

## PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Share plc (AIM: SHRE.LN), parent company of The Share Centre Limited (a leading independent retail stockbroker), announces its preliminary unaudited results for the year ended 31 December 2019.

## HIGHLIGHTS

### SUMMARY

- Further good progress, strategically and operationally, against a challenging trading backdrop
  - assets under administration up 25% to a record £6.1bn at year end (2018: £4.9bn)
- As announced on 17 February 2020, the Board has agreed a Recommended Offer for Share plc with Interactive Investor, which is now progressing through legal, shareholder and regulatory approvals

### FINANCIAL

- Revenue up by 7% to a record £22.6m (2018: £21.0m) – helped by acquisitions of customer accounts
  - commission income was £10.0m (2018: £10.9m)
  - fee income grew by 19% to a record £9.3m (2018: £7.8m)
  - interest income increased by 41% to £3.3m (2018: £2.3m), reflecting the full year effect of bank base rate increases
- Revenue market share excluding interest (\*) was 3.68% (2018: 3.78%)
- Reported loss before tax was £133,000 (2018: loss of £22,000), including £0.6m of one-off corporate costs
- Reported EBITDA up 84% to £0.9m (2018: £0.5m)
- Underlying (\*\*) EBITDA up 92% to £2.3m (2018: £1.2m)
- Underlying (\*\*) earnings up 70% to £1.1m (2018: £0.6m);
- Underlying (\*\*) basic earnings per share increased to 0.8p (2018: 0.4p); reported basic losses per share of 0.1p (2018: 0.0p)
- Balance sheet is strong, with shareholders' funds of £20.4m or 14.2p per share (2018: £19.5m or 13.5p per share)
- Cash balances increased at year end to £12.7m (2018: £9.0m) following the sale of the majority of the Group's stake in the London Stock Exchange Group plc
- Given the agreement reached with Interactive Investor, no final dividend is proposed (2018: 0.55p per share)

### OPERATIONAL

- Continued expansion of the customer base, through strategy of partnerships and account acquisitions
  - c.13,000 customer accounts from J.P. Morgan transferred in the second half
- Completion of the Group's digital transformation programme, following the release of additional functionality and enhancements to the new website and App
- Net Promoter Score ('NPS') increased to +54 (2018: +52)
- Customer service awards won in the year included 'Best Customer Service' at the Share Awards, and 'Best Online Stockbroker' for the fifth successive year in the Personal Finance Awards

(\*) The benchmarked revenue peer group comprises: AJ Bell; Alliance Trust Savings; Barclays Stockbrokers; Equiniti; Halifax Share Dealing; Hargreaves Lansdown; HSBC Stockbrokers; iDealing.com; Interactive Investor; ITI Capital; Jarvis Investment Management; Saga Personal Finance; Selftrade; Thomas Grant & Co; and Yorkshire Building Society.

(\*\*) Excludes the impact of any large non-recurring items, as defined in Note 8.

## **GAVIN OLDHAM OBE, CHAIRMAN, COMMENTING ON THE RESULTS SAID:**

*"Against a difficult market backdrop, 2019 was another year of good progress for Share operationally and strategically. The Group recorded new milestones, including record revenues, our highest level of assets under administration and further awards for our market-leading customer service.*

*If, as we expect, the Recommended Offer for Share plc from Interactive Investor completes, the combination of our two companies will create a dynamic force for personal investors. With our shared vision, strategy and values, this is the strategic transformation of our business to which I referred at our Annual General Meeting in June 2019. We therefore look forward to helping many more people enjoy straightforward investing in the years ahead, and to continuing to encourage the transition to a more egalitarian form of capitalism."*

## **RICHARD STONE, CHIEF EXECUTIVE, SAID:**

*"The Group's financial performance reflected the benefits of the growth strategy we have been pursuing of acquiring customer accounts alongside our own marketing efforts. At the same time, we have been investing in digital transformation, a multi-year initiative, which completed this year. Customer feedback on the new functionality and benefits has been very positive, and we continue to lead our market for customer satisfaction.*

*The proposed merger with Interactive Investor brings together two businesses that have the same belief in the critical importance of customer service and fair flat fees. We therefore believe that there are many more benefits to come for customers of the combined business."*

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## **RISK WARNING**

This announcement is not intended to constitute an offer or agreement to buy or sell investments and does not constitute a personal recommendation. The investments and services referred to in this announcement may not be suitable for every investor and, if in doubt, independent financial advice should be sought. No liability is accepted whatsoever for any loss howsoever arising from any information in this announcement subject to the rules of the Financial Conduct Authority or the Financial Services and Markets Act 2000. Share prices, values and income can go down as well as up and investors may get back less than their initial investment. The Share Centre Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority under reference 146768.

## **ABOUT SHARE PLC**

Share plc is the parent company of The Share Centre Limited, and its shares are traded on AIM. The Share Centre started trading in 1991 and provides a range of account-based services to enable personal investors to share in the wealth of the stock market. These include Share accounts, ISAs, Junior ISAs, Child Trust Funds and SIPPs, all with the benefit of investment guidance, and dealing in a wide range of investments. We also provide a certificate dealing service together with the three TC Share Centre Portfolio Funds of Funds which are managed in-house by The Share Centre Limited. Services available to corporate clients include Enterprise Investment Scheme and other tax advantaged schemes administration and 'White-label' dealing platforms.

For more details contact 01296 41 41 41, or visit [www.shareplc.com](http://www.shareplc.com) or [www.share.com](http://www.share.com).

## CHAIRMAN'S STATEMENT

### INTRODUCTION

2019 was characterised by relatively weak dealing volumes as investors reacted to political uncertainty, globally and domestically. Tensions over a trade war between the US and China, uncertainty over Brexit and the UK General Election shaped the backdrop. While UK markets made gains in the first quarter of the year, overall market trading volumes for the year were down by 19% compared to 2018, as reported by the London Stock Exchange.

In this difficult environment, we are pleased to report further good progress in 2019 across all strands of the Group's strategy. Account numbers increased and assets under administration reached record levels at £6.1bn at the year end, a 25% increase.

The Group was subject to an approach from Interactive Investor at the start of the year, with those conversations ceasing in May 2019, as reported, when Interactive Investor withdrew to focus on completing its acquisition of Alliance Trust Savings. Following further subsequent discussions, the Boards of both companies reached agreement over terms for a Recommended Offer for Share plc, which was announced on 17 February 2020. The Recommended Offer, which is being effected by means of a scheme of arrangement, is currently progressing through the necessary permissions, including legal, shareholder, and regulatory approval. Some legal and professional costs have been incurred in relation to discussions with Interactive Investor and the Offer.

