		**178**	10
Loans and other borrowings	15	**14,270**	16,598
Deferred tax liability		**14,181**	14,659
Total non-current liabilities		**45,018**	51,757
Current liabilities			
Trade and other payables	14	**40,334**	34,397
Lease liabilities		**903**	933
Loans and other borrowings	15	**10,170**	6,809
Corporation tax		**-**	452
Total current liabilities		**51,407**	42,591
Total liabilities		**96,425**	94,348
Total equity and liabilities		**171,049**	169,793

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2023

	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 Interest £'000	Total equity £'000
Balance at 1 January 2022	**53**	**9,778**	**20**	**3,523**	**25,408**	**38,782**	**2,205**	**40,987**
Profit for the period	-	-	-	-	7,698	7,698	195	7,893
Total comprehensive income	-	-	-	-	7,698	7,698	195	7,893
Transactions with owners								
Issue of shares	4	38,377	-	-	-	38,381	-	38,381
Share based payment transactions	-	-	-	532	-	532	-	532
Deferred tax asset recognised in equity	-	-	-	25	-	25	-	25
Dividends paid	-	-	-	-	(8,382)	(8,382)	(415)	(8,797)
Total transactions with owners	4	38,377	-	557	(8,382)	30,556	(415)	30,141
Balance at 30 June 2022 (unaudited)	**57**	**48,155**	**20**	**4,080**	**24,724**	**77,036**	**1,985**	**79,021**
Balance at 1 January 2023	**57**	**48,155**	**20**	**4,511**	**15,154**	**67,897**	**7,548**	**75,445**
Profit for the period	-	-	-	-	6,422	6,422	7	6,429
Total comprehensive income	-	-	-	-	6,422	6,422	7	6,429
Transactions with owners								
Share based payment transactions	-	-	-	1,289	-	1,289	-	1,289
Deferred tax asset recognised in equity	-	-	-	296	-	296	-	296
Acquisitions	-	-	-	-	46	46	(140)	(94)
Reserve transfer	-	-	-	(378)	378	-	-	-
Dividends paid	-	-	-	-	(8,384)	(8,384)	(357)	(8,741)
Total transactions with owners	-	-	-	1,207	(7,960)	(6,753)	(497)	(7,250)
Balance at 30 June 2023 (unaudited)	**57**	**48,155**	**20**	**5,718**	**13,616**	**67,566**	**7,058**	**74,624**

Interim condensed consolidated statement of cash flows for the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 Unaudited £'000	2022 Unaudited £'000
Cash flows from operating activities			
Profit for the period before tax		**7,578**	10,107
Adjustments for			
Depreciation of property, plant and equipment		**621**	175
Depreciation of rights of use assets		**443**	198
Amortisation of intangibles		**2,693**	282
Profit on sale of non-listed equity investment	**11**	**-**	(59)
Share-based payments		**1,473**	532
Share of profit from associates, net of tax	**10**	**(75)**	(314)
Dividends received from associates	**10**	**-**	600
Net gains on fair value measurement of deferred consideration	**10**	**-**	(650)
Net losses on fair value movements taken to profit and loss		**214**	25
Finance income	**5**	**(130)**	(42)
Finance expense	**5**	**(2,404)**	96
		10,413	10,950
Changes in working capital			
Increase in trade and other receivables	**12**	**(3,529)**	(1,086)
Increase in trade and other payables	**14**	**4,721**	3,120
Increase in provisions		**516**	687
Cash generated from operating activities		**12,121**	13,671
Income taxes paid		**(3,308)**	(2,141)
Net cash generated from operating activities		**8,813**	11,530
Cash flows from investing activities			
Purchase of property, plant and equipment		**(720)**	(77)
Purchase of intangibles		**(498)**	(151)
Acquisition of minority interest		**(189)**	-
Acquisition of associates	**10**	**(469)**	(457)
Proceeds from sale of non-listed equity investment	**11**	**-**	114
Net cash used in investing activities		**(1,876)**	(571)
Cash flows from financing activities			
Proceeds from borrowings		**2,800**	**-**
Repayment of borrowings		**(1,875)**	-
Interest received	**5**	**122**	32
Interest paid	**5**	**(608)**	(48)
Principal element of lease payments		**(455)**	(195)
Issue of shares	**17**	**-**	40,000
Costs relating to issue of shares	**17**	**-**	(1,619)
Dividends paid	**8**	**(8,384)**	(8,382)
Dividends paid to minority interest		**(357)**	(415)
Net cash (used)/generated in financing activities		**(8,757)**	29,373
Net (decrease)/increase in cash and cash equivalents		**(1,820)**	40,332
Cash and cash equivalents at the beginning of the period		**25,462**	34,411
Cash and cash equivalents at the end of the period		**23,642**	74,743

