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30 July 2020 || GoCo Group plc interim results for the six months ended 30 June 2020

Rapid growth continues at AutoSave and strong rebound at GoCompare

	2020 H1	2019 H1	YOY[3]
Revenue	£82.8m	£76.0m	8.9%
Operating profit	£7.7m	£9.5m	-18.9%
Adjusted operating profit (AOP)[1]	£11.1m	£12.5m	-11.2%
Leverage[2]	2.3x	1.8x	+0.5x
Adjusted Basic EPS	1.8p	2.0p	-10.0%
Basic EPS	1.1p	1.5p	-26.7%
Interim dividend, pence per share	0.4	0.4	-

Financial Highlights:

Group financials

- Group adjusted operating profit (AOP)[1] of £11.1m down 11%, with strong Group trading offset by investment into AutoSave and impact from Covid-19
- Revenue +9% year on year, with growth driven by AutoSave
- Closing cash of £11.5m flat to 31st Dec 2019, continued to self-fund AutoSave investment
- Net debt of £71.5m resulting in leverage[2] of 2.3x at 30th June 2020, broadly flat vs 31st Dec 2019
- 2019 full year dividend maintained: 2020 interim dividend declared of 0.4 pence per share

Resilient performance at GoCompare despite Covid-19 headwinds

- GoCompare revenue +1.3%, excluding Covid-19 impact[4]
- Car insurance momentum maintained with revenue +4% and increase in market share
- Ongoing investment into TV marketing to drive medium term revenue growth in H2 2020 and beyond, leading to a reduction in Price Comparison marketing margin to 43.3% (2019 H1 = 46.4%)

Rewards challenged from Covid-19 headwinds

- Revenue declined by £1.3m, partly driven by a cut in income from travel industry affected by Covid-19

Further progress at AutoSave

- AutoSave revenues reach £10.8m (+64% vs. 2019 H2) delivering £1.5m trading profit[5]
- AutoSave live customers[6] reach 483k as of the end of June, +183k (+61%) in 6 months and +308K (+176%) in 12 months

Operational Highlights:

Group culture and working

- £598m savings made by customers[7] across the Group, up 27% YoY
- SaveStack™, the Group's proprietary technology platform, continues to develop
- Operational resilience with all employees working from home supported by flexible working practices and company focus on health and wellbeing; no impact to business operations as a consequence
- The Group has not called on government-assisted schemes relating to employment or loans nor has it made any redundancies during the Covid-19 pandemic

Innovation driving GoCompare performance

- Improved preference +12ppt[8] for GoCompare driven by innovation with ~1.5m signed up to £250 excess proposition offering significant retention opportunity driving higher recurring revenue
- Continued focus on optimising the customer journey, driving improved sales conversion +1ppt
- Travel insurance comparison removed from GoCompare to avoid consumers purchasing an invalid policy

Rewards focused on execution and resetting objectives

- Versatility in partner relationships evidenced with growth in Home and Garden retailers

Rapid growth of AutoSave

- Further strong addition in AutoSave customers providing additional learnings and competitive advantage
- Expansion of AutoSave customer acquisition channels, e.g. testing of Direct Response TV advertising
- Operational gains driving improved cohort performance

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Sir Peter Wood CBE, Chairman said:
"Given the huge challenge that Covid-19 has presented to this country, our business and our customers, there has never been a more important moment for the Group to make it easy for people to save money. Our work on the current Autosave business, and the innovation we are working on, are great examples of how we are achieving this.

The Board and I believe that a first half AOP of £11.1m is an impressive performance in these extraordinary times and remain supportive of the medium term growth plans that management have laid out."

Matthew Crummack, Chief Executive Officer said:
"As a Group, we have responded well to the challenges presented by Covid-19 and I'm pleased with the continued efforts of the team and the results they have produced. We are in a strong position and this is testimony to the hard work of my colleagues across the Group.

Sustainably scaling AutoSave customers and delivering trading profit is a huge achievement; the sheer scale of the addressable market is now clear as we continue to grow customer numbers, expand our marketing options and make further operational improvements. We are delighted to be able to leverage Sir Peter's incredible financial services knowledge in our Group product innovation work.

Our £250 excess proposition on GoCompare demonstrates our ability to innovate in established businesses too, and it has already started to improve preference as we look to drive customer retention. We enter H2 in a strong position as our strategy continues to deliver."

Outlook:
The Group has seen an improvement in performance since the middle of May, however, we are aware that the consumer environment remains vulnerable and uncertain with a broad range of outcomes for the year still possible. We are therefore continuing to suspend formal guidance for 2020 but we maintain our commitment to keep the market apprised of our position.

Results Presentation:
There will be a presentation for investors and analysts at 8.30am on 30 July 2020. To watch the presentation being streamed live, please visit: http://www.gocogroup.com/. The presentation will also be available on the website at 08.30am.

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Notes:

1. Adjusted operating profit represents operating profit, after adding back amortisation of acquired intangibles, transaction costs, other exceptional corporate costs, fair value changes in deferred contingent consideration and Foundation Award share-based payment charges.
2. Leverage ratio is calculated as net debt divided by 12 month rolling Adjusted EBITDA.
3. Year on year percentage movements disclosed are based on actual underlying figures rather than the amounts presented which have been rounded to the nearest £0.1m
4. GoCompare revenue growth of 1.3% excluding travel insurance; travel insurance removed from GoCompare website following UK Government advice against travel; Travel insurance comparison worth £1.7m over the equivalent period in 2019
5. Trading profit is defined as revenue less cost of sales and distribution costs
6. Live customers defined as those who have provided full switching authority to enable a switch net of churned customers
7. Customer savings includes (i) Car and Home insurance savings calculated by applying the average Consumer Intelligence reported savings per customer across the year (ii) energy savings from AutoSave segment across weflip and Look After My Bills
8. Preference defined as those for whom GoCompare is the only, or one of the first, brands a customer would consider

Cautionary statements
Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of known and unknown risks and uncertainties that may cause actual results, performance or achievements of the Group or industry results to differ materially from any future events, results, performance or achievements expressed or implied by such forward-looking statements. Persons receiving this announcement should not place undue reliance on any forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, GoCompare disclaims any obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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Business review

GoCo Group continues to diversify and grow, as we continue our transformation into a higher & more sustainable margin business over the medium-term. We are transforming into a data-led, tech enabled business powered by our SaveStack™ platform, helping more people find more of the right products, saving them more time and more money.

A disciplined approach to financial performance has resulted in a strong operational cash flow on GoCompare, self-funded investment into AutoSave and versatility in Rewards. In a challenging global environment, we've delivered an impressive financial performance with Group trading profit +16%, Group revenue +9% and leverage remaining broadly consistent at 2.3x, well below the covenant of 3.0x.

Revenue growth across key GoCompare verticals

Despite a temporary impact from Covid-19, our core price comparison business delivered a solid performance for H1 2020. Covid-19 resulted in temporary declines on quote volume, however, conversion increased, thus mitigating revenue impact. We saw reassuring recovery in May and June as search and quote volumes returned encouragingly; conversion remained ahead of Q1 levels, driving strong revenue performance and growth on GoCompare in June.

We delivered revenue growth of 1.3% on GoCompare excluding travel insurance, and car insurance growth of 4%, ahead of the market. Early in the government enforced lockdown across the UK, we made the decision to remove travel insurance from our website, which was the right thing to do for our customers but has unsurprisingly affected revenue.