In our announcement, I stated that we believe that in Interactive Investor we have found a partner who shares our vision, strategy and values and with whom our brand and market presence will help transform the UK market for personal investors. I firmly believe this to be the case, and look forward to continuing to work hard to help bring straightforward investing within the reach of many more people, and to champion the rights of personal investors.

### FINANCIAL PERFORMANCE

The Group delivered revenue growth of 7% to £22.6m, a record level, despite weaker trading activity, and the fourth successive year of revenue growth. It was driven by increased fee income and the benefit of a full year's contribution from the customers acquired from Beaufort Securities in late 2018 as well as a contribution from the accounts acquired from J.P. Morgan Asset Management ('J.P. Morgan') in September 2019. The Group also increased its fees by a modest amount in July 2019.

Overall revenue market share excluding interest income was 3.68% (2018: 3.78%).

Alongside revenue growth, the Group has sought to control costs and headcount, the principal cost for the Group. Whilst headcount costs increased as a function of pay changes during the year, the Group took on new customers and books of business without materially increasing staff numbers. Overall costs rose 8% to £23.1m but this included £0.6m of one-off legal and professional costs relating to adviser fees arising from the corporate discussions with Interactive Investor and others.

The reported operating loss increased to £0.6m (2018: £0.3m) but without those one-off costs, the Group would have broken-even for the year in terms of operating profitability. Underlying EBITDA was £2.3m (2018: £1.2m), and operating cash flows (note 10) increased to £1.7m (2018: £0.4m).

The Group recorded a loss before tax of £133,000 (2018: loss of £22,000). Underlying earnings, excluding one-off and other items as defined in note 8, were up 70% year-on-year at £1.1m (2018: £0.6m), the highest level since 2014.

Overall assets under administration on the platform rose above £6.0bn for the first time at the end of 2019, an increase of 25% from the end of 2018 (£4.9bn). The FTSE All-Share was up 14% for the year as a whole, following a strong end to the year after the General Election. Had our customers' assets performed in line with the FTSE All-Share, without any monies in or out, assets under administration at the year end would have been c.£5.6bn – indicating net inflows including account acquisitions of c.£0.5bn in the year (2018: £0.8bn).

Share's balance sheet at the year end remained strong with shareholders' funds totalling £20.4m (2018: £19.5m). This equates to 14.2p per share (2018: 13.5p). The Group's cash balances increased at year end to £12.7m (2018: £9.0m) following the sale of the majority of the Group's stake in the London Stock Exchange Group plc ('LSE'). The Group continues to hold an investment in Euroclear Holding SA ('Euroclear').

The capital requirement for the Group has increased to £4.4m (2018: £3.9m). The Group holds 2.6 times the required regulatory capital (2018: 2.2 times).

### DIVIDEND

Given the agreement reached with Interactive Investor, the Board is not proposing the payment of a dividend in respect of 2019.

## STRATEGIC DELIVERY

Three core elements underpin the Group's growth strategy, 'Putting Customers First', 'Focus on our Core Business' and 'Strategic Partnerships and Acquisitions'. We delivered against all three over the year and I am pleased to highlight the following achievements in particular:

- continued improvements to our digital proposition, both website and App;
- winning a number of awards for customer service during the year, including awards for 'Best Customer Service' at the Share Awards and 'Best Online Stockbroker' for the fifth successive year at the Personal Finance Awards;
- agreement to acquire the investment trust savings book of J.P. Morgan with c.13,000 customers smoothly transferred to The Share Centre in September 2019; and
- continuous improvements to our systems and processes internally which enable efficient delivery of our services.

We also signed a contract with Legal & General, a leading provider of workplace pensions to UK employers, to provide stockbroking and custody services for exchange traded assets within their workplace self-invested personal pension products.

## OUTLOOK

The General Election at the end of 2019 brought certainty to the Brexit process, and at the end of January 2020 the UK formally left the EU. It also delivered a large Conservative majority, principally as a result of success in many seats across the north of England, which have traditionally not been Conservative strongholds. The voters in those seats clearly wish to share in the success of the UK economy, after the years since the financial crisis when many have felt left behind. The widening of the wealth gap over the last ten years as a result of the monetary response to the financial crisis demands action, and a broadening of participation in capital markets.

Delivering that more egalitarian form of capitalism, about which I have spoken on many occasions, is now a pressing issue and I believe that it is increasingly attracting Government support and the fact that the country now has a Government that should be in place for up to five years will provide a level of stability and clear direction. Share is well positioned to play our part in that process and facilitate broader share ownership and participation, and our partnership with Interactive Investor should provide a substantial and effective platform for its delivery.

This move to a more egalitarian form of capitalism is often referred to as 'levelling up' in the media and by politicians: it is about finding ways of enabling widespread participation in capital markets so that everyone can share in the success of the economy, and the companies that they work for and interact with as consumers. We will be keen participants in initiatives that come forward to promote this agenda.

Other key issues on which we have always been strong campaigners include financial education and inter-generational re-balancing. Again, I believe there is recognition in Government that more needs to be done in these areas. One obvious opportunity available to the Government is to breathe life into the Child Trust Fund initiative originally introduced by Gordon Brown. Some six million young people, born between 2002 and 2011, have a Child Trust Fund maturing as they turn 18, starting in September 2020. Those accounts today contain over £9bn of assets, already funded and sitting there waiting. This provides a huge opportunity to seed the savings and investment behaviours of a generation of young people and, working with the registered charity The Share Foundation, we will continue to campaign for the Government to do more to re-invigorate the programme, reconnect those young people with their accounts where that connection has been lost, and use the programme as a basis for boosting financial awareness.

We will also continue to address the regulatory challenges which present themselves in our market. The break with the EU is potentially an opportunity to see some regulation rewritten in a more appropriate and proportionate manner for the UK retail investment market. Technology, both in terms of the need for continuous investment in our own systems as well as the demands from customers for ever improved interfaces and functionality will also be a key focus.

To address these challenges and accelerate the significant improvements we have made in our profitability, scale is a significant advantage. With scale comes an ability not only to address regulatory and technology challenges but also to invest in the customer proposition and keep charges low as we encourage broader participation in a flat fees environment where revenue growth is driven by volume. In Interactive Investor we believe we have found a partner who shares our views of the market and with whom we can advance our strategy, brand and values, as I set out in my Annual General Meeting speech in June 2019.

