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28 February 2019

GoCompare.com Group plc preliminary results for the year ended 31 December 2018

Highly disciplined approach to deliver strong financial performance in 2018 and drive innovation to unlock the potential for exceptional growth in the medium-term

GoCompare.com Group plc ("The Group" or "GoCompare") today announces record adjusted operating profit reflecting the focus on profit growth and continued investment in its innovation and technology capabilities. The Group is well positioned to deliver against its strategy.

Financial highlights and KPIs

	2018	2017	YOY[6]
Revenue	**£152.6m**	**£149.2m**	+2.3%
Price comparison marketing margin	**46.4%**	**40.5%**	+5.9%pts
Operating profit	**£37.7m**	**£33.0m**	+14.2%
Adjusted operating profit[1]	**£44.0m**	**£36.0m**	+22.2%
Leverage[2]	**1.5x**	**1.1x**	0.4x
Basic EPS	**6.5p**	**5.8p**	+12.1%
Adjusted basic EPS	**7.8p**	**6.5p**	+20.0%
Savings made by customers[3]	**£1,026m**	**£1,187m**	-13.6%
Customer interactions[4]	**27.1m**	**32.2m**	-15.8%
Gocompare.com average revenue per interaction[5]	**£5.13**	**£4.67**	+9.9%

Business Highlights:

- Continued strong financial performance with a focus on cash generation, resulting in increased adjusted operating profit of £44m (+22%) and revenue of £152.6m (+2%)
- Strong marketing margin improvements (+6%pts) through gains in conversion and more targeted marketing spend
- Acquisition of Energylinx[7], a leading UK energy switching and price comparison business with strong commercial relationships, in June
- Signed an exclusive partnership with News UK and Reach plc to power the discount voucher services for The Sun and Express websites
- Ongoing investment in enhancing our product and technology talent, increasing headcount in these areas from 93 to 135 leading to a 5x increase in the number of releases since 2017[8]
- Final dividend of 0.8 pence per share, taking the full year dividend to 1.6 pence per share

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Delivering Our Strategy:

- Significant opportunity in targeting the 'infrequent switchers'
    - Market opportunity of £4bn[9] for Car Insurance, Home Insurance and Energy alone
- Solving innovation is key and we are optimising the core business to deliver cash generation so that we can reinvest for faster future growth
- Following a thorough market and customer analysis, we launched *weflip*, a revolutionary proposition with a transformative business model, starting with Energy in October 2018
- Through 2019 we will invest to scale weflip and unlock the potential for exceptional growth in the medium term

Sir Peter Wood, Chairman said: "The Group pursued a fast-paced and ambitious strategic plan in 2018, making investments and product developments that set the Group up for long-term success. This was complemented by a continuation of our disciplined approach to financial performance and a focus on cash generation, resulting in good growth in adjusted operating profit. Throughout 2019 and beyond, we will continue to focus on delivering value to our shareholders by developing new and more efficient ways to help people save time and money."

Matthew Crummack, Chief Executive Officer said: "Last year we made further significant progress in delivering on our strategy to get people bothered about saving time and money, while simultaneously reducing the hassle for them of doing so. Our focus through 2018 was to deliver sustainable earnings growth, optimising the core Comparison and Rewards businesses and using the cash generated to unlock potential future growth by launching *weflip*. We believe there is a substantial opportunity in addressing the 'infrequent switchers', and having focussed on doing more for less in 2018, we now move into our growth phase as we invest to transform the Group.

"Based on our extensive analysis, we believe *weflip* has the potential to disrupt markets in the same way that price comparison did when GoCompare was launched in 2006. We have the skills, technology and discipline to exploit this major opportunity and we now intend to move quickly and decisively to do just that. Over the medium term, we believe *weflip* will deliver exceptional growth and transform the Group."

Outlook:

The Board expects another year of disciplined performance on the core business with modest revenue growth and stable marketing margin, with performance to be skewed towards H2, reflecting our business initiatives and the market backdrop.

We are investing in weflip in 2019 to unlock the potential for exceptional growth in the medium term, with a spend in the region of £10m in marketing, funded by operational cash flow from the core business.

Our ambitions are to scale weflip to transform the Group into a higher EBITDA margin business. weflip will benefit from higher customer retention, recurring revenue and multi-year customer lifetime value.

Results Presentation:

There will be a presentation for investors and analysts at Deutsche Bank, 1 Great Winchester St, London, EC2N 2DB at 8.30am on 28th February 2019. To watch the presentation being streamed live, please visit: http://www.gocomparegroup.com/. The presentation will also be available on the website at 7.00am

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Notes:

1. Adjusted operating profit represents operating profit, after adding back; amortisation of acquired intangibles; transaction costs; integration, restructuring and other corporate costs; fees in relation to listing and Foundation Award share-based payment charges.
2. Leverage is calculated as net debt divided by Adjusted EBITDA. Adjusted EBITDA is defined as Adjusted operating profit after adding back depreciation and amortisation charges
3. Customer savings measured by Car and Home insurance savings calculated by applying the average Consumer Intelligence reported savings per customer across the year
4. Customer interactions are defined as:
    a. for products where the quote process begins on GoCompare, as each unique instance of activity within any half hour period in which a customer initiates such a quote process, although they do not necessarily complete a purchase; and
    b. for the remainder of the Group's products, each instance in which a customer clicks through to a partner website from GoCompare
5. Revenue divided by customer interactions in a particular period for Gocompare.com Limited
6. 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
7. Energylinx represents Energylinx Limited, Energylinx for Business Ltd and subsidiaries
8. Increase in average quarterly release rate in 2017 (26) to 2018 (133), where a release is a discrete component
9. Total market opportunity including Car Insurance, Home Insurance and Energy based on management estimates

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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Chairman's statement

It's my pleasure to present GoCompare.com Group plc's financial results for 2018, a year that marked our second full year as a company listed on the London Stock Exchange.

We started the year as a one-brand business but through acquisitions and product development we are now home to four complementary brands that all support and further our mission to save people everywhere time and money.

Saving time, and at the same time saving money, is becoming ever more relevant for people. Whether at the forefront of people's minds due to economic challenge or uncertainty, or driven by the government's and regulators' agendas in response, what we solve for remains a top priority in today's world.

Consequently, this mission is core to what we do. We create, market and develop brands and capabilities that make it as easy as possible for our users to find, evaluate and buy non-discretionary and discretionary products and services. This, in turn, makes the Group an important partner to both established and challenger providers that are looking to create, grow and maintain a profitable customer base.

Significantly, this year has been one of firsts: we launched weflip, powered by our acquisition of Energylinx; we welcomed the first intake of degree-apprenticeship students to our GoFurther Academy; we diversified beyond comparison for the first time through our acquisition of MyVoucherCodes; and we developed our first business-to-business revenue stream by partnering with The Sun and The Express to bring discount codes to their loyal readers.

While there has been a great deal of activity and change, we have remained steadfastly committed to pursuing long-term, sustainable and profitable growth. We have done this through a focus on product and process innovation and a disciplined approach to the way we utilise capital. This has resulted in yet another year of record profits, ensuring that we have the strong operational cashflow required to fund our ambitious plans.

Results
The Group delivered strong financial results in 2018 while investing in diversification of its distribution brands and its technical capabilities. These investments were quickly utilised for Group-wide benefit, be that in technological and procedural improvements, or in opening new revenue and partnership opportunities.

The Group's operating profit increased from £33.0m to £37.5m and our adjusted operating profit increased by 22.2% from £36.0m to £44.0m. Full-year revenues of £152.6m were achieved, representing an increase of 2.3% year-on-year.

The Board
We increased the breadth and depth of experience on our Board, with Joe Hurd joining us as an Independent Non-Executive Director in February. Joe was also appointed as a member of the Nomination and Remuneration Committees.

Regulation and Governance
There were several interesting and relevant regulatory developments in 2018 that could influence the industries that we operate in, notably retail energy as well as insurance and home communications.

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Perhaps the highest profile and arguably most controversial of these is the setting of the Government's energy price cap. This cap, which limits the maximum price that energy suppliers can charge customers on standard variable tariffs (SVTs), came into force on 1 January 2019 and has been met with hostility from many parts of the industry.

Our own research suggests that consumers don't understand what the cap means for them, and while the Government suggests the cap can save a typical household around £76 a year on their gas and electricity bills, we know that we can save them a lot more. Through weflip, we have created a credible and long-term alternative to the price cap.

Dividends
An interim dividend of 0.8 pence per share was declared and paid during 2018 and a final dividend of 0.8 pence per share has been recommended by the Board, which will be subject to shareholder approval at the annual general meeting. Subject to this approval, the pay-out in respect of 2018 will be 20.6% of profit after tax (excluding adjusting items and their tax effect). The Group maintains a target dividend pay-out ratio of 20%-40% of post-tax profits, with the pay-out in 2018 reflecting the Group's use of capital to fund the acquisition of Energylinx and the development of weflip.

The Board will continue to invest surplus cash into the Group's operations in ways that achieve shareholder value over the short to medium term with longterm, sustainable growth in mind.

Thank you
Ours is a business that relishes a relentless pace of change, and business as usual here has a very different meaning to what others may expect. Business as usual is continuous improvement at significant pace with a company-wide willingness to try new things and learn. This can appear daunting but the culture that has been carefully cultivated across the Group – in each of our businesses and locations – provides the environment in which driven, focused and collaborative people can thrive.

It's to these people, at our offices in Newport, London and Alloa, that I and the Board are especially grateful. By remaining focused on great customer outcomes above all else, they are making it possible for the Group to generate the strong operational cashflow that makes it possible for us to invest in our businesses, providing the foundations for long-term shareholder value.

To you our customers we remain unwaveringly committed to saving you time, saving you money, making your lives easier. Ensuring that you can find what you need, when you need it, at the right price. Thank you for making use of our services - we learn so much from the feedback you provide to us, this helps shape what we do and informs the improvements we make.

Sir Peter Wood
Chairman

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CEO's statement

In our second full year as a listed company we became a multi-brand, multi-office Group with enhanced technical and operational capabilities that place us in a strong position to help people everywhere save time and money.

Throughout 2018 we demonstrated our ability to work and adapt quickly to a dynamic environment without losing sight of the day-to-day requirements of our businesses. We firmly believe that choosing to grow quality earnings in a challenging economic cycle remains a good business and financial decision, allowing us to allocate capital to ideas that will transform the customer experience – and the company – over the medium to long term. Our fast integration of two acquisitions enabled us to leverage the companies' assets to the benefit of the Group, launching a brand-new automated switching proposition in the form of weflip, and achieving 13.6% operating profit and 22.2% adjusted operating profit growth.

Just a month after acquiring Energylinx, we made use of their industry-leading, Ofgem regulated comparison and switching service to launch a new customer journey through GoCompare, and in October we launched weflip having built the service using Energylinx and our Newport-based engineering and data teams. Energylinx was also an excellent acquisition in its own right with strong underlying financial performance since acquisition. With MyVoucherCodes, we quickly replatformed the business and used our strengths in technology and partner relationships to secure exclusive deals with News UK and Reach plc to power the discount voucher services for The Sun and Express websites.

The achievements delivered by the team at the GoCompare Group give me a real sense of pride. We've been consistent in believing that we can stand out in extremely competitive environments by having an entrepreneurial mindset and a culture that supports experimentation and demands action. With our consistent focus on disciplined, profitable delivery, strong cash generation allows us to make a more strategic use of capital be that through marketing, acquisitions or investments.

We are a people-powered, tech-enabled business

Our belief is that technology can be a powerful enabler, but it is our people that translate that into meaningful experiences for our customers. That's why we have invested heavily in our people and improved everything from the recruitment and induction process, to the on-going development of individuals and teams, to taking a long-term view of the skills and capabilities our business will need most.

We focused on several key areas that span diversity and inclusion and introduced a number of initiatives designed to help the Group become a home for the most talented people based solely on merit. We rolled out company-wide unconscious bias training, implemented blind CVs in the recruitment process and introduced monitoring software to ensure job descriptions and job adverts aren't inadvertently off-putting.

Importantly, we launched our GoFurther Academy through which all our training, mentoring and development activity is channelled. Through GoFurther, we picked five talented, local to Newport school-leavers who are interested in careers in technology based companies, and they have started a sponsored degree apprenticeship programme with Aston University. We are committed to our ambition of being the technology employer of choice, particularly in the South Wales and South West England region, and take a role in developing the local talent pool very seriously.