We diverted marketing spend to invest into TV to drive medium term growth, leveraging the £250 excess proposition. Our £250 excess proposition is proving successful in driving awareness, and brand preference as customers know we are there for them when the worst happens. It is now 12 months since we introduced this innovative proposition and we continue to build on the loyalty and increased retention we have established over this period in H2. As we evolve GoCompare we will look to drive greater recurring revenue, thereby increasing the lifetime value of our GoCompare customers.

Rewards showing versatility but Covid-19 stalled profit stabilisation

Our Rewards business has diversified post lockdown, with significant change in sector revenue. We saw a rise in fashion, home and garden but understandably travel commission revenue fell. Covid-19 impacted non-commission-based advertising revenue, with rapid reduction impacting H1 profit. Marketing margin remained broadly similar and the team showed adaptability with diversification towards more retailers. We continue to optimise this part of the business with greater focus on speed of response and to leverage synergies across other segments within the Group.

AutoSave surpasses expectations

Our goal has always been to deliver long-term shareholder value through the creation of our AutoSave segment, as we transform into a higher and more sustainable margin business over the medium term. AutoSave has delivered momentum in H1 growing the switching market and supporting the continued transformation of the Group. The segment has generated £10.8m of revenue over the period, +370% vs. 2019 H1 and +64% vs. 2019 H2. AutoSave delivered £1.5m trading profit in line with guidance.

We acquired 183,000 new customers in H1, this affirms the significant growth opportunity and the very attractive business model which has higher margin potential with good customer retention and lower marketing costs. We continue to run two brands cost-effectively, Look After My Bills and weflip, around one integrated AutoSave team. We are focused on transforming the huge addressable auto-switching opportunity, generating savings for consumers, and have confidence we will continue to sustainably scale the business through H2 2020.

Group resilience

I am proud of the financial strength and operational resilience of the Group through the first six months of 2020 meaning we have not needed to call on any Government assisted schemes, nor have we made any redundancies through the Covid-19 pandemic. This strong financial position is reflected in us continuing to pay our 2019 dividend in H1; I am pleased to announce we are declaring an interim dividend of 0.4 pence per share.

All our employees have worked from home with no impact to business operations, we have continued to recruit and onboard into the business throughout lockdown, whilst offering considerable flexibility and support focussed on mental health and wellbeing.

Matthew Crummack - Chief Executive Officer

Financial Review

Revenue grew strongly during the period, with total Group revenue of £82.8m being 9% higher than H1 19 (£76.0m) driven by the performance of the AutoSave segment. Adjusted operating profit of £11.1m reduced by 11% compared to H1 19 (£12.5m) reflecting the adverse impact of Covid-19 on the Price Comparison and Rewards segments and an increase in total Administration costs, partly offset by a significant improvement in the trading profit of the AutoSave business.

The Directors have declared an interim dividend of 0.4 pence per share, which represents a pay-out ratio of approximately 22% of profit after tax (excluding adjusting items and their tax effect).

Operating segments

Price Comparison

	H1 20 £m	**H1 19 £m**	Movement £m	Movement %
Revenue	**69.7**	70.1	(0.4)	(1%)
Cost of sales	**(14.5)**	(20.7)	6.2	(30%)
Distribution costs	**(25.0)**	(16.9)	(8.1)	48%
Trading profit	**30.2**	32.5	(2.3)	(7%)
Adjusted admin costs	**(7.9)**	(6.8)	(1.1)	16%
Adjusted operating profit	**22.3**	25.7	(3.4)	(13%)

The Price Comparison segment relates to the GoCompare price comparison business and the Energylinx price comparison business.

Overall, Price Comparison revenue of £69.7m was broadly flat on H1 19 (£70.1m). The period saw volatility in the number of UK consumers using price comparison sites as a result of the Covid-19 pandemic and the UK lockdown which led to a reduction in revenue in April and May relative to the same period in 2019. Travel Insurance comparison was unavailable on the GoCompare site for most of Q2 and revenue from this vertical was nil during the quarter (Q2 19: £1.5m). However, despite this backdrop, the business performance has been resilient, and the month of June saw a return to strong year-on year revenue growth.

Cost of sales of £14.5m were £6.2m lower than H1 19 as a result of a significant reduction in generic paid search spend on GoCompare, continuing the trend seen during H2 19. Distribution costs of £25.0m were £8.1m higher than H1 19 as a result of higher brand paid search costs and increased investment in GoCompare above-the-line advertising.

Trading profit of £30.2m was £2.3m lower than H1 19, reflecting the impact of Covid-19 and the ongoing increased investment in above-the-line advertising, which has a longer payback than digital marketing spend.

The Price Comparison segment reporting for 2019 has been restated following the acquisition of Look After My Bills. Revenue and cost of sales relating to Look After My Bills was included in the Price Comparison segment as an external affiliate in H1 19. This is now shown un the AutoSave segment in both H1 19 and H1 20 to enable a like for like comparison. Price Comparison H1 19 revenue has therefore been restated to £70.1m (previously reported as £72.0m) and Cost of sales has been restated to £20.7m (previously reported as £22.3m).

AutoSave

	H1 20 £m	H1 19 £m	Movement £m	Movement %
Revenue	**10.8**	2.3	8.5	>100%
Cost of sales	**(8.0)**	(2.0)	(6.0)	>100%
Distribution costs	**(1.3)**	(6.3)	5.0	(79%)
Trading profit	**1.5**	(6.0)	7.5	>100%
Adjusted admin costs	**(3.8)**	(1.8)	(2.0)	>100%
Adjusted operating profit	**(2.2)**	(7.8)	(5.6)	72%

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The AutoSave segment comprises the Group's weflip proposition, together with Look After My Bills which was acquired in July 2019. During the period, consumer demand for the Group's AutoSave proposition has remained very strong with no material impact from Covid-19. This strong demand is reflected in the customer numbers which have grown from 300,000 to 483,000. Revenue of £10.8m was significantly higher than the £2.3m delivered in H1 19 which reflects revenue generated from switching new customers energy provider as well as revenue from switching customers who signed up to the service in previous years.

Trading profit in the period was £1.5m compared to a loss of £6.0m in H1 19. The improvement in performance reflects lower customer acquisition costs as well as the positive impact of revenue generated from customers signed up in previous periods that have no associated marketing costs in the current period.

The AutoSave segment includes Look After My Bills revenue and cost of sales recognised by the Group in Price Comparison in H1 2019 prior to the acquisition. AutoSave H1 19 revenue has therefore been restated to £2.3m (previously reported as £0.4m) and Cost of sales has been restated to £2.0m (previously reported as £0.4m) to enable a like for like comparison.

Rewards

	H1 20 £m	**H1 19 £m**	Movement £m	Movement %
Revenue	**2.3**	3.6	(1.3)	(36%)
Cost of sales	**(0.8)**	(1.0)	0.2	(20%)
Distribution costs	**(0.2)**	(0.5)	0.3	(60%)
Trading profit	**1.3**	2.1	(0.8)	(38%)
Adjusted admin costs	**(1.5)**	(0.9)	(0.6)	78%
Adjusted operating profit	**(0.2)**	1.2	(1.4)	(>100%)

The Rewards segment generated revenue of £2.3m and a trading profit of £1.3m. The performance during the period was adversely impacted by Covid-19 with a significant reduction in advertising revenue generated during the period as retailers pulled back their marketing spend as a result of reduced consumer demand. Whilst advertising revenue was lower, the trading performance of commission based income for the business was resilient and the loss of revenue from travel providers was offset by significant growth in other categories such as Home & Garden.

