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

GoCo Group plc - Interim results for the six months ended 30 June 2019

25 July 2019

GoCo Group plc (The "Group" or "GoCo") announces its results for H1 2019, reflecting its continued disciplined approach to financial performance and investment into innovation to unlock growth. The Group is excited to announce the acquisition of Look After My Bills which, together with weflip, strengthens our proposition in energy savings.

Financial highlights and KPIs:

	H1-2019	H1-2018	YOY[6]
Revenue	£76.0m	£75.8m	0.3%
Price comparison marketing margin	45.6%	46.4%	-0.8ppts
Operating profit	£9.5m	£17.3m	-45.0%
Adjusted operating profit[1]	£12.5m	£21.0m	-40.4%
Leverage[2]	1.8x	1.7x	+0.1x
Basic EPS	1.5p	3.1p	-51.6%
Adjusted basic EPS	2.0p	3.8p	-47.4%
Savings made by customers[3]	£471m	£545m	-13.6%
Customer Interactions[4]	13.1m	14.9m	-12.2%
Gocompare.com average revenue per interaction[5]	£5.19	£4.80	+8.1%

Business highlights:

- Disciplined financial performance across the Group with revenue of £76.0m, +0.3% YoY
- Adjusted operating profit (AOP) down YoY due to investment into growing the Group's AutoSave proposition, weflip; AOP excluding the investment in weflip was stable at £20.6m
- Price Comparison business delivered flat revenue of £72.0m and stable marketing margin
- Car insurance conversion is up 1.2 ppt; continued conversion growth driven by continuous product improvements, broadly offsetting marketing inflation in a competitive market
- Group increase in revenue per interaction, +8.1% YoY
- Rewards continues to be profitable and cash generative, with a focus on execution leading to an increase in conversion of 1.3 ppt delivering stable revenue and increased Adjusted Operating Profit
- Interim dividend declared of 0.4 pence per share.

Delivering our strategy:

- Launched our innovative proposition offering up to £250 excess protection for customers; strengthening our position as the comparison service that looks after its customers at every stage of the insurance buying process
- Building our capabilities in energy, the acquisition of one of the fastest growing energy savings services, Look After My Bills, means the GoCo Group now has a combined customer base across Look After My Bills and weflip in excess of 175,000 live customers[7]
- Growth of data and tech-led business with continuing development of SaveStack, our proprietary technology platform
- Building our B2B distribution channels, we launched the first in-app energy comparison and switching service for bank customers in the UK, through our first partnership with the leading bank CYBG/ Virgin Money

Acquisition overview:

GoCo Group plc today announces that it has acquired This Is The Big Deal Limited (trading as Look After My Bills), one of the fastest growing energy savings services in the UK. Look After My Bills have already built a significant customer base in excess of 150,000 live customers[7]; following the acquisition, GoCo Group now has in excess of 175,000 live customers[7]. We believe that, like weflip, the business benefits from a transformative business model with deeper customer relationships, leading to greater loyalty that should deliver sustainable recurring revenue and higher customer lifetime value. Look After My Bills has operational and marketing expertise; a proven capability for switching customers, delivering a strong customer experience and acquiring a significant customer base at low cost of acquisition. We expect weflip and Look After My Bills to lead to a significantly higher EBITDA margin profile for GoCo Group and be transformative to Group earnings by 2022.

The acquisition complements GoCo Group's mission of saving people time and money, helping the Group to continue to find new ways to free customers from the boredom of sorting household bills.

Sir Peter Wood, Chairman, said:

"The Group's H1 2019 results reflect the disciplined performance of the core business alongside the strategic deployment of capital to grow weflip. Matthew and the leadership team are progressing at pace, delivering an exciting strategy that meaningfully helps consumers save time and money. The acquisition of Look After My Bills positions the Group as one of the UK's fastest growing energy savings services, providing a strong platform from which to continue to significantly grow our customer base and deliver value for our shareholders."

Matthew Crummack, Chief Executive Officer, said:
"The first six months of 2019 continued our transformation into a tech-led business. We maintained our disciplined approach in our Price Comparison business whilst working on the development of our new consumer-led proposition, offering up to £250 excess protection for customers.

"AutoSave is building momentum and is in a great position to address the needs of infrequent switchers. Our ambition is to rapidly scale customers and build our energy savings business to grow live customer[7] numbers by at least 25% in the next five months to the end of the year.

"We continue to develop SaveStack, our proprietary technology platform, which is able to power both our own brands and other people's, as demonstrated in our partnership with CYBG/Virgin Money, providing in app energy switching to banking customers."

Outlook
Following the acquisition of Look After My Bills, the Board expects to spend up to a further £4m on marketing and up to a further £3m on admin costs in H2, and to grow live AutoSave customer[7] numbers by at least 25% in the next five months to 31st December 2019. There are no other changes to the Board's expectations for the full year 2019.

For further information:

Nick Wrighton
Chief Financial Officer,
GoCo Group
t: 01633 655 051
e: IR@gocompare.com

Alex Jessop
VP Investor Relations,
GoCo Group
t: 01633 654060
e: alex.jessop@gocompare.com

Chris Barrie / Jos Bieneman / Elizabeth Kittle
Citigate Dewe Rogerson
t: 0207 638 9571
e: gocompare@citigatedr.co.uk

Victoria Rees
PR Manager,
GoCo Group
t: 01633 654731 / 07702 901247
e: victoria.rees@gocompare.com

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

Notes:

1. Adjusted operating profit represents operating profit, after adding back amortisation of acquired intangibles, transaction costs, other exceptional corporate costs and Foundation Award share-based payment charges.
2. Leverage ratio is calculated as net debt divided by 12 month rolling Adjusted EBITDA.
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. Live customers defined as those who have provided full switching authority to enable a switch net of churned customers

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, the Group disclaims any obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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

Business review

GoCo Group continues to transform into a tech-led business, powered by our SaveStack platform. Our exciting acquisition of Look After My Bills, means GoCo Group now comprises five leading brands all focusing on saving people everywhere, time and money. Through the first half of 2019, we continued to take a disciplined approach to our financial performance with revenue flat at £76.0m. In a competitive environment, we've delivered first-half adjusted operating profit of £12.5m (H1 18: £21.0m), reflecting our investment in weflip. Excluding our investment into weflip, adjusted operating profit was stable Year on Year at £20.6m (H1 18: £21.2m).