We look forward to the future with confidence and with excitement to the difference an organisation with the combined scale of Share and Interactive Investor can make for personal investors in this country. Following the General Election, 2020 started more positively than 2019, although the recent impact of the coronavirus has taken its toll on stock markets due to the risk it presents to the global economy. We look forward to coming together with Interactive Investor in 2020 and to helping many more personal investors access the benefits of the public markets and gain enjoyment from managing, and actively engaging with, their own savings and investments.

Finally, and since this is expected to be the final year in which I will present my report as Chairman of Share plc, it is worth looking back briefly over the 30 years since formation of The Share Centre. During this period, which has encompassed the major privatisations of the 1990s, financial turbulence in both 2000 and 2008, and no less than seven prime ministers of various political hues, we have consistently served the interests of personal investors at all levels of wealth and experience.

Several major developments, including the opening up of new issues to the wider market, the enfranchisement of nominee shareowners, the introduction of financial education into the school curriculum, and continued access for personal investors to direct share ownership in spite of European regulatory resistance, owe a great deal to our contribution over these years. Meanwhile our values have brought a real democratisation of expertise and generosity of spirit which is embodied in our name, Share, as we have sought to help people to achieve their plans and potential for savings and investment.

Long may it continue, following our strategic transformation with our new partners.



**Gavin Oldham OBE**

Chairman

4 March 2020

## A REVIEW OF 2019

### STRATEGIC REPORT – KEY EXTRACTS

Key extracts from the Strategic Report are set out below. The full Strategic Report will be available in the 2019 Annual Report.

### DELIVERY OF THE STRATEGY

The business strategy of the Group is founded on three key elements: Putting Customers First; Focusing on our Core Business and delivering Strategic Partnerships and Acquisitions.

#### PUTTING CUSTOMERS FIRST

Building on the significant improvements to our digital transformation programme in the previous year, 2019 saw the completion of this programme with customer account pages behind 'sign-on' being launched along with improvements to our online dealing journeys. This was very well received by our customers, with "the improvements you have made are great", being typical of the feedback. Our App continues to gain traction with customers and 16% of all our trades were being executed through it at the end of 2019, rising from 8% in 2018.

We continue to invest in customer service which, together with our focus on being "simply easier" and our flat fee pricing structure, are key points of differentiation from our peers. Results from our customer survey that is sent at the end of many telephone calls showed that, for over 16,500 responses in 2019, we resolved over 92% of the customer queries, with customers giving an average rating of 4.72 stars out of 5. Our success in 'Putting Customers First' is also evident through public platforms such as Trustpilot where our average score exceeds 4 out of 5 stars from almost 1,000 reviews.

A key route for attracting new customers is via 'word of mouth' so we track our Net Promoter Score ('NPS')<sup>1</sup> which measures the likelihood of our customers to recommend our services to others. In 2019 we achieved an impressive NPS of +54 (2018: +52). Our continued commitment to our customers was recognised by winning 'Best Customer Service' at the 2019 Shares Awards and 'Best Online Stockbroker' for the fifth year in a row in the Personal Finance Awards.

#### FOCUS ON OUR CORE BUSINESS

The completion of our digital transformation programme delivered some of the largest changes to our website in nearly 15 years giving us a contemporary design that is easy to use, more resilient and flexible for our growing customer base of mobile and tablet users. Further features on the website and to our App continue to be delivered to improve our customer online experience with fingerprint recognition being delivered in January 2020.

Regulatory and process efficiencies remain key for our business with the implementation of new regulation such as the Senior Managers Certification Regime ('SMCR'). Improvements were made to significantly reduce our IT server equipment used to run our production systems by increasing our use of cloud-based services. Our production systems operate on the latest technology and our customers also benefit from increased resilience and reliability. During 2019, we adopted the ISO27001 best practice standard for the governance of information security and we were successfully accredited against the British Standard Institute ('BSI') standards.

During the year, funds under management for our three 'in-house' Funds of Funds increased by 18% to £130m from £110m. Given the uncertain markets and subsequent performance, one of our Funds of Funds was ranked in the third quartile and two funds in the fourth quartile of their sectors (each sector representing c.150 funds) for the preceding 12 months.

#### STRATEGIC PARTNERSHIPS AND ACQUISITIONS

2019 was another strong year for partnership initiatives both in terms of delivery and in building a healthy pipeline for 2020 and beyond.

During the year, we transferred a small book of Child Trust Funds from Witan Investment Services and transferred over 13,000 accounts from J.P. Morgan. We also signed a contract with Legal & General, a leading provider of workplace pensions to UK employers, to provide stockbroking and custody services for exchange traded assets within their workplace self-invested personal pension products.

Revenue from the administration of tax-advantaged schemes (primarily Enterprise Investment Schemes, ('EIS')) continued to be strong in 2019. We signed contracts with a number of new fund managers and made improvements to our service offering which will position us well for further new business.

<sup>1</sup> Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld.

We continue with our strategy of developing relationships with large organisations that wish to offer their customers the best possible investment custody, administration and trading services and also continue to look for suitable corporate or customer book acquisition opportunities.

## FINANCIAL PERFORMANCE

The Group uses both quantitative and qualitative key performance indicators ('KPIs') to monitor and measure progress against the Board's strategic objectives. They are listed below and are consistent with those disclosed in previous Annual Reports.

KPI	STRATEGIC IMPORTANCE
Operating profit/earnings before interest, tax, depreciation and amortisation ('EBITDA')	Growing our revenue and scaling the business will drive improved profitability
Market share of benchmarked revenue *	This provides an indication of how the Group is performing irrespective of underlying market trends, which affect the industry as a whole
Customer accounts	A larger number of accounts should drive greater activity and revenue
Assets under administration	A rate of increase greater than the market as a whole indicates the Group's ability to attract new accounts, additional investment from existing customers and new partnerships or acquisitions
Website visits	Measure the level of interaction with customers and prospective customers through our digital channels
Net Promoter Score	This measures the likelihood of the Group's customers to recommend our services to others. A higher score will have a positive impact in acquiring and retaining customers

\* Measured independently by Compeer against a quarterly peer group of fifteen other retail stockbrokers, as per the Highlights page.