Administrative expenses

Administrative expenses excluding adjusting items, depreciation and amortisation of £18.9m are £4.9m higher than in H1 19. The increase primarily reflects the costs of operating the AutoSave segment and in particular the Look After My Bills business which was not part of the Group during H1 19, along with an increase in Group costs.

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Adjusted operating profit, Adjusted EBITDA, and Profit before tax

	H1 20 £m	H1 19 £m	Movement £m	Movement %
Revenue	82.8	76.0	6.8	9%
Total marketing spend	(49.7)	(47.3)	(2.4)	5%
Administrative expenses excluding adjusting items, depreciation and amortisation	(18.9)	(14.0)	(4.9)	35%
Adjusted EBITDA	**14.2**	**14.7**	**(0.5)**	**(3%)**
Depreciation and amortisation	(3.1)	(2.2)	(0.9)	41%
Adjusted operating profit	**11.1**	**12.5**	**(1.4)**	**(11%)**
Amortisation of acquired intangibles	(2.0)	(1.3)	(0.7)	54%
Integration, restructuring and other corporate costs	(0.9)	(1.5)	0.6	(40%)
Reassessment of deferred contingent consideration	(0.5)	-	(0.5)	100%
Foundation Award share-based payment charge	-	(0.2)	0.2	(100%)
Operating profit	**7.7**	**9.5**	**(1.8)**	**(19%)**
Net finance costs	(1.6)	(1.5)	(0.1)	7%
Share of loss of associate	-	(0.4)	0.4	(100%)
Profit before tax	**6.1**	**7.6**	**(1.5)**	**(20%)**

Adjusted operating profit, calculated as operating profit for the period after adding back the adjusting items, reduced by 11% to £11.1m.

Adjusted EBITDA for the period, calculated as Adjusted operating profit for the period after adding back depreciation and amortisation, reduced by 3% to £14.2m.

Depreciation and Amortisation of £3.1m has increased (H1 19: £2.2m) and reflects the impact of the amortisation of development costs capitalised during 2019. Amortisation of acquired intangibles of £2.0m (H1 19: £1.3m) relates to the Group's acquisitions of The Global Voucher Group Limited, Energylinx Limited, Energylinx for Business Limited (and its subsidiaries), and This Is The Big Deal Inc. (along with its subsidiaries).

The integration, restructuring and other corporate costs of £0.9m (H1 19: £1.5m) include £0.4m in relation to deferred consideration arising from the Energylinx acquisition that is deemed to be remuneration related. Also included within this category is £0.4m of costs in relation to the closure of the Group's Alloa office and other restructuring and £0.1m for onerous contracts that the Group has cancelled in the period and is no longer able to derive benefit from. The reassessment of deferred consideration of £0.5m relates to the contingent consideration due on the acquisition of This Is The Big Deal Inc.

The Group incurred net finance costs of £1.6m during the period, an increase of £0.1m compared to H1 19.

Profit before tax for H1 20 of £6.1m is £1.5m lower than H1 19, reflecting the adverse impact of Covid-19 on the Price Comparison and Rewards segments and an increase in total Administration costs, partly offset by a significant improvement in the trading profit of the AutoSave business.

Income tax expense

The Group's tax charge of £1.3m is based on an expected effective income tax rate for the year to December 2020 of 19.0% (H1 19: 19.0%).

Earnings per share

	H1 20 (pence per share)	H1 19 (pence per share)	Movement (pence per share)
Basic earnings per share	**1.1**	1.5	(0.4)
Adjusted basic earnings per share	**1.8**	2.0	(0.2)

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Basic earnings per share for H1 20 is 1.1 pence, a reduction of 0.4 pence (27%) compared to H1 19. Adjusted earnings per share, which excludes the impact of the adjusting items noted above (net of tax), is 1.8 pence, a reduction of 0.2 pence (10%) on H1 19 and better reflects the earnings generated by the underlying core business.

Cash and leverage

The Group delivered a positive operating cash flow during H1 20 of £10.6m. Net cash used in investing activities of £7.0m includes the capitalisation of internal and external development costs, the purchase of tangible fixed assets and the payment of the remaining deferred consideration attributable to the acquisition of Energylinx.

The total increase in cash and cash equivalents during the period was £0.1m resulting in total cash and cash equivalents at the end of the period of £11.5m. During the period, the Group made an additional £15.0m drawdown from the borrowing facilities, however this was fully repaid before the end of the period. After allowing for working capital requirements and the cost of the interim dividend, surplus cash at the end of the period is approximately £4.0m.

	H1 20 £m	H1 19 £m
Net cash generated from operating activities	**10.6**	**7.6**
Purchase of tangible and intangible assets	(5.2)	(4.8)
Acquisition of subsidiary investments	(1.8)	-
Net cash used in investing activities	**(7.0)**	**(4.8)**
Proceeds from issuance of ordinary shares	0.3	-
Proceeds from borrowings net of transaction costs	15.0	5.0
Payment of lease liabilities	(0.4)	(0.2)
Repayment of borrowings	(15.0)	-
Interest paid	(1.3)	(1.2)
Dividends paid to owners of the parent	(2.1)	(3.3)
Net cash (used in) / generated from financing activities	**(3.5)**	**0.3**
Net increase in cash and cash equivalents	0.1	3.1
Cash and cash equivalents at beginning of year	11.4	11.9
Cash and cash equivalents at end of period	**11.5**	**15.0**

Borrowings at 30 June 2020 were £83.0m, which, after allowing for cash and cash equivalents of £11.5m results in net debt of £71.5m. Net debt is £0.1m lower than 31 December 2019. Adjusted EBITDA for the 12 months to 30 June 2020 of £31.7m is £0.5m lower than in the 12 months to 31 December 2019. Leverage of 2.3x remains broadly unchanged since 31 December 2019.

The Board does not target a specific leverage ratio but instead looks to optimise the capital structure of the Group ensuring that cash is available for investment in opportunities that will drive shareholder value over the medium term as well as for paying dividends in line with the dividend policy.

	H1 20 £m	FY 19 £m
Borrowings	**(83.0)**	(83.0)
Cash and cash equivalents	**11.5**	11.4
Net debt	**(71.5)**	(71.6)
Adjusted EBITDA (rolling 12 months)	**31.7**	32.2
Leverage	**2.3**	2.2

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Balance sheet

	HY20	FY19
Non-current assets	**75.3**	76.1
Trade & Other Receivables	**32.3**	25.1
Cash and cash equivalents	**11.5**	11.4
Current assets	**43.8**	36.5
Total Assets	**119.1**	112.6
Borrowings	**80.0**	80.0
Other non-current liabilities	**6.7**	7.7
Non-current Liabilities	**86.7**	87.7
Trade and other payables	**24.9**	18.9
Borrowings	**3.0**	3.0
Other current liabilities	**7.3**	9.4
Current Liabilities	**35.2**	31.3
Total Liabilities	**121.9**	119.0
Ordinary Shares	**0.1**	0.1
Share premium	**2.7**	2.7
Retained earnings	**(5.6)**	(9.2)
Total Equity	**(2.8)**	(6.4)
Total equity and liabilities	**119.1**	112.6

Non-current assets have decreased due to additional amortisation during the period, broadly offset by capitalised development. Borrowings have remained consistent with FY19 at £83.0m.

Dividends

The Board has declared an interim dividend of 0.4 pence per share. The dividend is equivalent to a pay-out ratio of approximately 22% of profit after tax (excluding adjusting items and their tax effect), which is at the lower end of the Group's target pay-out ratio of 20%-40%. The pay-out ratio balances cash returns to shareholders with our ability to fund ongoing investment into the AutoSave business.