Outside of doing the right thing, our ongoing investment in people is the right business decision. By building a workforce of people who have great skills and attitude, and by creating a culture that they want to be part of, we are able to recruit and retain star performers who are impatient to build and evolve products, services and even whole new brands (see weflip) that result in better customer experiences. Capable and motivated people

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can change the world. We welcomed Zoe Harris to the Group's leadership team in October, taking up the role of Chief Marketing Officer having previously been Group marketing director and head of innovation at Reach plc. Her impact has already been felt, with an immediate focus on speed of change, marketing efficiency and using our strengths to innovate in brand and digital channels. Zoe has also led the appointment of a new media planning and buying agency for the Group to ensure that our significant advertising spend generates maximum awareness and customer action.

We're focused on solving botheration
When we listed in November 2016, we committed to highlight the need for 'botheration' in order to tackle people's inability or unwillingness to shop around and switch to better deals. Through developing products and services that take away the burden of keeping on top of household outgoings, and through targeted and compelling marketing communications, we aim to save as many people as possible as much time and money as we can – year after year.

Despite the price comparison sector having been established over 15 years ago, millions of people still struggle to effectively manage the burden of their personal and household bills, and overpay for products and services as a result. We believe that we can address this gap through weflip, which aims to remove the ongoing burden through a strong, compelling, more automated proposition. A one-time sign up allows people to delegate the management of the tedious chore of energy switching to weflip, forever. Indeed it is so tedious, in fact, that 54% of British households have never or only once switched (according to Ofgem). It uses all our strengths in data, engineering and product development to create seamless experiences across browsers and devices.

We continue to transform the Group so that we continue to disrupt the market as we did when GoCompare launched over 12 years ago when we were instrumental in changing the way people find, evaluate and buy insurance forever.

In summary: we continue to deliver on our promises
We remain proud of our focus on constant capability improvements that enable us to meet and even re-set consumers' evolving expectations, alongside the generation of strong, quality earnings driven by operational control and efficiency, and a constant search for innovation.

Whether someone is looking for a good deal on more non-discretionary products and services (GoCompare, Energylinx, weflip), or for things they really want and enjoy (MyVoucherCodes), GoCompare Group has a free service that can make things as easy as possible for them, while allowing people to maintain the level of control they need. For example, for those people who know what they want and how to do it – we refer to them as 'savvy switchers' – GoCompare gives an established, transparent and industry-leading comparison and switching service. For those who need more help and who'd rather delegate bill management, weflip is at the fore of the new and growing range of more automated services.

While change and evolution is inevitable in 2019, and with broader political and economic unease a certainty, we will continue to provide services that work for consumers, appeal to our partners, motivate our employees, and build long-term value for our shareholders. We are and will remain in the service of saving.

Matthew Crummack
Chief Executive Officer

Financial Review

Highlights

	2018	2017	Movement
Revenue	**£152.6m**	£149.2m	+2.3%
Price comparison marketing margin	**46.4%**	40.5%	+5.9%pts
Operating profit	**£37.5m**	£33.0m	+13.6%
Adjusted operating profit	**£44.0m**	£36.0m	+22.2%
Leverage	**1.5x**	1.1x	0.4x
Basic EPS	**6.5p**	5.8p	+12.1%
Adjusted basic EPS	**7.8p**	6.5p	+20.0%

2018 was a challenging year, with a reduction in year-on-year average car insurance premiums having a negative impact on the number of consumers switching their car insurance provider compared to 2017. Car insurance comparison is, by far, the Group's biggest vertical and with fewer consumers switching, the Group adopted an approach of being disciplined in managing customer acquisition costs. We focused on ensuring that ongoing improvements to the customer journey resulted in a higher conversion rate of customer interactions to transaction. This approach ensured that the Group was able to deliver an improvement in Price Comparison marketing margin to 46.4% (2017: 40.5%) and another year of strong profit growth, with operating profit up 13.6% to £37.5m (2017: £33.0m) and Adjusted operating profit up 22.2% to £44.0m (2017: £36.0m). Revenue was up a modest 2.3% to £152.6m (2017: £149.2m) reflecting revenue from the Rewards business that was acquired in January 2018 more than offsetting a reduction in Price Comparison revenue.

When reviewing performance the Directors use a number of adjusted measures including Adjusted operating profit and Adjusted EBITDA, in order to remove the impact of non-trading items and better reflect the Group's underlying performance. These are reconciled to their IFRS equivalents in the tables opposite as necessary.

Operating segments

Price Comparison

	2018 £m	2017 £m	Movement £m	Movement %
Revenue	**144.4**	149.2	(4.8)	(3.3)
Cost of sales	**(42.8)**	(42.5)	(0.3)	0.6
Distribution costs	**(34.6)**	(46.3)	11.7	(25.3)
Trading profit	**67.0**	60.4	6.6	10.9
Adjusted admin costs	**(13.2)**	(13.6)	0.4	(2.7)
Adjusted operating profit	**53.8**	46.8	7.0	14.9

The Price Comparison segment relates to the GoCompare.com price comparison business and the Energylinx price comparison businesses that the Group acquired on 13 June 2018.

Price Comparison revenue of £144.4m was £4.8m lower than in 2017. This was primarily a result of lower customer interactions, reflecting lower customer switching activity as average car insurance premiums fell year-on-year and a focus on targeting profitable customers. Whilst interactions were down, income per interaction increased by 10%, primarily driven by an improvement in conversion across car and home insurance of 6.9%.

Cost of sales of £42.8m was £0.3m higher than in 2017, with savings made in GoCompare.com as we focused on improving efficiency in paid search, being more than offset by Energylinx costs.

Distribution costs of £34.6m were £11.7m lower than in 2017 reflecting the testing of different broadcast strategies throughout 2018 as the business sought to learn through different channel and regional spend.

Adjusted admin costs reduced by £0.4m to £13.2m in 2018. This reflects a reduction in headcount working on the Price Comparison segment in the year as more Tech and Product resource was deployed on other Group activities.

The Price Comparison marketing margin in 2018 increased to 46.4% (2017: 40.5%). Marketing margin is calculated as the difference between revenue and marketing expenditure (trading profit) divided by revenue. Marketing expenditure is defined as the total of cost of sales and distribution costs.

Rewards

	2018 £m	2017 £m	Movement £m	Movement %
Revenue	**8.2**	-	8.2	100.0
Cost of sales	**(1.8)**	-	(1.8)	(100.0)
Distribution costs	**(0.8)**	-	(0.8)	(100.0)
Trading profit	**5.6**	-	5.6	100.0
Adjusted admin costs	**(2.8)**	-	(2.8)	(100.0)
Adjusted operating profit	**2.8**	-	2.8	100.0

The Rewards segment generated revenue of £8.2m and a trading profit of £5.6m in 2018 following the acquisition of The Global Voucher Group on 10 January 2018.

weflip

	2018 £m	2017 £m	Movement £m	Movement %
Revenue	**0.0**	-	0.0	100.0
Cost of sales	**-**	-	-	-
Distribution costs	**(0.1)**	-	(0.1)	(100.0)
Trading profit	**(0.1)**	-	(0.1)	(100.0)
Adjusted admin costs	**(1.1)**	-	(1.1)	(100.0)
Adjusted operating profit	**(1.2)**	-	(1.2)	(100.0)

The weflip segment relates to the Group's weflip proposition, launched on 15 October 2018. In the period from launch to 31 December 2018 the Group was focused on testing and refining the proposition and as such only spent £0.1m on marketing. As expected, given the approach taken, the revenue generated by weflip was negligible in 2018. Adjusted admin costs of £1.1m relate predominantly to operational headcount costs and amortisation of internal capitalised development costs.

Administrative expenses

Administrative expenses excluding adjusting items, depreciation and amortisation increased by £3.0m compared to 2017, largely reflecting an increase in headcount following the acquisition of The Global Voucher Group Limited and Energylinx companies. The total headcount of the Group increased from 214 at the end of 2017 to 300 at the end of 2018.

Adjusting items for 2018 include £3.6m of integration, restructuring and other corporate costs, £2.3m amortisation of acquired intangibles and £0.6m of transaction costs. The £3.6m of integration restructuring and other Corporate costs include £1.3m incurred in relation to the two acquisitions that were completed during the year. £0.5m in relation to the restructuring of the Group marketing function and £1.0m in relation to VAT for prior financial periods following the conclusion of discussions with HMRC over the Group's use of a special method. Also included is a £0.4m charge in respect of deferred consideration associated with the acquisition of the Energylinx businesses which is deemed to be remuneration related. The £0.6m of transaction costs relate to fees associated with the acquisition of Energylinx Limited and Energylinx for Business Limited, which completed in June 2018.

Adjusted operating profit, Adjusted EBITDA and Profit before tax

	2018 £m	2017 £m	Movement £m	Movement %
Revenue	**152.6**	149.2	3.4	2.3
Total marketing spend	**(80.1)**	(88.8)	8.7	(9.7)
Administrative expenses excluding adjusting items, depreciation, amortisation and loss on disposal	**(26.2)**	(23.2)	(3.0)	12.9
Adjusted EBITDA	**46.3**	37.2	9.1	24.4
Depreciation and amortisation	**(2.3)**	(1.2)	(1.1)	91.7
Adjusted operating profit	**44.0**	36.0	8.0	22.2
Amortisation of acquired intangibles	**(2.3)**	-	(2.3)	(100.0)
Foundation Award share-based payment charges	**0.0**	(2.0)	2.0	100.0
Integration, restructuring and other corporate costs	**(3.6)**	-	(3.6)	(100.0)
Transaction costs	**(0.6)**	(1.0)	0.4	(40.0)
Operating profit	**37.5**	33.0	4.5	13.6
Net finance costs	**(3.2)**	(2.3)	(0.9)	39.1
Share of loss of associate	**(0.5)**	-	(0.5)	(100.0)
Profit before tax	**33.8**	30.7	3.1	10.1

Operating profit increased by 13.6% to £37.5m. Adjusted operating profit, calculated as operating profit for the year after adding back adjusting items increased by 22.2% to £44.0m. Adjusted EBITDA for the year, calculated as Adjusted operating profit after adding back depreciation and amortisation, increased by 24.4% to £46.3m.

Depreciation and amortisation charges (excluding amortisation of acquired intangibles) increased by £1.1m to £2.3m in 2018 (2017: £1.2m). This reflects the increase in capitalised internal development costs during the year as the Group invested in tech and product innovation such as the new weflip proposition. These costs are amortised over a three year period from the point at which the asset is bought into use, hence the increase in depreciation and amortisation costs in the year.

The Group incurred net finance costs of £3.2m during the year, an increase of £0.9m (2017: £2.3m) as a result of having a higher average debt in 2018 compared to 2017 following the drawdown of funds under the revolving credit facility in order to part finance the acquisitions.

Following the Group's increased investment in MortgageGym Limited on 30 July 2018 this investment is now classified as an associate. The Group's share of their losses from 30 July to 31 December 2018 is £0.5m.

Profit before tax of £33.8m has increased by £3.1m (2017: £30.7m).

Income tax expense

The Group's tax charge of £6.8m represents an effective income tax rate of 20.1%. This is higher than the current UK corporation tax rate of 19.0% due to the effect of acquisition related costs which are not deductible for tax purposes.

Earnings per share

	2018 (pence per share)	2017 (pence per share)	Movement (pence per share)
Basic earnings per share	**6.5**	5.8	0.7
Adjusted basic earnings per share	**7.8**	6.5	1.3
Diluted earnings per share	**6.3**	5.7	0.6

Basic earnings per share for 2018 is 6.5 pence compared to 5.8 pence for 2017. Adjusted basic earnings per share, which excludes the effect of adjusting items, is 7.8 pence, an increase of 1.3 pence (20%) on 2017 and better reflects the earnings generated by the underlying business.

Cash and leverage

	2018 £m	2017 £m
Net cash generated from operating activities	**35.5**	25.4
Purchase of intangible and tangible fixed assets	**(8.2)**	(2.3)
Purchase of subsidiary investments	**(45.6)**	-
Purchase of equity investments	**(1.3)**	(2.5)
Cash acquired on acquisition	**1.3**	-
Net cash used in investing activities	**(53.8)**	(4.8)
Repayment of borrowings	**(19.0)**	(10.0)
Proceeds from borrowings, net of transaction costs	**33.5**	–
Interest paid	**(2.4)**	(1.6)
Dividends paid to owners of the parent	**(6.3)**	(2.9)
Net cash generated from / (used) in financing activities	**5.8**	(14.5)
Net (decrease) / increase in cash and cash equivalents	**(12.6)**	6.1
Cash and cash equivalents at beginning of year	**24.5**	18.4
Cash and cash equivalents at end of year	**11.9**	24.5

The Group delivered a strong operational cash flow of £35.5m during 2018 (2017: £25.4m) and at the year-end had cash of £11.9m (2017: £24.5m), with net debt of £67.5m (2017: £39.4m). Net cash used in investing activities increased by £49.0m to £53.8m (2017: £4.8m), reflecting £45.6m spent on the purchase of subsidiary investments (2017: nil) and a £5.9m increase in spend on intangible and tangible assets to £8.2m (2017: £2.3m) as the Group has invested in the internal development of software and services such as the technology underpinning the new weflip proposition.