### REVENUE

Against a background of volatility and uncertainty in the markets, the UK Online Broking Report by Investment Trends highlighted that the UK retail investing market contracted by 9% after three consecutive years of growth, driven by high dormancy and fewer new investors entering the market. Group revenue was resilient, increasing by 7% to a new high of £22.6m, up from £21.0m in 2018, with second half revenue up by 6% on the same period in 2018. Revenue excluding interest was up 3% on 2018. This increase was driven primarily by the acquisition of customer accounts, a tariff change and a full year impact of the increase in the base rate which benefited interest income.

The Group's revenue mix between commission, fees and interest has shifted, reflecting the weaker trading volumes and base rate increases. Accordingly, the mix was 44%, 41% and 15% respectively in 2019 shifting from 52%, 37% and 11% respectively in 2018.

The Group's market share of benchmarked revenue (excluding interest) was 3.68% (2018: 3.78%). Our peer group saw revenues excluding interest increase by 6% year-on-year.

Fourth quarter data for 2019 showed our market share excluding interest at 3.56% against our peer group, down from 3.67% in Q3 2019 and 3.90% in Q4 2018. Our year-on-year revenue growth in the fourth quarter for commission and fee income was at 6% (2018: 0.3%), stronger compared to 3% in the third quarter, which was predominantly attributable to fees following the tariff increase in July and the transfer of accounts from J.P. Morgan.

### Commission Income

Commission income decreased by 8%, reflecting reduced trading activity, to £10.0m (2018: £10.9m). Our trading volumes were down by 13%, (2018: 6% lower than 2017), performing better than the wider market with the LSE reporting that trading volumes were down by 19%.

The change in commission income was in line with our peer group, which saw commission fall by 7% over the year (2018: a fall of 7%).

### Fee Income

Fee income increased by 19% to a record £9.3m (2018: £7.8m). Having completed a review of account administration charges, we implemented a small increase in charges, which took effect from July. This was the first increase that we had made since 2013, helping to cover the additional costs associated with implementing increasing financial regulation. HM Revenue and Customs also advised us of a change in the VAT treatment for administration fees, with all fees now quoted as inclusive of any applicable VAT. While this increased the Group's fee income it resulted in additional administrative expenses through higher irrecoverable VAT, given that for the most part, the Group's revenue is not now subject to VAT.

The Group's increase in fee income compared to an increase of 15% (2018: 31%) for our peer group.



At the end of 2019, The Share Centre was custodian to 275,000 accounts that contained assets (2018: 271,000). This included 13,000 accounts transferred from J.P. Morgan. With the uncertainty in the markets we have seen an increase in the number of accounts with no holdings or cash.

Administration fees include revenues earned from our EIS and other tax advantaged schemes administration business, which provides custody and dealing services to around 250 funds representing nearly £900m (2018: £884m) of assets under administration.

## Interest Income

Cash held on behalf of customers at 31 December 2019 reduced by 4% to £430m (31 December 2018: £446m) reflecting the lower trading volumes and fluctuations in EIS fund balances. Interest income increased by 41% year-on-year to £3.3m (2018: £2.3m). This increase was driven by the full year effect of the rises in interest rates in August and November 2018. Interest income increased by 45% for our peer group.

## COSTS

Costs increased by 8% to £23.1m over the year (2018: £21.4m). On lower volumes, transactional costs reduced in the year to £4.4m (2018: £4.8m), with the Group paying a smaller proportion of return dealing commission to third parties.

Overheads rose by 14% to £18.8m (2018: £16.5m), primarily reflecting a 16% increase in staff costs to £11.3m (2018: £9.8m). Staff costs include share-based payment charges for long term equity incentives which increased to £0.7m (2018: £0.6m), as a number of options are now expected to become fully vested following completion of the Interactive Investor offer. The share-based payment charge is recorded as a cost and then credited back to reserves as it does not impact the financial resources of the business. Headcount rose modestly to 255 (2018: 252), with full time equivalents reducing to 241 from 243. We are now starting to see efficiencies following the improvements to our digital platform with headcount reducing marginally in our Customer Services and Dealing Teams.

Amortisation and depreciation costs of intangible, tangible and lease assets are now the second largest cost incurred by the Group, with the year-on-year cost increasing to £1.5m from £0.8m, principally due to the increased investment in systems development for our technology programme. With the completion of the digital transformation programme, amortisation costs incurred were £1.0m (2018: £0.7m). Additionally, the reclassification of our lease spend following the implementation of IFRS 16 Leases at the start of the year gave rise to an additional £0.3m of depreciation, although there has been a corresponding reduction in overheads. The net effect on the income statement was immaterial.

External marketing spend was 34% lower at £1.0m (2018: £1.6m). The reduction reflects our increased ability to use our in-house capabilities rather than third parties as well as our decision to ease spending in the second half of the year due to more subdued trading conditions.

Other expenditure related to premises, IT systems, and legal and professional costs. The latter included one-off costs of £0.6m in respect of corporate discussions with Interactive Investor and others.

The Group also incurs regulatory fees and levies and irrecoverable VAT. In 2019, our costs in respect of the Financial Services Compensation Scheme ('FSCS') were £400,000 (2018: £235,000). By their nature these costs are unpredictable and are outside of our control. The change in the VAT treatment of administration fees meant an increase in irrecoverable VAT to £550,000 (2018: £317,000).

## PROFITABILITY

The Group's reported EBITDA<sup>2</sup> increased to £0.9m in 2019 from £0.5m in 2018. Underlying<sup>3</sup> EBITDA increased to £2.3m from £1.2m in 2018. The reported operating loss was £0.6m (2018: loss of £0.3m).

The reported loss before tax was £133,000 (2018: £22,000). Without the one-off costs of £0.6m incurred as a result of corporate discussions, this result would have been materially higher with a profit before tax of £0.4m.

Reported losses per share were 0.1p (2018: 0.0p). The Board believes that underlying earnings per share which strip out one-off items (such as the one-off professional fees) and non-cash share-based payment charges, better reflects the performance of the Group. On this basis, earnings increased to 0.8p (2018: 0.4p).

## BALANCE SHEET

The Group's balance sheet at the year end remained strong with a cash balance of £12.7m (2018: £9.0m) and no debt. The increase in the cash balance follows the sale of 59,000 LSE shares in November 2019 which gave rise to a gain on disposal of £4.1m.