The ex-dividend date is 10 September 2020, with a record date of 11 September 2020 and a payment date of 2 October 2020.

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Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are unchanged from those disclosed in the 2019 Annual Report (pages 32 to 35) which is available to view at www.gocogroup.com. These cover certain key areas of risk which have been summarised below.

Risk area	Nature of risk	Mitigation and management
Economic conditions and Brexit	The Group's income is principally derived from commission earned from the provision of comparison and switching of financial and non-financial products for consumers in the UK. A contraction in the UK economy, changes to fiscal policy or unexpected developments linked to Brexit may lead to worsening economic conditions and performance of the Group and its brands.	- Regular review of market conditions - Flexible cost base - Diversity of revenue streams through acquisitions and internal initiatives - Investment in scalable solutions across verticals and products
Legal and regulatory	The Group operates in a number of regulated markets and is also subject to competition and data protection laws. Failure to comply with existing or adapt to changes in regulatory requirements may have a fundamental impact on the Group's business model, reputation, operational and financial performance.	- Open and transparent culture - Regular contact with regulators - Specialist in-house Legal and Compliance resource with access to specialist external advice, when required - Regulatory training and development
Strategic – Comparison	The Group's GoCompare brand operates in highly competitive markets and generates a significant proportion of revenue from car and home insurance comparison. The emergence of new competitors, changes of approach by existing competitors, or a fundamental change in the design and distribution of general insurance products may have a significant impact on market share, revenue and profit.	- GoCompare is well established in the price comparison sector - Experienced customer acquisition team. - Comprehensive mix of offline, online, brand and non-brand marketing activities to drive cost-effective and efficient customer acquisition and strong relationships with partners and product providers to drive value-led pricing strategies
Strategic – AutoSave	The Group has invested significantly in the domestic energy comparison and switching sector. Through weflip and Look After My Bills, the Group is seeking to tackle customer inertia for these products. A lack of suitable breadth of suppliers and partnerships, technology, effective customer acquisition strategies and consumer trust in the AutoSave concept may have a negative impact on market share, revenue and profit.	- Creation of the AutoSave segment to operate the weflip and Look After My Bills brands in order to focus sector specific skills, knowledge and management in one location - Separation of AutoSave marketing activity from the Group to enable sector specific approach
Strategic - Rewards	The Rewards segment, which includes the MyVoucherCodes brand, increases the breadth of customers and savings opportunities within the Group although the voucher codes market is highly competitive. Failure to develop and deliver compelling offers, maintain retailer panel strength and ensure a breadth of cost-effective marketing activities may have a negative effect on market share, revenue and profit.	- Rewards is fully integrated with the Group's support functions - Dedicated marketing resource to provide bespoke solutions for Rewards
Tech, innovation & customer expectations	The Group is reliant upon high performing tech and data science solutions in order to meet customer expectations for performance and experience through their device of choice. Insufficient investment could lead to a negative impact on market share, revenue and profit.	- Comprehensive approach to development and testing across a wide range of devices and operating systems - Flexible approach to change delivery, testing and release management - Continued development in core tech infrastructure to support the Group's brands and platforms

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People	The Group's success depends on its ability to attract, retain, motivate and develop people across the organisation. Performance is dependent on the industry, marketing and technical expertise of senior management and individuals at all levels within their teams. A lack of experienced, skilled and motivated people at all levels may have a detrimental impact on business and financial performance.	- Skilled executive and senior leadership team with experience in running online brands and businesses - Regular review of, and updates to, our reward packages - Varied approach to talent acquisition. - Regular employee engagement activities that result in action and change - Evolutionary approach to working practices to take advantage of emerging best practice, challenges, learning and success within the Group
Cyber and data	The Group derives its revenue principally through online interaction by customers with partners. The Group is exposed to a variety of cyber threats including DDoS attacks, malware and hacking that may result in the compromise of commercial and customer data. Failure to manage, mitigate and respond to cyber-related incidents may lead to the unavailability of services and the unauthorised access or loss of data, leading to reputational damage, regulatory intervention and a negative effect on market share, revenue and profit.	- Continuous monitoring of the cyber threat landscape - Dedicated in-house information security resource - Business continuity and service resilience capabilities are tested regularly - Comprehensive cyber threat monitoring and alert systems - Use of external cyber specialists to undertake regular testing of the Group's websites and tech infrastructure - Group-wide Data Protection Officer in post - Established incident response management procedures embedded across the Group
Financial	The Group is exposed to a number of financial risks; principally credit risk, liquidity risk and interest rate risk. The Group is also subject to covenants on its lending facilities. Failure to manage financial risks appropriately could lead to an adverse impact on the Group's financial performance and availability of cash. Should the Group breach its lending covenants, its debt facility could be repayable immediately.	- Creditworthiness and due diligence checks on partners, suppliers and third parties - Regular monitoring of debtors and managing prompt payment of these - Cash flow forecasting and headroom monitoring to manage cash availability - Regular and timely reporting of Group financial performance to the CFO, Executive team and Board
Ongoing uncertainty from the pandemic	The Group is exposed to a number of risks and opportunities as a result of ongoing pandemic uncertainty and challenging economic backdrop. Whilst the Group has demonstrated operational resilience, unexpected changes in the markets in which the Group's brands operate could lead to an adverse impact on its results and performance.	- Regular review and ongoing monitoring of changes impacting: o market conditions o sector specific turbulence in insurance comparison o energy supplier and insurance partner stability o the Group's technology capabilities o ongoing engagement with the FCA o the wellbeing, availability and recruitment of people o evolution of working practices, support and flexibility that respond to the challenges and opportunities as a result of remote working - The Group will continue to adapt and evolve its approach in these areas

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The Board ensures that measures are in place to provide independent and objective identification and management of risks through the Audit and Risk Committee. The Committee is responsible for reviewing the effectiveness of internal control and assurance through the reports from internal audit, compliance and risk functions.

Statement of Directors' Responsibilities

The Directors' confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of the important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of Goco Group plc are listed in the Goco Group plc Annual Report for 31 December 2019. There have been no changes since the publication of that Annual Report to the date of this interim report.

Matthew Crummack,

Chief Executive Officer

Nick Wrighton,

Chief Financial Officer

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INDEPENDENT REVIEW REPORT TO GOCO GROUP PLC

Conclusion

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 2020 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related explanatory notes.

