28 November 2019

XPS Pensions Group plc

Solid progress in building the platform

Unaudited interim results for the half year ended 30 September 2019

Financial highlights:

Half year ended 30 September	**2019**	**2018**	**Change YoY**
Pensions Administration	£20.3m	£17.0m	19%
Pensions Investment Consulting	£4.2m	£3.8m	11%
Pensions Actuarial and Consulting	£27.7m	£27.7m	-
SSAS/SIPP	£3.0m	£3.0m	-
NPT	£1.1m	£0.7m	57%
Total Revenue	**£56.3m**	**£52.2m**	**8%**
Adjusted EBITDA(1) (2)	£13.3m	£12.0m	11%
Total profit/(loss) before tax	£4.4m	(£1.1m)	-
Basic EPS	1.6p	0.2p	-
Adjusted diluted EPS(2)	**4.1p**	**4.2p**	**(2%)**
Interim year dividend	2.3p	2.3p	-

(1) Adjusted measures exclude the impact of exceptional and non-trading items: acquisition related amortisation, share based payments, corporate transaction costs, restructuring costs and other items considered exceptional by virtue of nature, size and incidence. See note 3 for further details.

(2) Includes the impact of IFRS 16 – Leases. Excluding the impact of adopting the standard from 1 April 2019, adjusted EBITDA in the half year ended 30 September 2019 is £12.2m (up 2% YoY) and adjusted fully diluted EPS was 4.2p (flat YoY). See the Financial Review and note 1 for further details of the impact of IFRS 16.

- Total revenue growth of 8% driven primarily by double digit growth in Pensions Administration, Pension Investment and NPT, while Pensions Actuarial and Consulting and SSAS/SIPP were flat YoY
- Adjusted EBITDA up 11% YoY including the impact of IFRS 16 and up 2% YoY excluding the impact of IFRS 16
- Adjusted operating profit before tax was £10.3m (2018: £10.6m)
- Exceptional and non-trading items in the half year were £5.9m (2018: £11.7m)
- Interim dividend of 2.3p (2018: 2.3p) per share

Operational Highlights:

- Issues in the Pensions Actuarial and Consulting business addressed, with increased resourcing and key strategic hires. New streamlined structure yielding results, trading improved throughout H1
- Operational integration completed with successful exit from IT Transitional Services Agreement ("TSA"). Finance and HR functions completed their first six months post-TSA
- Continued strong development of the XPS brand, winning Pensions Actuarial Firm of the Year and Third Party Administrator of the Year at UK Pensions Awards in May 2019
- Strong client retention and satisfaction in addition to an increasing number of invitations to pitch for large mandate opportunities. Net new 'recurring revenue' business wins of c.£2m pa in H1
- NPT achieved master trust authorisation from the Pensions Regulator
- Continued strong staff satisfaction evidenced by positive staff survey results
- Continue to deliver on bolt on acquisition strategy with purchase of Royal London Corporate Pensions Services Limited (May 2019) and recent acquisition of Trigon Professional Services Limited (31 October 2019)

Outlook

The Board is pleased with the Group's first half performance and anticipates that the results for the full year will be in-line with its expectations.

Paul Cuff, Co-CEO of XPS Pensions Group, commented:

“We are pleased with our overall progress, including in the Pensions Actuarial and Consulting business where we have achieved a number of new client wins. With increased resourcing levels and key strategic hires, this business unit is well placed to return to growth in the second half of the year.

The good progress we have made on operational integration puts us in a strong position to take advantage of the market opportunities before us. Our new business pipeline across the Group remains healthy and our industry profile combined with our expertise means we are well placed to convert these opportunities.”

Analyst and Investor Presentation

A presentation will be held for equity analysts and investors today at 8:00 a.m. (BST) at Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT.

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Notes to Editors

XPS Pensions Group plc is a UK specialist in pensions actuarial, investment consulting and administration, providing a wide range of services to over 1,200 pension scheme clients. The XPS Pensions Group combines expertise, insight and technology to address the needs of both pension trustees and sponsoring companies. The Group has 1,200+ employees, of which approximately 90 per cent are client facing, with 15 offices providing the Group with access to staff, expertise and clients across the UK.

Forward Looking Statements

This announcement may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date such statements are published.

Co-CHIEF EXECUTIVES' REVIEW

Solid progress in building the platform

A key focus in H1 was addressing the issues in our Pensions Actuarial and Consulting business, and we made good progress in this area, increasing resourcing and streamlining our go to market strategy. We also successfully exited the IT TSA with Punter Southall Group, which was a big milestone.

The Group made progress in a number of other areas too, and we were delighted in May 2019 to win both 'Actuarial Firm of the Year' and 'Administration Firm of the Year' at the UK Pensions Awards. This was a real endorsement of the position of the brand achieved less than 18 months after the enlarged XPS business was created, and it set us up very well in the pursuit of new business. Our Pensions Administration business also came top of the annual Professional Pensions Survey (an independent survey of service users across the market). This was the fifth time in six years we have come top of this survey.

Market backdrop

A core part of our business model is that regulatory change that affects our clients is good for us, as our clients need support to adjust to the changing environment.