<sup>2</sup> As calculated by adding back depreciation and amortisation charges (per Note 10) to the Group's operating loss.

<sup>3</sup> As calculated by adding back one-off items (such as the one-off professional fees) and non-cash share-based payment charges (per Note 8) to the Group's reported profit after tax



The Group's financial position is further strengthened by equity investments of £5.8m (2018: £8.4m; £5.9m excluding the LSE holding) predominantly in Euroclear, the largest international central securities depository in the world. Dividends from investments amounted to £312,000 (2018: £235,000), of which £273,000 was in respect of Euroclear (2018: £202,000).

The carrying value of our investments held in the LSE and Euroclear reflect the estimated fair value of each share. Following the sale of the LSE shares, the remaining 1,000 shares are valued at £0.1m (2018: 60,000 shares, valued at £2.4m), along with Euroclear being valued at £5.6m (2018: £5.6m). This investment valuation was historically based on the latest buyback value per share. In January 2017, The Royal Bank of Scotland plc sold its 4% shareholding in Euroclear at a significantly higher price (£1,700) to Intercontinental Exchange Holdings. Subsequently, in January 2019, the LSE acquired a 4.9% stake (c.155,000 shares) in Euroclear for €278.5m, at a similar share price. The Group therefore took the decision to use these recent sale valuations, discounted by 40% to reflect the larger size of shareholdings, the strategic benefits obtained from the purchase and that the transfer of shares is at the discretion of the Board of Euroclear.

The only other notable investment that the Group holds to which it attributes a carrying value is Professional Partners Administration Limited ('PPAL'). The Group's investment of 150,000 shares was held at a valuation of a historical cost of £1.50 per share less 5% for liquidity risk (£225,000). PPAL is currently in a sale process to a third party that is expected to complete by the second quarter of 2020. The deal would value Share plc's shareholding at £153,000 and consequently the value of the Group's investment at 31 December 2019 has been written down by £72,000 to reflect the indicative proceeds from that sale.

Following the completion of the digital transformation programme, the net book value of intangible assets in 2019 has increased to £3.8m (2018: £3.7m), principally representing systems development for our digital transformation technology programme (£0.5m), together with £0.6m for the transfer of J.P. Morgan customers.

Total shareholders' funds as at 31 December 2019 stood at £20.4m (2018: £19.5m). This represents 14.2p per share in issue (2018: 13.5p). Following the implementation of IFRS 16 Leases, the Group's leases have been reclassified and are now held on the balance sheet. This has resulted in an increase to assets (£1.2m) and liabilities (£1.4m).

## ASSETS UNDER ADMINISTRATION

At the end of the year, the value of investments and cash held by our customers was £6.1bn (2018: £4.9bn), an increase of 25% (2018: 3%) compared to a 14% increase in the FTSE All-Share Index over the same period (2018: 13% decrease). It is worth observing that the Computershare services add little to assets under administration as the customer interactions are currently more transactional and not typically based around a custody relationship.

## FINANCIAL RESOURCES

As The Share Centre Limited is regulated by the FCA (FCA registration number: 146768), the Group holds regulatory capital. As at 31 December 2019, the Group was holding 2.6 times (2018: 2.2 times) the capital required as calculated by the Group's Internal Capital Adequacy Assessment Process ('ICAAP') for 2019.

The ICAAP assesses the level of capital and financial resources that should be held by the Group. In summary, the requirement (being the amount that the Group has to hold) is £4.4m for 2020 (2019: £3.9m).

Full details of our capital requirements are required to be disclosed under Pillar III of the Capital Requirements Directive and can be found on our website – [www.shareplc.com](http://www.shareplc.com).

## PEOPLE

Staff engagement is core to our success and in 2019 we carried out our ninth annual staff survey. A 95% response rate (2018: 92%) reported high levels of 'feeling challenged and empowered' with 'motivation' (up 3% to 88%) and 'advocacy' (up 3% to 81%) also remaining strong. We are proud of the calibre and diversity of our staff and at year end the ratio of male to female employees was 53:47 (2018 54:46).

We regularly measure staff turnover, costs and absence. Staff turnover continued to fall and ended 2019 at 24%, the lowest since 2017, due in part to our continued investment in training and development. Our sickness absence rate is close to the UK's private sector business average of 2.2% working hours lost.

We aim to support our employees' personal and professional needs and were proud to be finalists in the 'Best Small Organisation for Business Culture' category in the 2019 Business Culture Awards.

Staff input is sought regularly so that views on a variety of topics can be considered in decision making. Support for professional development remains key. Companywide self-rated motivation, measured as part of the twice yearly performance reviews was 7.9 out of 10 at mid-year (2018: 7.5). The recruitment of a Technical Training Specialist into the Learning and Development Team further strengthened the capability to deliver customer facing training and supported the development and delivery of a revamped Manager Induction Programme attended by all people managers. Preparations for implementation of the SMCR were completed on time.

Our commitment to a wide and generous benefits package continues and, alongside making contributions to employees' personal pension plans (8% per annum with no contribution required from the employee), we support health and wellbeing through a range of benefits that are appreciated by employees. Around 10% of our workforce work part-time and in 2019 we supported the first take up of shared parental leave.

All employees participate in the Group's profit share arrangement which pays a profit-related bonus. We also offer an employee SIP which allows every employee to purchase the Company's shares on a tax efficient basis. A significant number of our employees are shareholders, with 125 employees contributing to the scheme (2018: 111).

As part of the 2019 graduate training programme we recruited talent into our CASS and Partnerships Teams. Two other employees combine working with studying to develop their knowledge and skills using the Apprenticeship Levy.

We continue to support our community by partnering with a charity for two years at a time, chosen following suggestions from our staff. In 2019 we raised over £15,000 for the Florence Nightingale Hospice and our support to them will continue during 2020.

## PROSPECTS & OUTLOOK

The Group's financial performance is now beginning to reflect the progress that we have made both in increasing our customer base and with our digital transformation programme. We expect to see this progress continue in 2020.

The General Election brought certainty to Brexit and, with the "Boris bounce", 2020 initially started more positively. However, the coronavirus is a major risk to stock markets and the global economy as has been evidenced by the stock market volatility of late.

The combination of Share and Interactive Investor will bring together two companies with a commitment to the importance of customer service and flat fees. We believe that the partnership will benefit the customers of the combined business and will create a dynamic force for personal investors.

## CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER	NOTES	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Revenue		22,584	21,039
Administrative expenses		(23,140)	(21,354)
Operating loss		(556)	(315)
Investment revenues		403	293
Other income		20	-
Loss before taxation		(133)	(22)
Taxation	6	(22)	(47)
Loss for the year		(155)	(69)
Basic losses per share* (p)	8	(0.1)	0.0
Diluted losses per share* (p)	8	(0.1)	0.0

All results are in respect of continuing operations.

\* The directors consider that the underlying earnings per share as presented in Note 8 represent a more consistent measure of the underlying performance of the business as this measure excludes the impact of any large non-recurring items.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER	NOTES	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Loss for the year		(155)	(69)
<b>Items that will not be re-classified to profit or loss:</b>			
Gains on revaluation of equity investments		1,893	1,906
Deferred tax on gains on revaluation of equity investments		(340)	(343)
Exchange (losses)/gains on equity investments		(301)	35
Deferred tax on exchange losses/(gains) on equity investments		51	(5)
Deferred tax impact of change in tax rates		76	58
Corporation tax due on disposal of equity investments	4	(751)	-
Deferred tax released on disposal of equity investments	4	675	-
		1,303	1,651
Total comprehensive income for the year attributable to equity shareholders		1,148	1,582

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER

NOTES

**2019**  
**(UNAUDITED)**  
**£'000**

2018  
(AUDITED)  
£'000

**Non-current assets**

Intangible assets	9	3,834	3,710
Property, plant and equipment		264	251
Lease assets	3	1,212	-
Equity investments		5,835	8,373
Deferred tax assets		363	182
		<b>11,508</b>	<b>12,516</b>

**Current assets**

Trade and other receivables		27,349	16,915
Cash and cash equivalents		12,668	8,994
Current tax asset		-	155
		<b>40,017</b>	<b>26,064</b>
Total assets		<b>51,525</b>	<b>38,580</b>

**Current liabilities**

Trade and other payables		(28,162)	(17,671)
Lease liabilities	3	(143)	-
Current tax liability		(603)	-
		<b>(28,908)</b>	<b>(17,671)</b>
Net current assets		<b>11,109</b>	<b>8,393</b>

**Non-current liabilities**

Lease liabilities	3	(1,273)	-
Deferred tax liabilities		(979)	(1,442)
		<b>(2,252)</b>	<b>(1,442)</b>
Total liabilities		<b>(31,160)</b>	<b>(19,113)</b>
Net assets		<b>20,365</b>	<b>19,467</b>

**Equity and reserves**

Equity share capital		718	718
Capital redemption reserve		104	104
Share premium account		1,064	1,064
Employee benefit reserve		(1,420)	(1,422)
Retained earnings		15,380	12,667
Revaluation reserve		4,519	6,336
Equity shareholders' funds		<b>20,365</b>	<b>19,467</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	CAPITAL REDEMPTION RESERVE	SHARE PREMIUM ACCOUNT	EMPLOYEE BENEFIT RESERVE	RETAINED EARNINGS	REVALUATION RESERVE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2018 (audited)</b>	<b>718</b>	<b>104</b>	<b>1,064</b>	<b>(1,631)</b>	<b>13,249</b>	<b>4,685</b>	<b>18,189</b>
Total comprehensive income for the period	-	-	-	-	(69)	1,651	1,582
Dividends	-	-	-	-	(554)	-	(554)
Purchases of ESOP shares	-	-	-	(484)	-	-	(484)
Sales of ESOP shares	-	-	-	152	-	-	152
Cost of matching and free shares in the Share Incentive Plan	-	-	-	202	(202)	-	-
Profit/(loss) on sale of ESOP shares and dividends received	-	-	-	339	(339)	-	-
Share-based payment credit	-	-	-	-	551	-	551
Deferred tax on share-based payment	-	-	-	-	23	-	23
Share-based payment current year taxation	-	-	-	-	8	-	8
<b>Balance at 31 December 2018 (audited)</b>	<b>718</b>	<b>104</b>	<b>1,064</b>	<b>(1,422)</b>	<b>12,667</b>	<b>6,336</b>	<b>19,467</b>
Total comprehensive income for the period	-	-	-	-	2,965	(1,817)	1,148
Dividends	-	-	-	-	(765)	-	(765)
Reclassification of IFRS 16 leases	-	-	-	-	(122)	-	(122)
Deferred tax asset on IFRS 16 leases	-	-	-	-	29	-	29
Purchases of ESOP shares	-	-	-	(523)	-	-	(523)
Sales of ESOP shares	-	-	-	300	-	-	300
Cost of matching and free shares in the Share Incentive Plan	-	-	-	236	(236)	-	-
Profit/(loss) on sale of ESOP shares and dividends received	-	-	-	(11)	11	-	-
Share-based payment credit	-	-	-	-	738	-	738
Deferred tax on share-based payment	-	-	-	-	91	-	91
Share-based payment current year taxation	-	-	-	-	2	-	2
<b>Balance at 31 December 2019 (unaudited)</b>	<b>718</b>	<b>104</b>	<b>1,064</b>	<b>(1,420)</b>	<b>15,380</b>	<b>4,519</b>	<b>20,365</b>

## CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER	NOTES	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Net cash received from operating activities	10	1,743	415
<b>Investing activities</b>			
Interest received		91	58
Dividends received from investments		312	235
Proceeds from disposal of investments		4,131	-
Purchase of property, plant and equipment		(132)	(157)
Purchase of intangible investments	9	(1,174)	(1,211)
Net cash received from/(used in) investing activities		3,228	(1,075)
<b>Financing activities</b>			
Lease payments made		(309)	-
Shares purchased through Employee Benefit Trust		(523)	(484)
Shares sold through Employee Benefit Trust		300	152
Equity dividends paid	7	(765)	(554)
Net cash used in financing activities		(1,297)	(886)
Net increase/(decrease) in cash and cash equivalents		3,674	(1,546)
Cash and cash equivalents at the beginning of the year		8,994	10,540
Cash and cash equivalents at the end of the year		12,668	8,994

## NOTES TO THE PRELIMINARY ANNOUNCEMENT

### 1 GENERAL INFORMATION

Share plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Oxford House, Oxford Road, Aylesbury, Buckinghamshire, HP21 8SZ. The nature of the Group's operations and its principal activities will be set out in the Strategic Report in the Group's Annual Report for 2019, which will be available as set out in Note 11 below.