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 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Kate Teal
for and on behalf of KPMG LLP
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
29 July 2020

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Imperial House, Imperial Way, Newport, NP10 8UH
Tel: +44 (0) 1633 654060 GoCoGroup.com

Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2020

	Note	**6 months to 30 June 2020 £m**	6 months to 30 June 2019 £m
Revenue	4	**82.8**	76.0
Cost of sales		**(23.3)**	(23.7)
Gross profit		**59.5**	52.3
Distribution costs		**(26.4)**	(23.6)
Administrative expenses		**(25.4)**	(19.2)
Operating profit		**7.7**	9.5
Analysed as:			
Adjusted operating profit	5	**11.1**	12.5
Amortisation of acquired intangibles		**(2.0)**	(1.3)
Integration, restructuring and other corporate costs		**(0.9)**	(1.5)
Reassessment of deferred contingent consideration		**(0.5)**	-
Foundation Award share-based payment charges		**-**	(0.2)
Operating profit		**7.7**	9.5
Finance income		**0.0**	0.0
Finance costs		**(1.6)**	(1.5)
Share of loss of associate		**-**	(0.4)
		(1.6)	(1.9)
Profit before income tax		**6.1**	7.6
Income tax expense	6	**(1.3)**	(1.5)
Profit for the period		**4.8**	6.1
Other comprehensive expense		**(0.3)**	-
Total comprehensive income for the period		**4.5**	6.1
Earnings per share (pence)	7		
Basic earnings per share		**1.1**	1.5
Diluted earnings per share		**1.1**	1.4

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

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Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	**30 June 2020 £m**	31 December 2019 £m	30 June 2019 £m
Non-current assets				
Investments	10	**1.3**	1.6	3.1
Goodwill	11	**37.2**	37.2	35.1
Intangible assets		**31.3**	31.5	20.6
Property, plant and equipment		**4.6**	5.0	5.5
Deferred tax asset		**0.9**	0.8	0.6
		75.3	76.1	64.9
Current assets				
Trade and other receivables		**31.4**	25.1	25.3
Cash and cash equivalents		**11.5**	11.4	15.0
Corporation tax		**0.9**	-	-
		43.8	36.5	40.3
Total assets		**119.1**	112.6	105.2
Non-current liabilities				
Borrowings		**80.0**	80.0	44.9
Lease liabilities		**2.8**	3.7	4.0
Provisions for liabilities and charges		**0.4**	0.4	0.5
Deferred tax liability		**3.5**	3.6	2.1
		86.7	87.7	51.5
Current liabilities				
Trade and other payables		**24.9**	18.9	20.2
Current income tax liabilities		**-**	1.9	1.7
Borrowings		**3.0**	3.0	39.7
Lease liabilities		**0.6**	0.7	0.7
Provisions for liabilities and charges		**0.9**	0.4	0.4
Deferred consideration		**5.8**	6.4	0.9
		35.2	31.3	63.6
Total liabilities		**121.9**	119.0	115.1
Equity attributable to owners of the parent				
Ordinary shares		**0.1**	0.1	0.1
Share premium		**2.7**	2.7	2.7
Retained earnings		**(5.6)**	(9.2)	(12.7)
Total equity		**(2.8)**	(6.4)	(9.9)
Total equity and liabilities		**119.1**	112.6	105.2

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

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Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June 2020

	Share capital	Share premium	Profit and loss account	Total equity
	£m	£m	£m	£m
At 1 January 2019 (restated upon adoption of IFRS)	0.1	2.7	(15.7)	(12.9)
Profit for the period	-	-	6.1	6.1
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	6.1	6.1
Transactions with owners				
Dividends paid	-	-	(3.3)	(3.3)
Share based payments	-	-	0.4	0.4
Deferred tax recognised in equity	-	-	(0.1)	(0.1)
Proceeds from shares issued	0.0	-	-	0.0
Total transactions with owners	-	-	(3.0)	(3.0)
At 30 June 2019	0.1	2.7	(12.6)	(9.8)
At 1 July 2019	0.1	2.7	(12.6)	(9.8)
Profit for the period	-	-	6.6	6.6
Other comprehensive expense for the period	-	-	(1.5)	(1.5)
Total comprehensive income for the period	-	-	5.1	5.1
Transactions with owners				
Dividends paid	-	-	(1.7)	(1.7)
Share based payments	-	-	(0.2)	(0.2)
Deferred tax recognised in equity	-	-	0.2	0.2
Proceeds from shares issued	0.0	-	-	0.0
Total transactions with owners	0.0	-	(1.7)	(1.7)
At 31 December 2019	0.1	2.7	(9.2)	(6.4)
At 1 January 2020	**0.1**	**2.7**	**(9.2)**	**(6.4)**
Profit for the period	**-**	**-**	**4.8**	**4.8**
Other comprehensive expense for the period	**-**	**-**	**(0.3)**	**(0.3)**
Total comprehensive income for the period	**-**	**-**	**4.5**	**4.5**
Transactions with owners				
Dividends paid	**-**	**-**	**(2.1)**	**(2.1)**
Share based payments	**-**	**-**	**0.8**	**0.8**
Deferred tax recognised in equity	**-**	**-**	**(0.0)**	**(0.0)**
Adjustment to IFRS 16 Adoption	**-**	**-**	**0.1**	**0.1**
Proceeds from shares issued	**0.0**	**-**	**0.3**	**0.3**
Total transactions with owners	**0.0**	**-**	**(0.9)**	**(0.9)**
At 30 June 2020	**0.1**	**2.7**	**(5.6)**	**(2.8)**

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2020

	6 months to 30 June 2020 £m	6 months to 30 June 2019 £m
Cash flows from operating activities		
Profit for the period before tax	**6.1**	7.6
Adjustments for:		
Depreciation of property, plant and equipment	**0.4**	0.6
Amortisation of intangible assets	**4.7**	2.9
Share based payment charge	**0.7**	0.3
Share of loss of associate	**-**	0.4
Net finance costs	**1.6**	1.5
Fair value losses on financial assets through profit and loss	**0.5**	
Changes in working capital:		
(Increase) / decrease in trade and other receivables	**(6.2)**	1.7
Increase / (decrease) in trade and other payables	**7.0**	(3.9)
Income tax paid	**(4.2)**	(3.5)
Net cash generated from operating activities	**10.6**	7.6
Cash flows from investing activities		
Purchase of property, plant and equipment	**(0.7)**	(0.2)
Purchase of intangible assets	**(4.5)**	(4.6)
Acquisition of subsidiary investments	**(1.8)**	-
Net cash used in investing activities	**(7.0)**	(4.8)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**0.3**	-
Proceeds from borrowings net of transaction costs	**15.0**	5.0
Payment of lease liabilities	**(0.4)**	(0.2)
Repayment of borrowings	**(15.0)**	-
Interest paid	**(1.3)**	(1.2)
Dividends paid to owners of the parent	**(2.1)**	(3.3)
Net cash used in financing activities	**(3.5)**	0.3
Net increase in cash and cash equivalents	**0.1**	3.1
Cash and cash equivalents at beginning of period	**11.4**	11.9
Cash and cash equivalents at end of period	**11.5**	15.0

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

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Notes to the financial statements
For the period ended 30 June 2020

1. General information

Goco Group plc ("the Company") and its subsidiaries (together, "the Group") provide internet based platforms which enable consumers to save time and money on financial and non-financial products.

The company is a public limited company, which is listed on the London Stock Exchange and is incorporated in England and Wales. Its registered office is Imperial House, Imperial Way, Newport, NP10 8UH.

All of the Company's subsidiaries are located in the United Kingdom, with the exception of This Is The Big Deal Inc., which is incorporated in Delaware, United States of America.
2.
These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 were approved by the Board of Directors on 2 March 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) and (3) of the Companies Act 2006. These condensed interim financial statements have been reviewed, not audited.

2. Summary of significant accounting policies

These condensed interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS34, 'Interim financial reporting', as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted are consistent with those applied to the consolidated financial statements for the year ended 31 December 2019.

The financial statements have been presented in Sterling and rounded to the nearest hundred thousand. Throughout these financial statements any amounts which are less than £0.05m are shown by 0.0, whereas a dash (-) represents that no balance exists.

New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations will be applicable to the consolidated financial statements in future years. The adoption of these standards are not expected to have a material impact on the Group financial results or disclosures.

Going concern

In considering the appropriateness of the going concern assumption, the Directors' have taken into account the Group's forecasts, projections and reasonably possible changes in trading performance and cash flows. Consideration of cash flows includes those arising from operating activities, repayment of debt and dividends.

