



# Q1 FY25 results

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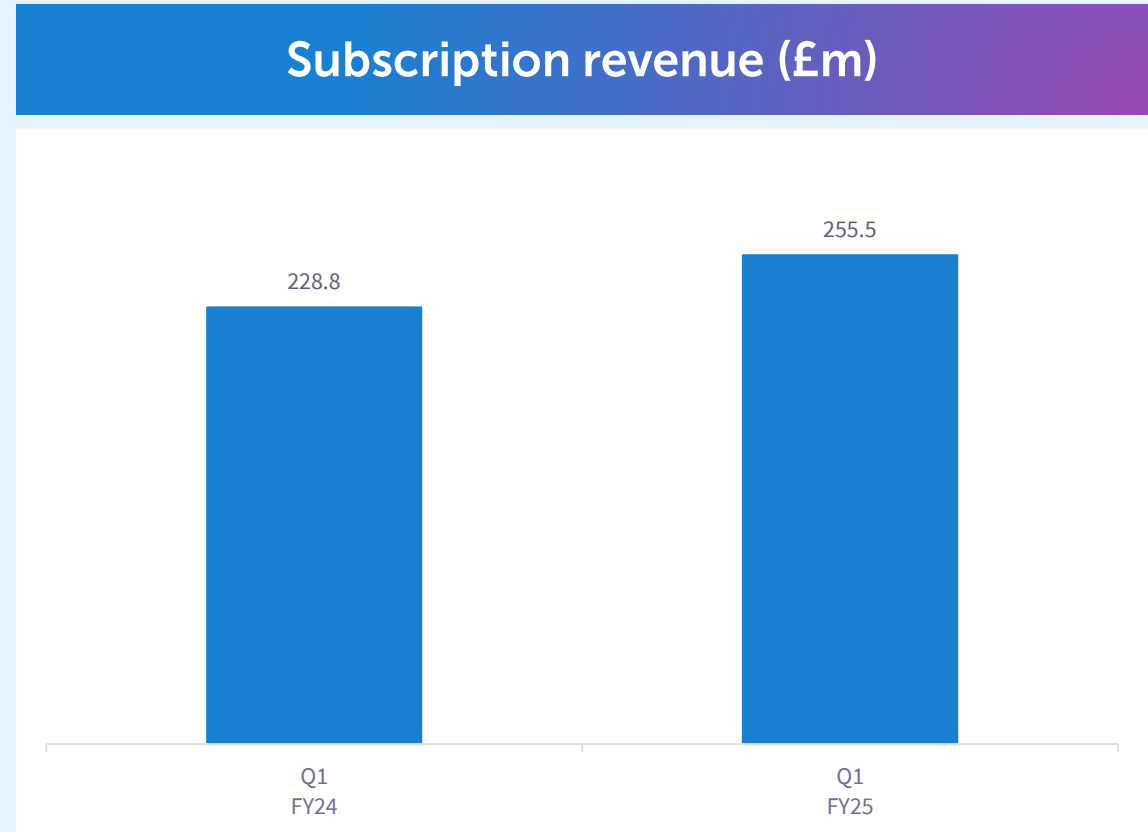
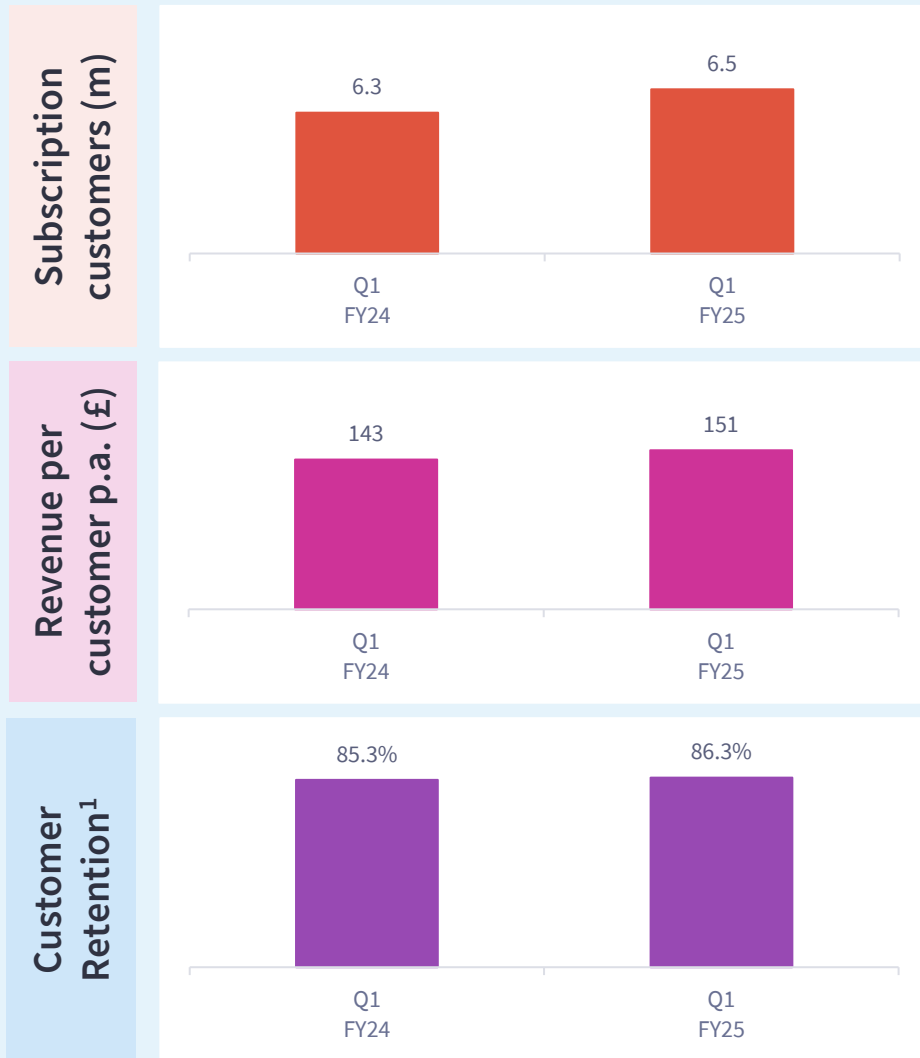
23 August 2024