It has been a busy H1, and I'm pleased with the Group's developments, but there is plenty more to do in H2. Our core Comparison business operates in a demanding market and we continue to take controlled decisions to benefit the Group. With the launch of our new customer-led brand proposition to drive awareness and preference we are well placed for H2 and expect the car insurance switching market to return to growth. Together with weflip, our acquisition of Look After My Bills, means we are now one of the fastest growing energy savings services in the UK with over 175,000 live customers[7]. This provides us with the perfect springboard to continue to rapidly scale the business through H2 2019 and we are confident our strategy will deliver shareholder value over the medium-term.

Disciplined performance on core Price Comparison business with the launch of our innovative proposition to grow in H2
On the core Comparison and Rewards businesses, we continued to take a controlled approach in a highly competitive environment. As the price comparison market goes through a down-cycle, the competition has been increasingly intense driving up the cost of customer acquisition. Against this backdrop we maintained a stable marketing margin of 45.6% reflecting further improvements to conversion and a targeted approach to marketing.

In H1 we developed a new GoCompare proposition, positioning ourselves to grow revenue in H2. Our new research driven proposition will drive awareness and brand preference; we are offering up to £250 excess protection for customers, providing consumers with motivation to switch through GoCompare. We recognise the importance of trust for our customers and are working to improve the insurance industry for the better, supporting our belief that the *right insurance always costs you less*.

As we focus on delivery of this initiative in H2, we believe it should help both grow the switching market and increase our share, due to; increased engagement, improved loyalty, greater competitor differentiation and driving purchase preference for the GoCompare brand. Importantly, this initiative shows our customers we are there for them when the worst does happen; **"When it matters, GoCompare"**

Significant growth of AutoSave business

We believe there is a significant opportunity in addressing the needs of the infrequent switchers, 'Switching Resignists', representing approximately 60% of the population whose needs are not being adequately met by the existing price comparison offerings. Our AutoSave segment has the ability to address this consumer inertia and target the saving opportunities that still exists for consumers.

Following our acquisition of Look After My Bills, we are now well positioned to continue to grow rapidly, with a combined customer base across both brands in excess of 175,000 live customers[7], which we are bringing together into a single AutoSave segment. We are unique in delivering innovation in the Price Comparison industry, which we expect to unlock a medium-term growth opportunity with a sustainable recurring revenue model providing a higher EBITDA margin profile for the Group. Our goal is to deliver long-term shareholder value and create a segment that is transformative to Group earnings by 2022.

B2B partnerships using our SaveStack technology
We developed our first partnership with CYBG/Virgin Money to bring market-leading energy switching to their digital banking service with over 300,000 users nationwide. The service is powered by SaveStack, GoCo Group's proprietary tech platform, enabling us to innovate at speed and reach consumers wherever they are, however and whenever they want.

Matthew Crummack
Chief Executive Officer

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

Financial Review

Revenue remained broadly flat compared to H1 18 at £76.0m (H1 18: £75.8m) and adjusted operating profit reduced by 40% to £12.5m (H1 18: £21.0m) compared to the same period last year. The fall in adjusted operating profit reflects the investment in weflip during H1 19 of £8.1m.

The Directors have declared an interim dividend of 0.4 pence per share, which represents a pay-out ratio of approximately 20% of profit after tax (excluding adjusting items and their tax effect).

Operating segments

Price Comparison

	H1 19 £m	H1 18 £m	Movement £m	Movement %
Revenue	**72.0**	72.1	(0.1)	(0%)
Cost of sales	**(22.3)**	(21.2)	(1.1)	5%
Distribution costs	**(16.9)**	(17.5)	0.6	(3%)
Trading profit	**32.8**	33.4	(0.6)	(2%)
Adjusted admin costs	**(6.8)**	(7.1)	0.3	(4%)
Adjusted operating profit	**26.0**	26.3	(0.3)	(1%)

The Price Comparison segment relates to the GoCompare price comparison business and the Energylinx price comparison business that the Group acquired in June 2018. Overall, the Price Comparison segment delivered flat revenue in H1 19. The core GoCompare revenues are lower as a result of the downward trend in car insurance premiums, leading to lower switching volumes, alongside lower customer interactions, reflecting a focus on targeting profitable customers. Whilst interactions were down, revenue per interaction increased by 8% compared to H1 2018, primarily driven by an improvement in conversion but also higher income per transaction. The lower revenue for GoCompare has been offset by the additional revenues from the Energylinx business acquired in June 2018, which has continued to perform well.

Cost of sales of £22.3m is £1.1m higher than H1 18 as a result of inflation in marketing spend, particularly paid search. We continue to focus on improving efficiency in paid search and targeting profitable customers. Distribution costs of £16.9m are £0.6m lower than H1 18 as a result of the timing of new marketing initiatives. H1 2018 saw the launch of a new advertising campaign, but this will fall into H2 for 2019.

