

Tavistock Investments plc

("Tavistock", "Company" or "Group")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS

- Continued increase in gross revenue for the Group for this period to more than £14.3 million (30 September 2018: £14.0 million)
- Continued increase in gross profit to £5,811,000 (30 September 2018: £5,651,000)
- 95% increase in EBITDA to £1,006,000 (30 September 2018: £516,000)

OPERATIONAL HIGHLIGHTS:

- Continued growth in funds under management (FUM) for the 18th consecutive quarter
 - Total FUM reached over £1.1 billion, an 18% increase (from £941 million) over the last year and a 49% increase (from £745 million) since 30 September 2017
 - Gross revenues for Tavistock Wealth at £2.74 million for the six-month period, compares favourably with revenue of £4.9 million for the full year to 31 March 2019
 - Average gross revenue remained steady at 0.51% of FUM value per annum
- Protected products
 - Last year, the Company launched two new funds protected by contractual guarantees provided by Morgan Stanley & Co International plc. These are the ACUMEN Capital Protection Portfolio ("ACPP") and the ACUMEN Income-Protection Portfolio ("AIPP")
 - To date the funds have attracted over £250 million of inflows
 - Earlier in the year, Tavistock established a Luxembourg regulated fund structure in order to facilitate investment in the protected portfolios by overseas based investors – a Reserved Alternative Investment Fund (RAIF)
 - The RAIF has now been admitted to trading on the Luxembourg Stock Exchange and is available for investment via Euroclear and ClearStream
- The performance of the advisory business remains a key area of focus
 - During the period revenues remained steady at £11.6 million
 - At the end of the period, the Group's advisory business had 180 advisers
- Endorsements

- Tavistock Wealth voted “The One to Watch” in Growth Investor Awards 2019
- During the period, the Group was ranked 14th in the Financial Times’ Top 100 Financial Advisers 2019

POST-PERIOD HIGHLIGHTS

- Launching another protection portfolio in the near future, the ACUMEN ESG (“Environmental, Social, Governance”) Protection Portfolio, which will carry the same 90% high watermark capital guarantee as the ACPP

Brian Raven, Group Chief Executive, Tavistock Investments said: “We see these results as particularly encouraging given the backdrop of political uncertainty and the market headwinds that have impacted our industry and the country. Our investment management business and our work with key partners have continued to play an essential role in our success and profitability. It is difficult to predict how markets will react and how investors may behave in the months ahead. Political events might have a significant impact on our business, however, we believe our commitment to developing strong partnerships, as well as broadening our investment proposition, will drive further growth.”

Enquiries

Tavistock Investments Plc

Tel: 01753 867000

Oliver Cooke

Brian Raven

Arden Partners Plc

Tel: 020 7614 5900

Paul Shackleton

Allenby Capital Limited

Tel: 020 3328 5656

Nick Naylor

Nick Athanas

Vested

Tel: 020 3691 7990

Paul Andrieu

Amelia Graham

TAVISTOCK INVESTMENTS PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019
UNAUDITED
Company Number: 05066489

TAVISTOCK INVESTMENTS PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

CONTENTS	Page
Chairman's statement	3-5
Unaudited Interim Condensed Consolidated statement of comprehensive income	6
Unaudited Interim Condensed Consolidated statement of financial position	7
Unaudited Interim Condensed Consolidated statement of changes in equity	8
Unaudited Interim Condensed Consolidated statement of cash flows	9
Notes forming part of the Unaudited Interim Condensed Consolidated financial statements	10-11

TAVISTOCK INVESTMENTS PLC

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

I am pleased to advise that the business has reported a 95% increase in the level of EBITDA achieved during the period under review as compared with the same period in the previous year, and that good progress continues to be made with the organic development of the business.

The performance in this period was particularly encouraging given the backdrop of political uncertainty and the market headwinds that have been faced by the Company, the industry and by the country as a whole. However, it is difficult to assess the impact that the continuing political and economic uncertainty might have on the Company's performance in the second half of the year.

Investment Management

The success of the investment management business remains key to the profitability of the Group and I am pleased to report that the level of funds being managed on a discretionary basis ("FUM") has now risen for an 18th consecutive quarter. However, the pace of growth slowed during the period under review as the paralysis seen in parliament increased investor anxiety, reduced the level of investment activity, whilst market challenges adversely impacted valuations. As shown in the table below, the level of FUM has risen by 18% (£172 million) over the last year and by over 49% (£368 million) since 30 September 2017.