The recent threat of COVID-19 has seen significant challenges and implications for businesses both in the UK and globally, the duration and magnitude of which remains unknown. The Group continues to focus closely on working capital and cash management, including regular review of outstanding debtors, prompt invoicing and assessing the need for any discretionary or variable marketing spend. The Group also has sufficient other mitigating actions available in order to offset any future shortfall in revenue and/or operating profit, as set out in the viability statement within the 2019 Annual Report and Accounts. These actions are available in order for the Group to meet its liabilities as they fall due and continue as a going concern.

Notes to the financial statements
For the period ended 30 June 2020

2. Summary of significant accounting policies (continued)

As part of the going concern assessment for these interim accounts, scenarios have been modelled which include a significant downturn in demand for the Group's core services resulting in a significant reduction in revenue. Even in these stress scenarios, the Group would still have sufficient liquidity to continue to operate, meet obligations as they fall due and comply with the covenants required as part of the debt facility.

The Group also has sufficient mitigating actions available in order to offset any future shortfall in revenue and/or operating profit, as set out in the viability statement within the 2019 Annual Report and Accounts. These actions are available in order for the Group to meet its liabilities as they fall due and continue as a going concern. There are no significant judgements which have been made in arriving at this conclusion and therefore a material uncertainty with regards to the Group's ability to continue as a going concern is not considered to exist at the point of approving these interim financial statements.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its condensed interim financial statements.

Use of non-GAAP performance measures

In the analysis of the Group's results, certain financial performance measures are presented which may be prepared on a non-GAAP basis. The Board believes that these measures provide a useful analysis, allow comparability of performance and present results in a way that is consistent with how information is reported internally.

The key non-GAAP measures presented by the Group are:
- Adjusted Operating profit: defined as Operating profit after adding back amortisation of acquired intangibles, transaction costs, other exceptional corporate costs, fair value changes in contingent consideration and Foundation Award share-based payment charges.
- Adjusted EBITDA: defined as Adjusted Operating profit after adding back depreciation and amortisation.
- Adjusted basic EPS: defined as Profit for the period, excluding adjusting items (after their tax effect) divided by the weighted average number of shares in issue for the period.
- Marketing margin: calculated as trading profit as a percentage of revenue. Trading profit is defined as revenue less cost of sales and distribution costs.

Adjusted EBITDA is a measure which is used in calculating one of the Group's financial covenants on its borrowings as well as a factor in determining the coupon rate. Adjusted Operating profit is one of the factors used in assessing performance to determine remuneration for the Executive Directors and Senior Management. Marketing margin is used as a measure of the return the business makes on its marketing costs and therefore can be used to assess the effectiveness of the Group's marketing expense to generate revenue.

3. Critical accounting judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty include those applied to the consolidated financial statements for the year ended 31 December 2019.

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Notes to the financial statements
For the period ended 30 June 2020

4. Segment information

The information reported to the Board (the Chief Operating Decision Maker) for the purposes of the assessment of segment performance reflects the operating structure of the Group. The Group's reportable segments under IFRS 8 are as follows:

- "Price comparison";
- "Rewards"; and
- "AutoSave"

The identification and disclosure of the Group's segments is consistent with those detailed in the consolidated financial statements of the Group for the year ended 31 December 2019 and the Comparative information for 30 June 2019, with the exception of the AutoSave segment. Look After My Bills revenue and cost of sales were recognised by the Group in Price Comparison in H1 2019 prior to the acquisition. Price Comparison H1 19 revenue has therefore been restated to £70.1m (previously reported as £72.0m) and Cost of sales has been restated to £20.7m (previously reported as £22.3m). AutoSave H1 19 revenue has been restated to £2.3m (previously reported as £0.4m) and Cost of sales has been restated to £2.0m (previously reported as £0.4m) to enable a like for like comparison.

Period ended 30 June 2020

	Price comparison £m	Rewards £m	AutoSave £m	Total £m
Revenue	**69.7**	**2.3**	**10.8**	**82.8**
Cost of sales	(14.5)	(0.8)	(8.0)	(23.3)
Gross profit	**55.2**	**1.5**	**2.8**	**59.5**
Distribution costs	(25.0)	(0.2)	(1.3)	(26.4)
Trading profit	**30.2**	**1.3**	**1.5**	**33.1**
Adjusted admin costs	(7.9)	(1.5)	(3.8)	(13.2)
Adjusted operating profit	**22.3**	**(0.2)**	**(2.2)**	**19.9**
Group Costs				(8.8)
Group Adjusted operating profit				**11.1**

Period ended 30 June 2019

	Price comparison £m	Rewards £m	AutoSave £m	Total £m
Revenue	**70.1**	**3.6**	**2.3**	**76.0**
Cost of sales	(20.7)	(1.0)	(2.0)	(23.7)
Gross profit	**49.4**	**2.6**	**0.3**	**52.3**
Distribution costs	(16.9)	(0.5)	(6.3)	(23.6)
Trading profit	**32.5**	**2.1**	**(6.0)**	**28.6**
Adjusted admin costs	(6.8)	(0.9)	(1.8)	(9.5)
Adjusted operating profit	**25.7**	**1.2**	**(7.8)**	**19.1**
Group Costs				(6.6)
Group Adjusted operating profit				**12.5**

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Notes to the financial statements
For the period ended 30 June 2020

4. Segment information (continued)

The consolidated revenue recognised in the 6 months to 30 June 2020 includes £81.3m of revenue recognised at a point in time (2019: £74.2m) and £1.5m (2019: £1.8m) of revenue that is recognised over time. The revenue that is recognised over time relates to tenancy income received for advertising in the Rewards segment, as well as tenancy revenue and licence fees related to the Energylinx businesses.

5. Adjusted operating profit

The following transactions occurred during the year which have been added back to operating profit in arriving at adjusted operating profit:

	6 months to 30 June 2020 £m	6 months to 30 June 2019 £m
Amortisation of acquired intangibles	2.0	1.3
Integration, restructuring and other corporate costs	0.9	1.5
Reassessment of deferred contingent consideration	0.5	-
Foundation Award share-based payment charge	-	0.2
	3.4	**3.0**

Prior year acquisitions of This Is The Big Deal Inc. and its subsidiaries, trading as Look After My Bills in July 2019 gave rise to acquired intangibles assets of £10.8m. In addition, acquisitions of The Global Voucher Group Limited in January 2018 gave rise to acquired intangible assets of £10.8m, and in June 2018 the acquisition of Energylinx Limited and Energylinx for Business Limited resulted in recognition of £3.1m intangible assets. The intangible assets are being amortised over a period between three and ten years depending on their nature and the accounting charge, a non-cash item which arises on consolidation, is excluded from our Adjusted operating profit. The total charge for amortisation of acquired intangibles recognised in H1 2020 is £2.0m (H1 2019: £1.3m).

Included within the acquisition purchase price of Energylinx Limited is £1.8m of deferred consideration payable to the former shareholders of the company, which was subsequently settled during the period, two years after the acquisition completion date following fulfilment of the former Director's obligation to remain employed by GoCompare during this time. The substance of this arrangement is deemed to be remuneration related and has therefore been expensed over the two-year period of employment. This charge has been excluded in arriving at adjusted operating profit on the basis that it relates directly to the acquisition of the Energylinx businesses, represents a one off remuneration arrangement that is outside of the Group's normal policies and will not recur having now been paid. A charge of £0.4m (H1 2019: £0.4m) has been recognised during the period in respect of this and is presented within corporate costs in the table above.