Rewards

	H1 19 £m	H1 18 £m	Movement £m	Movement %
Revenue	**3.6**	3.7	(0.1)	(3%)
Cost of sales	**(1.0)**	(0.9)	(0.1)	(1%)
Distribution costs	**(0.5)**	(0.4)	(0.1)	25%
Trading profit	**2.1**	2.4	(0.3)	(13%)
Adjusted admin costs	**(0.9)**	(1.8)	0.9	(50%)
Adjusted operating profit	**1.2**	0.6	0.6	100%

The Rewards segment generated broadly flat revenue of £3.6m and a trading profit of £2.1m in H1 19 compared to £2.4m for H1 18. Adjusted admin costs have reduced to £0.9m (H1 2018 £1.8m) primarily as a result of lower headcount and lower systems costs compared to the prior year. Following the integration with the wider GoCo Group, the businesss now has a reduced cost base with efficiencies being gained with the staff and systems spend in particular.

AutoSave

	H1 19 £m	H1 18 £m	Movement £m	Movement %
Revenue	**0.4**	-	0.4	100%
Cost of sales	**(0.4)**	-	(0.4)	(100%)
Distribution costs	**(6.3)**	-	(6.3)	(100%)
Trading profit	**(6.3)**	-	(6.3)	(100%)
Adjusted admin costs	**(1.8)**	(0.2)	(1.6)	(800%)
Adjusted operating profit	**(8.1)**	(0.2)	(7.9)	(3950%)

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

The AutoSave segment relates to the Group's weflip proposition, launched in October 2018. Total marketing costs of £6.7m reflects the cost of launching the marketing campaign in H1 2019, with customer numbers building over the period. A significant proportion of the weflip transactions are with suppliers who pay their fees on a monthly tenancy basis over time, rather than an annual upfront fee, which leads to a lag in revenue recognition. All marketing costs are expensed as they are incurred.

Administrative expenses

Administrative expenses excluding adjusting items, depreciation and amortisation of £14.0m are £0.1m higher than in H1 18. Higher staff and system costs have been offset by an improved VAT recovery, while charges for the Group's property leases are now reflected as a depreciation expense under IFRS 16, which is presented separately.

Adjusted operating profit, Adjusted EBITDA, and Profit before tax

	H1 19 £m	H1 18 £m	Movement £m	Movement %
Revenue	76.0	75.8	0.2	0%
Total marketing spend	(47.3)	(40.0)	(7.3)	18%
Administrative expenses excluding adjusting items, depreciation and amortisation	(14.0)	(13.9)	(0.1)	1%
Adjusted EBITDA	**14.7**	**21.9**	**(7.2)**	**(33%)**
Depreciation and amortisation	(2.2)	(0.9)	(1.3)	144%
Adjusted operating profit	**12.5**	**21.0**	**(8.5)**	**(40%)**
Amortisation of acquired intangibles	(1.3)	(1.1)	(0.2)	18%
Foundation Award share-based payment charge	(0.2)	(0.9)	0.7	(78%)
Integration, restructuring and other corporate costs	(1.5)	(1.3)	(0.2)	15%
Transaction costs	-	(0.4)	0.4	(100%)
Operating profit	**9.5**	**17.3**	**(7.8)**	**(45%)**
Net finance costs	(1.5)	(1.4)	(0.1)	7%
Share of loss of associate	(0.4)	-	(0.4)	100%
Profit before tax	**7.6**	**15.9**	**(8.3)**	**(52%)**

Adjusted operating profit, calculated as operating profit for the period after adding back the adjusting items, reduced by 40% to £12.5m.

Adjusted EBITDA for the period, calculated as Adjusted operating profit for the period after adding back depreciation and amortisation, reduced by 33% to £14.7m. The reduction is primarily driven by marketing spend which has increased by £7.3m to £47.3m, primarily as a result of investment in the launch of weflip.

Depreciation and Amortisation of £2.2m has increased (H1 18: £0.9m) and reflects the impact of the amortisation of development costs capitalised during 2018 along with the impact of the adoption of IFRS16 which means charges previously recognised as operating costs are now a depreciation expense. Amortisation of acquired intangibles of £1.3m (H1 18: £1.1m) relates to the Group's acquisitions of The Global Voucher Group Limited as well as Energylinx Limited, Energylinx for Business Limited and its subsidiaries.

The integration, restructuring and other corporate costs of £1.5m (H1 18: £1.3m) include £0.4m in relation to deferred consideration arising from the Energylinx acquisition that is deemed to be remuneration related. Also included within this category is £0.8m of costs in relation to the restructuring of the Group's marketing function and £0.3m for onerous contracts that the Group has cancelled in the period and is no longer able to derive benefit from.

The Group incurred net finance costs of £1.5m during H1 19, an increase of £0.1m compared to H1 18, reflecting the £0.1m IFRS 16 finance charge.

The share of loss of associate reflects the Group's share of losses from Mortgage Gym Limited, while it was accounted for as an associate of the Group, up until 5 June 2019.

Profit before tax for H1 19 of £7.6m is £8.3m lower than H1 18. This primarily reflects the costs incurred in marketing the launch of weflip £6.8m, higher depreciation and amortisation costs £3.5m (H1 2018: £2.0m) and the share of loss in the Group's associate investment in MortgageGym Limited.

Income tax expense

The Group's tax charge of £1.5m is based on an expected effective income tax rate for the year to December 2019 of 19.0% (H1 18: 19.0%).

Earnings per share

	H1 19 (pence per share)	H1 18 (pence per share)	Movement (pence per share)
Basic earnings per share	**1.5**	3.1	(1.6)
Adjusted basic earnings per share	**2.0**	3.8	(1.8)

Basic earnings per share for H1 19 is 1.5 pence, a reduction of 1.6 pence (52%) compared to H1 18. Adjusted earnings per share, which excludes the impact of the adjusting items noted above (net of tax), is 2.0 pence, a reduction of 1.8 pence (47%) on H1 18 and better reflects the earnings generated by the underlying core business.