The financial statements are presented in Pounds sterling which is the currency of the primary economic environment in which the Group operates.

### 2 BASIS OF PREPARATION

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB as endorsed by the European Union.

The Company's financial statements have been prepared on the same basis and as permitted by Section 408 of the Companies Act 2006, no income statement is presented for the Company.

The Group financial statements consolidate those of the Company and its subsidiaries, The Share Centre Limited and The Share Centre (Administration Services) Limited, which all make up their annual financial statements to 31 December. Other subsidiaries are not included in the Share plc consolidation as they are not trading and not material to the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Group has considerable financial resources and no external debt. With a diversified customer base and core recurring revenue streams along with large elements of discretionary spending in the Group's cost base, the directors believe that the Group is well placed to manage its business risks successfully despite the uncertain political and economic outlook. Therefore, after making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and at least 12 months. Accordingly, the going concern basis has continued to be used in the preparation of these financial statements.

The Group's detailed accounting policies are as stated in the full financial statements which will be published shortly as per Note 11 below. These policies are consistent with those applied in the financial statements for the year ended 31 December 2019.

#### Changes to accounting standards

In the current year, the following new and revised Standards and Interpretations have been adopted and, where no further details have been provided, have had no material impact on these financial statements.

- IFRS 16 Leases (further details in Note 3)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments, effective 1 January 2019
- Prepayment Features with Negative Compensation – Amendments to IFRS 9, effective 1 January 2019
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28, effective 1 January 2019
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19, effective 1 January 2019
- AIP IFRS 3 Business Combinations – Previously held Interests in a joint operation, effective 1 January 2019
- AIP IFRS 11 Joint Arrangements – Previously held Interests in a joint operation, effective 1 January 2019
- AIP IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classifies as equity, effective 1 January 2019
- AIP IAS 23 Borrowing Costs – Borrowing costs eligible for capitalisation, effective 1 January 2019

At the date of these financial statements, the following Standards and Interpretations which have not yet been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The impact of these amendments is yet to be determined.

- Definition of a Business – Amendments to IFRS 3, effective 1 January 2020
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 37 and IFRS 7, effective 1 January 2020
- Definition of Material – Amendments to IAS 1 and IAS 8, effective 1 January 2020
- The Conceptual Framework for Financial Reporting, effective 1 January 2020
- IFRS 17 Insurance Contracts, effective 1 January 2021



### 3 LEASES

Upon transition to IFRS 16, the Group applied the modified retrospective approach and therefore has not restated comparative information in the 2019 financial statements. Prior period amendments that have arisen from the adoption of IFRS 16 have been recognised directly in retained earnings as of 1 January 2019, as follows:

	OFFICE BUILDING £'000	PHOTOCOPIERS £'000	TOTAL (UNAUDITED) £'000
<b>Right of use assets</b>			
Value as at 1 January 2019	-	-	-
Reclassification of leases	1,403	123	1,526
Depreciation charge on right of use asset	(282)	(32)	(314)
<b>Value as at 31 December 2019</b>	<b>1,121</b>	<b>91</b>	<b>1,212</b>
<b>Lease liabilities</b>			
Value as at 1 January 2019	-	-	-
Reclassification of leases	(1,524)	(125)	(1,649)
Interest expense on lease liability	(72)	(4)	(76)
Cash outflows (lease payments)	271	38	309
<b>Value as at 31 December 2019</b>	<b>(1,325)</b>	<b>(91)</b>	<b>(1,416)</b>
<b>Ageing of liabilities</b>			
Less than 1 year	(111)	(32)	(143)
1-5 years	(1,214)	(59)	(1,273)
<b>Balance at the end of the year</b>	<b>(1,325)</b>	<b>(91)</b>	<b>(1,416)</b>

The impact on the income statement was as follows:

	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Depreciation expense of right of use assets	(314)	-
Interest expense on lease liabilities	(76)	-
Lease rental expense	-	(311)
<b>Total recognised in the income statement</b>	<b>(390)</b>	<b>(311)</b>

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	OFFICE BUILDING) £'000	PHOTOCOPIERS £'000	TOTAL (UNAUDITED) £'000
Operating lease commitments as at 31 December 2018	1,806	132	1,938
Weighted average incremental borrowing rate as at 1 January 2019	4.75%	3.00%	
Discounted operating lease commitments as at 1 January 2019	1,524	125	1,649

#### 4 DISPOSAL OF EQUITY INVESTMENT

	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Proceeds on disposal of equity investment	4,131	-
Cost of equity investment	(164)	-
<b>Profit on disposal of equity investment</b>	<b>3,967</b>	<b>-</b>

In the year, the Group sold 59,000 (2018: nil) London Stock Exchange Group plc 5p ordinary shares at a price of £70.01, receiving a total consideration of £4.1m. The average weighted cost of the shares to the Group was £2.78 per share. Following an update to IFRS 9 Financial Instruments, effective 1 January 2018, the Group opted to hold all equity investments at Fair Value through Other Comprehensive Income ('FVOCI'). Under this option, any gains or losses on disposal of shares, as well as any deferred and corporation tax on these disposals, are recognised in other comprehensive income ('OCI'), rather than the income statement.

	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Profit on disposal of equity investment	3,967	-
Corporation tax liability due on profit on disposal of equity investment	(751)	-
<b>Net profit credited to retained earnings</b>	<b>3,216</b>	<b>-</b>
Profit on disposal of equity investment	(3,967)	-
Deferred tax released upon disposal of equity investment	675	-
<b>Net profit charged to revaluation reserve</b>	<b>(3,292)</b>	<b>-</b>
<b>Net charge to other comprehensive income</b>	<b>(76)</b>	<b>-</b>

#### 5. DIRECTORS

Detailed information concerning Directors' emoluments and share options will be disclosed in the Directors' remuneration report of the Share plc 2019 Annual Report and Financial Statements.