Notes to the interim condensed consolidated financial statements for the six months ended 30 June 2023

1 Accounting policies

Corporate information

The interim condensed consolidated financial statements of Mortgage Advice Bureau (Holdings) plc and its subsidiaries (collectively, “the Group”) for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 25 September 2023.

Mortgage Advice Bureau (Holdings) plc (“the Company”) is a limited company incorporated and domiciled in England whose shares are publicly traded on the Alternative Investment Market (“AIM”). The registered office is located at Capital House, Pride Place, Pride Park, Derby, DE24 8QR. The Group’s principal activity is the provision of financial services.

Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 ‘Interim financial reporting’ and also in accordance with the measurement and recognition principles of UK adopted international accounting standards. They do not include all of the information required for full annual financial statements and should be read in conjunction with the 2022 Annual Report and Accounts, which were prepared in accordance with UK – adopted international accounting standards.

The comparative figures for the six months ended 30 June 2022 are not the Group’s statutory accounts for that financial period. The accounts for the year ended 31 December 2022 have been reported on by the Group’s auditors and delivered to the registrar of companies. There are no changes in the basis of preparation adopted, which remains in line with the 2022 audited accounts. Following the acquisitions of Project Finland Topco Limited, Vita Financial Limited and AUX Group Limited in 2022, these entities are now included in the consolidated accounts for the period.

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 the ongoing 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 the ongoing geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets and the Group’s 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 the 12 months from the approval of the financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Significant estimates and judgements

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2022. There have been no material revisions to the nature and amount of estimates of amounts reported in prior period.

Significant accounting policies

The accounting policies applied are consistent with those described in the Annual Report and Group financial statements for the year ended 31 December 2022. New or amended standards effective in the period have not had a material impact on the condensed consolidated interim financial statements.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New standards with limited impact on the Group

- **Amendments to IAS 1 and IAS 8 IFRS Practice Statement 2 – Disclosure of accounting policies.** In February 2021, the IASB issued amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' aiming to improve accounting policy disclosures. This amendment is applicable for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

- **Amendments to IAS 8 – Definition of accounting estimates.** In February 2021, the IASB issued amendments to IAS 8 to clarify how reporting entities distinguish changes in accounting policies from changes in accounting estimates. This amendment is applicable for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

- **Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction.** In May 2021, the IASB issued an amendment to IAS 12 which provides clarification on the existing exemption from recognising deferred tax in specific circumstances where this arises from a single transaction. This amendment is applicable for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

- **IFRS 17 – Insurance contracts.** In May 2017, the IASB published IFRS 17 Insurance contracts to replace IFRS 4. IFRS 17 applies to all insurance contracts that an entity issues, detailing the method of measuring insurance contracts, distinguishing between types of contracts, the measurement of insurance contract revenue and presentation in the financial statements. This standard is applicable for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations will be effective for future annual and interim periods, and therefore have not been applied in preparing these condensed consolidated interim financial statements. At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

Standard or Interpretation	Periods commencing on or after
Amendments to IFRS 16 Leases – Additional requirements for the accounting of sale and leaseback transactions	1 January 2024
Amendments to IAS 1 Presentation of financial statements – On classification of liabilities	1 January 2024
Amendments to IAS 1 Presentation of financial statements – Treatment of non-current liabilities with covenants	1 January 2024

Other than to expand certain disclosures within the Financial Statements, the Directors do not expect the adoption of these standards and interpretations listed above to have a material impact on the Financial Statements of the Group in future periods.