	30 Sept '19	30 Sept '18	30 Sept '17
	£m	£m	£m
FUM	1,113	941	745

Tavistock Wealth's current average gross revenue is 0.51% of FUM value per annum and during the six-month period it achieved revenues of £2.74 million. This compares favourably with revenue of £4.9 million for the full year to 31 March 2019.

Now that Tavistock Wealth has established a successful five-year track record, a number of UK advisory firms outside the ownership of the Group have been recommending our investment management services to their clients. To date, these clients have introduced some £35 million of inflows. Discussions with other firms are ongoing. In addition, as a separate initiative, discussions are being held with a number of significantly larger potential business partners, each of whom has the ability to generate substantial inflows of funds.

Industry recognition continues to increase with Tavistock Wealth once again being selected as a finalist, and on this occasion being voted as "The One to Watch", at this year's Growth Investor Awards.

Update on Key Initiatives

1 Protected Products

Last year, the Company launched two new funds protected by contractual guarantees provided by Morgan Stanley & Co International plc, one of the world's largest investment companies. These are the ACUMEN Capital Protection Portfolio ("ACPP") and the ACUMEN Income-Protection Portfolio ("AIPP"). These funds provide high watermark capital guarantees to investors, ensuring that the Net Asset Value ("NAV") of the ACPP can never fall below 90% of its highest ever value, and the AIPP (which takes slightly more risk) below 85%. These funds have been well received and been positively reviewed by a recognised industry research analyst. To date the funds have attracted over £250 million of inflows.

In the near future the Company will be launching another new protection portfolio, the ACUMEN ESG ("Environmental, Social, Governance") Protection Portfolio, which will carry the same 90% high watermark capital guarantee as the ACPP. The ACUMEN ESG Protection Portfolio will use both positive and negative screening of potential investments, to ensure that, as a minimum, it achieves an MSCI ESG rating of A.

It is our belief that the new ACUMEN ESG Protection Portfolio will be as well received as the existing protection portfolios and that these funds remain unique within the UK. Our objective continues to be to make these funds available to as wide an audience as possible both within the UK and offshore.

TAVISTOCK INVESTMENTS PLC

CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2 Law Society Endorsement

Last year we launched Tavistock Law, a specialised business which has been formally endorsed by the Law Society as the preferred provider of investment advice to its members in the fields of Trusts and Court of Protection awards. The objective of this new business is to work closely with the Society, advising members and outlining the suitability of the new protected products for Trusts and their beneficiaries. After a stuttering start, resulting from staff changes and an internal reorganisation within the Law Society, this partnership is now beginning to gain traction.

3 Smartphone App

Tavistock Wealth soft-launched its new smartphone app, branded "i-stock" earlier in the year. The purpose of the soft-launch was firstly, to ensure that the mechanics of the app functioned well and were sufficiently robust to be able to handle large volumes of traffic, and secondly, to enable suitable helpdesk protocols to be developed, tested and documented. I am pleased to advise that this initial stage has been successfully completed. The next stage is to refine the consumer messaging and enable all of Tavistock Wealth's funds to be accessible via i-stock. Client accounts are currently free of charge without any administration, dealing, entry, exit or other charges applied.

4 Offshore

Earlier in the year, we established a Luxembourg regulated fund structure in order to facilitate investment in the protected portfolios by overseas based investors – a Reserved Alternative Investment Fund (RAIF). The Tavistock Fund SCA SICAV - RAIF currently has a single sub-fund, the Tavistock Guaranteed Portfolio. This portfolio holds cash together with investments in the ACPP and AIPP referred to above, structured so as to guarantee the same high watermark 90% protection. The RAIF has now been admitted to trading on the Luxembourg Stock Exchange and is available for investment via Euroclear and ClearStream. The task of getting the RAIF listed on a number of other worldwide trading platforms favoured by potential investors is ongoing.

5 Lighthouse

In May, Tavistock announced the termination of its strategic relationship with Lighthouse due to the indefinite postponement of agreed marketing activity following Lighthouse's acquisition by Quilters. As a consequence, the Company has during the period under review written off the £133,000 investment that it had made in the creation of a range of bespoke share classes, the development of a dedicated website and the full supporting promotional literature designed specifically for this partnership.