Cash and leverage

The Group delivered a positive operating cash flow during H1 19 of £7.6m. Net cash used in investing activities of £4.8m includes the capitalisation of internal development costs as well as the purchase of tangible assets and external development spend.

The total increase in cash and cash equivalents during the period was £3.1m resulting in total cash and cash equivalents at the end of the period of £15.0m. During H1, the Group used surplus cash generated from operations along with a £5.0m drawdown from the borrowing facilities in order to support the Group's investment in weflip. After allowing for working capital requirements and the cost of the interim dividend, surplus cash at the end of the period is approximately £8.0m.

	H1 19 £m	H1 18 £m
Net cash generated from operating activities	**7.6**	**17.8**
Purchase of tangible and intangible assets	(4.8)	(3.6)
Acquisition of subsidiary investments	-	(45.1)
Cash acquired on acquisition	-	1.2
Purchase of equity investment	-	-
Net cash used in investing activities	**(4.8)**	**(47.5)**
Proceeds from borrowings (net of fees)	5.0	23.5
Payment of lease liabilities	(0.2)	-
Interest paid	(1.2)	(0.7)
Dividends paid to owners of the parent	(3.3)	(2.9)
Net cash generated from / (used in) financing activities	**0.3**	**19.9**
Net increase / (decrease) in cash and cash equivalents	3.1	(9.8)
Cash and cash equivalents at beginning of year	11.9	24.5
Cash and cash equivalents at end of period	**15.0**	**14.7**

Borrowings at 30 June 2019 were £84.6m, which, after allowing for cash and cash equivalents of £15.0m results in net debt of £69.6m. Net debt is £2.1m higher than at 31 December 2018. Adjusted EBITDA for the 12 months to 30 June 2019 of £37.7m is £8.6m lower than in the 12 months to 31 December 2018. The combination of the increased net debt and reduction in Adjusted EBITDA results in leverage being 1.8x compared to 1.5x at 31 December 2018.

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

	H1 19 £m	FY 18 £m
Borrowings	**(84.6)**	(79.4)
Cash and cash equivalents	**15.0**	11.9
Net debt	**(69.6)**	(67.5)
Adjusted EBITDA (rolling 12 months)	**37.7**	46.3
Leverage	**1.8**	1.5

Balance sheet

	HY19 £m	FY18 £m
Non-current assets	**64.9**	59.6
Trade & Other Receivables	**25.3**	27.0
Cash and cash equivalents	**15.0**	11.9
Current assets	**40.3**	38.9
Total Assets	**105.2**	98.5
Borrowings	**44.9**	44.7
Other non-current liabilities	**6.6**	3.1
Non-current Liabilities	**51.5**	47.8
Trade and other payables	**21.1**	23.4
Borrowings	**39.7**	34.7
Other current liabilities	**2.8**	4.6
Current Liabilities	**63.6**	62.7
Total Liabilities	**115.1**	110.5
Ordinary Shares	**0.1**	0.1
Share premium	**2.7**	2.7
Retained earnings	**(12.7)**	(14.8)
Total Equity	**(9.9)**	(12.0)
Total equity and liabilities	**105.2**	98.5

Non-current assets have increased due to additional capitalised development costs for 2019 and the recognition of the Group's property leases as tangible assets with the adoption of IFRS 16. This has also resulted in the recognition of a lease liability. Borrowings have increased to £84.6m (H1 2018: £79.4m), reflecting a net £5m draw down on the facility.

Dividends

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

The ex-dividend date is 12 September 2019, with a record date of 13 September 2019 and a payment date of 4 October 2019.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are unchanged from those disclosed in the 2018 Annual Report (pages 21 to 23) which is available to view at www.gocogroup.com. These cover certain key areas of risk which have been summarised below.

Risk area	Nature of risk	Mitigation and management
Competitive environment	The Group operates in a highly competitive market and changes from new or existing competitors may have a significant impact on market share, revenue and profit.	- Experienced and capable customer acquisition team. - Comprehensive mix of marketing activities to drive efficient and cost-effective customer acquisition. - Continual investment developing other verticals to diversify revenue streams.
Financial	The Group is exposed to a number of financial risks; principally credit risk, liquidity risk and interest rate risk. Failure to manage financial risks appropriately could lead to an adverse impact on the Group's financial performance, availability of cash or breach of banking covenants.	- Regular monitoring and management of debtors to ensure prompt payment. - Cash flow forecasting and headroom monitoring to manage availability of cash, debt repayment and covenant compliance.
Customer acquisition and brand	The Group is reliant on customer awareness and appreciation of the GoCompare brand, deterioration of which may lead to lower market share, revenue and profit.	- Customer satisfaction monitoring and reporting feeds into product and proposition development. - Ongoing review of the advertising approach, including performance and customer perception.
Technology and cyber	The Group is reliant on high-performing comparison solutions delivered through online interaction with its customers. Inability to develop or adapt to technological changes could impact the number of customers using the Group's services. Inability to protect against cyber related incidents could impact the availability of this online service and potential loss of data.	- Continual investment in and response to developments in cyber risk management including cyber threat monitoring systems. - Regular review and testing of business and service continuity capabilities.
Legal and regulatory	The Group operates in a number of regulated markets and is also subject to competition and data protection laws. Failure to comply with existing or adapt to changes in regulatory requirements may have a fundamental impact on the Group's business model and financial performance.	- Ongoing dialogue and contact with regulatory bodies. - Established in-house Legal and Compliance resource with access to specialist advice, as required.
People, leadership and management	The Group's success depends on the performance of senior management, upon the industry, marketing and technical expertise of employees and on the Group's ability to attract, retain and motivate its people.	- 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.
Strategic development and diversification	The Group has an opportunity to grow the brand beyond motor and home insurance into other product and price comparison services and sectors. Overreliance on products or segments may lead to adverse financial performance.	- Clear strategy to diversify revenue streams, products and services. - Strategy team identify, develop and deliver opportunities. - Access to specialist external advice where due diligence support is required. - External acquisitions to further diversify the Group's revenue.