# Q1 FY25 highlights

Strong financial performance reflecting the strength and resilience of our subscription business model, partnership networks and underlying cost discipline

- Group revenue of £290m, +11% vs Q1 FY24 (Q1 FY24: £261m)
- 12% Group subscription revenue growth to £256m (Q1 FY24: £229m)
- 10% adjusted EBITDA growth to £42m (Q1 FY24: £38m)
- Net debt of £758m (FY24: £756m) with a 0.1x leverage reduction to 5.1x
- Substantial solvency ratio of 202% (FY24: 192%)
- Secured a 5-year contract extension with John Lewis & Partners
- US subscription customer growth continues at a higher rate vs FY24 performance with c.150k live customers as at 30 June 2024

# Our subscription model

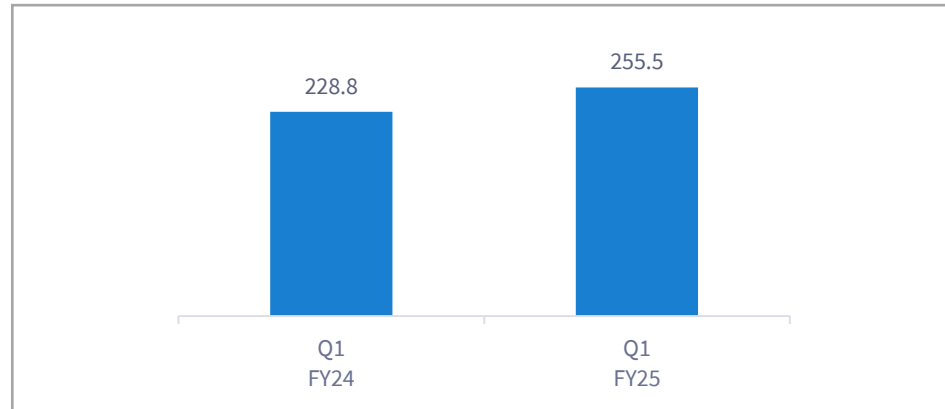


The underlying drivers of our subscription revenue continue to perform well resulting in 12% growth