We continued to see regulatory change in H1 that will help to drive future activity levels. In particular, the Pensions Regulator has indicated they will soon issue guidance on a fundamental overhaul on how they will regulate the funding of defined benefit schemes. A Pensions Bill was also tabled before parliament but has been delayed; however, we understood it had cross-party support so we may see something emerge after the general election.

The CMA review of investment consulting continues to provide us with opportunities, and we won a number of new fiduciary oversight roles in H1. We expect further fiduciary oversight opportunities to emerge as deadlines for mandatory reviews and re-tenders approach.

Elsewhere, GMP equalisation activity was slow, in part caused by hold ups at HMRC on technical matters, but these delays seem to be clearing. We are seeing an increased appetite from clients to 'get on with it' and expect GMP work volumes to gradually increase in H2 and into FY2021.

In terms of competitor activity, consolidation and speculation about ownership and independence of other firms in the sector continues. As an independent and nimble competitor, we continue to see opportunities to win clients and hire good people against this backdrop.

Operational integration - exit from the IT TSA

An important achievement in H1 was the successful exit from the TSA in respect of IT. We had already exited the TSA in respect of Finance and HR at the end of FY2018/19, and so with IT now also completed we are now a standalone, independent business. The only remaining TSA service we receive is in respect of Facilities, and we expect to exit this early in 2020.

Our finance and HR functions have adapted well to operating post-TSA, however we will be aiming to improve the working capital position through streamlined finance processes, and this is something we will work on in H2.

Addressing the issues in Pensions Actuarial and Consulting

An area of focus for us throughout H1 was the Pensions Actuarial and Consulting business, where we faced challenges with resourcing and stream-lining market strategies in the previous year. We appointed a new head of this business unit, Patrick McCoy, who had previously been the head of our growing Pensions Investment Consulting unit. We have worked on the resourcing of the business, and have hired a number of people at various levels. We also increased the number of new university graduates we have taken, so that the business is set up for future growth.

At the same time, we have significantly streamlined the Pensions Actuarial and Consulting business. We have created a new 'Pensions Solutions' group, which ensures we focus and capitalise on key industry developments as well as pushing commercially focused content through the business. This drives client activity, making sure our consultants are able to introduce clients to value adding solutions in a proactive way. The Pensions Solutions group replaces the legacy structures of Xafinity and Punter Southall with a more streamlined approach, making us more efficient and increasing the capacity in the business for chargeable work.

The performance of the Pensions Actuarial and Consulting business improved as these changes took effect throughout H1, and this business unit is well placed to return to growth in H2 and beyond.

Pensions Administration continuing positive momentum

Our Pensions Administration business performed well in H1. The revenue growth was driven by the increase in members under administration versus prior periods.

We continue to have a strong market position, validated by the awards we won during the period which are helpful in new business discussions. We won a number of new appointments in H1 and will be busy on-boarding new clients in H2 – we expect members under administration to increase by around 45,000 during this period.

Pensions Investment Consulting continuing to grow

Our Pensions Investment Consulting business grew during H1, as new clients came on stream. As mentioned above, we are also continuing to benefit from the CMA review and the opportunities it is driving in the area of Fiduciary Management Oversight.

We continue to invest in the business. We released Version 3 of Radar, which improves the service we offer clients and drives activity (this also benefits our Pensions Actuarial and Consulting division) and we hired new senior staff, adding new heads of investment consulting in both Manchester and Edinburgh. Both of these hires were from a 'Big 3' competitor.

National Pensions Trust (NPT) achieves authorisation and SSAS/SIPP continues to deliver

The Pensions Regulator has introduced an authorisation regime for master trusts, aiming to materially decrease the number of trusts in the market and to ensure all those remaining are high quality secure vehicles for long term pension saving.

NPT achieved authorisation in August, and with the authorisation process now completed it is one of 37 regulated master trusts in the market (down from over 85 previously). We continue to invest in NPT to seek to take advantage of opportunities in this growing market.

Our SSAS/SIPP business delivered flat revenues YoY and is poised for modest growth in H2.

Growing new business momentum across the Group

During H1 we saw a significant amount of new business activity. We won new clients worth a net incremental c.£2m pa of recurring revenue in the period. These wins were across the Group, and pleasingly we won a number of new large mandate appointments in the Pensions Actuarial and Consulting business. We are increasingly seeing the benefits of the market dynamic of pressure on the 'Big 3' and the larger administration firms; over 60% of our new business opportunities came from these sources during the period.

Good satisfaction levels among key stakeholders

Client retention during H1 remained high, and we were pleased with the results of a wide ranging client survey we carried out. 94% of our clients expressed overall satisfaction with us, and around 80% of our clients said they were 'very satisfied' or 'delighted' with the work we do for them.

Staff morale remains positive too. In our annual staff survey, 86% of our staff agree or strongly agree that XPS is a good place to work; a modest increase on the score of 85% last year. This is very positive after another year in which staff have seen a lot of integration activity.

Bolt on acquisition strategy continuing

In May 2019 we completed the acquisition of Royal London Corporate Pensions Services Limited, which provides actuarial and administration services to small defined benefit pension schemes. The integration of this business has proceeded well, and during the summer our new colleagues moved offices to join our existing Edinburgh team. We now have critical mass in Edinburgh, with around 70 staff in one location in the centre of the city.