	2018 £m	2017 £m
Borrowings	**(79.4)**	(63.9)
Cash and cash equivalents	**11.9**	24.5
Net debt	**(67.5)**	(39.4)
Adjusted EBITDA	**46.3**	37.2
Leverage	**1.5**	1.1

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The Group's leverage at 31 December 2018 was 1.5x Adjusted EBITDA, an increase on the 1.1x at the end of 2017, reflecting the drawdown of borrowings during the year to part fund the acquisitions. The leverage was well within the banking covenants. 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 investments in opportunities that will drive shareholder value over the medium term as well as for paying dividends in line with the dividend policy.

Balance sheet

	2018 £m	2017 £m
Non-current assets	**59.6**	8.7
Trade & Other Receivables	**27.0**	18.7
Cash and cash equivalents	**11.9**	24.5
Current assets	**38.9**	43.2
Total Assets	**98.5**	51.9
Borrowings	**44.7**	54.1
Other non-current liabilities	**3.1**	0.4
Non-current Liabilities	**47.8**	54.5
Trade and other payables	**23.4**	17.8
Borrowings	**34.7**	9.7
Other current liabilities	**4.6**	4.0
Current Liabilities	**62.7**	31.5
Total Liabilities	**110.5**	86.0
Ordinary Shares	**0.1**	0.1
Share premium	**2.7**	2.7
Retained earnings	**(14.8)**	(36.9)
Total Equity	**(12.0)**	(34.1)
Total equity and liabilities	**98.5**	51.9

The Group's non-current assets of £59.6m (2017: £8.7m) rose in the year following the purchases of The Global Voucher Group Limited (£36.9m) and the Energylinx businesses (£8.7m) in January and June 2018 respectively. The majority of these investments is split between goodwill and intangible assets. £8.2m of non-acquisitive capital expenditure and an additional £1.3m investment in MortgageGym Limited have also increased the balance, the latter becoming an investment in associate as the Group's share in that business grew to 26%.

The increase in trade and other receivables to £27.0m (2017: £18.7m) is also reflective of the investments made. In addition to an increase arising as a result of the Group being larger, both acquired businesses have a longer working capital cycle than Gocompare.com, further increasing the Group's assets. Consequentially, Energylinx's position as a white label provider to other Energy switching sites has also contributed to the increase in trade and other payables to £23.4m (2017: £17.8m).

Non-current borrowings of £44.7m (2017 £54.1m) have decreased as the Group paid off a further £10m in line with the requirements under the facility agreement. Current borrowings increased to £34.7m (2017: £9.7m) as the Group combined its own cash generation with a draw down on its RCF to facilitate the purchase of the investments.

Dividends
The Group declared and paid an interim dividend of £3.3m, equivalent to 0.8 pence per share. A final dividend of 0.8 pence per share has been recommended by the Board, which will be subject to shareholder approval at the AGM. Subject to this approval, the pay-out in respect of 2018 will be 20.6% of profit after tax (excluding adjusting items and their tax effect). The Group maintains a target dividend pay-out ratio of 20%–40% of post-tax profits.

Nick Wrighton
Chief Financial Officer

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Principal risks and uncertainties

The table below sets out the risks identified as having the biggest potential impact on our strategic objectives.

Risk 1: Competitive environment

The Group operates in a highly competitive environment and generates a significant proportion of its revenue from car and home insurance comparison.

Impact	*Mitigation*	*Change in the year and future plans*
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.	• Experienced and capable customer acquisition team. • Comprehensive mix of online, offline, brand and non-brand marketing activities adopted to drive efficient and cost-effective customer acquisition. • Continued investment in development of other verticals to grow diversified revenue streams. • Development and maintenance of strong relationships with partners and product providers. • Development of competitive value-led pricing and strategy with partners.	We have seen elevated levels of activity amongst our competitors, particularly in digital channels. In 2018 we launched and developed the weflip energy brand and proposition to diversify revenue streams. The competitive environment remains highly competitive. We will continue to mitigate risk through: • Continued innovation of products, services and customer journeys and focus on efficient customer acquisition. • Further development and enhancement of data science capabilities to drive insight and customer engagement; • Data science led approach to deliver incremental changes to our product, proposition and services

Risk 2: Financial

The Group is exposed to a number of financial risks; principally credit risk, liquidity risk and interest rate risk, as set out in note 21 of the financial statements. It is also subject to covenants on its loan facilities.

Impact	*Mitigation*	*Change in the year and future plans*
Failure to manage financial risks appropriately could lead to an adverse impact on the Group's financial performance and / or availability of cash. Should the Group breach its banking covenants, its debt facility could become immediately repayable on demand.	• Credit worthiness checks and due diligence of suppliers, partners and third parties. • Debtor management. • Cash flow forecasting and headroom monitoring to manage availability of cash.	The Group continues to invest in financial management to ensure that financial performance and reporting is effective and delivers our strategy. This includes: • Reporting and forecasting software systems; • Centralised financial management and oversight across the Group; • Continuous evolution of business intelligence and key performance indicators; • Cross-functional teams who meet regularly and review commercial and financial performance to drive action and innovation within the business.

Risk 3: Customer acquisition and brand The Group is reliant on customer awareness and appreciation of the Group's brands driven through broadcast, digital marketing techniques and arrangements with affiliate partners which need to be effective and cost efficient.		
Impact	*Mitigation*	*Change in the year and future plans*
Deterioration of brand performance or failure to monitor and manage marketing activities appropriately may lead to lower market share, revenue and profit.	• Customer satisfaction monitoring and reporting feeds into product and proposition development. • Continuous review and development of performance and perception of advertising approach. • Customer-centric approach to service definition and development. • Brand-health and performance monitoring and reporting. • Channel specific benchmarking insights.	In 2018 we appointed a new Chief Marketing Officer and strengthened our Marketing teams. We also appointed a new media agency to optimise spend and continued our focus on digital marketing capabilities to drive efficiency and effectiveness. We have continued to focus on the core pillars of brand development and customer loyalty offerings with review of the GoCompare brand assets and advertising approach, including a data/science led approach to media planning activities In the coming year we will continue to monitor brand performance and customer engagement which remain key drivers for the evolution of brand advertising. This is achieved through: • Broadcast and social media monitoring; • Advertising awareness, brand performance and customer satisfaction feeding into product and customer journey development and innovation; • A new media agency has been appointed to further media buying efficiencies.
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Risk 4: Cyber and data

The Group derives its revenue exclusively through online interaction by customers with partners and is exposed to a variety of cyber threats including Distributed Denial of Service (DDoS) attacks, hacking or malware that may result in compromise of the availability, confidentiality or integrity of commercially important customer or employee data.

Impact	*Mitigation*	*Change in the year and future plans*
A failure to manage and mitigate cyber-related incidents affecting infrastructure and websites may lead to unavailability of services, access to or compromise of data, which could have reputation, financial and regulatory consequences.	• Website and IT threat monitoring continuously developed and evolved. • Business continuity arrangements in place for websites and office systems. • Regular testing of business and service continuity capabilities including systems recovery and diverse locations and hosting arrangements. • Security monitoring systems in place to identify and mitigate cyber threats. • Physical and logical access controls in place alongside firewalls and network controls. • Robust approach to change management, testing and deployment. • Segregation of duties, role-based access to data and access authorisation processes.	Cyber, data management and security is key to maintaining and developing customer, partner and regulator satisfaction, along with compliance with legal and regulatory requirements. This is of increasing importance as we grow and diversify the business and utilise different technologies. • In 2018 we completed our GDPR implementation plans by the May deadline. • Continued to invest in threat mitigation tech solutions Data is a vital asset of the Group and in 2019 we will continue to enhance in threat protection capabilities across the Group and in response to external developments and changes in our approach to tech infrastructure.

Risk 5: Technology and innovation

The Group is reliant on high-performing comparison solutions that meet customer expectations for experience, use and choice of device.

Impact	*Mitigation*	*Change in the year and future plans*
A detrimental effect on current and future financial performance and reputation could arise from an inability to quickly adapt to changes in customer behaviour and expectations or being unable to keep pace with technological changes.	• Mobile-optimised customer journeys. • Comprehensive approach to development and testing across a wide variety of devices and operating systems. • Flexible approach to development of website and systems enhancements including organisational and operational changes to maximise delivery and deployment opportunities. • Real-time monitoring of core product journeys. • Continuous-development approach to website journeys to ensure scalable and relevant services and offerings to customers.	In 2018 the Group continued to respond by: • Continuous innovation of customer journeys; • Innovative ways of working to drive speed of delivery and learning; • Customer-centric culture that seeks and acts on customer experience feedback; • Focused and business led prioritisation and balanced decision making and targeted use of effort and resource; • Review and refine ways of working and technology to support fast-paced change deliver; • Use cloud technologies and platforms where appropriate.

Risk 6: Legal and regulatory

The Group operates in a number of regulated markets (insurance, lending, mortgages, energy, and home communications) and is also subject to competition law and data protection law.

Impact	*Mitigation*	*Change in the year and future plans*
Failure to comply with existing or adapt to changes in future regulatory requirements may have a fundamental impact on the Group's business model, leading to reputational damage and a failure to meet financial and operational targets.	• Maintain and foster regular contact with regulatory bodies. • In-house specialist Legal and Compliance resource and access to specialist external advice, when required. • Open and transparent culture. • Comprehensive regulatory training provided to all employees. • Whistleblowing procedures in place. • Business-wide involvement to implement changes to comply with GDPR.	The Group will continue to strengthen and invest in second-line support and advice functions to ensure that current and future legal and regulatory requirements are understood. This will also include ensuring appropriate training and skills are in place as we diversify into different products and sectors and draw on expertise and knowledge gained through Group acquisitions.

Risk 7: People and culture

The Group's success will depend on the performance of senior management and riven by an open, inclusive and dynamic culture that takes advantage of the sector, marketing and technical expertise of employees and on the Group's ability to attract, retain and motivate its people.

Impact	*Mitigation*	*Change in the year and future plans*
Lack of experienced, skilled and motivated people at all levels may have a detrimental impact on business and financial performance of the Group.	• Highly skilled senior team with experience of running online businesses. • Review and evolution of employee reward packages at all levels. • Structured approach to learning and development. • Varied approach to attracting new talent, including development of an in-house recruitment function. • Regular review and evolution of internal working practices to further strengthen and support agile delivery within the business.	People are the key element to the business delivery and success. Therefore, the Group plans to continue to build on the progress made to date: • Continuous focus on culture and behaviour at all levels • Regular senior management briefings and performance updates and away days; • Succession planning for key senior roles; • Introduction of Group Vice President management level to provide In 2019 the Group will: • Continue to focus on culture and people to drive results focused behaviour across the Group; • Further develop the Group's employee value proposition; • Monitor recruitment trends to ensure that reward matches market expectations and can be flexed accordingly

Risk 8: Strategic development and delivery

The Group has recognised the significant opportunity in growing the brand beyond motor and home insurance into a diverse range of other product and price comparison services and sectors.

Impact	*Mitigation*	*Change in the year and future plans*
Ineffective management of the partner panel and overreliance on single product lines, in addition to the quality and appropriateness of products, may result in damage to reputation, loss of customers and adverse impact on financial performance.	• Clear strategy to diversify revenue streams, products and services. • Strategy & Investments team identify, develop and deliver opportunities. • Access to specialist external advice where due diligence support is required. • A robust governance approach to decision making that involves key stakeholders in decision making.	In 2018 the Group acquired The Global Voucher Group Limited and Energylinx which further diversified the Group's revenue. In 2019 we will: • Further develop and enhance the Savings as a Service proposition; • Monitor and develop the Group's strategic partnerships and use this knowledge and insight to explore opportunities that will support future growth of the Group's core business; • Continue to review merger and acquisition opportunities that contribute towards the Group's strategy and performance.

Risk 9: Economic conditions

The Group's revenue is derived from provision of product and price comparison services in the UK, and specifically the motor and home insurance sector.