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 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.

Entities that are not subsidiaries but where the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions) are accounted for as associates. The results and assets and liabilities of the associates are included in the consolidated accounts using the equity method of accounting.

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.

During the six month period to 30 June 2023, there have been no changes from the prior year in the measurement methods used to determine operating segments and reported segment profit or loss.

2 Revenue

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

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	£'000	£'000
Mortgage procuration fees	**48,456**	44,928
Protection and general insurance commission	**44,913**	37,197
Client fees	**21,899**	11,766
Other income	**2,277**	2,577
	117,545	96,468

3 Cost of sales

Costs of sales are as follows:

	2023	2022
	Unaudited	Unaudited
	£'000	£'000
Commissions paid	**65,556**	66,573
Fluent affinity partner payments	**6,660**	-
Impairment of trade receivables	**-**	9
Other cost of sales	**644**	-
Wages and salary costs	**11,741**	4,450
	84,601	71,032

4 Acquisition related costs, acquisition of minority interests and redemption liability

Acquisition related costs

First Mortgage Direct Limited

On 2 July 2019 Mortgage Advice Bureau Limited, a subsidiary of Mortgage Advice Bureau (Holdings) plc acquired 80 per cent of First Mortgage Direct Limited ("First Mortgage" or the "Business"). 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.

The costs relating to this acquisition for the period are made up as follows:

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	£000	£000

Amortisation of acquired intangibles	183	183
Option costs (IAS19)	224	218
Option costs (IFRS2)	205	205
Total costs	**612**	606

The Fluent Money Group Limited

On 28 March 2022 Mortgage Advice Bureau (Holdings) plc announced that it had agreed to acquire 75.4% of Project Finland Topco Limited, which indirectly owns 100% of The Fluent Money Group Limited ("Fluent" or the "Business"), from its shareholders including Beech Tree Private Equity and founders for a total cash consideration of £72.7 million (the "Acquisition"). The Acquisition completed on 12 July 2022. On 6 April 2023, Mortgage Advice Bureau Limited, a subsidiary of Mortgage Advice Bureau (Holdings) plc acquired a further 0.8% of Project Finland Topco Limited, thereby increasing its stake to 76.2%.

There is a put and call option over the remaining 23.8% of the issued share capital of Fluent which 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. The put and call option over certain growth shares that were 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.

The costs relating to this acquisition for the period are made up as follows:

	Six months ended 30 June	
	2023 Unaudited £000	2022 Unaudited £000
Amortisation of acquired intangibles	2,199	-
Option costs (IFRS2)	630	-
Acquisition related costs	128	1,453
Total costs	**2,957**	1,453

Vita Financial Limited

On 12 July 2022, Mortgage Advice Bureau Limited, a subsidiary of Mortgage Advice Bureau (Holdings) plc, increased its stake in Vita Financial Limited ("Vita") from 49% to 75% of the entire issued share capital for a consideration of £460,306.

The costs relating to this acquisition for the period are made up as follows:

	Six months ended 30 June	
	2023 Unaudited £000	2022 Unaudited £000
Amortisation of acquired intangibles	33	-
Acquisition related costs	10	-
Total costs	**43**	-

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"). There is a put and call option over the remaining 25% of the issued share capital of Aux Group which 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.

The costs relating to this acquisition for the period are made up as follows:

	Six months ended 30 June	
	2023 Unaudited £000	2022 Unaudited £000
Amortisation of acquired intangibles	165	-
Option costs (IFRS2)	22	-
Acquisition related costs	10	-
Total costs	**197**	-

The total acquisition costs relating to the four entities above that are included in the Consolidated statement of comprehensive income are as follows:

	Six months ended 30 June	
	2023 Unaudited £000	2022 Unaudited £000
Amortisation of acquired intangibles	2,580	183
Option costs (IFRS2 and IAS19)	1,081	423
Acquisition related costs	148	1,453
Total costs	**3,809**	2,059

Acquisition of minority interests

On 11 April 2023, Mortgage Advice Bureau Ltd acquired a further 0.8% of the ordinary share capital of Project Finland Topco Limited for £188,967 taking its shareholding to 76.2%. This purchase reduced the redemption liability by £94,484 and parent equity by £94,484.