We have also completed another small acquisition after the end of H1. We acquired Trigon Professional Services Limited, an owner managed pensions consulting and administration firm in Bristol. We already had a presence in Bristol, with around 40 people in a dedicated administration office, and this acquisition almost doubles our presence there and widens the range of services we can provide in that location.

People changes

We hired a number of key client facing staff over the period, in addition to the two senior hires in investment consulting mentioned above. In the area of bulk annuity advice, we have hired a very experienced consultant to develop our offering in this growing part of the market.

Outlook

We are pleased with the progress we made in H1, and seeing the changes we have made in the Pensions Actuarial and Consulting business gradually bear fruit as the period progressed has been reassuring.

We anticipate that the results for the full year will be in-line with the Board's expectations.

Financial Review

Half year ended 30 September	2019 (2)	2018	Change YoY	2019 Excl. IFRS 16
Revenue	£56.3m	£52.2m	8%	£56.3m
Adj. Administration expenses(1)	(£43.0m)	(£40.2m)	7%	(£44.1m)
Adj. EBITDA1	**£13.3m**	**£12.0m**	**11%**	**£12.2m**
Adj. Depreciation & amortisation(1)	(£1.9m)	(£0.6m)	-	(£0.8m)
Adj. operating profit (1)	**£11.4m**	**£11.4m**	**-**	**£11.4m**
Exceptional and non-trading items	(£5.9m)	(£11.3m)	(48%)	(£5.9m)
Operating profit	**£5.5m**	**£0.1m**	**n/a**	**£5.5m**
Net finance expense (trading)	(£1.1m)	(£0.8m)	38%	(£1.0m)
Net finance expense (non-trading)	-	(£0.4m)	-	-
Profit/(loss) before tax	**£4.4m**	**(£1.1m)**	**-**	**£4.5m**
Tax	(£1.1m)	£0.2m	-	(£1.1m)
Profit/(loss) after tax	**£3.3m**	**(£0.9m)**	**-**	**£3.4m**
Basic EPS	1.6p	0.2p	-	
Adj. diluted EPS	**4.1p**	**4.2p**	**(2%)**	**4.2p**
Interim dividend	2.3p	2.3p	-	2.3p

(1) Adjusted measures exclude the impact of exceptional and non-trading items: acquisition related amortisation, share based payments, corporate transaction costs, restructuring costs and other items considered exceptional by virtue of nature, size and incidence.

(2) The above results for the half year ended 30 September 2019 include the impact of adopting IFRS 16 on 1 April 2019. The final column shows the results excluding the impact of IFRS 16. At profit before and after tax, the impact of adopting IFRS 16 is (£0.1m) and a reduction of 0.1 pence in the adjusted fully diluted EPS. See note 1 for further details.

Revenue

Total revenue for the six months ended 30 September 2019 was £56.3 million (2018: £52.2 million). Pensions Administration revenue was up 19%, Pensions Investments up 11%, NPT up 56% whilst Pensions Actuarial and Consulting and SASS/SIPP revenues were flat year on year.

Adjusted EBITDA

Adjusted EBITDA of £13.3m (2018: £12.0m) benefitted from the higher revenue as well as the adoption of IFRS 16 – Leases, as lease expenses which were previously included in administrative expenses are now included in depreciation and finance costs and so excluded from EBITDA.

Exceptional and non-trading items

During the half year ended 30 September 2019 the Group incurred the following exceptional and non-trading charges:

- Amortisation of acquired intangibles of £3.6m (2018: £8.0m)
- Share based payment charge of £0.5m (2018: £2.6m)
- Restructuring costs of £1.1m (2018: £0.8m);
- Corporate transaction costs of £0.4m (2018: £0.2m); and
- Settlement of historical contractual dispute £0.4m (2018: nil)

Net finance expenses (trading)

Net finance expense (trading) of £1.1m was £0.3m higher than the prior year owing to a higher net debt in the period as well as the adoption of IFRS 16.

Taxation

Tax charge on adjusted profit before tax for the half year was £1.8m (2018: £1.9m) equating to a corporation tax rate of 17.5% (2018:18.3%).

Basic EPS

Basic EPS in the half year ended 30 September 2019 was 1.6p vs 0.2p in the half year ended 30 September 2018. Prior year EPS was impacted by exceptional and non-trading items of £9.6m leading to a loss after tax from continuing operations of £0.9m partially offset by profit on the sale of discontinued operations of £1.4m.

Adjusted fully diluted EPS

Adjusted fully diluted EPS in the half year ended 30 September 2019 was 4.1p (2018: 4.2p). 2019 includes the impact of adoption of IFRS 16 – Leases.

Cash-flow, capital expenditure and net debt

The Group generated £2.6m from operating activities. After £4.7m on acquisition of the RL Corporate Pension Services Limited; £1.1m on capital expenditure; paying £8.7m dividend; £0.9m of interest, £0.8m of lease liabilities; £0.3m increase in restricted cash for the new NPT authorisation regime and drawing down £10.0m of committed facility; the net decrease in cash was £3.9m at 30 September 2019.