Impact	*Mitigation*	*Change in the year and future plans*
A contraction in the UK economy, changes to fiscal policy or developments in the process for the UK to leave the EU, may lead to worsening economic conditions and performance of the Group. Brexit is not expected to have a significant impact on the Group. In a time of economic uncertainty and rising costs, consumers are more likely to consider switching, seek alternative suppliers and use price comparison websites in order to achieve better deals.	• Review of wider market conditions and indicators undertaken regularly. • Flexible approach to cost-base. • Diversify revenue streams to adapt to future changing conditions. • Development of scalable solutions in similar emerging markets to learn and refine products and services.	External economic conditions in the UK remain uncertain, particularly in relation to the outcome of Brexit in March 2019. We continue to monitor the potential impact of Brexit on the Group including any changes to regulation of the financial services sector and the impact on specialist tech resource from overseas. In 2019 the Group will continue to focus on opportunities to speed up, demystify and improve switching for customers, partners and other stakeholders through innovative use of data and technology to develop scalable solutions.

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Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	**2018 £m**	2017 £m
Revenue	4	**152.6**	149.2
Cost of sales		**(44.6)**	(42.5)
Gross profit		**108.0**	106.7
Distribution costs		**(35.5)**	(46.3)
Administrative expenses		**(35.0)**	(27.4)
Operating profit	5	**37.5**	33.0
Analysed as:			
Adjusted operating profit	6	**44.0**	36.0
Amortisation of acquired intangibles		**(2.3)**	–
Foundation Award share-based payment charges		**0.0**	(2.0)
Integration, restructuring and other corporate costs		**(3.6)**	–
Transaction costs		**(0.6)**	(1.0)
Operating profit		**37.5**	33.0
Finance income	8	**0.0**	0.0
Finance costs	8	**(3.2)**	(2.3)
Share of loss of associate	13	**(0.5)**	–
		(3.7)	2.3
Profit before income tax		**33.8**	30.7
Income tax expense	9	**(6.8)**	(6.3)
Profit for the year		**27.0**	24.4
Other comprehensive income		**0.2**	–
Total comprehensive income for the year		**27.2**	24.4
Earnings per share (pence)	10		
Basic earnings per share		**6.5**	5.8
Diluted earnings per share		**6.3**	5.7

All amounts relate to continuing operations.

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Consolidated Statement of Financial Position
As at 31 December 2018

	Note	2018 £m	2017 £m
Non-current assets			
Investments	12	**1.5**	2.5
Investment in associate	13	**2.0**	–
Goodwill	14	**35.1**	2.5
Intangible assets	14	**18.8**	1.4
Property, plant and equipment	15	**1.5**	1.5
Deferred tax asset	23	**0.7**	0.8
		59.6	8.7
Current assets			
Trade and other receivables	16	**27.0**	18.7
Cash and cash equivalents	17	**11.9**	24.5
		38.9	43.2
Total assets		**98.5**	51.9
Non-current liabilities			
Borrowings	19	**44.7**	54.1
Provisions for liabilities and charges	22	**0.4**	0.4
Deferred consideration		**0.4**	-
Deferred tax liability	23	**2.3**	–
		47.8	54.5
Current liabilities			
Trade and other payables	18	**23.4**	17.8
Current income tax liabilities	18	**3.6**	3.3
Borrowings	19	**34.7**	9.7
Provisions for liabilities and charges	22	**1.0**	0.7
		62.7	31.5
Total liabilities		**110.5**	86.0
Equity attributable to owners of the parent			
Ordinary shares	24	**0.1**	0.1
Share premium	25	**2.7**	2.7
Retained earnings		**(14.8)**	(36.9)
Total equity		**(12.0)**	(34.1)
Total equity and liabilities		**98.5**	51.9

The financial statements were approved by the Board on 27 February 2019 and signed on its behalf.

Matthew Crummack
Director

Nick Wrighton
Director

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Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

	Share capital £m	Share premium £m	Profit and loss account £m	Total equity £m
At 1 January 2017	0.1	2.7	(61.4)	(58.6)
Profit for the year	–	–	24.4	24.4
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	24.4	24.4
Transactions with owners				
Dividends	–	–	(2.9)	(2.9)
Share-based payments	–	–	2.7	2.7
Deferred tax recognised in equity	–	–	0.3	0.3
Proceeds from shares issued	–	–	–	–
Total transactions with owners	–	–	0.1	0.1
At 31 December 2017	0.1	2.7	(36.9)	(34.1)
At 1 January 2018	**0.1**	**2.7**	**(36.9)**	**(34.1)**
Profit for the year	**–**	**–**	**27.0**	**27.0**
Other comprehensive income for the year	**–**	**–**	**0.2**	**0.2**
Total comprehensive income for the year	**–**	**–**	**27.2**	**27.2**
Transactions with owners				
Dividends	**–**	**–**	**(6.3)**	**(6.3)**
Share-based payments	**–**	**–**	**1.6**	**1.6**
Deferred tax recognised in equity	**–**	**–**	**(0.4)**	**(0.4)**
Proceeds from shares issued	**–**	**–**	**–**	**–**
Total transactions with owners	**–**	**–**	**(5.1)**	**(5.1)**
At 31 December 2018	**0.1**	**2.7**	**(14.8)**	**(12.0)**

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Consolidated Statement of Cash Flows
As at 31 December 2018

	Note	**2018 £m**	2017 £m
Cash flows from operating activities			
Profit for the year before tax		**33.8**	30.7
Adjustments for:			
Depreciation of property, plant and equipment	15	**0.5**	0.5
Amortisation of intangible assets	14	**4.2**	0.6
Loss on disposal of tangible assets	15	**–**	0.1
Share-based payment charge	26	**1.4**	2.7
Share of loss of associate	13	**0.5**	–
Net finance costs	8	**3.2**	2.3
Changes in working capital:			
Increase in trade and other receivables	16	**(4.3)**	(2.0)
Increase/(decrease) in trade and other payables	18	**3.4**	(3.4)
Income tax paid		**(7.2)**	(6.1)
Net cash generated from/(used in) operating activities		**35.5**	25.4
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(0.5)**	(0.8)
Purchase of intangible assets	14	**(7.8)**	(1.5)
Interest received	8	**0.0**	0.0
Acquisition of subsidiary investments	11	**(45.6)**	–
Cash acquired on acquisition	11	**1.3**	–
Purchase of associate investment	13	**(1.3)**	–
Purchase of equity investments	12	**–**	(2.5)
Net cash used in investing activities		**(53.9)**	(4.8)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	19	**33.5**	–
Repayments of borrowings	19	**(19.0)**	(10.0)
Interest paid		**(2.4)**	(1.6)
Dividends paid	27	**(6.3)**	(2.9)
Net cash generated from/(used in) financing activities		**5.8**	(14.5)
Net (decrease) / increase in cash and cash equivalents		**(12.6)**	6.1
Cash and cash equivalents at beginning of year		**24.5**	18.4
Cash and cash equivalents at end of year		**11.9**	24.5

1. General information
Gocompare.com 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.

2. Summary of significant accounting policies
Basis of preparation
These financial statements present the Gocompare.com Group plc consolidated financial statements for the year ended 31 December 2018, comprising 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 related notes, as well as comparatives for the year ended 31 December 2017.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for certain financial assets that are measured at fair value.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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 effective in this reporting period
The Group has adopted IFRS 15 – Revenue from contracts with customers and IFRS 9 – Financial instruments from 1 January 2018.

IFRS 15
The Group has assessed its accounting policies which applied under IAS 18 and determined that the adoption of IFRS 15 does not have a significant impact on the way that the Group recognises revenue, in terms of both value and timing.

IFRS 9
IFRS 9 replaces IAS 39 and sets out requirements for recognising and measuring financial assets and financial liabilities. The standard largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities and has not had a significant effect on the Group's accounting policies for financial assets or financial liabilities. With the exception of the investments in equity investments, the Group only holds basic financial instruments which will be classified as held at 'amortised cost'. For the Group's

investments in equity instruments, the Group has made an irrevocable election for any changes in fair value to be recognised in Other Comprehensive Income. This is consistent with the accounting policy previously adopted under IAS 39 as the assets were classified as 'available for sale' with changes in fair value recognised through Other Comprehensive Income.

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model which applies to financial assets measured at amortised cost and means that credit losses are recognised earlier than under IAS 39. The Group has not identified a material difference in recognition of losses for its financial assets compared to what was previously recognised under IAS 39.

Going concern

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Directors have assessed the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and cash flows. Consideration of cashflows includes those arising from operating activities, repayment of debt (see note 21) and dividends. Having assessed the principal risks and the other matters discussed in connection with the robust assessment as set out in the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements. The assessment of the Group's prospects and viability has considered the three-year period to 31 December 2021.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiary companies are consolidated using the acquisition method.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Gains and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Revenue

The Group recognises revenue in accordance with IFRS 15 - Revenue. The significant revenue streams and their recognition are as follows:

Price comparison - revenue represents amounts receivable for insurance, utilities and other product introductions. The Group recognises this revenue when a policy is sold, a consumer signs up to a new tariff or in limited cases when a customer clicks through to the partner website. Revenue is measured at the fair value of the consideration received or receivable, net of an estimate of cancellations during the cooling-off period. Where revenue is accrued, this is estimated based on underlying metrics of customer interactions and is subsequently validated through sales data submissions made by the partners.

Rewards - revenue is generated through both commission and tenancy arrangements. For commissions, revenue is recognised when a consumer selects and uses an online voucher. Revenue is measured at the fair value of the consideration received or receivable, net of an estimate of cancellations. Revenue is accrued and validated through data and ultimately cash receipts received from the networks facilitating the transactions. Tenancy income represents income received for advertising and is recognised over the period the advert or campaign is made available of the website.

Cost of sales, Distribution and Administrative Expenses

Cost of sales comprise all costs which are directly attributable to marketing of a specific product. Payments made to affiliates as a result of a sale which they have referred onto the Group are also recognised as cost of sales.

Distribution costs comprise all other marketing costs incurred which cannot be attributed to a specific product. Costs associated with the production of adverts are recognised in the Consolidated Statement of Comprehensive Income once the advert is available to the Group in a format ready for use, having been approved for airing or display. Costs associated with the broadcasting of adverts are expensed over the period in which the advert is aired or displayed.

Administrative expenses comprise all other staff, systems and remaining costs incurred.

Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable income for the year. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date. Current tax assets and liabilities also include adjustments in respect of tax expected to be payable or recoverable in respect of previous periods.

Current tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income as appropriate.

Deferred tax
Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes, and the amounts used for taxation purposes. It is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recovered, using tax rates enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is recognised in profit or loss except to the extent it relates to a business combination, in which case the deferred tax is included as part of the assets and liabilities assumed for the purposes of calculating goodwill. Deferred tax relating to items recognised outside the income statement is recognised either in other comprehensive income or directly in equity as appropriate.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Intangible assets
Purchased software and licenses are initially recorded at historical cost and subsequently amortised over their useful life which is typically up to 3 years. Amortisation is calculated on a straight-line basis and these assets are carried at cost less accumulated amortisation and any impairment charges. The carrying value is reviewed at every reporting date for evidence of impairment and the value being written down if any impairment exists.

Costs associated with maintaining computer software programs and incremental development of the existing website are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable, unique software products or transformation of website capabilities are recognised as intangible assets when the criteria required by IAS38 are met. This means that it is technically feasible to complete the product or capability, that there are demonstrable economic benefits to the Group and that the Group has sufficient resources in order to complete the development.

The cost of internally generated software and website costs comprise directly attributable costs which are related to that product or capability. This includes the costs of the staff associated with the development work and an apportionment of certain overheads which are deemed to be directly attributable to the development work. From the point the intangible asset comes into use, it is then amortised over its expected useful life on a straight-line basis, which is typically up to three years. The intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Other development costs which do not meet the capitalisation criteria in IAS38 are recognised as an expense as incurred.

Acquired intangibles
Intangible assets acquired as part of a business combination are recorded at fair value at the date of acquisition. Intangible assets are subsequently stated at initial value less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the intangible assets which are as follows:

Brand	5 - 10 years
Customer relationships	5 - 10 years
Technology and databases	5 years

Business combinations
The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values. Contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognised in profit or loss.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. After initial recognition, goodwill is measured at cost less accumulated impairment losses. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Property, plant and equipment
Property, plant and equipment comprise fixtures, fittings and equipment (including computer hardware). Replacement or major inspection costs are capitalised when incurred if it is possible that future economic benefits associated with the item will flow to the entity and the costs can be measured reliably.

These assets are stated at cost less depreciation and accumulated impairment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to write off the cost less residual values of the assets over their economic lives. This has been set between three and ten years.

Residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Comprehensive Income in the year in which the asset is derecognised.

