

19 October 2021

Announcement of acquisition

Moneysupermarket.com Group PLC acquisition of leading cashback site Quidco

Moneysupermarket.com Financial Group Limited, a subsidiary of Moneysupermarket.com Group PLC, has agreed to acquire 100% of the issued share capital of Maple Syrup Media Ltd (trading as Quidco), a leading consumer cashback business. The initial consideration is £87m in cash with a further £14m deferred. Quidco is being purchased from Maple Syrup Group Limited on a debt-free, cash-free basis.

Quidco is the second largest cashback business in the UK with around one million transacting users. It offers cashback at around 4,500 merchants including retail, travel and switching services.

Transaction highlights and strategic rationale:

The acquisition expands the Group in line with our purpose of helping households save money. The cashback market is growing and profitable, with significant headroom for further growth.

Quidco will benefit significantly from the Group's capabilities. We are progressing well with our build of a leading data, marketing and tech platform that flexibly supports multiple, compelling brands. Quidco will benefit from key aspects of this platform, including data analytics, SEO expertise and upgraded customer relationship management, as well as an extension of our B2B offer into further channels. We expect Quidco users to benefit, over time, from improvements to the site and user experience.

The Group will benefit from adding a broad and leading cashback offer, providing an additional way for our users to save on even more products and services. Quidco enjoys strong engagement and transactional frequency, with users earning cashback on average eleven times in the last financial year. As with the Group's successful acquisition of Decision Tech in 2018, we will seek in due course to expand and deploy Quidco capabilities into other Group brands.

The acquisition is expected to be earnings accretive in 2022. Quidco delivered revenue of £59.2m for the year ending 31 July 2021, with adjusted EBITDA growing significantly year on year to £7.9m.

Peter Duffy, CEO of Moneysupermarket Group, said:

"Moneysupermarket Group exists to help households save money. Today we've added a broad and compelling cashback offer. We welcome Quidco: a profitable, successful business, with strong consumer engagement and high growth potential."

"We have experience of bringing complementary businesses into the Group and helping them thrive while sharing their capabilities more widely. Our growing stable of well-known and trusted consumer brands will provide households with an even more compelling savings offer. We look forward to working with Quidco to deliver this."

Paul Nikkel, Founder & co-CEO of Quidco added:

"As an early pioneer of cashback, Quidco has continually innovated to bring more cashback to more members. We are excited to continue this journey within Moneysupermarket Group which opens up more opportunities and savings for members."

A Q&A session will be held at 9.00am with Peter Duffy (CEO) and Scilla Grimble (CFO). This session can be accessed via <https://edge.media-server.com/mmc/p/dmo9mrkz>.

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The person responsible for this announcement is Katherine Bellau, Company Secretary of Moneysupermarket.com Group PLC.

This statement 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. 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. The information in this release is based on management information.

About cashback

Consumers use the Quidco website or app to find cashback offers across a wide variety of merchants. They click to activate an offer and are then directed to the merchant site to make their transaction. After a certain period, the merchant pays Quidco; Quidco then passes on the appropriate cashback to the customer.

The majority of Quidco's revenue is commission from cashback purchases, most of which is passed through to the user. Further revenue streams include advertising income and merchant commission, as well as subscription revenue from premium members.

Acquisition notes

Quidco is headquartered in Sheffield with a team of around 100 employees. Following completion, Paul Nikkel (Founder and co-CEO) will assume an advisory role in relation to Quidco within the Group. Tim Gibson (co-CEO) will leave the business. The remainder of Quidco senior management (including Mark Rubin, CFO) will be retained, with Mike Phillips, General Manager for Home Services at Moneysupermarket Group, additionally assuming responsibility for leading the Quidco business. The opportunity to develop and grow Quidco complements Mike's experience in successfully building out Decision Tech.

The transaction is unconditional and expected to complete on 1 November 2021. It constitutes a Class 2 transaction under UK Listing Rules. The (unaudited) gross assets of Quidco at 31 July 2021 (the Quidco financial year end) were £53.0m, with the last audited gross assets being £44.1m (31 July 2020).

The up-front cash consideration of £87.2m is being funded from the Group's existing RCF, cash resources and a new £50m amortising term loan that matures in October 2024. The Group has extended its £90m RCF to October 2024. Following completion, including deferred consideration, the Group will have net debt of c.0.8x proforma EBITDA, based on figures to the end of July.

£3.8m of the remaining consideration will be paid by 12 August 2022 with the balance (£10.0m) payable on 1 November 2023. Both are retention payments, payable provided certain contingent matters do not arise. We anticipate non-recurring integration and deal-related costs of c.£1m in 2021 and c.£0.5m in 2022.

Headline unaudited financials for Quidco's last financial year (to 31 July 2021) are below, with good trading continuing through August and September.

	Revenue	Gross Profit	EBITDA	PBT
Financial year ended 31 July 2021 (£m) (unaudited)	59.2	21.4	7.9	7.6