At 30 September 2019 net debt was £65.7 million (2018: £48.0 million). Leverage ratio for financing covenants was 2.34x (2018: 1.77x). At 30 September 2019, the Group had £12.75 million of undrawn committed facility.

Principal risks and uncertainties affecting the business

The principal risks and uncertainties affecting the Group's business activities remain those detailed within the Principal Risks and Uncertainties section of the Annual Report and Accounts for the year ended 31 March 2019 (pages 32-35).

Condensed Consolidated Statement of Comprehensive Income

for the period ended 30 September 2019

		Period ended 30 September 2019			Period ended 30 September 2018		
		Trading items	**Non-trading and exceptional items**	**Total**	Trading items	Non-trading and exceptional items	Total
		Unaudited	**Unaudited**	**Unaudited**	Unaudited	Unaudited	Unaudited
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	5	**56,264**	**–**	**56,264**	52,208	–	52,208
Other operating income		**–**	**–**	**–**	–	321	321
Administrative expenses		**(44,862)**	**(5,949)**	**(50,811)**	(40,814)	(11,617)	(52,431)
Profit/(loss) from operating activities		**11,402**	**(5,949)**	**5,453**	11,394	(11,296)	98
Finance income		**10**	**–**	**10**	14	–	14
Finance costs		**(1,085)**	**–**	**(1,085)**	(818)	(397)	(1,215)
Profit/(loss) before tax		**10,327**	**(5,949)**	**4,378**	10,590	(11,693)	(1,103)
Income tax (expense)/credit		**(1,808)**	**695**	**(1,113)**	(1,935)	2,109	174
Profit/(loss) and total comprehensive income/(loss) for the period		**8,519**	**(5,254)**	**3,265**	8,655	(9,584)	(929)
Profit on discontinued operation, net of tax		**–**	**–**	–	1,354	–	1,354
Profit/(loss) after tax		**8,519**	**(5,254)**	**3,265**	10,009	(9,584)	425
Memo							
EBITDA		**13,320**	**(2,385)**	**10,935**	12,033	(3,252)	8,781
Depreciation and amortisation		**(1,918)**	**(3,564)**	**(5,482)**	(639)	(8,044)	(8,683)
Profit/(loss) from operating activities		**11,402**	**(5,949)**	**5,453**	11,394	(11,296)	98

				Pence			Pence
Earnings/(loss) per share attributable to the ordinary equity holders of the Company:							
Profit or loss:							
Basic earnings per share	8	**4.2**		**1.6**	4.4		0.2
Diluted earnings per share	8	**4.1**		**1.6**	4.3		0.2
Profit or loss from continuing operations:							
Basic earnings/(loss) per share	8	**4.2**		**1.6**	4.3		(0.5)
Diluted earnings/(loss) per share	8	**4.1**		**1.6**	4.2		(0.5)

Condensed Consolidated Statement of Financial Position

as at 30 September 2019

	Note	**30 September 2019 Unaudited**	31 March 2019 Audited
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	1	**13,353**	2,104
Intangible assets		**209,740**	208,218
Deferred tax assets		**841**	840
Other financial assets		**1,300**	1,000
		225,234	212,162
Current assets			
Trade and other receivables		**37,144**	33,075
Cash and cash equivalents		**1,554**	5,539
		38,698	38,614
Total assets		**263,932**	250,776
Liabilities			
Non-current liabilities			
Loans and borrowings	6	**75,365**	56,962
Deferred income tax liabilities		**16,573**	16,370
		91,938	73,332
Current liabilities			
Loans and borrowings	6	**2,654**	49
Provisions for other liabilities and charges		**2,221**	2,033
Trade and other payables		**13,939**	17,414
Current income tax liabilities		**1,569**	1,393
Deferred consideration		**4**	152
		20,387	21,041
Total liabilities		**112,325**	94,373
Net assets		**151,607**	156,403
Equity			
Equity attributable to owners of the parent			
Share capital		**102**	102
Share premium		**116,797**	116,795
Merger relief reserve		**48,687**	48,687
Investment in own shares held in trust		**(167)**	(167)
Accumulated deficit		**(13,812)**	(9,014)
Total equity		**151,607**	156,403