Impairment and revaluation of property, plant and equipment
Carrying values are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated and compared to the carrying value. The recoverable amount is the higher of the fair value of the asset, less costs to sell and the asset's value in use. Impairment losses are recognised through the Consolidated Statement of Comprehensive Income. Impairment may be reversed if conditions subsequently improve.

Financial assets

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

The Group has elected to classify its equity investments as measured at FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All other financial assets, which comprise trade and other receivables and cash at bank are classified as measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Impairment of financial assets

The Group assesses at each balance sheet date whether any financial assets held at amortised cost are impaired. Financial assets are impaired where there is evidence that one or more events occurring after the initial recognition of the asset may lead to a reduction in the estimated future cash flows arising from the asset. Impairment losses on financial assets classified as loans and receivables are calculated as the difference between the carrying value and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses and any reversals of impairments are recognised through the Consolidated Statement of Comprehensive Income. Objective evidence of impairment may include default on cash flows from the asset and reporting financial difficulty of the issuer or counterparty.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from that asset have expired or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

Financial liabilities

Classification, initial recognition and subsequent measurement

The Group's financial liabilities comprise borrowings and trade and other payables and are classified as measured at amortised cost. Financial liabilities are measured initially at fair value less directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Consolidated Statement of Comprehensive Income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if, and only if, the Group has a currently enforceable legal right to offset the recognised amounts and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Consolidated Statement of Comprehensive Income unless required or permitted by any accounting standard or interpretation.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the expenditure required to settle a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

The Group discloses a contingent liability where it has a possible obligation as a result of a past event that might, but will probably not, require an outflow of economic benefits, or where there is a probable outflow of economic benefits which cannot be reliably measured.

Employee benefits

Pensions

The Group contributes to a defined contribution scheme for its employees. The contributions payable to this scheme are charged to the income statement in the accounting period to which they relate.

Bonus arrangements

The Group provides an annual bonus arrangement for employees. The levels of bonus paid is dependent on both the performance of the business and each individual's performance review. Bonuses are paid in respect of each calendar year and therefore an accrual is made based on the estimate of amounts to be paid subsequent to the year end.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group.

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Equity-settled share-based payments to employees are measured at the grant date at the fair value of the equity instruments (excluding the effect of non-market vesting conditions but including the effect of market vesting conditions). Fair value is not subsequently remeasured.

The fair value of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, based on the best estimate of the number of awards which will ultimately vest unconditionally with employees. The estimate of the number of awards expected to vest (excluding the effect of market vesting conditions) is revised at each reporting date, with any consequential changes to the charge recognised in profit and loss.

Where equity-settled share-based payments are modified, any incremental fair value is expensed on a straight-line basis over the revised vesting period.

Share Capital
Shares are classified as equity when there is no contractual obligation to transfer cash or other assets to holders of the financial instruments.

Leases
Company as a lessee – operating leases
Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Finance costs
Finance costs comprise interest paid which is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss other than differences arising from the translation of equity investments which are recognised in Other Comprehensive Income (OCI), except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss.

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 year on year and present results in a way that is consistent with how information is reported internally. Items that are excluded from our adjusted measures include items which arose due to acquisitions or do not arise from the day-to-day trading activities of the Group. The Group separately considers transaction costs associated with Strategic Investments (minority investment interests) which are not adjusted from those which arise from significant acquisitions which materially change the Group and are adjusted for.

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 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 year, excluding adjusting items (after their tax effect) divided by the weighted average number of shares in issue for the year
- Marketing margin: calculated as the difference between revenue and marketing expenditure divided by revenue. Marketing expenditure is defined as the total of cost of sales and distribution costs.

The value and nature of all adjusting items are disclosed in note 6. Adjusted basic EPS is disclosed in note 10.

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.

Standards, amendments and interpretations in issue but not yet effective

A number of new standards, amendments to standards and interpretations will be effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements.

IFRS 16 (Leases) will be adopted from 1 January 2019. This will require the recognition of the leased asset and lease liability in the Statement of Financial Position. At 1 January 2019, the impact has been assessed as recognising a total lease asset of £3.9m, a lease liability of £4.8m and a £0.9m adjustment to equity. The impact on the Statement of Comprehensive Income will not lead to a significant change in the profit or loss recognised. A depreciation charge and interest cost will be recognised which will be materially comparable in total to the operating lease charge currently recognised.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRIC 23 *Uncertainty over Tax Treatments*
- *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*
- *Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)*
- *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*
- *Annual Improvements to IFRS Standards 2015 – 2017 Cycle – various standards*
- *Amendments to References to the Conceptual Framework in IFRS Standards*
- IFRS 17 *Insurance Contracts*

3. Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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; however, the financial statements presented are based on conditions that existed at the balance sheet date.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and critical judgements in applying the Group's accounting policies
The key assumptions concerning the future and other key sources of estimation uncertainty at each balance sheet date are discussed below:

Revenue recognition
The majority of the Group's revenue is derived from customers completing transactions with product providers (partners) and revenue is recognised at this point. The Group accrues revenue based on available data of transactions made through its partners. Any amounts estimated are based on underlying metrics of customer interactions which is subsequently validated through sales data submissions made by the partners. In addition, customers have the right to cancel their purchase of products during the cooling off period, for which an estimate of the deduction to revenue is made for likely cancellations based on historical run rates for the various products. Whilst revenue is a significant balance for the Group and involves a level of estimation, the Directors have assessed that any reasonable change to this estimate would not lead to a material change in the amounts recognised.

Acquisitions
The process of determining the fair value and useful life of assets and liabilities acquired is inherently judgemental and there is a risk that the assumptions applied or basis of methodology could lead to the valuation of acquired intangibles or goodwill being misstated. The details of the assets and liabilities recognised are set out in note 11.

Impairment of goodwill and acquired intangibles
The Group holds goodwill and acquired intangibles in respect of business combinations which have occurred. In 2018, the Group recognised acquired intangible assets of £13.9m and goodwill of £32.6m in respect of the acquisition of The Global Voucher Group Limited, Energylinx Limited and Energylinx for Business Limited. Acquired intangibles include acquired brands, customer relationships, supplier relationships, databases and technology. The Group is required to review goodwill annually for impairment and assess at each reporting period whether there is any indication that an asset may be impaired. Determining whether goodwill and intangible assets are impaired or whether a reversal of impairment of intangible assets should be recorded requires an estimation of the recoverable value of the relevant cash-generating unit, which represents the higher of fair value and value in use. The value in use calculation requires estimation of the future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred. No indications of impairment of goodwill or intangibles have been identified at 31 December 2018.

Share-based payments
The Group has entered into a number of equity-settled share-based payment arrangements in the current and prior year. The accounting for these involve a number of assumptions with regards to the model inputs, vesting period and expected performance of the business. The Group determines the inputs based on historical, forecast and market data sources as applicable. Fair value of the awards at the point of grant are valued using either Black-Scholes or Monte-Carlo simulation models. Details of these share schemes, inputs and modelling are set out in note 26.

Valuation of investments
The Group holds minority shareholding investments in companies which are unquoted. The process of determining the fair value of these equity investments is inherently judgemental due to the companies being

unquoted and by virtue of them being in a start-up phase. The fair value of the investments has been determined with reference to financial forecasts and achievement of key milestones compared to the timings of those set out at the point of GoCompare's investment. The Directors have also considered the valuation determined by reference to the purchase price paid by other investors. Details of the investments and basis for the determined valuation are set out in note 12.

Accounting for capitalised development costs
The Group has an accounting policy to capitalise internally generated development costs where they are directly attributable to the creation of identifiable, unique software products or transformation of website capabilities. Identified costs include staff costs and an allocation of overheads deemed to be directly attributable to the development work. The Group has a policy to amortise the costs identified in relation to these projects over a period of 3 years. The net book value of intangible assets is assessed for impairment where such a risk arises.

4. Segment information
Information reported to the Board (the Chief Operating Decision Maker) for the purposes of the assessment of segment performance is focused on the types of products customers have purchased. The Chief Operating Decision Maker reviews profit and loss items to operating profit at a segment level but does not review the assets and liabilities of the Group by reportable segments. Therefore assets and liabilites are reported on an aggregated basis for the Group. They are reported on the same basis as disclosed in the Consolidated Statement of Financial Position.

In January 2018, the Group acquired The Global Voucher Group Limited and its subsidiaries which represents a new source of revenue and costs. From this point, the information reported to the Board (the Chief Operating Decision Maker) for the purposes of the assessment of segment performance was amended to reflect the updated operating structure. The weflip segment relates to the Group's Savings as a Service business including the weflip proposition that the Group soft launched on 15 October 2018. This is an area of strategic growth identified by the Group and is therefore being reported separately as an operating segment. The Group's reportable segments under IFRS 8 are as follows:
"Price comparison";
"Rewards"; and
"weflip".

The identification and disclosure of the Group's segments has changed from those detailed in the consolidated financial statements of the Group for the year ended 31 December 2017. The results of the "Insurance" and "Strategic Initiatives" segments reported to this period are now disclosed as a combined operating segment, "Price comparison". The comparative information has therefore been restated in order to present on a comparable basis with the new segmental reporting.

The accounting policies of the reportable segments are the same as the Group's accounting policies disclosed in Note 2. The Group is considered to have one service being that of providing an internet-based product and price comparison website. All sales were made to external customers in the current and prior year.

2018	Price comparison £m	Rewards £m	weflip £m	Total £m
Revenue	**144.4**	**8.2**	**0.0**	**152.6**
Cost of sales	**(42.8)**	**(1.8)**	**–**	**(44.6)**
Distribution costs	**(34.6)**	**(0.8)**	**(0.1)**	**(35.5)**
Trading profit	**67.0**	**5.6**	**(0.1)**	**72.5**
Adjusted admin costs	**(13.2)**	**(2.8)**	**(1.1)**	**(17.1)**
Adjusted operating profit	**53.8**	**2.8**	**(1.2)**	**55.4**
Group costs				**(11.4)**
Group Adjusted operating profit				**44.0**

2017	Price comparison £m	Rewards £m	weflip £m	Total £m
Revenue	149.2	–	–	149.2
Cost of sales	(42.5)	–	–	(42.5)
Distribution costs	(46.3)	–	–	(46.3)
Trading profit	60.4	–	–	60.4
Adjusted admin costs	(13.6)	–	–	(13.6)
Adjusted operating profit	46.8	–	–	46.8
Group costs				(10.8)
Group Adjusted operating profit				36.0

5. Operating profit

Operating profit is stated after charging:

	2018 £m	2017 £m
Employee benefit expense (note 7)	**22.2**	15.2
Share-based payment charges	**1.4**	2.7
Transaction costs (note 6)	**0.6**	1.0
Integration, restructuring and other corporate costs (note 6)	**3.6**	–
Depreciation of property, plant and equipment	**0.5**	0.5
Amortisation of intangible assets	**1.8**	0.6
Amortisation of acquired intangible assets	**2.3**	–
Loss on disposal of tangible assets	**–**	0.1
Operating lease payments	**0.8**	0.4
Impairment of trade receivables	**–**	0.0
Auditors' remuneration		
Audit of the consolidated and Company financial statements	**0.1**	0.1
Audit of financial statements of subsidiaries of the Company	**0.1**	0.0
Total audit fees	**0.1**	0.1
Fees for interim review	**0.0**	0.1
Other	**0.0**	0.0
Total non-audit fees	**0.0**	0.1
Total Group auditor remuneration	**0.2**	0.2

6. Adjusted operating profit

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

	2018 £m	2017 £m
Amortisation of acquired intangibles	**2.3**	–
Foundation Award share-based payment charges	**(0.0)**	2.0
Integration, restructuring and other corporate costs	**3.6**	–
Transaction costs	**0.6**	1.0
	6.5	3.0

The Group acquired The Global Voucher Group Limited on 10 January 2018 and recognised acquired intangible assets of £10.8m as a result of this transaction. On 13 June 2018 the Group acquired Energylinx Limited and Energylinx for Business Limited in relation to which intangible assets of £3.1m were recognised. The intangible assets are being amortised over 5 or 10 years depending on their nature and the accounting charge, a non-cash item which arises on consolidation, is excluded from our Adjusted Operating profit.

Included within the acquisition purchase price of Energylinx Limited is £1.8m of deferred consideration payable to the former shareholders of the company. This payment will be made 2 years post completion date subject to the former Director remaining employed by Gocompare at that point in time. Owing to this condition, the substance of this arrangement is deemed to be remuneration related and is therefore expensed over the two year period of employment. In the year to 31 December 2018, an amount of £0.4m has been recognised in respect of this. 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 subsequent once the contingent consideration is paid at the end of the earn out period. The charge has been included within the category of integration, restructuring and other corporate costs. This line also includes £1.3m incurred in relation to the two acquisitions that were completed during the year, £0.5m in relation to the restructuring of the Group marketing function and £1.0m in relation to VAT for prior financial periods following the conclusion of discussions with HMRC over the Group's use of a special method.