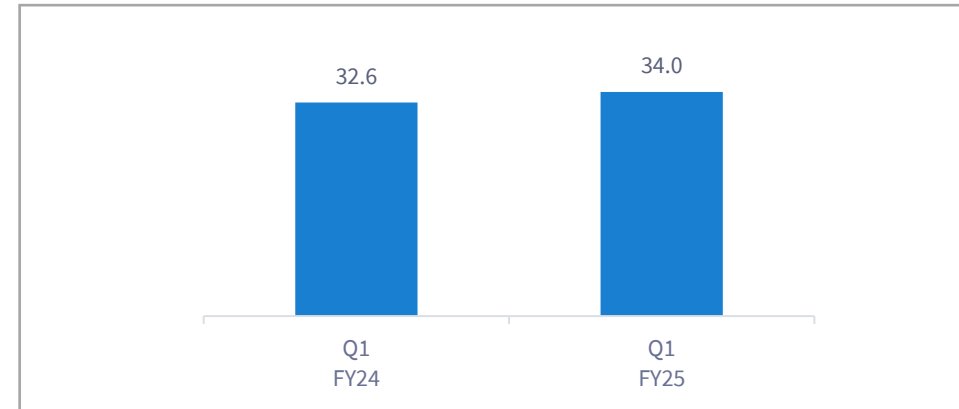
1. Excludes US

# Continued strong financial performance

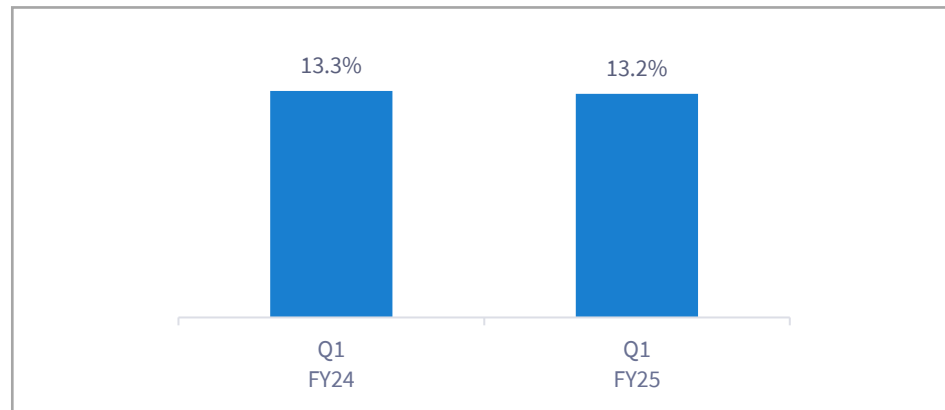
## Subscription revenue (£m)



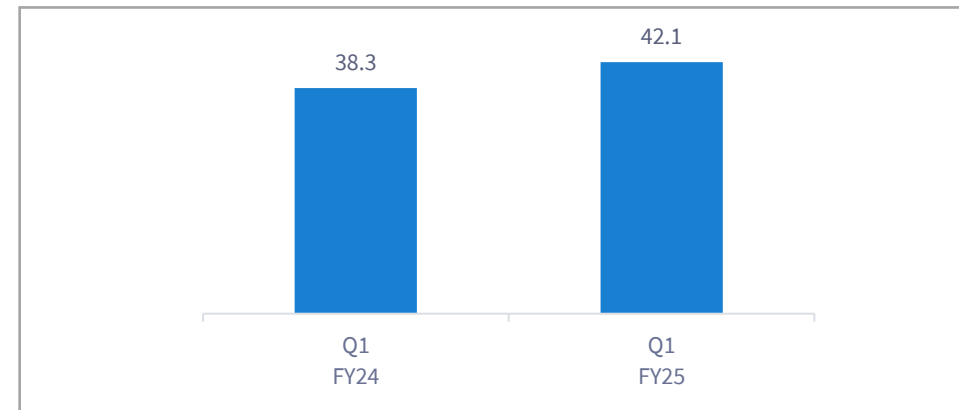
## Non-subscription revenue<sup>1</sup> (£m)



## LTM adjusted EBITDA<sup>2</sup> margin (%)



## Adjusted EBITDA<sup>2</sup> (£m)



1. Q1 FY25 non-subscription revenue has grown driven by the addition of 3 months of After Inc revenues of £9.4m compared to one month in Q1 FY24 of £3.1m.