Condensed Consolidated Statement of Changes in Equity

for the period ended 30 September 2019

	Share capital £'000	Share premium £'000	Investment in own shares £'000	Merger relief reserve £'000	Accumulated deficit £'000	Total equity/ (deficit) £'000
Balance at 1 April 2018 (as restated for IFRS 15)	*102*	*116,782*	*(465)*	*48,687*	*(11,728)*	*153,378*
Comprehensive income and total comprehensive income for the period	–	–	–	–	*425*	*425*
Contributions by and distributions to owners						
Share capital issued	–	*13*	–	–	–	*13*
Dividends paid	–	–	–	–	*(8,533)*	*(8,533)*
Share-based payment expense - equity settled from employee benefit trust	–	–	*290*	–	*1,709*	*1,999*
Share-based payment expense – IFRS2 charge in respect of long-term incentives	–	–	–	–	*1,277*	*1,277*
Deferred tax movement in respect of long-term incentives	–	–	–	–	*(24)*	*(24)*
Total contributions by and distributions to owners	–	*13*	*290*	–	*(5,571)*	*(5,268)*
Balance at 30 September 2018	***102***	***116,795***	***(175)***	***48,687***	***(16,874)***	***148,535***
Comprehensive income and total comprehensive income for the period	–	–	–	–	*11,083*	*11,083*
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	*(4,673)*	*(4,673)*
Share-based payment expense - equity settled from employee benefit trust	–	–	*8*	–	*(8)*	–
Share-based payment expense – IFRS2 charge in respect of long-term incentives	–	–	–	–	*1,582*	*1,582*
Deferred tax movement in respect of long-term incentives	–	–	–	–	*(124)*	*(124)*
Total contributions by and distributions to owners	–	–	*8*	–	*(3,223)*	*(3,215)*
Balance at 31 March 2019	**102**	**116,795**	**(167)**	**48,687**	**(9,014)**	**156,403**
Balance at 1 April 2019	**102**	**116,795**	**(167)**	**48,687**	**(9,014)**	**156,403**
Comprehensive income and total comprehensive income for the period	–	–	–	–	3,265	3,265
Contributions by and distributions to owners						
Share capital issued	–	2	–	–	–	2
Dividends paid	–	–	–	–	(8,738)	(8,738)
Share-based payment expense – IFRS2 charge in respect of long-term incentives	–	–	–	–	529	529
Deferred tax movement in respect of long-term incentives	–	–	–	–	146	146
Total contributions by and distributions to owners	–	2	–	–	(8,063)	(8,061)
Unaudited balance at 30 September 2019	102	116,797	(167)	48,687	(13,812)	151,607

Condensed Consolidated Statement of Cash Flows

for the period ended 30 September 2019

	Note	**Period ended 30 September 2019 Unaudited £'000**	Period ended 30 September 2018 Unaudited £'000
Cash flows from operating activities			
Profit for the period		**3,265**	425
Adjustments for:			
Depreciation		**1,594**	353
Amortisation		**3,889**	8,330
Finance income		**(10)**	(14)
Finance costs		**1,085**	1,215
Gain on sale of discontinued operations, net of tax		–	(1,164)
Share-based payment expense		**529**	1,277
Other operating income		–	(321)
Income tax expense/(credit)		**1,113**	(129)
		11,465	9,972
(Increase)/decrease in trade and other receivables		**(4,073)**	2,158
Decrease in trade and other payables		**(3,017)**	(2,314)
(Decrease)/increase in provisions		**(402)**	35
		3,973	9,851
Income tax paid		**(1,393)**	(1,799)
Net cash inflow from operating activities		**2,580**	8,052
Cash flows from investing activities			
Finance income received		**10**	14
Finance lease income received		**14**	–
Acquisition of a subsidiary, net of cash acquired	4	**(4,719)**	(1,425)
Purchases of property, plant and equipment		**(826)**	(1,137)
Purchases of software		**(294)**	(134)
Increase in restricted cash balances – other financial assets		**(300)**	–
Net cash outflow from investing activities		**(6,115)**	(2,682)
Cash flows from financing activities			
Proceeds from the issue of share capital		**2**	13
Proceeds from new loans	6	**10,000**	–
Sale of own shares		–	1,999
Interest paid		**(877)**	(523)
Lease interest paid		**(81)**	–
Payment of lease liabilities (September 2018: finance lease only)		**(756)**	(17)
Dividends paid to the holders of the parent		**(8,738)**	(8,533)
Net cash outflow from financing activities		**(450)**	(7,061)
Net decrease in cash and cash equivalents		**(3,985)**	(1,691)
Cash and cash equivalents at start of the period		**5,539**	9,404
Cash and cash equivalents at end of period		**1,554**	7,713

Notes to the Condensed Consolidated Financial Statements

for the period ended 30 September 2019

1 Accounting policies

XPS Pensions Group plc (the “Company”) is a public limited company incorporated in the UK. The principal activity of the Group is employee benefit consultancy and related business services. The registered office is Phoenix House, 1 Station Hill, Reading RG1 1NB. The Condensed Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”).

Basis of preparation and statement of compliance with IFRS

The annual financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS - IC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. These condensed financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

After making enquiries, the Directors have formed a judgement, at the time of approving the half-yearly financial results, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months. For this reason the Directors continue to adopt the going concern basis in preparing the condensed set of financial statements.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2019, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019, and will be adopted in the 2019/20 annual financial statements. The new standard which has given rise to changes in the Group’s accounting policies and which will be adopted in the annual financial statements for the year ended 31 March 2020 is IFRS 16 Leases.

Details of the impact of IFRS 16 Leases is given below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements (including IFRIC 23 Uncertainty over Income Tax Treatments) are not expected to impact the Group as they are either not relevant to the Group’s activities or require accounting which is consistent with the Group’s current accounting policies.

IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease, which were previously issued by the IFRS Interpretations Committee.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

(a) Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 April 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some classes of leases for short-term leases with a lease term of 12 months or less.

1 Accounting policies (continued)

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases. The right-of-use assets were recognised at the date of initial application (1 April 2019) at an amount equal to the lease liability, using the lessee company's current incremental borrowing rate. Comparative figures were not restated for these leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee company's incremental borrowing rate as at 1 April 2019. The lessee company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 2.60%.