Advisory

The performance of the Group's advisory businesses is another key area of focus and during the period gross revenues remained materially unchanged at £11.6 million. Increased revenue, with improved profitability, generated by registered individuals has replaced the gross revenue lost as a consequence of having required a number of poorer performing appointed representative firms to leave the Group. This is in line with the Group's ongoing drive to minimise the risk associated with the Group's advisory business and to appropriately match this risk against potential commercial reward.

At the end of the period, the Group's advisory businesses had 180 individual advisors. The Group has also recently been ranked 14th in the Financial Times' Top 100 Financial Advisers 2019.

Financial Performance

During the period, the Group generated EBITDA of £1,006,000 on gross revenue of £14.3 million (six months to 30 September 2018, EBITDA of £516,000 on gross revenue of £14 million).

Cash generated from operations was £1,008,000 (six months to 30 September 2018, £130,000). However, during the period the Company settled £520,000 of deferred consideration obligations, spent £665,000 on the purchase of client books, invested £385,000 on the key initiatives referred to above, reduced debt and finance obligations by £515,000 and distributed £58,000 to shareholders through the payment of a maiden dividend. The net effect has been a reduction in the Group's cash resources from £3.12 million at 31 March to £1.98 million at 30 September 2019.

TAVISTOCK INVESTMENTS PLC

CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Financial Performance (continued)

At the end of the period, the Group had net assets of £20 million (31 March 2019, £19.9 million) which included cash resources of £1.98 million (31 March 2019, £3.1million).

The Group's results for the period and its position at the end of the period can be summarised as follows.

	6 Months ended 30 Sept '19 £'000s	6 Months ended 30 Sept '18 £'000s	Movement
Gross Revenues	14,311	14,034	2% increase
Reported EBITDA	1,006	516	95% increase
Depreciation & Amortisation	(755)	(503)	50% increase
Share based payments	(131)	(200)	36% decrease
Profit / (Loss) from operations before investment write off	120	(187)	164% increase
Investment write off	(133)*	-	-
Reported Loss from operations	(13)	(187)	93% decrease
Loss per share	0.01p	0.05p	80% decrease

	30 Sept '19 £'000s	31 March '19 £'000s	Movement
Net Assets	20,002	19,996	0.03% increase
Cash at end of the period	1,978	3,116	37% decrease

*Write off of investment in strategic relationship with Lighthouse Group Plc.

Future Prospects

Solid progress has been made with the development of the business during the period, but at present it is very difficult to predict how markets will react and how investors may behave in the months ahead. Political events might also have a significant impact on our business.

The management team will maintain its focus on a three stranded strategy for the development of the business. The first strand being to bring to fruition and to maximise asset inflows from the key initiatives referred to above; the second strand is to enter into a number of strategic partnerships with the larger entities with whom discussions are currently being held; and the third is to explore suitable acquisition opportunities.

I look forward to updating you on further progress.

Oliver Cooke
Chairman
20 November 2019

TAVISTOCK INVESTMENTS PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Note	Unaudited 6 months ended 30 September 2019 £'000	Unaudited 6 months ended 30 September 2018 £'000
Revenue	2	14,311	14,034
Cost of sales		(8,500)	(8,383)
Gross profit		<u>5,811</u>	<u>5,651</u>
Administrative expenses		(5,824)	(5,838)
Loss from operations		<u>(13)</u>	<u>(187)</u>
Memorandum:			
Adjusted EBITDA		1,006	516
Depreciation & amortisation		(888)	(503)
Share Based Payment		(131)	(200)
Loss from operations		<u>(13)</u>	<u>(187)</u>
Finance costs		(119)	(133)
Loss before taxation and attributable to equity holders of the parent		<u>(132)</u>	<u>(320)</u>
Taxation		54	62
Loss after taxation and attributable to equity holders of the parent and total comprehensive income for the period		<u>(78)</u>	<u>(258)</u>
Loss per share		<u><u> </u></u>	<u><u> </u></u>
Basic	3	<u>(0.01)p</u>	<u>(0.05)p</u>