2. Adjusted EBITDA represents profit before tax adjusted for depreciation and amortisation, significant items and other finance expenses.

# Continued growth in subscription revenue

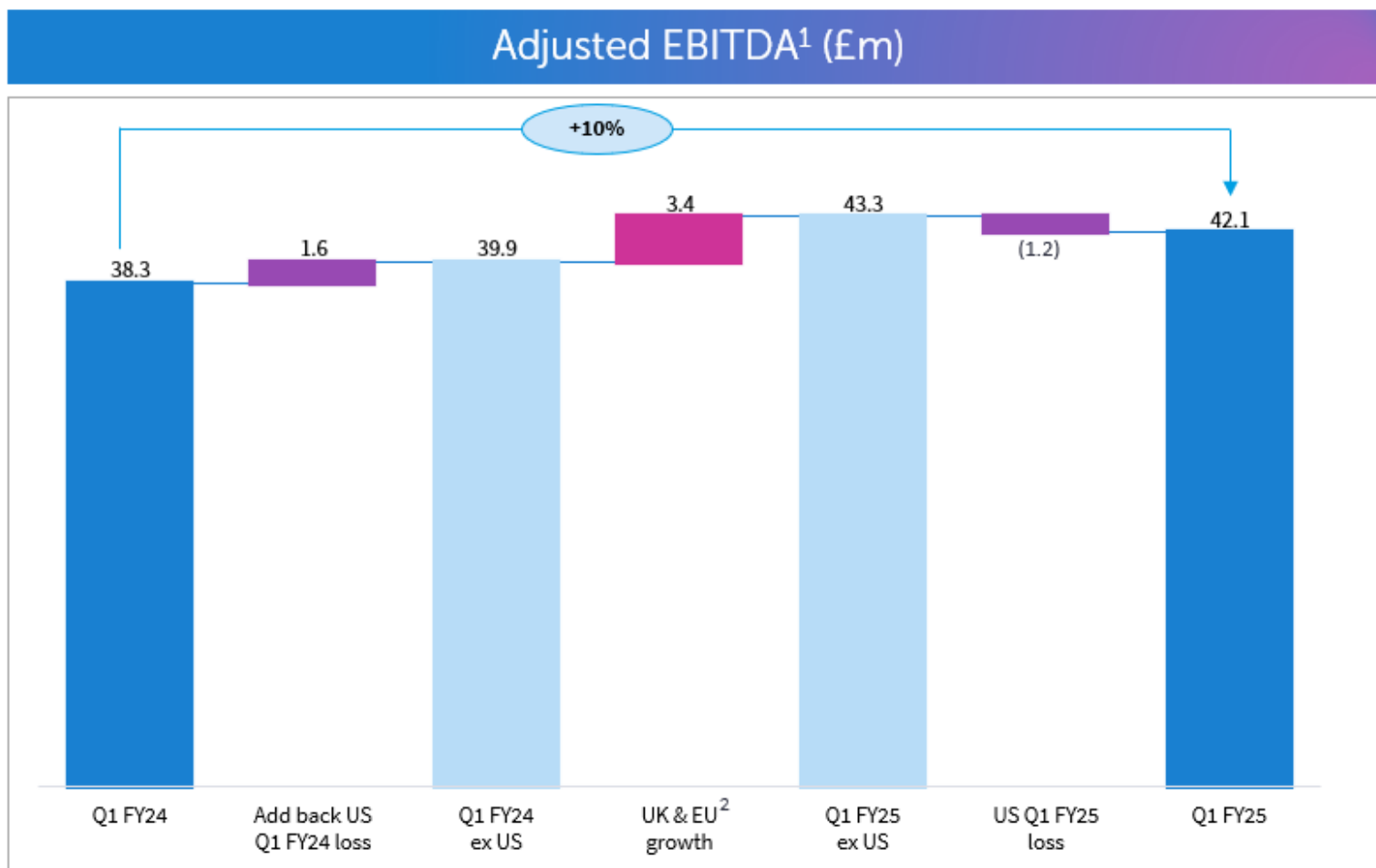
	3 months to 30 June (£m)	FY25	FY24	Change
Subscription revenue	UK	215.1	196.6	9%
	Europe & Other <sup>1</sup>	34.5	30.2	14%
	US	5.9	2.0	n/a
	<b>Group subscription revenue<sup>2</sup></b>	<b>255.5</b>	<b>228.8</b>	<b>12%</b>
Non-subscription revenue	UK	10.1	9.9	2%
	Europe & Other <sup>1</sup>	14.5	19.6	(26)%
	US	9.4	3.1	n/a
	<b>Group non-subscription revenue<sup>2</sup></b>	<b>34.0</b>	<b>32.6</b>	<b>4%</b>
Total revenue	UK	225.2	206.5	9%
	Europe & Other <sup>1</sup>	49.0	49.8	(2)%
	US	15.3	5.1	n/a
	<b>Total Group revenue<sup>2</sup></b>	<b>289.5</b>	<b>261.4</b>	<b>11%</b>