The office space right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, rent-free periods and an adjustment for costs of removal and restoring.

A section of one of the Group's offices is sub-leased – under IFRS 16 this sub-lease is treated as a lease receivable. The sub-leased element is excluded from the asset value of that office.

The right-of-use assets will be depreciated over the life of the lease, this is between 1 and 10 years. The right of use assets are included within property, plant and equipment in Non-current Assets in the Statement of Financial Position. The lease liabilities are included in loans and borrowings in the Statement of Financial Position.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	1 April 2019 £'000
Right-of-use assets	9,249
Current assets	(378)
Lease receivable	43
Current liabilities	14
Lease liability	(8,928)

Included in profit or loss for the period are £1.1m of amortisation of right-of-use assets and £0.1m of finance expense on lease liabilities. Short-term lease expense included in the income statement for the period amounted to £0.1m.

The following table reconciles the minimum lease commitments disclosed in the Group's 31 March 2019 annual financial statements to the amount of lease liabilities recognised on 1 April 2019:

	1 April 2019 £'000
Minimum operating lease commitment at 31 March 2019	4,554
Less: short-term leases not recognised under IFRS 16	(90)
Plus: effect of extension options reasonably certain to be exercised	5,089
Undiscounted lease payments	9,553
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(625)
Lease liabilities recognised at 1 April 2019	8,928
Plus: rent prepayments at 1 April 2019	378
Less: adjustment to lease receivables and current liabilities	(57)
Right of use assets recognised at 1 April 2019	9,249

(b) Significant Accounting Policies subsequent to Transition

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
• Leases of low value assets; and
• Leases with a term of 12 months or less.
Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the lessee company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the

initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
• amounts expected to be payable under any residual value guarantee;
• the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
• any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
• lease payments made at or before commencement of the lease;
• initial direct costs incurred; and
• the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.
Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

Non trading and exceptional items

To assist in understanding its underlying performance, the Group has defined the following items of pre-tax income and expense as non-trading and exceptional items as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles and share based payments. Items treated as non-trading and exceptional include:

- corporate transaction and restructuring costs;
- amortisation of acquired intangibles;
- changes in the fair value of contingent consideration;
- share-based payments;
- profits or losses on disposal of assets or businesses; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as non-trading or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The non-trading and exceptional items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 3.

Critical accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods except where the implementation of IFRS16 discussed above requires a different approach to the accounting previously applied. Significant estimates and judgements that have been required for the implementation of this new standard were applied when assessing the appropriate Incremental Borrowing Rate (IBR) to be used for property lease present value calculations. In the first instance, the leases were reviewed to see if a rate was disclosed within them which could be used. As no rates were identified from the lease documents, the IBR calculated was based on the borrowing rate available to the Company entering into the lease (which corresponded to the Group's RCF rate), adjusted to take into consideration UK government bond rates corresponding to the length of the lease term. This rate was then adjusted for the lessee company's risk profile, and the difference between 5 years (the initial term of the Group's RCF) and the lease term based on UK bond yield adjustment as a %.

Functional and presentation currency

The Financial Statements are presented in British Pounds which is the functional currency of all Group entities. Figures are rounded to the nearest thousand.

1 Accounting policies (continued)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not effective for 2019, and therefore have not been applied in preparing XPS Pensions Group's financial statements. These new standards are not expected to have a material impact on the Group's consolidated financial statements.

2 Financial information

The financial information in this report was formally approved by the Board of Directors on 27 November 2019. The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts prepared under IFRSs for the year ended 31 March 2019 for XPS Pensions Group plc have been delivered to the Registrar of Companies. The auditor's report on these accounts was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The financial information in respect of the period ended 30 September 2019 is unaudited but has been reviewed by the Group's auditor. Their report is included at the end of this document. The financial information in respect of the period ended 30 September 2018 was unaudited but was reviewed by the Group's auditor.

3 Non-trading and exceptional items

	Period ended 30 September 2019 Unaudited £'000	Period ended 30 September 2018 Unaudited £'000
Corporate transaction costs [1]	**(391)**	(179)
Restructuring costs [2]	**(1,140)**	(754)
Settlement of historical contractual dispute [3]	**(389)**	-
Share-based payment costs [4]	**(465)**	(2,640)
Amortisation of acquired intangible assets [5]	**(3,564)**	(8,044)
Contingent consideration write back	–	321
Exceptional finance costs	–	(397)
Total before tax	**(5,949)**	(11,693)
Tax credit on non-trading and exceptional items	**695**	2,109
Non-trading and exceptional items after taxation	**(5,254)**	(9,584)

[1] Costs associated with the acquisitions of Royal London Corporate Pensions Services Limited and Trigon Professional Services Limited

[2] Restructuring costs include £1.0 million linked to integration of IT systems and coming off the IT TSA linked to the Punter Southall acquisition in January 2018. £0.1 million relates to residual Finance and HR integration

[3] During H1 2019/20, the Group agreed to pay a further £0.4 million to a supplier in relation to an historic contractual dispute.