The £0.6m of transaction costs relate to fees associated with the acquisition of Energylinx Limited and Energylinx for Business Limited, which completed in June 2018. These costs are one off in nature, non-recurring and have therefore been excluded from our Adjusted Operating profit.

In November 2016, the Group issued a number of Foundation Awards in the form of free shares to the Executive Directors and Senior Management. These were awarded as a result of the Group's successful listing and will vest after 2 years subject to the achievement of certain stretching performance criteria. In the year to 31 December 2018, a share-based payment credit of £0.0m (2017: £2.0m) has been recognised in the Consolidated Statement of Comprehensive Income in relation to the Foundation Awards. See note 26 for further details of the awards made. The charges arising from these Awards are treated as an adjusting item by the Group in arriving at Adjusted Operating profit, by virtue of their association with the listing, the quantum of shares and individual size of the Awards made in addition to the fact that they vest over a shorter 2 year period. Furthermore, the Foundation Awards are non-recurring (although accounting charges will follow until they vest) and the Directors do not, therefore, consider these Awards to be part of the ongoing trading performance of the business.

7. Employee benefit expense

Staff costs, including Directors' remuneration, were as follows:

	2018 £m	2017 £m
Wages and salaries	**18.4**	13.5
Social security costs	**1.9**	1.4
Share-based payment charge	**1.4**	2.7
Other pension costs	**0.5**	0.3
	22.2	17.9

The average monthly number of employees, including Directors, during the year was:

	2018 No.	2017 No.
Service provision	**223**	160
Administration	**46**	40
Total	**269**	200

8. Net finance costs

	2018 £m	2017 £m
Bank interest income	**(0.0)**	(0.0)
Interest expense on bank borrowings	**3.2**	2.3
Net finance costs	**3.2**	2.3

9. Taxation

Analysis of the tax charge

The tax charge on the profit before income tax for the year was as follows:

	2018 £m	2017 £m
Current tax	**7.1**	6.6
Deferred tax	**(0.3)**	(0.3)
Income tax expense	**6.8**	6.3

The tax rate used for the calculations is the corporate tax rate of 19.00% (2017: 19.25%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction. The rates used are those that apply to the year the tax charge or credit is expected to materialise.

The expense for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2018 **£m**	2017 £m
Profit before income tax	**33.8**	30.7
Tax calculated at 19.00% (2017: 19.25%)	**6.4**	5.9
Effect of:		
Expenses not deductible	**0.4**	0.3
Adjustments in respect of prior years	**(0.1)**	0.0
Tax rate changes	**0.1**	0.1
Other		
Income tax expense	**6.8**	6.3

The Budget on 8 July 2015 announced changes in the main UK corporation tax rate which reduced to 19% with effect from 1 April 2017. The Budget on 16 March 2016 announced further changes in the main UK corporation tax rate. The effective rate of 18% from 1 April 2020 was to be further reduced to 17%. This further reduction in tax rates was included in the 2016 Finance Act which was substantively enacted for the purpose of IFRS and UK GAAP on 6 September 2016.

10. Earnings per share

a) Basic

Basic EPS 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 year.

	2018	2017
Profit from continuing operations attributable to owners of the parent (£m)	**27.0**	24.4
Weighted average number of ordinary shares in issue (m)	**418.4**	418.3
EPS (pence per share)	**6.5**	5.8

b) Diluted

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2018	2017
Profit from continuing operations attributable to owners of the parent (£m)	**27.0**	24.4
Weighted average number of ordinary shares in issue (m)	**418.4**	418.3
Adjustment for share options (m)	**9.3**	9.9
Weighted average number of ordinary shares for dilutive earnings per share (m)	**427.7**	428.2
Dilutive EPS (pence per share)	**6.3**	5.7

c) Adjusted basic EPS

	2018	2017
Profit from continuing operations attributable to owners of the parent (£m)	**27.0**	24.4
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration costs and transaction fees, net of tax (note 6) (£m)	**5.5**	2.7
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**32.5**	27.1
Weighted average number of ordinary shares in issue (m)	**418.4**	418.3
Adjusted EPS (pence per share)	**7.8**	6.5

d) Adjusted diluted EPS

	2018	2017
Profit from continuing operations attributable to owners of the parent (£m)	**27.0**	24.4
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration costs and transaction fees, net of tax (note 6) (£m)	**5.5**	2.7
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**32.5**	27.1
Weighted average number of ordinary shares in issue (m)	**418.4**	418.3
Adjustment for share options (m)	**9.3**	9.9
Weighted average number of ordinary shares for dilutive earnings per share (m)	**427.7**	428.2
Adjusted EPS (pence per share)	**7.6**	6.3

11. Business combinations

a) The Global Voucher Group Limited

On 10 January 2018 the Group acquired 100% of the share capital of The Global Voucher Group Limited (and its subsidiaries) trading as 'MyVoucherCodes' which is an online voucher code aggregator based in the UK. The business was acquired for cash consideration of £36.9m and the Group incurred direct costs of £0.8m in relation to the transaction which were charged to the income statement in the prior year.

MyVoucherCodes' strong position in retail vouchers is highly complementary to GoCompare's position as a leading provider of financial services and utilities comparison. GoCompare believes the acquisition will increase the opportunities for frequency of engagement with consumers who use both comparison and voucher websites, introduce offers to incentivise conversion on both GoCompare and MyVoucherCodes, and provide a new channel for existing GoCompare partners.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition, the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. Separately identifiable intangible assets were recognised as part of the acquisition as detailed further below.

The net assets acquired and goodwill are as follows:

	On acquisition £m
Purchase consideration	36.9
Fair value of assets acquired (summarised below)	10.3
Goodwill	26.6

The goodwill recognised is attributable to The Global Voucher Group Limited's profitability and its position as a leading UK voucher code site. The acquisition also benefits from various value creation synergies including interchange of traffic between Gocompare's and The Global Voucher Group Limited's websites and various cross-sell opportunities.

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The fair value of assets and liabilities arising on acquisition have been determined as follows:

	Fair value £m
Cash and cash equivalents	0.7
Property, plant and equipment	0.0
Software	0.1
Intangibles – Brand name	0.9
Intangibles – Customer relationships	7.8
Intangibles – Technology	2.1
Trade and other receivables	2.5
Trade and other payables	(1.9)
Deferred tax arising on acquired intangibles	(1.9)
Fair value of net assets acquired	10.3

The fair value of trade and other receivables acquired is £2.5m which has a gross contractual value of £2.7m. The best estimate at the acquisition date of the contractual cash flows not to be collected is £0.2m.

In the period from acquisition to 31 December 2018, the acquired business generated revenue of £8.2m and trading profit of £5.6m. Had the acquisition completed on 1 January 2018, and the results consolidated from the commencement of the 2018 financial year, the acquired business would have generated revenue of £8.4m and £5.6m of trading profit.

Intangible assets recognised on consolidation
i) Brand
£0.9m has been recognised in respect of the acquired brand name, representing its inherent value. MVC is one of the UK's leading voucher codes businesses with circa 2.5m monthly visits. The brand valuation has been determined using a relief from royalty approach. A brand royalty rate of 3.5% and a post-tax discount rate of 11.7% have been applied. The useful economic life has been assessed as 5 years.

ii) Customer relationships
£7.8m has been recognised in respect of the customer relationships held by The Global Voucher Group Limited. The intangible value has been determined using a multi-period excess earnings model. A post-tax discount rate of 11.7% has been applied to forecast cash flows relating to the existing customers. The useful economic life of the customer relationships has been assessed as an average of 5 years.

iii) Technology
£2.1m has been recognised in respect of the technology acquired in the acquisition. The entity has a website, mobile app and supporting infrastructure in order to enable customers to use the vouchers. The software infrastructure can also be used as a white label product to other providers. A post-tax discount rate of 11.7% has been applied. The useful economic life has been assessed as 5 years.

b) Energylinx Limited and Energylinx for Business Limited
On 13 June 2018 the Group acquired 100% of the ordinary share capital of Energylinx Limited and Energylinx for Business Limited (and its subsidiaries) for total consideration of £10.4m. Cash consideration of £8.2m was paid upfront, a working capital adjustment of £0.4m was paid in October following agreement of the completion balance sheet, and £1.8m deferred consideration is payable after 2 years if key personnel remain with the business. The purchase will be accounted for as a business combination under the acquisition method in accordance with IFRS 3.

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Energylinx is a leading UK energy switching and price comparison service with strong commercial relationships. The business complements Gocompare's core price comparison services, provides a number of key partnerships in this sector and supports the Group's automation strategy, Savings as a Service.
The net assets acquired and goodwill are as follows:

	On acquisition £m
Purchase consideration	8.7
Fair value of assets acquired (summarised below)	2.8
Goodwill	5.9

The goodwill recognised is attributable to the profitability of the Energylinx businesses and its leading position as an energy price comparison website. The Group also expects to benefit from synergies, including Energylinx becoming the provider for Gocompare's energy comparison services.

The fair value of assets and liabilities arising on acquisition have been determined as follows:

	Fair value £m
Cash and cash equivalents	0.5
Property, plant and equipment	0.0
Intangibles – Brand name	0.7
Intangibles – Technology	1.0
Intangibles – Database	0.3
Intangibles – Customer relationships	1.1
Trade and other receivables	1.3
Trade and other payables	(1.6)
Deferred tax arising on acquired intangibles	(0.5)
	2.8

The fair value of trade and other receivables acquired is £1.3m, which have a gross contractual value of £1.5m. The best estimate at the acquisition date of the contractual cash flows not to be collected is £0.2m.

In the period from acquisition to 31 December 2018, the acquired businesses generated revenue of £6.4m and trading profit of £2.1m. Had the acquisition completed on 1 January 2018, and the results consolidated from the commencement of the 2018 financial year, the acquired business would have generated £8.8m and £3.7m of trading profit.

Intangible assets recognised on consolidation
i) Brand
£0.7m has been recognised in respect of the acquired brand name, representing its inherent value. The brand valuation has been determined using a relief from royalty approach. A brand royalty rate of 4.0% and a post-tax discount rate of 13.4% have been applied. The useful economic life has been assessed as 10 years.

ii) Technology
£1.0m has been recognised in respect of the Technology acquired in the acquisition. There is value to the website infrastructure for both Energylinx and Energylinx for Business which is used to provide the capability for the price comparison services. This technology is licensed to customers as a white label site through which

Energylinx generates licence fee income. The technology valuation has been determined using a relief from royalty approach. A technology royalty rate of 8.0% has been applied, being the expected return generated from licensing this capability. A post-tax discount rate of 13.4% has been applied. The useful economic life has been assessed as 5 years.

iii) Databases
£0.3m has been recognised in respect of the databases acquired in the acquisition. Energylinx provides pricing data to energy partners and other customers. The valuation of the database has been determined using a relief from royalty approach. A database royalty rate of 2.0% and a post-tax discount rate of 13.4% has been applied. The useful economic life of the database has been assessed as 5 years.

iv) Customer relationships
£1.1m has been recognised in respect of the customer relationships held by Energylinx. The intangible value has been determined using a multi-period excess earnings model. A post-tax discount rate of 13.4% has been applied to forecast cashflows relating to the existing customers. The useful economic life of the customer relationships has been assessed as an average of 10 years.

None of the business combinations that completed during the year had any goodwill that is expected to be deductible for tax purposes.

12. Investments in equity instruments
On 30 June 2017 the Group acquired a minority shareholding in Mortgage Gym Limited (MGL) for consideration of £1.0m. On 10 October 2017 the Group acquired a minority shareholding in Souqalmal Holdings Limited for consideration of £1.5m.

On 30 July 2018, the Group acquired additional shares in MGL, increasing the shareholding to 26%. As a result, the investment in MGL has been recognised as an associate from this point.

	2018 £m	2017 £m
At 1 January	**2.5**	–
Additions	**–**	2.5
Fair value gains	**0.2**	–
Reclassification of investment to investment in associate	**(1.2)**	–
At 31 December	**1.5**	2.5

The equity investments are identified as follows:

	2018 £m	2017 £m
Mortgage Gym Limited	**–**	1.0
Souqalmal Holdings Limited	**1.5**	1.5
	1.5	2.5

The equity investment in Souqalmal Holdings Limited is classified as measured at FVOCI and is 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.