Further to this, £140,067 of accumulated non-controlling interest was transferred to retained earnings.

Remeasurement of redemption liability

At 30 June 2023, the expected cash flows relating to the redemption liability were remeasured resulting in gain of £3.5m included within finance expenses. £0.4m has also been included within finance expenses relating to the unwinding of the redemption liability from the end of the prior year.

5 Finance income and expense

	Six months ended 30 June	
Finance income	**2023 Unaudited £'000**	2022 Unaudited £'000
Interest income	**122**	32

Finance income	Six months ended 30 June **2023** **Unaudited** **£'000**	 2022 Unaudited £'000
Interest income accrued on loans to associates	**8**	10
	130	42

Finance expenses		
Interest expense	**620**	68
Interest expense on lease liabilities	**58**	28
Gain on remeasurement of redemption liability	**(3,485)**	-
Unwinding of redemption liability	**403**	-
	(2,404)	96

Included within interest expense is interest of £618,301 (2022: £66,584) in relation to the Group's term loan and revolving credit facility. During the period, the group accrued interest income on loans to associates of £8,201 (2022: £7,760).

6 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statements of comprehensive income are:

	Six months ended 30 June **2023** **Unaudited** **£'000**	 2022 Unaudited £'000
Current tax expense		
UK corporation tax charge on profit for the period	**2,085**	2,129
Total current tax	**2,085**	2,129
Deferred tax expense		
Origination and reversal of timing differences	**(936)**	85
Total deferred tax	**(936)**	85
Total tax expense	**1,149**	2,214

For the period ended 30 June 2023, the deferred tax recognised in equity was £295,622 (2022: £24,513).

The deferred tax asset is recognised after being assessed as recoverable on the basis of available evidence including projected profits, capital and liquidity position. The deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

7 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company, Mortgage Advice Bureau (Holdings) Plc, as the numerator.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Six months ended 30 June	
	2023 Unaudited	2022 Unaudited
Weighted average number of shares used in basic earnings per share	**57,054,481**	55,140,943
Potential ordinary shares arising from options	**233,571**	456,243
Weighted average number of shares used in diluted earnings per share	**57,288,052**	55,597,186

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, amortisation of acquired intangibles and the remeasurement and unwinding of the redemption liabilities relating to the Fluent and Auxilium options. Adjusted profit is also stated before restructuring costs, net fair value gains on deferred consideration and net fair value losses on derivative financial instruments relating to options to increase shareholdings in Associate businesses, net of tax.

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

	Six months ended 30 June			Six months ended 30 June		
	2023 Unaudited £'000	2022 Unaudited £'000	**2023 Basic earnings per share pence**	2022 Basic earnings per share pence	**2023 Diluted earnings per share pence**	2022 Diluted earnings per share pence
Profit for the period	**6,423**	7,698	**11.3**	14.0	**11.2**	13.8
Adjustments:						
Amortisation of acquired intangibles	**2,580**	183	**4.5**	0.3	**4.5**	0.3
Costs relating to the First Mortgage, Fluent and Auxilium options	**920**	423	**1.6**	0.8	**1.6**	0.8
Costs relating to Fluent, Vita and Auxilium acquisitions	**148**	1,453	**0.3**	2.6	**0.3**	2.6
Net fair value gains on deferred consideration	**-**	(657)	**-**	(1.2)	**-**	(1.2)
Net fair value losses on derivative financial instruments	**214**	25	**0.4**	0.0	**0.4**	0.0
Remeasurement and unwinding of redemption liability	**(3,082)**	-	**(5.4)**	-	**(5.4)**	-
Restructuring costs	**182**	-	**0.3**	-	**0.3**	-
Tax effect of adjustments	**(644)**	(70)	**(1.2)**	(0.1)	**(1.1)**	(0.1)
Adjusted earnings	**6,741**	9,055	**11.8**	16.4	**11.8**	16.2