[4] Consistent with the exceptional treatment since the Group's flotation, share-based payment expenses are included in non-trading and exceptional costs as they are a significant non-cash item

[5] During H1 2019/20 the Group incurred £3.6 million of amortisation charges in relation to acquired intangible assets (customer relationships and brand) (H1 2018/19: £8.0 million). The charge was significantly higher in the prior period due to an accelerated charge for brands acquired as part of the Punter Southall acquisition

4 Business combinations during the period

On 31 May 2019, the Group acquired 100% of the share capital of RL Corporate Pension Services Limited (RLCPS) from The Royal London Mutual Insurance Society Limited, for total consideration of £4.8 million in cash upon completion. RLCPS provides pensions actuarial, consulting and administration services to 150 smaller defined benefit pension schemes, covering 8,000 scheme members. The acquisition strengthens XPS's presence in the market for provision of full services to smaller defined benefit pension schemes.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value Unaudited £'000	Adjustment Unaudited £'000	**Fair value Unaudited £'000**
Receivables	341	–	**341**
Deferred tax asset	14	–	**14**
Cash	251	–	**251**
Payables	(84)	–	**(84)**
Customer relationships	–	4,800	**4,800**
Deferred tax liability	–	(816)	**(816)**
Total net assets	**522**	**3,984**	**4,506**

Fair value of consideration paid:

	£'000
Cash	**4,822**
Total consideration	**4,822**
Goodwill	**317**

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as the assembled workforce of the acquired entity and the expected growth in the business generated by new customers, which do not qualify for separate recognition.

The goodwill arising on the RLCPS acquisition is not deductible for tax purposes.

Since the acquisition date, RLCPS has contributed £1.2 million to Group revenues and £0.2 million to Group profit before tax. If the acquisition had occurred on 1 April 2019, Group revenue would have been £56.6 million and Group profit before tax would have been £5.0 million.

The net cash outflow in respect of acquisitions comprised:

	£'000
Cash paid for RLCPS	(4,822)
Cash balances held by RLCPS at date of acquisition	251
Cash paid relating to Punter Southall acquisition	(148)
Total cash outflow relating to acquisitions	**(4,719)**

5 Operating segments

In accordance with IFRS 8 'Operating Segments', an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker ('CODM') and for which discrete information is available. The Group's CODM is the Board of Directors.

The Group has one operating segment, and one reporting segment due to the nature of services provided across the whole business being the same, pension and employee benefit solutions. The Group's revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment. The table below shows the disaggregation of the Group's revenue, by product line.

Revenue from external customers	**Period ended 30 September 2019 Unaudited £'000**	Period ended 30 September 2018 Unaudited £'000
Pensions Actuarial and Consulting	**27,742**	27,756
Pensions Administration	**20,210**	16,973
Pensions Investment Consulting	**4,221**	3,793
National Pension Trust (NPT)	**1,055**	677
SSAS and SIPP	**3,036**	3,009
Total – Continuing operations	**56,264**	52,208
Discontinued operations:		
Healthcare	**–**	417
Total – Discontinued operations	–	417
Total	**56,264**	52,625

6 Loans and borrowings

At 30 September 2019, the Group held a drawn revolving credit facility of £67.25 million (31 March 2019: £57.25 million).

At 30 September 2019, the Group had access to a further undrawn rolling facility loan in the amount of £12.75 million (31 March 2019: £22.75 million). The related fees for access to the facility are included in the consolidated statement of comprehensive income. The revolving credit facility matures in December 2022.

Total debt was £78.0 million (31 March 2019: £57.0 million).

Lease liabilities due within one year are £2.6 million (31 March 2019:£0.1 million), with £8.5 million due after one year (31 March 2019:£0.2 million). The increase is predominantly due to the adoption of IFRS 16 Leases (see note 1). Of the lease commitments due after one year, £2.4 million are due before two years, £4.0 million is due between two and five years, and £2.2 million is due after five years. The range of lease terms are between one and ten years.

7 Financial Instruments

The fair values and the carrying values of financial assets and liabilities are the same.

At 30 September 2018 the only financial instrument held at fair value through profit or loss was contingent consideration of £6.7 million. At 31 March 2019 and 30 September 2019 there were no such financial instruments.

8 Earnings per share

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
Profit/(loss) for the period – continuing operations	**3,265**	(929)
Profit for the period – discontinued operations	**–**	1,354
Profit for the period – Total	**3,265**	**425**

Weighted average number of shares:	**'000**	'000
Weighted average number of shares in issue	**203,205**	203,129
Effects of:		
Outstanding share options	**4,651**	2,266
Diluted weighted average number of ordinary shares	**207,856**	205,395

Basic earnings/(loss) per share (pence) – continuing operations	**1.6**	(0.5)
Basic earnings per share (pence) – discontinued operations	**–**	0.7
Basic earnings per share (pence) – total	**1.6**	0.2
Diluted earnings/(loss) per share (pence) – continuing operations	**1.6**	(0.5)
Diluted earnings per share (pence) – discontinued operations	**–**	0.7
Diluted earnings per share (pence) – total	**1.6**	0.2