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

Risk area	Nature of risk	Mitigation and management
Economic conditions	The Group's revenue is derived from provision of product and price comparison services in the UK. A contraction in the economy, changes to fiscal policy, developments in the process for the UK to leave the EU, or changes to trading tariffs, may lead to worsening economic conditions and performance of the Group. In a time of economic uncertainty and rising costs, consumers are more likely to consider switching through a price comparison website to achieve better deals.	- Ongoing review of wider market conditions and indicators. - UK based company not reliant on imports or exports and low exposure to changes in tariffs. - Flexible approach to cost base. - Diversification of revenue streams to adapt to future changes and development of scalable solutions in emerging markets.

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

Statement of Directors' Responsibilities

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

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

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

The Directors of Goco Group plc are listed in the Goco Group plc Annual Report for 31 December 2018. There have been no changes since the publication of that Annual Report to the date of this interim report.

Matthew Crummack,
Chief Executive Officer

Nick Wrighton,
Chief Financial Officer

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

INDEPENDENT REVIEW REPORT TO GOCO GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 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 the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

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

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

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

As disclosed in note 2, the annual consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

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

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

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

Timothy Butchart
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
24 July 2019

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

Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2019

	Note	**6 months to 30 June 2019 £m**	6 months to 30 June 2018 £m
Revenue	4	**76.0**	75.8
Cost of sales		**(23.7)**	(22.1)
Gross profit		**52.3**	53.7
Distribution costs		**(23.6)**	(17.9)
Administrative expenses		**(19.2)**	(18.5)
Operating profit		**9.5**	17.3
Analysed as:			
Adjusted operating profit	5	**12.5**	21.0
Amortisation of acquired intangibles		**(1.3)**	(1.1)
Foundation Award share-based payment charges		**(0.2)**	(0.9)
Integration, restructuring and other corporate costs		**(1.5)**	(1.3)
Transaction costs		**-**	(0.4)
Operating profit		**9.5**	17.3
Finance income		**0.0**	0.0
Finance costs		**(1.5)**	(1.4)
Share of loss of associate		**(0.4)**	-
		(1.9)	(1.4)
Profit before income tax		**7.6**	15.9
Income tax expense	6	**(1.5)**	(3.0)
Profit for the period		**6.1**	12.9
Other comprehensive income		**-**	-
Total comprehensive income for the period		**6.1**	12.9
Earnings per share (pence)	7		
Basic earnings per share		**1.5**	3.1
Diluted earnings per share		**1.4**	3.0

Notes 1 to 16 are an integral part of these condensed consolidated interim financial statements

GoCo GROUP

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

Condensed Consolidated Statement of Financial Position
As at 30 June 2019

	Note	30 June 2019 £m	31 December 2018 £m	30 June 2018 £m
Non-current assets				
Investments	10	**3.1**	1.5	2.5
Investment in associate	11	**-**	2.0	-
Goodwill		**35.1**	35.1	31.7
Intangible assets		**20.6**	18.8	22.1
Tangible assets		**5.5**	1.5	1.6
Deferred tax asset		**0.6**	0.7	1.5
		64.9	59.6	59.4
Current assets				
Trade and other receivables		**25.3**	27.0	27.9
Cash and cash equivalents		**15.0**	11.9	14.7
		40.3	38.9	42.6
Total assets		**105.2**	98.5	102.0
Non-current liabilities				
Borrowings		**44.9**	44.7	54.3
Lease liabilities		**4.0**	-	-
Provisions for liabilities and charges		**0.5**	0.4	3.0
Deferred consideration		**-**	0.4	-
Deferred tax liability		**2.1**	2.3	-
		51.5	47.8	57.3
Current liabilities				
Trade and other payables		**20.2**	23.4	27.6
Current income tax liabilities		**1.7**	3.6	3.6
Borrowings		**39.7**	34.7	34.2
Lease liabilities		**0.7**	-	-
Deferred consideration		**0.9**	-	-
Provisions for liabilities and charges		**0.4**	1.0	1.4
		63.6	62.7	66.8
Total liabilities		**115.1**	110.5	124.1
Equity attributable to owners of the parent				
Ordinary shares		**0.1**	0.1	0.1
Share premium		**2.7**	2.7	2.7
Retained earnings		**(12.7)**	(14.8)	(24.9)
Total equity		**(9.9)**	(12.0)	(22.1)
Total equity and liabilities		**105.2**	98.5	102.0

Notes 1 to 16 are an integral part of these condensed consolidated interim financial statements