8 Dividends

	Six months ended 30 June 2023 Unaudited £'000	Six months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Dividends paid and declared during the period:			
On ordinary shares at 14.7p per share (2022: 14.7p)	**8,384**	8,382	8,382
Interim dividend for 2022: 13.4p per share	**-**	-	7,642
	8,384	8,382	16,024
Equity dividends on ordinary shares:			
Declared:			
Interim dividend for 2023: 13.4p per share (2022: 13.4p)	**7,655**	7,642	-
Proposed for approval:			
Final dividend for 2022: 14.7p per share	**-**	-	8,384
	7,655	7,642	8,384

9 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 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

The goodwill is deemed to have an indefinite useful life. It is currently carried at cost and is reviewed annually for impairment.

Under IAS 36, "Impairment of assets", the Group is required to review and test its goodwill annually each year 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.

The key basis for determining that there was no impairment to the carrying value of goodwill was disclosed in the annual consolidated financial statements for the year ended 31 December 2022. There are no matters which have arisen in the period to 30 June 2023 which indicated that an impairment was required at that date.

10 Investments in associates and joint ventures

The investment in associates and a joint venture at the reporting date is as follows:

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
At start of the period	**11,387**	12,433
Additions	**469**	-
Disposals	**-**	(848)
Credit to statement of comprehensive income		
Share of profit	**75**	712
	75	712
Dividends received	**-**	(910)
At period end	**11,931**	11,387

Acquisitions and disposals

2023

On 26 May 2023, First Mortgage Direct Limited, an 80% owned subsidiary of the Group, acquired a further 12% of M & R FM Limited for a consideration of £469,454, bringing its total stake to 37%.

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.

A total net gain of £650,213 was recognised in the consolidated statement of comprehensive income in respect of the actual deferred consideration paid or expected to be paid on the above associate businesses in H1 2022.

Derivative financial instruments

The fair value of the call option at 30 June 2023 for Evolve FS Ltd is £272,901 (31 December 2022: £255,994). The fair values of the call option and put option at 30 June 2023 for Heron Financial Limited are £1,461 (31 December 2022: £64,114) and £178,124 (31 December 2022: £10,280) respectively. The put and call option in respect of Meridian Holdings Group Ltd was not exercised during the year ended 31 December 2022, consequently it has no value at 30 June 2023 and 31 December 2022.

A total net loss of £213,590 has been recognised in the consolidated statement of comprehensive income in respect of fair value movements on derivative financial instruments since 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 gain 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.

11 Investments in non-listed equity shares

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
At start of the period	**-**	2,783
Additions	**-**	-
Revaluation	**-**	-
Write-off of investment	**-**	(2,783)
At period end	**-**	-

The investment recognised at the start of 2022 represented a shareholding of 2.92% in PD Innovations Limited, trading as Boomin, at a value of £2,783,000. The Group originally paid cash consideration of £2.5m on 9 April 2021 for a 3.17% stake. This investment was 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 led to a £2.8m non-cash write-off of the investment in 2022.

Final consideration for Yourkeys Technology Ltd, originally sold on 23 April 2021, of £113,541 was received on 1 April 2022 leading to a further profit on disposal of £58,541. The investment was originally sold on 23 April 2021.

12 Trade and other receivables

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Trade receivables	**4,908**	3,029
Less provision for impairment of trade receivables	**(476)**	(476)
Trade receivables - net	**4,432**	2,553
Receivables from related parties	**37**	29
Other receivables	**981**	962
Loans to related parties	**533**	559
Less provision for impairment of loans to related parties	**(2)**	(2)
Total non-derivative financial assets other than cash and cash equivalents classified at amortised cost	**5,981**	4,101
Prepayments and accrued income	**8,675**	7,018
Total trade and other receivables	**14,656**	11,119
Less: non-current portion – Loans to related parties	**(159)**	(305)
Less: non-current – Trade receivables	**(523)**	(526)
Current portion	**13,974**	10,288

Reconciliation of movement in trade and other receivables to cash flow	**30 June 2023 Unaudited £'000**	30 June 2022 Unaudited £'000
Movement per trade and other receivables (current and non-current)	**3,537**	1,042
Accrual of deferred consideration for Yourkeys disposal	**-**	55
Accrued interest movement	**(8)**	(11)
Total movement per cash flow	**3,529**	1,086

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Included within trade receivables are £1.6m (2022: £1.5m) of operational business development loans to the Group's Appointed Representatives. The non-current trade receivables balance is comprised solely of a proportion of these loans.