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

Adjusted earnings per share

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
Adjusted profit after tax – continuing operations	**8,519**	8,655
Adjusted profit after tax – discontinued operations	**–**	190
Adjusted profit after tax – total	**8,519**	8,845
Adjusted basic earnings per share (pence) – continuing operations	**4.2**	4.3
Adjusted basic earnings per share (pence) – discontinued operations	**–**	0.1
Adjusted basic earnings per share (pence) – total	**4.2**	4.4
Diluted adjusted earnings per share (pence) – continuing operations	**4.1**	4.2
Diluted adjusted earnings per share (pence) – discontinued operations	**–**	0.1
Diluted adjusted earnings per share (pence) – total	**4.1**	4.3

9 Dividends

Amounts recognised as distributions to equity holders of the parent in the period

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
Final dividend for the year ended 31 March 2019: 4.3p per share (2018: 4.2p)	**8,738**	8,533

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
Proposed interim dividend for the year ended 31 March 2020 of 2.3p (2019: 2.3p)	**4,690**	4,673

The final dividend for 2018/19 was paid on 26 September 2019. The final dividend has been reflected in the Statement of Changes in Equity.

The proposed interim dividend was approved by the Board on 26 November 2019 and has not been included as a liability at 30 September 2019.

10 Related party transactions

Key management emoluments during the year

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
Emoluments	**469**	1,148
Share-based payments	**(245)**	171
Company contributions to money purchase pension plans	**14**	15
Social security costs	**78**	228
	316	1,562

Directors' bonuses were included in the emoluments figure at 30 September 2018 (£0.4 million), these are not presented in the emoluments figure for 30 September 2019 as the bonus amount is dependent on full year results and are also at the discretion of the Remuneration Committee.

Share-based payments are a credit in the current period, due to a revision of the estimate of the expected vesting of historical awards.

Non-executive emoluments during the year

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
Emoluments	**180**	160
Social security costs	**18**	20
	198	180

Services provided to related parties during the year

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
PSFM Limited	**–**	36
PSFM SIPP Limited	**–**	1
Punter Southall Group Limited	**16**	10
Punter Southall Analytics Limited	**–**	12
Punter Southall Defined Contribution Consulting Limited	**–**	17
	16	76

During the period the Group provided services of £16,259 (2018/19: £76,014) to other related parties. These transactions were included in turnover.

All companies listed above are part of the Punter Southall Group Limited group, one of the Non-executive Directors of XPS Pensions Group is the Chief Executive of Punter Southall Group.

Services received from related parties during the year

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
Punter Southall Group Limited	**1,345**	2,209
Punter Southall Health and Protection Limited	**16**	3
CAMRADATA Analytical Services Limited	**13**	15
Punter Southall Defined Contribution Consulting Limited	**–**	1
Donna Cuff	**23**	19
	1,397	2,228

10 Related party transactions (continued)

During the period the Group paid administration costs of £1,397,408 (2018/19: £2,228,166) to other related parties. These transactions were included in administrative expenses.

All companies listed above are part of the Punter Southall Group. Donna Cuff is the wife of Paul Cuff (Co-CEO of XPS Pensions Group).

Amounts receivable/(payable) to related parties at the balance sheet date

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000
PSFM Limited	**–**	14
Punter Southall Group Limited	**16**	(617)
PS Independent Trustees Limited	**–**	2
Punter Southall Defined Contribution Consulting Limited	**–**	7
CAMRADATA Analytical Services Limited	**–**	(23)
	16	(617)

All companies listed above are part of the Punter Southall Group.

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured.

11 Post balance sheet events

On 31 October 2019, the Group acquired 100% of the share capital of Trigon Professional Services Limited from Trigon Pensions Holdings Limited for a total consideration of £3.9 million, comprising of £2.8 million in cash upon completion, and contingent cash consideration of £1.1 million. Trigon Professional Services Limited provides actuarial, administration, consultancy and investment advisory services. The transaction will further strengthen XPS's presence in the south-west of the UK, with the 40 Trigon staff based in Bristol joining the Group and doubling the size of XPS's presence in the city. The acquisition will create further opportunities in the local market, where Trigon already has a strong reputation for excellent client service.

At the date of authorisation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed.

A full purchase price allocation exercise is yet to be completed, however it is expected that some goodwill will be recognised. This goodwill represents items, such as the assembled workforce, which do not qualify for recognition as assets.

The goodwill that will arise on the Trigon Professional Services Limited acquisition will not be deductible for tax purposes.

The deferred cash consideration is payable contingent on the achievement of revenue targets. This is payable in October 2020. A maximum of £1.1 million will be payable as deferred cash consideration.

If the acquisition had occurred on 1 April 2019, group revenue would have been £57.7 million, and profit before tax would have been £5.1 million.

Costs relating to the acquisition of Trigon Professional Services Limited were £0.4 million.

Responsibility Statement

We confirm that to the best of our knowledge:

a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and provide a true and fair view as required by DTR 4.2.10;
b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of the important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
c) The interim management report and note 10 includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board,

Snehal Shah
Chief Financial Officer
27 November 2019

INDEPENDENT REVIEW REPORT TO XPS PENSIONS GROUP PLC

Introduction

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
Reading
United Kingdom
Date: 27 November 2019
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).