- ① Strong Q1 growth in subscription revenue, up 12% vs FY24, with ‘Europe & Other’ subscription revenue up 14%. Subscription revenue represents 88% of total revenue (96% in UK, 70% in Europe & Other, 39% in US)
- ② Non-subscription revenue has grown overall, with the addition of a full quarter of After Inc revenue (vs 1 month in Q1 FY24) offsetting a planned reduction in European revenue
- ③ Year on year total Group revenue growth reflects continued momentum in subscription sales and the inclusion of After Inc revenues

1. Europe & Other revenue represents European and Australian businesses.

2. Revenue includes insurance revenue and other income and reflects the adoption of IFRS 17.

# Adjusted EBITDA growth



- Group adjusted EBITDA growth for the year of +10%
- EBITDA growth driven by continued strong trading performance and customer retention
- Year-on-year US losses slightly reduced, as business growth offsets investment in capabilities
- LTM adjusted EBITDA margin is in line with year-end at 13.2%
- Margin growth expected across territories as initiatives impact and revenue scale economies come to bear

1. Adjusted EBITDA represents profit before tax adjusted for depreciation and amortisation, significant items and other finance expenses.  
 2. Holding company costs are included in the UK segment.

# Cashflow and capitalisation

# Summary cash flow

3 months to 30 June	Q1 FY25	Q1 FY24
<b>Adjusted EBITDA ex US</b>	<b>43.3</b>	<b>39.9</b>
Change in unregulated working capital (ex Aus and US)	(9.7)	(5.0)
Excess regulated EBITDA over distributable reserves <sup>1</sup>	(9.6)	(11.9)
<b>Operating cash before capex</b>	<b>24.0</b>	<b>23.0</b>
<i>Operating cash conversion before capex (adj EBITDA ex US)</i>	<i>55%</i>	<i>58%</i>
Capital expenditure	(9.0)	(7.2)
<b>Operating free cash flow before US and Aus working capital</b>	<b>15.0</b>	<b>15.8</b>
<i>Operating cash conversion after capex (adj EBITDA ex US)</i>	<i>35%</i>	<i>40%</i>
Australia working capital	(0.7)	(2.4)
US Costs (excluding capital expenditure)	(6.0)	(2.0)
<b>Operating free cash flow</b>	<b>8.3</b>	<b>11.4</b>
<b>Adjusted EBITDA incl. US</b>	<b>42.1</b>	<b>38.3</b>
<i>Operating free cash conversion (adj EBITDA incl. US)</i>	<i>20%</i>	<i>30%</i>
Debt Interest	(6.1)	(5.0)
Corporation Tax and other	(2.2)	0.0
<b>Free Cash flow before significant items and M&amp;A</b>	<b>0.0</b>	<b>6.4</b>
RCF drawdown and cash equity subscription	2.0	61.7
Acquisition cash flows	0.0	(54.5)
Significant items	(2.1)	(1.4)
<b>Unrestricted cash flow</b>	<b>(0.1)</b>	<b>12.2</b>
<b>Unrestricted Cash b/f at 1 April</b>	42.5	55.6
<b>Unrestricted Cash c/f at 30 June</b>	<b>42.4</b>	<b>67.8</b>
<sup>1</sup> Excess of Reg EBITDA over change in distributable reserves:		
Regulated Business adjusted EBITDA	25.9	17.1
Change in distributable reserves in Regulated Business	(16.3)	(5.2)
	9.6	11.9