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

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 June 2019

	Share capital £m	Share premium £m	Profit and loss account £m	Total equity £m
At 1 January 2018	0.1	2.7	(36.9)	(34.1)
Profit for the period	-	-	12.9	12.9
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period			12.9	12.9
Transactions with owners				
Dividends paid	-	-	(2.9)	(2.9)
Share based payments	-	-	1.6	1.6
Deferred tax recognised in equity	-	-	0.4	0.4
Total transactions with owners	-	-	(0.9)	(0.9)
At 30 June 2018	0.1	2.7	(24.9)	(22.1)
At 1 July 2018	0.1	2.7	(24.9)	(22.1)
Profit for the period	-	-	14.1	14.1
Other comprehensive income for the period	-	-	0.2	0.2
Total comprehensive income for the period	-	-	14.3	14.3
Transactions with owners				
Dividends paid	-	-	(3.4)	(3.4)
Share based payments	-	-	-	-
Deferred tax recognised in equity	-	-	(0.8)	(0.8)
Total transactions with owners	-	-	(4.2)	(4.2)
At 31 December 2018	0.1	2.7	(14.8)	(12.0)
Adoption of IFRS 16 accounting adjustment	-	-	(1.0)	(1.0)
Restated total equity at 1 January 2019	**0.1**	**2.7**	**(15.8)**	**(13.0)**
Profit for the period	**-**	**-**	**6.1**	**6.1**
Other comprehensive income for the period	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**6.1**	**6.1**
Transactions with owners				
Dividends paid	**-**	**-**	**(3.3)**	**(3.3)**
Share based payments	**-**	**-**	**0.4**	**0.4**
Deferred tax recognised in equity	**-**	**-**	**(0.1)**	**(0.1)**
Total transactions with owners	**-**	**-**	**(3.0)**	**(3.0)**
At 30 June 2019	**0.1**	**2.7**	**(12.7)**	**(9.9)**

Notes 1 to 16 are an integral part of these condensed consolidated interim financial statements

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

Condensed Consolidated Statement of Cash Flows
For the period ended 30 June 2019

	6 months to 30 June 2019 £m	6 months to 30 June 2018 £m
Cash flows from operating activities		
Profit for the period before tax	**7.6**	15.9
Adjustments for:		
Depreciation of property, plant and equipment	**0.6**	0.3
Amortisation of intangible assets	**2.9**	1.7
Share based payment charge	**0.3**	1.6
Share of loss of associate	**0.4**	-
Net finance costs	**1.5**	1.4
Changes in working capital:		
Increase / (decrease) in trade and other receivables	**1.7**	(4.1)
(Decrease) / increase in trade and other payables	**(3.9)**	4.3
Income tax paid	**(3.5)**	(3.3)
Net cash generated from operating activities	**7.6**	17.8
Cash flows from investing activities		
Purchase of property, plant and equipment	**(0.2)**	(0.3)
Purchase of intangible assets	**(4.6)**	(3.3)
Acquisition of subsidiary investments	**-**	(45.1)
Cash acquired on acquisition	**-**	1.2
Net cash used in investing activities	**(4.8)**	(47.5)
Cash flows from financing activities		
Proceeds from borrowings (net of fees)	**5.0**	23.5
Payment of lease liabilities	**(0.2)**	-
Interest paid	**(1.2)**	(0.7)
Dividends paid to owners of the parent	**(3.3)**	(2.9)
Net cash used in financing activities	**0.3**	19.9
Net increase / (decrease) in cash and cash equivalents	**3.1**	(9.8)
Cash and cash equivalents at beginning of period	**11.9**	24.5
Cash and cash equivalents at end of period	**15.0**	14.7

Notes 1 to 16 are an integral part of these condensed consolidated interim financial statements

Notes to the financial statements
For the period ended 30 June 2019

1. General information

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

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

At the balance sheet date all of the Company's subsidiaries were located in the United Kingdom.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 were approved by the Board of Directors on 27 February 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) and (3) of the Companies Act 2006. These condensed interim financial statements have been reviewed, not audited.

2. Summary of significant accounting policies

These condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS34, 'Interim financial reporting', as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted are consistent with those applied to the consolidated financial statements for the year ended 31 December 2018, with the exception of the adoption of IFRS16 as set out below.

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

New accounting standards and interpretations

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

The Group has applied IFRS 16 (Leases) from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated.

The impact has been assessed as recognising total lease assets of £4.4m, lease liabilities of £5.2m and an adjustment to equity at 1 January 2019. The new standard has been applied to the Group’s existing property leases in Newport and London.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease repayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received. The Group presents right of use assets within tangible assets.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of tangible assets.

Notes to the financial statements
For the period ended 30 June 2019

2. Summary of significant accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the groups incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method.

Short term leases and leases of low value assets

The Group has elected not to recognise right of use assets and lease liabilities for short term leases of machinery that have a lease term of less than 12 months or less and leases of low value assets including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Amounts recognised in Profit or Loss	**6 months to 30 June 2019 £m**	6 months to 30 June 2018 £m
Interest on lease liabilities	(0.1)	-
Depreciation charge for the period	(0.4)	-

The amount charged within administrative expenses as rent prior to adoption of IFRS 16 in both H1 2018 and H1 2019 would have been £0.4m.

Going concern

The Group meets its day to day working capital requirements through it bank facilities and cash balances held. In considering the appropriateness of the going concern assumption, the Directors' have taken into account the Group's forecasts, projections and reasonably possible changes in trading performance and cash flows. Consideration of cash flows includes those arising from operating activities, repayment of debt and dividends. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its condensed interim financial statements.

Use of non-GAAP performance measures

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

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

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

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

Notes to the financial statements
For the period ended 30 June 2019

3. Critical accounting judgements and estimates

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty include those applied to the consolidated financial statements for the year ended 31 December 2018.

4. Segment information

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

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

The weflip segment as presented in the Group's 2018 year end financial reporting has been renamed AutoSave. AutoSave includes the revenue and costs relating to the Group's "weflip" brand. Following the acquisition of, Look After My Bills, on 9 July 2019, revenue and costs from this brand will also be included in future periods.

Other than the segment name change, the identification and disclosure of the Group's segments is consistent with those detailed in the consolidated financial statements of the Group for the year ended 31 December 2018. Comparative information for 30 June 2018 has been restated in order to present the segments on a comparable basis as that for 31 December 2018.