At the year end, fair value has been determined based on an assessment of the financial forecasts of the businesses on which a risk weighting has been applied. The Directors have also considered the valuation determined by reference to the purchase price paid by other investors and the achievement of key business milestones for each of the two companies. The investment in Souqalmal Holdings Limited 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 consider that the fair value disclosed represents a materially reasonable valuation of the equity investment held.

13. Investment in associates

On 30 July 2018, the Group's equity interest in Mortgage Gym Limited (MGL) increased to 26% and it became an associate of the Group from that date.

MGL is a digital mortgage robo-adviser based in the UK and is a private entity that is not listed on any public exchange.The Group's interest in Mortgage Gym Limited is accounted for using the equity method in the consolidated financial statements.

The following table summarises the financial information of Mortgage Gym Limited as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Mortgage Gym Limited. The information for 2018 presented in the table includes the results of Mortgage Gym only for the period from 30 July to 31 December 2018, because Mortgage Gym Limited became an associate on 30 July 2018.

	2018 £m	2017 £m
Non-current assets	**0.9**	–
Current assets	**1.5**	–
Non-current liabilities	**–**	–
Current liabilities	**(0.4)**	–
Net assets (100%)	**2.0**	–
Group's share of net assets (26%)	**0.5**	–
Revenue	**0.0**	–
Profit from continuing operations (100%)	**(1.9)**	–
Other comprehensive income (100%)	**–**	–
Total Comprehensive Income (100%)	**(1.9)**	–
Group's share of total comprehensive income for the year (26%)	**(0.5)**	–

14. Intangible fixed assets

	Goodwill £m	Acquired intangibles £m	Software and website costs £m	Total £m
Cost				
At 1 January 2017	2.5	–	1.8	4.3
Additions	–	–	1.5	1.5
Disposals	–	–	(1.1)	(1.1)
At 31 December 2017	2.5	–	2.2	4.7
Additions	32.6	13.9	7.8	54.3
Disposals	–	–	(0.3)	(0.3)
At 31 December 2018	**35.1**	**13.9**	**9.7**	**58.7**
Accumulated amortisation				
At 1 January 2017	–	–	1.3	1.3
Amortisation charge	–	–	0.6	0.6
Disposals	–	–	(1.1)	(1.1)
At 31 December 2017	–	–	0.8	0.8
Amortisation charge	–	2.4	1.8	4.2
Disposals	–	–	(0.2)	(0.2)
At 31 December 2018	**–**	**2.4**	**2.4**	**4.8**
Net book value				
At 31 December 2018	**35.1**	**11.5**	**7.3**	**53.9**
At 31 December 2017	2.5	–	1.4	3.9

Capitalised development costs are not treated as a realised loss for the purpose of determining distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

Goodwill recognised includes amounts arising on the acquisitions of Gocompare.com Limited, The Global Voucher Group Limited, Energylinx Limited and Energylinx for Business Limited. Goodwill is allocated to separate cash-generating units as appropriate. The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

For the assessment carried out at 31 December 2018, the recoverable amounts of each separate cash-generating unit are based on their value in use, which is determined using cash flow projections derived from financial plans approved by the Board covering a three-year period. They reflect the Board's expectations of revenue, EBITDA growth, capital expenditure, working capital and operating cash flows which are based on past experience and future expectations of performance. Cash flows beyond the three-year period have been extrapolated using perpetuity growth rates.

A terminal value growth rate of 2% (2017: 3%) has been applied in each period to extrapolate the cash flows into perpetuity. Growth has been capped at this rate so as not to exceed the long-term expected growth rate of the UK which the cash-generating units operate in. The pre-tax discount rate used was 13% (2017: 13%) which is based on the Group's weighted average cost of capital plus a risk premium. The Board is comfortable that a reasonable change in the underlying assumptions would not indicate an impairment.

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During the year, the Group incurred £nil external research and development expenditure (2017: £0.2m). Amounts incurred in respect of internally capitalised development costs are included within the 'Software and website costs' category of the intangibles table above.

15. Property, plant and equipment

	Fixtures, fittings and equipment £m	Total £m
Cost		
At 1 January 2017	2.3	2.3
Additions	0.8	0.8
Disposals	(0.3)	(0.3)
At 31 December 2017	2.8	2.8
Additions	0.5	0.5
Disposals	(0.3)	(0.3)
At 31 December 2018	**3.0**	**3.0**
Accumulated depreciation		
At 1 January 2017	1.0	1.0
Depreciation charge	0.5	0.5
Disposals	(0.2)	(0.2)
At 31 December 2017	1.3	1.3
Depreciation charge	0.5	0.5
Disposals	(0.3)	(0.3)
At 31 December 2018	**1.5**	**1.5**
Net book value		
At 31 December 2018	**1.5**	**1.5**
At 31 December 2017	1.5	1.5

16. Trade and other receivables

	2018 £m	2017 £m
Trade receivables	**12.0**	12.5
Less: provision for impairment of trade receivables	**(0.3)**	(0.1)
Trade receivables – net	**11.7**	12.4
Prepayments	**6.8**	4.1
Accrued Income	**8.5**	2.2
	27.0	18.7
Analysis of past due debt:		
1-30 days overdue	**0.7**	3.8
31-60 days overdue	**0.4**	0.2
61-120 days overdue	**0.5**	0.1
	1.6	4.1

The increase in trade and other receivables is reflective of the investments made, as both of the acquired businesses have a longer working capital cycle than Gocompare.com.

17. Cash and cash equivalents

	2018 £m	2017 £m
Cash at bank	**11.9**	24.5

18. Trade and other payables

	2018 £m	2017 £m
Trade payables	**7.7**	5.4
Corporation tax	**3.6**	3.3
Social security and other taxes	**3.1**	3.6
Accrued expenses	**11.9**	8.8
Deferred income	**0.7**	–
	27.0	21.1

19. Borrowings

	2018 £m	2017 £m
At 1 January	**63.9**	73.1
Changes from financing cash flows		
Repayment of term loan borrowings	**(10.0)**	(10.0)
Draw down of borrowings under revolving credit facility	**34.0**	–
Repayment of borrowings under revolving credit facility	**(9.0)**	–
Interest paid on term loan	**(1.7)**	(1.4)
Total changes from financing cash flows	**13.3**	(11.4)
Other changes		
Accrued interest on term loan	**2.2**	2.2
Total other changes	**2.2**	2.2
At 31 December	**79.4**	63.9

In 2016, the Group executed a Debt Facility Agreement which included a term loan borrowing of £75.0m and a £10.0m committed revolving credit facility. The term loan was fully drawn on 1 November 2016 and is repayable in £10.0m annual instalments with a balancing payment due by 1 November 2021. Interest is payable at LIBOR plus a margin which is dependent on the leverage of the Group's consolidated net borrowings.

On 18 December 2017 the Group executed an Amendment and Restatement of its Debt Facility Agreement effective as of 4 January 2018. This increased the committed revolving credit facility from £10.0m to £40.0m along with the provision of a further uncommitted Accordion facility of £20.0m. No changes to the covenants or repayment terms were made.

As at 31 December 2018, the Group had £25.0m drawn under the revolving credit facility, with £15.0m available to be drawn. The current interest rate is 1.90% plus LIBOR. An analysis of the Group's gross contractual liabilities are shown in note 21. The borrowings are unsecured.

20. Financial instruments
The following table sets out the financial assets and financial liabilities of the Group at year 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

	2018 £m	2017 £m
Financial assets:		
Investments in equity instruments	**1.5**	2.5
Trade and other receivables	**20.2**	14.6
Cash and cash equivalents	**11.9**	24.5
	33.6	41.6
Financial liabilities:		
Trade and other payables	**19.6**	14.1
Deferred consideration	**0.4**	–
Borrowings	**79.4**	63.9
	99.4	78.0

The assumptions used in determining the fair value of the Group's investments in equity instruments, which are classified as level 3, are set out in note 12.

21. Financial risk management
The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Group's financial risk management strategy is focused on maintaining effective working capital management. This includes managing repayment of the Group's borrowings to meet covenants and minimise leverage, ensuring cash is available for the payment of dividends to shareholders and having cash which could be used for potential investment opportunities. Financial risk management is the responsibility of the Finance department under policies approved by the Board of Directors. The Board receives timely information regarding the Group's exposures and the mitigating actions taken to manage to financial risk.

The Group has limited exposure to foreign currency risk as substantially all of the Group's income and expenditure is denominated in Pounds Sterling.

Credit risk
Credit risk is the risk that a counterparty will not be able to pay amounts in full when due in accordance with the term of the contract, causing the Group to incur a financial loss. The Group's primary exposure to credit risk is the amounts due from its Partners.

The creditworthiness of potential Partners is reviewed as part of a detailed due diligence check prior to becoming accepted as a partner. The integrity and creditworthiness of Partners is regularly reviewed as part of the Partner audit process. An analysis of all trade receivables past due is produced on a monthly basis and there is proactive engagement with any partner who has a balance outstanding that is outside the agreed terms. The Group has a small allowance for doubtful accounts and has not had any material bad debts during the current or prior period. An analysis of trade receivables past due is included within note 16.

Liquidity risk
Liquidity risk is the risk that the Group, although solvent, may not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The primary liquidity risk of the Group is its obligation to pay amounts due to suppliers as they fall due and to ensure that the interest and principal repayments on its debt facility are also paid as they fall due. The Group is cash generative and has 30-day payment terms with all its key Partners. Liquidity risk is managed through a regular performance monitoring process which includes cash flow forecasting against actuals. The Group plans its repayment of borrowings and dividend payments in line with cycles of cash generated from operations and also has access to draw down on available committed borrowings facilities should this be required. The Group has in place a £40.0m committed revolving credit facility which is available to be drawn and repaid as required. At 31 December 2018, the Group had £25.0m drawn under this facility which, in the absence a renewal being instructed by the Group, would require repayment. The Group has the ability and the expectation to renew the draw down and therefore this balance will remain drawn until such a time that the Group chooses to repay the debt either in part or in full.

The table below provides a maturity analysis of the Group's financial liabilities:

	Balance sheet amount £m	Gross contractual cash flows £m	Less than 3 months £m	Between 3 months and 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 December 2018							
Trade and other payables	**22.8**	**22.8**	**20.5**	**2.3**	–	–	–
Deferred consideration	**0.4**	**0.4**	–	–	**0.4**	–	–
Borrowings	**79.4**	**83.6**	**25.0**	**11.5**	**11.2**	**35.9**	–
At 31 December 2017							
Trade and other payables	17.8	17.8	15.5	2.3	–	–	–
Borrowings	63.9	69.6	0.4	11.3	11.2	46.7	–

Interest rate risk
The Group's interest rate risk arises from its borrowings, which are issued at a variable rate of interest and therefore net finance costs could be adversely impacted by an increase in the LIBOR rate. In addition, the coupon rate applied to the debt varies depending on the leverage of the Group's borrowings. The Group has

considered a reasonably possible scenario of interest rates rising by 1% over the next 12 months which would lead to an additional interest cost of £0.8m (2017: £0.6m) based on the principal of borrowings outstanding at the year end. Whilst the Group has an exposure to interest rate risk, hedging has not been applied. In line with the Group's financial risk management strategy, the potential impact of a reasonably likely increase in interest rate is deemed to be acceptable in the context of the Group's overall forecast earnings and hedging is not currently deemed to be a cost-effective way of managing this risk.

The Group has the ability to repay borrowings early and considers the benefit of doing this as part of its wider working capital management and investment strategy.

Capital management
The Group's objective in managing capital is to safeguard its ability to continue as a going concern and for it to deliver on its strategic objectives. This includes ensuring there are sufficient funds for the repayment of the Group's borrowings, payment of dividends to shareholders, capital investment and to have funds available for

potential investment opportunities. The Group is subject to financial covenants as part of its Debt Facility Agreement and therefore capital resources are also managed to ensure that these are complied with. Additionally, one of the Group's subsidiaries is subject to regulatory capital requirements and this is also taken into account when managing the Group's capital resources.

Capital comprises share capital, share premium and reserves (together total equity as set out in the Statement of Changes in Equity) as well as borrowings.

22. Provisions for liabilities

	Provisions £m
At 1 January 2017	1.0
Released/utilised in the year	(0.9)
(Credited)/charged to profit and loss in the year	1.0
At 31 December 2017	1.1
At 1 January 2018	**1.1**
Released/utilised in the year	0.4
(Credited)/charged to profit and loss in the year	(0.1)
At 31 December 2018	**1.4**

Included within provisions are amounts for:
'Not taken up' provision – an estimate is made for policies which may be cancelled within the 14-day cooling-off period;
Life clawback provision – an estimate of amounts of commission which may need to be paid back for life insurance policies that may be cancelled;
Dilapidation provision – an estimate of rectification work associated with one of the buildings leased by the Group; and
Media provision – variable payment associated with the Group's advertising costs.