- Q1 cash conversion includes timing impacts relating to annual variable remuneration paid in the quarter and the run-off of legacy European non-subscription business.
- FY25 cash conversion expected to improve vs FY24 due to reduced cash impact from non-subscription business run-off, as guided previously
- Capital expenditure reflects investment in IT capabilities
- US cash flows reflect working capital investments to secure business growth
- Unrestricted cash remains in line with its year end position





# Capitalisation

	Q1 FY25		Q4 FY24		Maturity	Price
	£m	Adj EBITDA Multiple	£m	Adj EBITDA Multiple		
2 Unrestricted Cash Reserves	42.4		42.5			
3 Super Senior RCF	(39.0)		(37.0)		Apr-26	SONIA + 3.00%
Senior Secured FRN (€200m) <sup>1</sup>	(180.6)		(180.6)		Jul-26	EURIBOR + 5.00%
Senior Secured Notes	(405.0)		(405.0)		Jul-26	6.50%
<b>Senior Secured Net Debt</b>	<b>(582.2)</b>		<b>(580.1)</b>			
Senior Notes	(150.0)		(150.0)		Jul-27	9.25%
<b>Bank and Bond Debt Net of Cash</b>	<b>(732.2)</b>		<b>(730.1)</b>			
Lease liabilities	(25.8)		(26.0)			
<b>Total Net Debt</b>	<b>(758.0)</b>	<b>1 5.1x</b>	<b>(756.1)</b>	<b>5.2x</b>		
<b>LTM underlying adjusted EBITDA (£m)</b>		<b>149.4</b>		<b>145.7</b>		

1. €200m senior secured floating rate note is translated at transaction date spot rate as the currency exposure is fully hedged.  
 2. Leverage is calculated using adjusted EBITDA determined inclusive of the impacts of IFRS 17. However, formal ratios, calculations and determinations under the Group's RCF agreement and bond indentures are required to be, and will continue to be, calculated based on IFRS disregarding the effect of IFRS 17.

- 1 Leverage has improved 0.1x since FY24 and is now at 5.1x, primarily driven by the growth in EBITDA
- 2 Unrestricted cash has remained stable at £42.4m
- 3 As at 30 June 2024, the Group had £98.5m of undrawn RCF capacity, inclusive of £30m allocated to uncalled letters of credit in support of the regulated business

# Appendix

## Revenue<sup>1</sup> progression– subscription and non-subscription

£m	FY25			FY24		
	Subs	Non-subs	Total	Subs	Non-subs	Total
Q1	255.5	34.0	<b>289.5</b>	228.8	32.6	<b>261.4</b>
Q2				238.1	37.7	<b>275.8</b>
Q3				241.7	38.1	<b>279.8</b>
Q4				247.0	36.5	<b>283.5</b>
<b>Full year Total Group</b>				<b>955.6</b>	<b>144.9</b>	<b>1,100.5</b>