Period ended 30 June 2019

	Price comparison	**Rewards**	**AutoSave**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue	**72.0**	**3.6**	**0.4**	**76.0**
Cost of sales	(22.3)	(1.0)	(0.4)	(23.7)
Gross profit	**49.7**	**2.6**	**0.0**	**52.3**
Distribution costs	(16.9)	(0.5)	(6.3)	(23.6)
Trading profit	**32.8**	**2.1**	**(6.3)**	**28.6**
Adjusted admin costs	(6.8)	(0.9)	(1.8)	(9.5)
Adjusted operating profit	**26.0**	**1.2**	**(8.1)**	**19.1**
Group Costs				(6.6)
Group Adjusted operating profit				**12.5**

Notes to the financial statements
For the period ended 30 June 2019

4. Segment information (continued)

Period ended 30 June 2018

	Price comparison £m	**Rewards £m**	**AutoSave £m**	**Total £m**
Revenue	**72.1**	**3.7**	**-**	**75.8**
Cost of sales	(21.2)	(0.9)	-	(22.1)
Gross profit	**50.9**	**2.8**	**-**	**53.7**
Distribution costs	(17.5)	(0.4)	-	(17.9)
Trading profit	**33.4**	**2.4**	**-**	**35.8**
Adjusted admin costs	(7.0)	(1.8)	(0.2)	(9.0)
Adjusted operating profit	**26.4**	**0.6**	**(0.2)**	**26.8**
Group Costs				(5.8)
Group Adjusted operating profit				**21.0**

The consolidated revenue recognised in the 6 months to 30 June 2019 includes £74.2m of revenue recognised at a point in time (2018: £75.0m) and £1.8m (2018: £0.8m) of revenue that is recognised over time. The revenue that is recognised over time relates to tenancy income received for advertising in the Rewards segment, AutoSave tenancy revenue and licence fees related to the Energylinx businesses.

5. Adjusted operating profit

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

	6 months to 30 June 2019 £m	6 months to 30 June 2018 £m
Amortisation of acquired intangibles	1.3	1.1
Foundation Award share-based payment charge	0.2	0.9
Integration, restructuring and other corporate costs	1.5	1.3
Transaction costs	-	0.4
	3.0	**3.7**

The Group acquired The Global Voucher Group Limited in January 2018 and recognised acquired intangible assets of £10.8m as a result of this transaction. In 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 period to 30 June 2019, an amount of £0.4m has been recognised in respect of this.

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

Notes to the financial statements
For the period ended 30 June 2019

5. Adjusted operating profit (continued)

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 once the contingent consideration is paid at the end of the earnout period. The charge has been included within the category of integration, restructuring and other corporate costs, which is consistent with 31 December 2018.

Integration, restructuring and other corporate costs also includes £0.8m recognised in relation to restructuring of the Group's marketing function. A further £0.3m has also been recognised for onerous contracts that the Group has cancelled in the period and is not able to drive any benefit from.

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 vested in February 2019 and a final charge of £0.2m was recognised in the period. The Awards have been 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. This is consistent with their treatment in previous reporting periods.

6. Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2019 is 19.0%. The estimated tax rate used for the six months ended 30 June 2018 was 19.0%.

7. Earnings per share

a) Basic

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

	6 months to 30 June 2019	6 months to 30 June 2018
Profit from continuing operations attributable to owners of the parent (£m)	**6.1**	12.9
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
Earnings per share (pence per share)	**1.5**	3.1

b) Diluted

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

	6 months to 30 June 2019	6 months to 30 June 2018
Profit from continuing operations attributable to owners of the parent (£m)	**6.1**	12.9
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
Adjustment for share options (m)	**10.1**	11.5
Weighted average number of ordinary shares for dilutive earnings per share (m)	**428.6**	429.8
Dilutive earnings per share (pence per share)	**1.4**	3.0

Notes to the financial statements
For the period ended 30 June 2019

7. Earnings per share (continued)

c) Adjusted basic

	6 months to 30 June 2019	6 months to 30 June 2018
Profit from continuing operations attributable to owners of the parent (£m)	**6.1**	12.9
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration costs, restructuring and other corporate costs, net of tax (note 5) (£m)	**2.5**	**3.1**
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**8.6**	16.0
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
Adjusted earnings per share (pence per share)	**2.0**	3.8

d) Adjusted diluted EPS

	6 months to 30 June 2019	6 months to 30 June 2018
Profit from continuing operations attributable to owners of the parent (£m)	**6.1**	12.9
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration costs, restructuring and other corporate costs, net of tax (note 5) (£m)	**2.5**	**3.1**
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**8.6**	16.0
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
Adjustment for share options (m)	**10.1**	11.5
Weighted average number of ordinary shares for dilutive earnings per share (m)	**428.6**	429.8
Adjusted diluted earnings per share (pence per share)	**2.0**	3.7

8. Financial instruments

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

	30 June 2019 £m	31 December 2018 £m
Financial assets		
Investments in equity instruments	3.1	1.5
Trade and other receivables	20.5	20.2
Cash and cash equivalents	15.0	11.9
	38.9	33.6
Financial liabilities:		
Trade and other payables	17.7	19.6
Deferred consideration	0.9	0.4
Lease liabilities	4.7	-
Borrowings	84.6	79.4
	107.9	99.4

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

Notes to the financial statements
For the period ended 30 June 2019

9. Financial risk management

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

10. Investments in equity instruments

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

	30 June 2019 £m	31 December 2018 £m
MortgageGym Limited	**1.6**	-
Souqalmal Holdings Limited	**1.5**	1.5
	3.1	1.5

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 (“SHL”) 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 was recognised as an associate from this point.

On 5 June 2019 MGL issued convertible loan notes to the majority shareholder, and warrants to the Group which can be fully exercised in 3 years time. If the loan notes are converted in full the Group will hold only 6% of the voting rights, until the warrant is exercised to bring the share holding back to 26%. The loan notes are subject to a debenture giving the holder of the loan notes first priority ranking over the assets of the company.