Integration, restructuring and other corporate costs also includes £0.4m recognised in relation to costs arising from the closure of the Group's Alloa office and other restructuring. A further £0.1m (H1 2019: £0.3m) has also been recognised for onerous contracts that the Group has cancelled in the period and is not able to drive any benefit from.

Included within the acquisition price of Look After My Bills is deferred contingent consideration payable to the former shareholders, based on the number of successfully completed switches of consumer energy tariffs within the one year post-completion period. The consideration figure is based on management's best estimate of the forecast customer switches within the earnout period. In accordance with IFRS 13, the fair value has been reassessed at 30 June 2020 and based on the latest actual and forecast data, a £0.5m additional charge has been recognised in the Statement of Comprehensive Income as a result of the change in fair value. The fair value at H1 2020 is £3.3m (H1 2019: £nil due to the acquisition occurring in H2 2019).

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Notes to the financial statements
For the period ended 30 June 2020

5. Adjusted operating profit (continued)

The Foundation Awards vested in February 2019 and a final charge of £0.2m was recognised in the H1 2019 comparative period. They have been treated as an adjusting item, by virtue of their association with the listing, the quantum of shares awarded and the fact that they vest over a shorter 2 year period.

6. Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2020 is 19.0%. The estimated tax rate used for the six months ended 30 June 2019 was 19.0%.

7. Earnings per share

a) Basic EPS

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	6 months to 30 June 2020	6 months to 30 June 2019
Profit from continuing operations attributable to owners of the parent (£m)	**4.8**	6.1
Weighted average number of ordinary shares in issue (m)	**420.0**	418.5
Earnings per share (pence per share)	**1.1**	1.5

b) Diluted EPS

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the conversion of all dilutive potential ordinary shares at their vesting levels.

	6 months to 30 June 2020	6 months to 30 June 2019
Profit from continuing operations attributable to owners of the parent (£m)	**4.8**	6.1
Weighted average number of ordinary shares in issue (m)	**420.0**	418.5
Adjustment for share options (m)	**8.6**	10.1
Weighted average number of ordinary shares for dilutive earnings per share (m)	**428.6**	428.6
Dilutive earnings per share (pence per share)	**1.1**	1.4

c) Adjusted basic EPS

	6 months to 30 June 2020	6 months to 30 June 2019
Profit from continuing operations attributable to owners of the parent (£m)	**4.8**	6.1
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration, restructuring and other corporate costs and change in deferred contingent consideration, net of tax (note 5) (£m)	**2.9**	2.5
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**7.7**	8.6
Weighted average number of ordinary shares in issue (m)	**420.0**	418.5
Adjusted earnings per share (pence per share)	**1.8**	2.0

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7. Earnings per share (continued)

d) Adjusted diluted EPS

	6 months to 30 June 2020	6 months to 30 June 2019
Profit from continuing operations attributable to owners of the parent (£m)	**4.8**	6.1
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration, restructuring and other corporate costs and change in deferred contingent consideration, net of tax (note 5) (£m)	**2.9**	2.5
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**7.7**	8.6
Weighted average number of ordinary shares in issue (m)	**420.0**	418.5
Adjustment for share options (m)	**8.6**	10.1
Weighted average number of ordinary shares for dilutive earnings per share (m)	**428.6**	428.6
Adjusted diluted earnings per share (pence per share)	**1.8**	2.0

8. Financial instruments

The following table sets out the financial assets and financial liabilities of the Group at the period end. The carrying amounts of the Group's financial instruments are considered to be a reasonable approximation of their fair value and therefore no separate disclosure of fair values is given.

	30 June 2020 £m	31 December 2019 £m
<u>Financial assets</u>		
Investments in equity instruments	**1.3**	1.6
Trade and other receivables	**26.9**	21.3
Cash and cash equivalents	**11.5**	11.4
	39.7	34.3
<u>Financial liabilities:</u>		
Trade and other payables	**22.2**	17.1
Deferred consideration	**5.8**	6.4
Borrowings	**83.0**	83.0
	111.0	106.5

9. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

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10. Investments in equity instruments

The Group's investment in equity instruments are identified as follows:

	30 June 2020 £m	31 December 2019 £m
Souqalmal Holdings Limited	**0.6**	0.6
MortgageGym Limited	**0.7**	1.0
	1.3	1.6

On 30 June 2017 the Group acquired a minority shareholding in Mortgage Gym Limited ("MGL") for consideration of £1.0m. On 30 July 2018 the Group acquired additional shares in MGL, increasing the shareholding to 26%. As a result, the investment in MGL was recognised as an associate from this point.

On 5 June 2019 MGL issued convertible loan notes to the majority shareholder and warrants to the Group which can be fully exercised in three years' time. If the loan notes are converted in full the Group will hold only 6% of the voting rights, until the warrant is exercised to bring the share holding back to 26%. The loan notes are subject to a debenture giving the holder of the loan notes first priority ranking over the assets of the company. On balance, the Group is judged to have lost significant influence following the refinancing, therefore the investment was reclassified as an investment in equity instruments during 2019.

On 10 October 2017 the Group acquired a minority shareholding in Souqalmal Holdings Limited ("SHL") for consideration of £1.5m.

Both of the investments are classified as equity investments recognised at fair value through other comprehensive income, held at fair value and are both unquoted. Fair value is classified as level 3 within the IFRS7 fair value hierarchy, as the inputs for their fair values are not based on observable market data.

Souqalmal Holdings Limited (SHL)

At 31 December 2019, the fair value of SHL was determined based on an assessment of the financial forecasts of the business alongside consideration of the purchase price paid by investors in the most recent funding round. In early 2020 SHL completed a funding round at a discount to previous funding rounds and which also resulted in the Group's shareholding being diluted. The investment in SHL is held in US dollars; therefore, this investment is also subject to US$/GBP exchange rate movements. Taking into account all of these factors, the Directors considered the fair value of the Group's investment to be £0.6m. There have been no further funding rounds within H1 2020 and the business remains solvent. The Directors consider the fair value of the Group's investment at 30 June 2020 to be unchanged.

Mortgage Gym Limited (MGL)

At 31 December 2019, fair value was determined based on an assessment of the latest financial forecasts of the business. A risk weighting was applied to the forecasts and subsequently discounted to arrive at the fair value of £1.0m which resulted in a fair value loss of £0.6m being recognised through Other Comprehensive Income.

At 30 June 2020, following the reassessment of the financial forecasts, the Directors consider that the fair value of the Group's investment at 30 June 2020 to be £0.7m which result in a fair value loss of £0.3m being recognised through Other Comprehensive Income in the period.

The Directors consider that the fair values disclosed represent materially reasonable valuations of the two equity investments held.

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11. Goodwill

Goodwill recognised includes amounts arising on the acquisitions of Gocompare.com Limited, The Global Voucher Group Limited, Energylinx Limited, Energylinx for Business Limited and Look After My Bills. Goodwill arising in a business combination is allocated on acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. An assessment of whether indicators of impairment exist has been performed in accordance with IAS 36 Impairment of Assets. No indicators were identified and therefore a full exercise to determine the CGU's recoverable value has not been performed for the period ended 30 June 2020.