#### 6 TAXATION

	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
<b>Current tax:</b>		
Corporation tax charge on the income for the year	(83)	(42)
Adjustments in respect of prior periods	-	(25)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	61	20
	<b>(22)</b>	<b>(47)</b>

The tax assessed for the current year can be reconciled to the loss per the income statement as follows:

	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
<b>Loss before taxation</b>	<b>(133)</b>	<b>(22)</b>
Tax at 19.00% (2018: 19.00%)	<b>25</b>	4
<i>Effects of</i>		
Items not deductible for tax purposes	<b>19</b>	(27)
Foreign tax suffered	<b>(27)</b>	(30)
Prior year tax	-	(25)
Exempt dividend income	<b>59</b>	45
Tax payment made on behalf of Employee benefit scheme	-	(2)
Share-based payments	<b>(98)</b>	(12)
	<b>(22)</b>	<b>(47)</b>

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's investments amounting to £462,000 has been charged (2018: £290,000 credited) to other comprehensive income. A deferred tax asset of £29,000 has been credited to equity, following the reclassification of leases under IFRS 16. A current tax credit of £2,000 (2018: £8,000) and deferred tax credit of £91,000 (2018: £23,000 credit) relating to excess deductions on share-based payments have been taken to equity.

The current year tax rate used above (19%) arises from the corporation tax rate from 1 April 2018. The standard rate of corporation tax in the UK is expected to change from 19% to 17% with effect from 1 April 2020.

## 7 DIVIDENDS

AMOUNTS RECOGNISED AS DISTRIBUTIONS TO EQUITY HOLDERS IN THE PERIOD	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
2018 final dividend paid of 0.55p per ordinary share	<b>790</b>	575
Less dividend due to shares held via ESOP*	<b>(25)</b>	(21)
	<b>765</b>	554

\* Employee Stock Ownership Plan ('ESOP')

Given the agreement reached with Interactive Investor, the Board is not proposing the payment of a dividend in respect of 2019.

## 8 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming conversion of all potential dilutive ordinary shares. The potential ordinary shares consist of those share options where the exercise price is less than the average price of the Company's ordinary shares during the year. The calculation results in a difference of only a small fraction of a penny, which is eliminated in roundings.

Underlying basic and diluted earnings per share are calculated as for basic and diluted earnings per share but using an adjusted earnings figure before any one-off gains, losses, income or expense. The directors consider that the underlying earnings per share represent a more consistent measure of the underlying performance of the Group.

## EARNINGS

	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Losses for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company	(155)	(69)
Other one-off income	(20)	-
FSCS levies	400	235
Share-based payments	738	551
Redundancy and termination costs	24	93
One-off legal and professional costs	551	50
Profit share impact of the above adjustments	(364)	(200)
Taxation impact of the above adjustments	(112)	(34)
Earnings for the purposes of underlying basic and diluted earnings per share	1,062	626

## NUMBER OF SHARES

	2019 (UNAUDITED) NUMBER (000's)	2018 (AUDITED) NUMBER (000's)
Weighted average number of ordinary shares	146,154	144,559
Non-vested shares held by employee share ownership trust	(4,589)	(4,759)
Basic earnings per share denominator	141,565	139,800
Effect of potential dilutive share options	7,536	8,182
Diluted earnings per share denominator	149,101	147,982
Basic losses per share (p)	(0.1)	0.0
Diluted losses per share (p)	(0.1)	0.0
Underlying basic earnings per share (p)	0.8	0.4
Underlying diluted earnings per share (p)	0.7	0.4

## 9 INTANGIBLE ASSETS

	SHARE.COM DOMAIN NAME £'000	PURCHASED CUSTOMER ACCOUNTS £'000	PURCHASED SOFTWARE £'000	SYSTEMS DEVELOPMENT £'000	TOTAL £'000
<b>Cost</b>					
At 1 January 2018 (audited)	164	991	294	2,258	3,707
Additions	-	165	22	1,024	1,211
At 31 December 2018 (audited)	164	1,156	316	3,282	4,918
Additions	-	639	71	464	1,174
<b>At 31 December 2019 (unaudited)</b>	<b>164</b>	<b>1,795</b>	<b>387</b>	<b>3,746</b>	<b>6,092</b>
<b>Amortisation</b>					
At 1 January 2018 (audited)	164	230	53	63	510
Charge for the year	-	208	63	427	698
At 31 December 2018 (audited)	164	438	116	490	1,208
Charge for the year	-	258	61	731	1,050
<b>At 31 December 2019 (unaudited)</b>	<b>164</b>	<b>696</b>	<b>177</b>	<b>1,221</b>	<b>2,258</b>
<b>Net book value</b>					
<b>At 31 December 2019 (unaudited)</b>	<b>-</b>	<b>1,099</b>	<b>210</b>	<b>2,525</b>	<b>3,834</b>
At 31 December 2018 (audited)	-	718	200	2,792	3,710

In September 2019 the Group acquired 13,000 customer accounts from J.P. Morgan Asset Management.

In addition, the Group completed development of its website in July 2019, which represents the systems development additions in the year.

## 10 NOTES TO THE CASH FLOW STATEMENT

	2019 (UNAUDITED) £'000	2018 (AUDITED) £'000
Operating loss	(556)	(315)
Other income	20	-
Depreciation of property, plant and equipment	119	120
Depreciation of lease assets	314	-
Amortisation of intangible assets	1,050	698
Interest on leases	76	-
Share-based payments	738	551
Operating cash flows before movement in working capital	1,761	1,054
(Increase)/decrease in receivables	(10,434)	7,758
Increase/(decrease) in payables	10,491	(8,271)
Cash generated by operations	1,818	541
Income taxes paid	(75)	(126)
Net cash received from operating activities	1,743	415

## 11 AVAILABILITY OF ANNUAL REPORT AND FINANCIAL STATEMENTS

The Group's full annual report and financial statements will be despatched to shareholders, including those in nominee accounts who have opted-in to receive it, as soon as is practicable. Copies will also be available on the Group's website, [www.shareplc.com](http://www.shareplc.com), and on request from the Group's head office at Oxford House, Oxford Road, Aylesbury, Buckinghamshire, HP21 8SZ.

## 12 ANNUAL GENERAL MEETING

The Annual General Meeting is expected to be held in June 2020. Notice of the AGM will be despatched to shareholders with the Group's annual report and financial statements.

## 13 PRELIMINARY ANNOUNCEMENT

The financial information set out in the announcement does not constitute the Company's statutory financial statements for the years ended 31 December 2019 or 2018. The financial information for the year ended 31 December 2018 is derived from the financial statements for that year which have been delivered to the Registrar of Companies. The auditors reported on those financial statements; their report was unqualified, it did not draw attention to any matters by way of emphasis without qualifying their report and it did not contain a statement under s498(2) or (3) Companies Act 2006. The audit of the statutory financial statements for the year ended 31 December 2019 is not yet complete. These financial statements will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies before the Company's Annual General Meeting.