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 16.

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. At 30 June 2023 the lifetime expected loss provision for trade receivables is £0.5m (2022: £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.

13 Cash and cash equivalents

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of:

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Unrestricted cash and bank balances	**5,021**	7,219
Bank balances held in relation to retained commissions	**18,621**	18,243
Cash and cash equivalents	**23,642**	25,462

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 commission.

Operationally, the Group does not treat these balances as available funds. An equal and opposite liability is shown within trade and other payables (note 14).

14 Trade and other payables

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Appointed Representatives retained commission	**18,621**	18,243
Other trade payables	**12,050**	8,658
Trade payables	**30,671**	26,901
Social security and other taxes	**2,027**	2,190
Other payables	**210**	208
Redemption liability	**4,010**	7,186
Accruals and deferred income	**8,646**	7,350
Total trade and other payables	**45,564**	43,835

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Current	**40,334**	34,397
Non-current	**5,230**	9,438
Total trade and other payables	**45,564**	43,835

Reconciliation of movement in trade and other payables to cash flow	**30 June 2023 Unaudited £'000**	30 June 2022 Unaudited £'000
Movement per trade and other payables	**1,729**	2,061
Deferred consideration cash payment	**-**	457
Deferred consideration non-cash movement	**-**	650
Accrued interest on bank loans	**-**	(48)
Redemption liability	**3,176**	-
Share based payments	**(184)**	-
Total movement per cash flow	**4,721**	3,120

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. 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 13.

As at 30 June 2023 and 31 December 2022, the carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

15 Loans and borrowings

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Bank loans	**24,440**	23,407
Total loans and borrowings	**24,440**	23,407
Less: non-current portion – Bank loans	**(14,270)**	(16,598)
Current portion	**10,170**	6,809

A summary of the maturity of loans and borrowings is as follows:

Bank loans	**30 June 2023 Unaudited £'000**	31 December 2022 Audited £'000
Payable in 1 year	**10,170**	6,809
Payable in 1-2 years	**3,750**	3,750
Payable in 2-5 years	**10,520**	12,848
Total bank loans	**24,440**	23,407

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 the Group'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.

16 Financial instruments – risk management activities

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 12.

Financial assets - maximum exposure

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Cash and cash equivalents	**23,642**	25,462
Trade and other receivables (amortised cost)	**5,981**	4,101
Derivative financial instruments (FVTPL)	**274**	320
Total financial assets	**29,897**	29,883

Financial liabilities

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Trade and other payables	**30,880**	29,299
Loans and borrowings	**24,440**	23,407
Accruals	**8,646**	7,350
Redemption liability	**4,010**	7,186
Lease liabilities	**3,508**	3,947
Derivative financial instruments	**178**	10
Total financial liabilities	**71,662**	71,199

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 as those included in trade receivables; this collateral significantly 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+).

17 Share capital

Issued and fully paid

	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Ordinary shares of 0.1p each	**57**	57
Total share capital	**57**	57

18 Related party transactions

The following table shows the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2023 and 2022, as well as balances with related parties as at 30 June 2023 and 31 December 2022.