On balance, the Group is judged to have lost significant influence following the refinancing, therefore the investment has been reclassified as an investment in equity instruments.

Both of the investments are classified as equity investments recognised at fair value through other comprehensive income, held at fair value and are both unquoted. Fair value is classified as level 3 within the IFRS7 fair value hierarchy, as the inputs for their fair values are not based on observable market data. At period end, fair value of MGL has been determined based on the consideration paid by the majority shareholder to increase its proportion of the voting rights. SHL continues to trade in line with budgeted performance, so there is no adjustment to fair value. The total fair value movement recognised through other comprehensive income in the period is £nil (2017: £nil).

Notes to the financial statements
For the period ended 30 June 2019

11. Investments 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, until the Group lost significant influence as per note 10, on 5 June 2019.

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 MGL was accounted for using the equity method in the consolidated financial statements up until 5 June 2019. The table below reconciles the carrying amount of the Group's interest in MGL from 31 December 2018, to the date that the Group lost significant influence on 5 June 2019, and through the transfer of the carrying value of the investment.

	£m
Carrying value of investment in associate at 31 December 2018	**2.0**
Group's share of total comprehensive income for the year (26%)	(0.4)
Carrying value of investment in associate at 5 June 2019	**1.6**
Reclassification to Investment in equity instruments	(1.6)
Carrying value of investment in associate at 30 June 2019	**-**

12. Share based payments

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

The Group has awarded an equity settled Performance Share Plan (the '2019 PSP') to the Executive Directors and Senior Management. The 2019 PSP Awards were granted on 3 April 2019. 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.

Notes to the financial statements
For the period ended 30 June 2019

12. Share based payments (continued)

The inputs into the model were:

	2019-2021 PSP Awards
Number of options granted	4,605,852
Valuation method - TSR	Monte-Carlo
Valuation method - EPS	Black-Scholes
Share price at grant	£0.76
Exercise price	£nil
Volatility % p.a.	35.4%
Dividend yield % p.a.	Nil
Risk-free rate %	1.10%
Expected life	3yrs
Fair value per share – TSR	£0.45
Fair value per share – EPS	£0.76

Details of the other equity-settled, share-based compensation plans are set out in the GoCo Group plc Annual Report 2018.

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

	Foundation	2017 PSP	2018 PSP	2019 PSP	Free Share Awards	SAYE Schemes	**Total**
At 30 June 2018	13,136	3,319	3,259	-	287	1,259	**21,260**
Awards granted during the period	-	-	-	-	-	300	**300**
Awards exercised during the period	-	-	-	-	-	-	**-**
Awards forfeited during the period	-	(269)	(470)	-	(20)	(46)	**(805)**
At 31 December 2018	13,136	3,050	2,789	-	267	1,513	**20,755**
Awards granted during the period	-	-	-	4,606	-	-	**4,606**
Awards exercised during the period	(3,153)	-	-	-	-	-	**(3,153)**
Awards forfeited lapsed or cancelled during the period	(9,983)	(431)	(543)	(102)	(9)	(40)	**(11,108)**
At 30 June 2019	-	**2,619**	**2,246**	**4,504**	**258**	**1,473**	**11,100**

Notes to the financial statements
For the period ended 30 June 2019

12. Share based payments (continued)

Scheme limits

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

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

13. Dividends

	6 months to 30 June 2019 £m	12 months to 31 December 2018 £m	6 months to 30 June 2018 £m
Dividends paid	**3.3**	6.3	2.9

In May 2019, an interim dividend of £3.3m was paid, equivalent to 0.8 pence per share.
In September 2018, a final dividend of £3.3m was paid, equivalent to 0.8 pence per share.
In May 2018, an interim dividend of £2.9m was paid, equivalent to 0.7 pence per share.

The Directors have recommended an interim dividend for 2019 of £1.7m, equivalent to 0.4 pence per share.

Dividends per share are disclosed based on the number of shares in issue at the point they were declared and paid.

14. 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 interim financial statements such disputes exist, but are not expected to be material to the Group individually or in aggregate.

15. Related parties

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

Key management includes the executive and non-executive directors of Goco Group plc.

During the period there were no transactions, and at the period end there were no outstanding balances, relating to key management personnel and entities over which they have control, other than the share option arrangements as set out in note 12. A number of share options have been granted to key management and other senior management. The Foundation Awards vested in February 2019 as set out in note 5 but are subject to a holding period.

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

Notes to the financial statements
For the period ended 30 June 2019

15. Related parties (continued)

During the period, the Group incurred no other related party transactions with related entities.

In the 6 months to 30 June 2018 the Group paid £88,000 to a company in which one of the Directors of the Group has a controlling interest. The arrangement was made under normal commercial terms with consideration settled in cash. The amount outstanding at 30 June 2018 was £nil.

16. Post balance sheet event

On 9 July 2019, the Group reached an agreement to acquire 100% of the share capital of This Is The Big Deal Inc a holding company registered in Delaware, USA (and its UK registered trading subsidiaries) trading as 'Look After My Bills' which is a leading UK energy auto-switching service provider.

The acquisition completed on 9 July 2019 being the point at which the Group had control and was able to direct the activities of the acquired companies. The business was acquired for £6.0m upfront, financed through the Group's existing resources, plus £2.5m deferred consideration, plus up to a further £4.0m performance based earn-out.

Costs incurred by the Group in relation to the transaction will be expensed in H2 2019.

As of the date of approving these financial statements, the allocation of the purchase price for the transaction is ongoing. Full disclosure of the fair values of assets and liabilities acquired will be included in the Group's Annual Report for the year to 31 December 2019.