The 'not taken up' and media provisions are expected to be settled fully within 12 months. The dilapidation provision is expected to be utilised or released at the point the Group vacates those premises – the lease for which runs to 2028 with a break clause in 2023. A portion of the life clawback provision is expected to be utilised in the next 12 months, with the remainder in the subsequent three years.

Analysis of total provisions:

	2018 £m	2017 £m
Current	**1.0**	0.7
Non-current	**0.4**	0.4
Total	**1.4**	1.1

23. Deferred tax

	Deferred tax asset £m	Deferred tax liabilities £m
At 1 January 2017	0.3	–
Released/utilised in the year	(0.3)	–
Credited/(charged) to profit and loss in the year	0.5	–
Credited/(charged) to equity in the year	0.3	–
At 31 December 2017	0.8	–
At 1 January 2018	**0.8**	**–**
Arising on acquisition	–	(2.5)
Released/utilised in the year	–	–
Credited/(charged) to profit and loss in the year	0.5	0.2
Credited/(charged) to equity in the year	(0.6)	–
At 31 December 2018	**0.7**	(2.3)

Deferred tax balances are attributable to:

	2018 £m	2017 £m
Accelerated capital allowances	**–**	0.1
Share based payments	**0.6**	0.7
Other timing differences	**0.1**	0.0
Total deferred tax asset	**0.7**	0.8
Accelerated capital allowances	**(0.3)**	–
Acquired intangibles	**(2.0)**	–
Total deferred tax liability	**(2.3)**	–

24. Share capital

	2018 £m	2017 £m
Called up and fully paid		
418,409,446 Ordinary shares of £0.0002 each *(2017: 418,338,382 of £0.0002 each)*	**0.1**	0.1

The Group has a number of equity-settled share schemes in place. The maximum number of shares that may be issued under these existing award schemes is set out in note 26.

25. Share premium

	2018 £m	2017 £m
Share premium	**2.7**	2.7

26. Share-based payments

The Group has a number of equity-settled, share-based compensation plans. Since admission of the Group to the London Stock Exchange, arrangements have been put in place for employee incentives in Gocompare.com Group plc shares. These include the Executive Foundation Awards and the 2017 Performance Share Plan (PSP), as well as the Free Share Awards, Partnership and Save As You Earn shares under the all-employee Share Incentive Plan (SIP). Details of the share-based compensation plans and their financial effect are set out below.

The share-based payment charge recognised in the Statement of Comprehensive Income is attributed to each of the schemes as shown:

	2018 £m	2017 £m
Foundation Awards	**(0.0)**	2.0
2017 PSP	**0.6**	0.5
2018 PSP	**0.6**	–
Free Share Awards	**0.0**	0.0
Partnership Shares	**0.1**	0.1
Save As You Earn - 2016	**0.1**	0.1
Save As You Earn - 2017	**0.0**	0.0
Save As You Earn - 2018	**0.0**	–
	1.4	2.7

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

Thousands of shares	Foundation Awards	2017 PSP	2018 PSP	Free Share Awards	SAYE schemes	Total
At 1 January 2017	13,600	–	–	343	–	13,943
Awards granted during the period	–	3,502	–	–	1,414	4,916
Awards exercised during the period	–	–	–	–	–	–
Awards forfeited during the period	(143)	(26)	–	(39)	(86)	(294)
At 31 December 2017	13,457	3,476	–	304	1,328	18,565
Awards granted during the period	–	–	3,259	–	300	3,559
Awards exercised during the period	–	–	–	–	–	–
Awards forfeited during the period	(321)	(426)	(470)	(37)	(115)	(1,369)
At 31 December 2018	**13,136**	**3,050**	**2,789**	**267**	**1,513**	**20,755**

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price (£)	Vesting date
Foundation Awards	**nil**	**2019**
2017 PSP	**nil**	**2020**
2018 PSP	**nil**	**2021**
Free Share Awards	**nil**	**2019**
Save As You Earn - 2016	**0.50**	**2019–2021**
Save As You Earn - 2017	**0.90**	**2020–2022**
Save As You Earn - 2018	**0.95**	**2021–2023**

a) Foundation Awards

The Foundation Awards were issued under the Performance Share Plan (PSP), which is a discretionary share plan for the Group's Executive and Senior Management. The Foundation Awards were granted on 15 November 2016, save for one award which was granted on 1 December 2016. The awards are subject to financial performance conditions and other criteria, against which performance has been tested at the end of 2017 and 2018. The Remuneration Committee have confirmed a vesting level of 24% and an extension from a one year post vesting holding period to a two year period from the vesting date of 28 February 2019 for the Executive Directors. Further information is set out in the Directors' Remuneration Report.

In addition, the Foundation Awards are subject to an additional term, which will allow the Board to lapse the awards in their entirety or reduce the level of vesting of each award if it considers that the vesting level is not appropriate having regard to the underlying financial performance of the Company over the performance period has not been satisfactory. The awards are also subject to malus and clawback provisions.

The awards are subject to an operating financial profit performance condition and the fair value of the awards was estimated using a Black-Scholes valuation model. The inputs into the model were:

Grant date	15 Nov 2016
Share price at grant	£0.63
Exercise price	£nil
Volatility % p.a.	50.0%
Dividend yield % p.a.	nil
Risk-free rate %	0.20%
Expected life	2.3 yrs

b) 2017 Performance Share Plan (PSP)

The Group has awarded an equity settled Performance Share Plan (the 2017 PSP) to the Executive Directors and Senior Management. The 2017 PSP Awards were granted on 29 March 2017, save for one award which was granted on 5 April 2017. 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. The inputs into the model were:

Share price at grant – 29 March 2017	£0.92
Share price at grant – 5 April 2017	£0.93
Exercise price	£nil
Volatility % p.a.	34.0%
Dividend yield % p.a.	nil
Risk-free rate %	1.10%
Expected life	3yrs
Fair value per share – TSR	£0.54
Fair value per share – EPS	£0.92

c) 2018 Performance Share Plan (PSP)

The Group has awarded an equity settled Performance Share Plan (the 2018 PSP) to the Executive Directors and Senior Management. The 2018 PSP Awards were granted on 28 March 2018. 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. The inputs into the model were:

Share price at grant – 28 March 2018	£1.13
Exercise price	£nil
Volatility % p.a.	32.6%
Dividend yield % p.a.	nil
Risk-free rate %	1.10%
Expected life	3yrs
Fair value per share – TSR	£0.66
Fair value per share – EPS	£1.13

d) Share Incentive Plan – Free shares

Upon listing on the London Stock Exchange in 2016, the Group offered all eligible employees a free shares award granting shares to each eligible employee free of charge, subject to a three year service period. The details of the award are set out below:

Grant date	16 Dec 2016
Share price at grant	£0.70
Exercise price	£nil
Volatility % p.a.	50.0%
Dividend yield % p.a.	nil
Risk-free rate %	0.20%
Expected life	2.3 yrs

The volatility assumptions for the Awards are based on an annualised rate of historical share price movements for the Group.

e) All employee Save As You Earn scheme

The Group operates a Save As You Earn scheme whereby eligible employees are able to save between £5 and £500 a month for a three or five year period in order to use those savings to purchase shares at an exercise price which may not be manifestly less than 80% of the market value of a share at the date of invitation.

f) All employee Share Incentive Plan (SIP) partnership and matching shares

Eligible employees are able to buy shares using their pre-tax salary at their prevailing market value at acquisition. For every partnership share bought, employees are granted an additional free matching share. The plan is restricted to the lower of £1,800 and 10% of the employee's salary. Acquisitions of partnership shares take place on a monthly basis with matching shares vesting three years after grant, subject to ongoing employment and retention of the partnership shares. Any dividends payable on the partnership and matching shares are reinvested in dividend shares.

g) 2017 Deferred Bonus Plan (DBP)

A portion of the annual bonuses for the Executive Directors are deferred into a share based award (DBP Award) under the DBP. The intention is that DBP Awards will normally vest in three equal tranches on the first, second and third anniversaries of the grant date although the DBP will allow for the DBP Awards to be subject to different vesting schedules at the Board's discretion. If Awards are made as nil-cost options, they will normally be exercisable (to the extent vested) from vesting until the tenth anniversary of the grant date.

Scheme limits
The rules of the various Plans described above provide that, in any 10 year rolling period, not more than 10%. 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 PSP and the DBP provide that, in any 10 year rolling period, not more than 5%. 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).

Gocompare.com shares transferred out of treasury under the Plans will count towards these limits for so long as this is required under institutional shareholder guidelines. Gocompare.com 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.

27. Dividends

	2018 £m	2017 £m
Dividends paid during the year	**6.3**	2.9

In October 2017, a dividend of £2.9m was paid equivalent to 0.7 pence per share.
In May 2018, a dividend of £2.9m was paid, equivalent to 0.7 pence per share.
In September 2018, a dividend of £3.3m was paid, equivalent to 0.8 pence per share.

28. Operating lease commitments
The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 **£m**	2017 £m
Land and buildings		
Within 1 year or on demand	**0.9**	0.4
More than 1 year but less than 5 years	**2.5**	1.8
More than 5 years	**-**	0.1
	3.4	2.3

The operating leases relate to buildings that the Group occupies. The accounting for the leases will fall within the scope of IFRS 16 - Leases which the Group will adopt from 1 January 2019.

29. Contingent liabilities
The Group occasionally encounters claims arising from disputes incidental to its operations, potentially resulting in cash outflows and additional cost being recognised in the Statement of Comprehensive Income. At the point of signing these financial statements such disputes exist, but the Group does not believe it has a liability and has not made a provision. The estimated extent of the possible aggregated liability ranges from zero to a maximum of £1m and is not expected to have a material adverse effect on the Group.

30. Related parties
These financial statements consolidate the results of the Company and its subsidiaries. The nature of the Group's subsidiaries and their principal activities are set out in note 31. 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 IAS24.

The following transactions took place with related parties during the year:

a) Key management compensation

Key management includes the Executive and Non-Executive Directors of Gocompare.com Group plc. The remuneration received by these Directors is disclosed in the Remuneration Report. The share-based payment charge in relation to Executive Directors is £0.5m (2017: £1.1m).

b) Other related party transactions

The Group paid fees of £88,000 (2017: £40,000) to companies in which one of the Directors of the Group has a controlling interest. The arrangements were made under normal commercial terms with consideration settled in cash. The amount outstanding at each period end was £nil (2017: £nil).

31. Ultimate parent company

Gocompare.com Group plc is a public limited company listed on the London Stock Exchange.

This is the largest and smallest group to consolidate the results of the company and its subsidiaries at 31 December 2017 and 31 December 2018.

32. Related undertakings

Set out below are the related undertakings of the company at 31 December 2018:

	Country of incorporation	Class of shares held	Principal activity	Percentage of shares held
Direct undertakings				
Gocompare.com Finance Limited	United Kingdom	Ordinary	Financing company for the Group	100%
Indirect undertakings				
Gocompare.com Limited	United Kingdom	Ordinary	Internet-based price comparison website	100%
Gio Compario Limited	United Kingdom	Ordinary	Dormant	100%
Go Compare Limited	United Kingdom	Ordinary	Dormant	100%
The Global Voucher Group Limited	United Kingdom	Ordinary	Online voucher code aggregator	100%
Last Second Ticketing Limited	United Kingdom	Ordinary	Non-trading	100%
Revivve Limited	United Kingdom	Ordinary	Non-trading	100%
Happiour Limited	United Kingdom	Ordinary	Non-trading	100%
Energylinx Limited	United Kingdom	Ordinary	Internet-based energy price comparison website	100%
Energylinx for Business Limited	United Kingdom	Ordinary	Internet-based energy price comparison website	100%
Energylinx for Business Trading Limited	United Kingdom	Ordinary	Non-trading	100%
Business Energy Online Limited	United Kingdom	Ordinary	Dormant	100%

The registered office of Energylinx Limited, Energylinx for Business Limited, Energylinx for Business Trading Limited and Business Energy Online is The E-Centre, Cooperage Way Business Village, Alloa, Clackmannanshire, FK10 3LP.

The registered office of the Group's remaining undertakings is the same as the Group's registered address: Imperial House, Imperial Way, Newport, Gwent, NP10 8UH.

33. Full year results

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2018 or 2017 but is derived from those accounts. Statutory accounts for 2017 have been delivered to the registrar of companies, and those for 2018 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.