	Relationship	**Commission received/(paid)**		**Balance of retained commissions***		**Loans owed to MAB**	
		30 June 2023 £'000	30 June 2022 £'000	**30 June 2023 £'000**	31 December 2022 £'000	**30 June 2023 £'000**	31 December 2022 £'000
Buildstore Limited	Associate	**(419)**	(468)	**15**	14	**-**	-
Sort Limited	Associate	**811**	748	**-**	-	**201**	218
Clear Mortgage Solutions Limited	Associate	**(2,506)**	(2,229)	**600**	652	**-**	-
Evolve FS Ltd	Associate	**(1,876)**	(783)	**123**	76	**-**	-
The Mortgage Broker Limited	Associate	**(728)**	(820)	**67**	67	**12**	20
Meridian Holdings Group Ltd	Associate	**(2,085)**	(1,983)	**548**	546	**202**	319
M & R FM Ltd	Associate	**(1,460)**	(1,167)	**139**	107	**-**	-
Heron Financial Limited	Associate	**(724)**	-	**18**	-	**-**	-
Pinnacle Surveyors (England & Wales) Ltd	Associate	**-**	-	**-**	-	**100**	-
BPR Protect Limited**	Associate		(209)	**-**	-	**-**	-
Vita Financial Limited**	Associate		(661)	**-**	-	**-**	-
MAB Broker Services PTY Limited	Joint venture	**-**	-	**-**	-	**15**	-

* Balances in relation to retained commissions are to cover future lapses

** Vita Financial Limited and BPR Protect Limited were associated companies of the Group until they became subsidiaries on 12 July 2022 following Mortgage Advice Bureau Limited's acquisition of Vita Financial Limited. Subsidiary transactions are fully eliminated.

During the period the Group received dividends from associate companies as follow:

	Six months ended 30 June	
	2023 Unaudited £'000	2022 Unaudited £'000
CO2 Commercial Limited	**-**	167
Evolve FS Ltd	**-**	245
M & R FM Ltd	**-**	188
Total dividends	**-**	600

19 Share based payments

On 31 May 2023, 296,375 options over ordinary shares of 0.1 pence each in the Company were granted to the Executive Directors and senior executives of the Group under the equity-settled Mortgage Advice Bureau Executive Share Option Plan (the "Options"). 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 34 months 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 in April 2023 resulted in 2,996 ordinary shares being issued at an exercise price of £0.01. The price of the ordinary shares at the time of exercise were £6.80 and £7.05.

Options exercised in May 2023 resulted in 93,043 ordinary shares being issued at an exercise price of £0.01. The price of the ordinary shares at the time of exercise was £8.50.

The share-based remuneration costs for the period are made up as follows:

	Six months ended 30 June	
	2023 Unaudited £000	2022 Unaudited £000
Charge for equity settled schemes	416	327
National Insurance Contributions on equity settled schemes	(13)	169
Share incentive plan costs	80	59
Free shares awarded to employees	133	47
Acquisition option costs	857	205
Total costs	**1,473**	807

20 Events after the reporting date

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

Glossary of Alternative Performance Measures (“APMs”) for the Group’s interim report

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.

<table>
<tr><th>APM</th><th>Closest equivalent statutory measure</th><th>Definition and purpose</th></tr>
<tr><td colspan="3">Income statement measures</td></tr>
<tr><td>Net revenue</td><td>Gross profit</td><td>Net revenue is revenue less commissions paid to Appointed Representative firms and payments to Fluent affinity partners.
<table><tr><th>£m</th><th>H1 2023</th><th>H1 2022</th></tr><tr><td>Revenue</td><td>117.5</td><td>96.5</td></tr><tr><td>Commissions paid</td><td>(65.5)</td><td>(66.6)</td></tr><tr><td>Payments to Fluent affinity partners</td><td>(6.7)</td><td>-</td></tr><tr><td>Net revenue</td><td>45.3</td><td>29.9</td></tr></table></td></tr>
<tr><td>Administrative expenses ratio</td><td>None</td><td>Calculated as administrative expenses divided by revenue.</td></tr>
<tr><td>Adjusted EBITDA</td><td>None</td><td>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. Charges associated with acquisition or investments in businesses include:
• non-cash charges such as depreciation and 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.</td></tr>
</table>

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<table>
<tr><th>£m</th><th>H1 2023</th><th>H1 2022</th></tr>
<tr><td>Gross Profit</td><td>32.9</td><td>25.4</td></tr>
<tr><td>Administrative Expenses</td><td>(23.7)</td><td>(14.2)</td></tr>
<tr><td>Depreciation</td><td>1.1</td><td>0.4</td></tr>
<tr><td>Amortisation</td><td>0.1</td><td>0.1</td></tr>
<tr><td>Share of profit from associates</td><td>0.1</td><td>0.3</td></tr>
<tr><td>Adjusted EBITDA</td><td>10.5</td><td>12.0</td></tr>
</table>
</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>None</td>
<td>Calculated as adjusted EBITDA divided by revenue.</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>Operating profit</td>
<td>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.