1. Revenue includes insurance revenue and other income and reflects the adoption of IFRS 17.

## LTM underlying adjusted EBITDA calculation vs Q4 FY24

Adjusted<sup>1</sup> / underlying adjusted<sup>2</sup> EBITDA by quarter

£m	Q1 FY25			Q4 FY24		
	Adjusted EBITDA	Add: holdco Costs	U/L adjusted EBITDA	Adjusted EBITDA	Add: holdco Costs	U/L adjusted EBITDA
Q1 FY24				38.3	0.2	38.5
Q2 FY24	41.2	0.2	41.4	41.2	0.2	41.4
Q3 FY24	34.6	0.2	34.8	34.6	0.2	34.8
Q4 FY24	30.7	0.3	31.9	30.7	0.3	31.9
Q1 FY25	42.1	0.1	42.2			
<b>LTM</b>	<b>148.6</b>		<b>149.4</b>	<b>144.8</b>		<b>145.7</b>

<sup>1</sup> Adjusted EBITDA represents profit before tax adjusted for amortisation and depreciation, significant items and other finance expenses.

<sup>2</sup> Underlying adjusted EBITDA is adjusted EBITDA, as further adjusted to exclude holding company costs.

# Quarterly cash flow

3 months to quarter end (£m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
<b>Adjusted EBITDA ex US</b>	<b>39.9</b>	<b>42.5</b>	<b>35.2</b>	<b>29.8</b>	<b>43.3</b>
Change in unregulated working capital (ex Aus and US)	(5.0)	(11.0)	3.3	(13.7)	(9.7)
Excess regulated EBITDA over distributable reserves <sup>1</sup>	(11.9)	(0.1)	(12.5)	5.7	(9.6)
<b>Operating cash before capex</b>	<b>23.0</b>	<b>31.4</b>	<b>26.0</b>	<b>21.8</b>	<b>24.0</b>
<i>Cash conversion (adj EBITDA ex US)</i>	58%	74%	74%	73%	55%
Capital expenditure	(7.2)	(6.7)	(8.5)	(6.3)	(9.0)
<b>Operating free cash flow before US and Aus working capital</b>	<b>15.8</b>	<b>24.7</b>	<b>17.5</b>	<b>15.5</b>	<b>15.0</b>
<i>Cash conversion (adj EBITDA ex US)</i>	40%	58%	50%	52%	35%
Australia working capital	(2.4)	(2.6)	(1.7)	(2.2)	(0.7)
US Costs (ex capital expenditure)	(2.0)	(1.9)	(2.9)	(0.2)	(6.0)
<b>Operating free cash flow</b>	<b>11.4</b>	<b>20.2</b>	<b>12.9</b>	<b>13.1</b>	<b>8.3</b>
<b>Adjusted EBITDA incl. US</b>	<b>38.3</b>	<b>41.2</b>	<b>34.6</b>	<b>30.7</b>	<b>42.1</b>
<i>Reported cash conversion</i>	30%	49%	37%	43%	20%
Debt Interest	(5.0)	(26.7)	(5.0)	(25.7)	(6.1)
Corporation Tax and other	0.0	(0.3)	(2.6)	(2.1)	(2.2)
<b>Free Cash flow before significant items and M&amp;A</b>	<b>6.4</b>	<b>(6.8)</b>	<b>5.3</b>	<b>(14.7)</b>	<b>0.0</b>
RCF drawdown and cash equity subscription	61.7	0.0	0.0	7.0	2.0
Acquisition cash flows	(54.5)	0.0	(4.3)	(0.8)	0.0
Significant items	(1.4)	(0.6)	(5.2)	(5.2)	(2.1)
<b>Unrestricted cash flow</b>	<b>12.2</b>	<b>(7.4)</b>	<b>(4.2)</b>	<b>(13.7)</b>	<b>(0.1)</b>
<b>Unrestricted Cash b/f</b>	55.6	67.8	60.4	56.2	42.5
<b>Unrestricted Cash c/f</b>	<b>67.8</b>	<b>60.4</b>	<b>56.2</b>	<b>42.5</b>	<b>42.4</b>
<sup>1</sup> Excess of Reg EBITDA over change in distributable reserves:					
Regulated Business adjusted EBITDA	17.1	14.2	10.8	1.2	25.9
Change in distributable reserves in Regulated Business	(5.2)	(14.1)	1.7	(6.9)	(16.3)
	11.9	0.1	12.5	(5.7)	9.6

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