The CGUs that represent the lowest level within the Group at which goodwill is monitored for internal management purposes are defined by the business as follows:
• Gocompare.com
• The Global Voucher Group Limited ("GVG")
• Energylinx Limited and Energylinx for Business Limited ("ELX")
• Look After My Bills ("LAMB")

The carrying amount of goodwill allocated to each CGU at 31 December 2019 and 30 June 2020 is as follows:

CGU	**£m**
Gocompare.com	2.5
GVG	26.6
ELX	6.0
LAMB	-
Total	**35.1**

For the assessment carried out at 31 December 2019, no impairment charge arose. The recoverable amount of the cash-generating units was determined by measuring their Value in Use (VIU), determined using cash flow projections derived from financial plans approved by the Board covering a three-year period. The cash flows reflected the Board's expectations of revenue and operating cash flows based on past experience and future expectations of performance. Further detail on the key VIU assumptions are detailed within the 2019 Annual Report and Accounts.

A range of sensitised scenarios were run as part of the 2019 year end impairment assessment, including an increase in discount rates, a reduction to the long term growth rates and a reduction in anticipated future cash flows through the reduction of revenue and increase in costs through to the terminal year.

The Board was and remains comfortable that a reasonable change in the underlying assumptions attributable to the Gocompare.com, GVG & ELX CGUs would not indicate an impairment. However, it was noted as part of the 2019 year end financial reporting cycle that for the GVG CGU, the excess headroom under the base case assumptions of £5.1m compared with the carrying value of £33.6m inclusive of acquired and other intangible assets could be reduced to zero, or to an amount below the carrying value as a result of a reasonably possible change in one or more of the key assumptions.

When considering indicators of impairment, the main focus was on GVG, including the impact of Covid-19 on the CGU. 2020 H1 SEO Organic Search performance has been ahead of the 2020 Plan, with May and June achieving the highest volumes since December 2018. Tenancy performance, however, has been adverse to Plan, with businesses spending less on advertising during the Covid-19 pandemic. This is expected to improve during H2 2020 onwards as retailer marketing spend is anticipated to increase from current levels.

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11. Goodwill (continued)

The business is still forecasting ongoing improvement in organic search performance over the forecast cash flow period and based on the improvement seen during H1 2020, the Directors remain confident that this can be achieved. On the basis of the above, the base case model remains the Directors' best estimate of the CGU's future cash flows and no indicators of impairment have been identified therefore the Directors remain comfortable that the carrying amounts of the non-financial assets related to all the CGU's are recoverable.

12. Share based payments

The Group has a number of equity-settled, share-based compensation plans. Following admission of the Group to the London Stock Exchange, arrangements have been put in place for employee incentives in GoCo Group plc shares. These include the Foundation Awards, the 2017, 2018, 2019 and 2020 Performance Share Plan ("PSP"), the 2020 Restricted Stock Unit Award ("RSU") as well as the Free Share Awards, Partnership and Matching shares issued under the all-employee Share Incentive Plan ("SIP").

The Group has awarded an equity settled Performance Share Plan (the '2020 PSP') to the Executive Directors and Senior Management. The 2020 PSP Awards were granted on 8 April 2020. The awards are subject to an EPS growth performance condition, for which the fair value of the awards was estimated using a Black-Scholes valuation model, and a total shareholder return ('TSR') condition, which has been valued using a Monte-Carlo simulation.

In addition, the Group has awarded two equity settled Restricted Stock Unit Awards (the '2020 RSUs') to all other members of eligible staff. The 2020 RSU Awards were granted on 8 April 2020 & 7 May 2020 respectively. The Awards are not subject to any performance condition, for which the fair value of the awards was estimated using a Black-Scholes valuation model.

The inputs into the model were:

	2020-2022 PSP Awards	2020-2022 RSU Awards April 2020	2020-2022 RSU Awards May 2020
Number of options granted	4,171,569	1,299,571	246,913
RSU Valuation method	-	Black-Scholes	Black-Scholes
PSP Valuation method - TSR	Monte-Carlo	-	-
PSP Valuation method - EPS	Black-Scholes	-	-
Share price at grant	£0.72	£0.72	£0.82
Exercise price	£nil	£nil	£nil
Volatility % p.a.	41.2%	41.2%	41.7%
Dividend yield % p.a.	Nil	Nil	Nil
Risk-free rate %	1.10%	1.10%	1.10%
Expected life	3yrs	3yrs	3yrs
RSU Fair value per share	-	£0.72	£0.82
PSP Fair value per share – TSR	£0.45	-	-
PSP Fair value per share – EPS	£0.72	-	-

Details of the other equity-settled, share-based compensation plans are set out in the GoCo Group plc Annual Report 2019.

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12. Share based payments (continued)

The following table shows the number of share options awarded, exercised and outstanding at the period end.

	000s							
	2017 PSP	2018 PSP	2019 PSP	2020 PSP	2020 RSU	Free Share Awards	SAYE Schemes	**Total**
At 30 June 2019	2,619	2,246	4,504	-	-	258	1,473	**11,100**
Awards granted during the period	-	-	-	-	-	-	946	**946**
Awards exercised during the period	-	-	-	-	-	-	-	**-**
Awards forfeited lapsed or cancelled during the period	-	(21)	(161)	-	-	(52)	(499)	**(733)**
At 31 December 2019	2,619	2,225	4,343	-	-	206	1,920	**11,313**
Awards granted during the period	-	-	-	4,172	1,546	-	-	**5,718**
Awards exercised during the period	(650)	-	-	-	-	(206)	(535)	**(1,391)**
Awards forfeited lapsed or cancelled during the period	(1,407)	-	-	-	-	-	-	**(1,407)**
At 30 June 2020	**562**	**2,225**	**4,343**	**4,172**	**1,546**	**-**	**1,385**	**14,233**

Scheme limits

The rules of the various Plans described above provide that, in any 10 year rolling period, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the combined Plans and under any other employee share plan adopted by the Company. In addition, the rules of the Performance Share Plan and the Deferred Bonus Plan provide that, in any 10 year rolling period, not more than 5 per cent. of the Company's issued ordinary share capital may be issued under these two schemes (and any other discretionary employee share plan adopted by the Company).

GoCo Shares transferred out of treasury under the Plans will count towards these limits for so long as this is required under institutional shareholder guidelines. GoCo Shares issued or to be issued pursuant to awards granted before Admission or in relation to the Foundation Awards (described above) will not count towards these limits. In addition, awards which are relinquished or lapse will be disregarded for the purposes of these limits.

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13. Dividends

	6 months to 30 June 2020 £m	12 months to 31 December 2019 £m	6 months to 30 June 2019 £m
Dividends paid	**2.1**	5.0	3.3

In May 2020, a dividend of £2.1m was paid, equivalent to 0.5 pence per share.
In October 2019, a dividend of £1.7m was paid, equivalent to 0.4 pence per share.
In May 2019, a dividend of £3.3m was paid, equivalent to 0.8 pence per share.

The Directors have recommended an interim dividend for 2020 of £1.7m, equivalent to 0.4 pence per share. Dividends per share are disclosed based on the number of shares in issue at the point they were declared and paid.

14. Related parties

Intercompany transactions between entities that are members of the Group at year end and have been eliminated on consolidation are not disclosed, as per the exemption available in IAS34.

Key management includes the Executive and Non-Executive directors of GoCo Group plc.

During the period, the Group paid £31,000 to a company in which one of the Directors of the Group has a controlling interest. The arrangement was made under normal commercial terms with consideration settled in cash (2019: £nil). The amount outstanding at 30 June 2020 was £nil (30 June 2019: £nil).

There were no other transactions and at the period end there were no outstanding balances, relating to key management personnel and entities over which they have control, other than the share option arrangements as set out in Note 12. A number of share options have been granted to key management and other senior management.

In the 6 months to 30 June 2020, the Group incurred no other related party transactions with related entities.

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