<table>
<tr><th>£m</th><th>H1 2023</th><th>H1 2022</th></tr>
<tr><td>Operating profit</td><td>5.0</td><td>10.2</td></tr>
<tr><td>Acquisition of acquired intangibles</td><td>2.6</td><td>0.2</td></tr>
<tr><td>Acquisition costs</td><td>0.1</td><td>1.5</td></tr>
<tr><td>Non-cash operating expenses relating to put and call option agreements</td><td>1.1</td><td>0.4</td></tr>
<tr><td>Impairment losses</td><td>-</td><td>-</td></tr>
<tr><td>Non-cash fair value losses / (gains) on financial instruments</td><td>0.2</td><td>(0.6)</td></tr>
<tr><td>Restructuring costs</td><td>0.2</td><td>-</td></tr>
<tr><td>Rounding difference</td><td>0.1</td><td>(0.1)</td></tr>
<tr><td>Adjusted operating profit</td><td>9.3</td><td>11.6</td></tr>
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<table>
<tr>
<td>Adjusted profit before tax</td>
<td>Profit before tax</td>
<td>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.

<table>
<tr><th>£m</th><th>H1 2023</th><th>H1 2022</th></tr>
<tr><td>Profit before tax</td><td>7.6</td><td>10.1</td></tr>
<tr><td>Amortisation of acquired intangibles</td><td>2.6</td><td>0.2</td></tr>
<tr><td>Acquisition costs</td><td>0.1</td><td>1.5</td></tr>
<tr><td>Non-cash operating expenses relating to put and call option agreements</td><td>1.1</td><td>0.4</td></tr>
<tr><td>Impairment losses</td><td>-</td><td>-</td></tr>
<tr><td>Non-cash fair value losses / (gains) on financial instruments</td><td>0.2</td><td>(0.6)</td></tr>
<tr><td>Restructuring costs</td><td>0.2</td><td>-</td></tr>
<tr><td>Unwinding of redemption liability</td><td>(3.1)</td><td>-</td></tr>
<tr><td>Rounding difference</td><td>0.1</td><td>(0.1)</td></tr>
<tr><td>Adjusted profit before tax</td><td>8.8</td><td>11.5</td></tr>
</table>
</td>
</tr>
<tr>
<td>Adjusted profit before tax margin</td>
<td>None</td>
<td>Calculated as adjusted profit before tax divided by revenue.</td>
</tr>
<tr>
<td>Adjusted earnings per share</td>
<td>Basic earnings per share</td>
<td>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.</td>
</tr>
</table>

Cash flow measures

<table>
<tr><td>Adjusted cash conversion</td><td>None</td><td>Adjusted 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, and for increases in restricted cash balances, as a percentage of adjusted operating profit.

<table><tr><th>£m</th><th>H1 2023</th><th>H1 2022</th></tr><tr><td>Cash generated from operating activities</td><td>12.1</td><td>13.7</td></tr><tr><td>Acquisition costs</td><td>0.1</td><td>1.5</td></tr><tr><td>Restructuring costs</td><td>0.2</td><td>-</td></tr><tr><td>Increase in loans to AR firms and associates</td><td>0.1</td><td>(0.3)</td></tr><tr><td>Increase in restricted cash balances</td><td>(0.4)</td><td>(0.5)</td></tr><tr><td>Rounding difference</td><td>0.1</td><td>-</td></tr><tr><td>Adjusted cash generated</td><td>12.2</td><td>14.4</td></tr></table></td></tr>
</table>

Balance sheet measures

Net debt	None	Loans and borrowings less unrestricted cash balances.