The notes on pages 10 – 11 form part of the unaudited interim condensed consolidated financial statements

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

		Unaudited 30 September 2019		Audited 31 March 2019	
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Fixed assets			1,197		586
Intangible assets	4		21,942		19,897
Total non-current assets			<u>23,139</u>		<u>20,483</u>
Current assets					
Trade and other receivables		6,901		5,353	
Cash and cash equivalents		1,978		3,116	
Total current assets			<u>8,879</u>		<u>8,469</u>
Total assets			<u>32,018</u>		<u>28,952</u>
LIABILITIES					
Current liabilities					
			(5,495)		(3,942)
Non-current liabilities					
Other payables			(13)		(13)
Term loan and deferred consideration			(3,689)		(2,127)
Provisions			(2,465)		(2,465)
Deferred taxation			(354)		(409)
Total liabilities			<u>(12,016)</u>		<u>(8,956)</u>
Total net assets			<u>20,002</u>		<u>19,996</u>
Capital and reserves attributable to owners of the parent					
Share capital	5		13,101		13,101
Share premium			5,681		5,681
Retained earnings			1,220		1,214
Total equity			<u>20,002</u>		<u>19,996</u>

The unaudited interim condensed consolidated financial statements were approved by the Board and authorised for issue on 20 November 2019.

Oliver Cooke
Chairman

The notes on pages 10 – 11 form part of the unaudited interim condensed consolidated financial statements

TAVISTOCK INVESTMENTS PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
31 March 2018	12,720	4,882	1,088	18,690
Loss after tax and total comprehensive income	-	-	(258)	(258)
Equity settled share based payments	-	-	200	200
30 September 2018	12,720	4,882	1,030	18,632
Issue of shares	381	869	-	1250
Cost of share issue	-	(70)	-	(70)
Profit after tax, adjustments and total comprehensive income	-	-	136	136
Equity settled share based payments	-	-	48	48
31 March 2019	13,101	5,681	1,214	19,996
Loss after tax and total comprehensive income	-	-	(67)	(67)
Equity settled share based payments	-	-	131	131
Dividend payment	-	-	(58)	(58)
30 September 2019	13,101	5,681	1,220	20,002

The notes on pages 10 – 11 form part of the unaudited interim condensed consolidated financial statements

TAVISTOCK INVESTMENTS PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited 6 months ended 30 September 2019 £'000		Unaudited 6 months ended 30 September 2018 £'000	
Cash flows from operating activities				
Loss before tax		(132)		(320)
Adjustments for:				
Share based payments		131		200
Depreciation on fixed assets		272		84
Amortisation of intangible assets		483		419
Impairment		133		-
Net finance costs		119		133
Cash flows from operating activities before changes in working capital		<u>1,006</u>		<u>516</u>
Increase in trade and other receivables		(1,384)		(143)
Increase/(Decrease) in trade and other payables		1,386		(243)
Cash used in operations		<u>1,008</u>		<u>130</u>
Investing activities				
Purchase of fixed assets	(856)		(128)	
Purchase of intangible assets	(2,661)		(194)	
Payment of deferred consideration	1,102		(630)	
Net cash generated from investing activities		<u>(2,415)</u>		<u>(952)</u>
Financing activities				
Finance costs	(119)		(133)	
New financing	676		14	
Loan repayments	(230)		-	
Dividend payment	(58)		-	
Net cash from financing activities		<u>269</u>		<u>(119)</u>
Net decrease in cash and cash equivalents		<u>(1,138)</u>		<u>(941)</u>
Cash and cash equivalents at beginning of the period		<u>3,116</u>		<u>3,111</u>
Cash and cash equivalents at end of the period		<u><u>1,978</u></u>		<u><u>2,170</u></u>

The notes on pages 10 – 11 form part of the unaudited interim condensed consolidated financial statements.

TAVISTOCK INVESTMENTS PLC

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

1. ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union.

The accounts have been prepared in accordance with accounting policies that are consistent with the March 2019 Report and Accounts and that are expected to be applied in the Report and Accounts of the year ended 31 March 2020.

This report is not prepared in accordance with IAS 34, which is not mandatory. The financial information does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for Tavistock Investments Plc for the year ended 31 March 2019 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

2. SEGMENTAL INFORMATION

A segmental analysis of revenue and expenditure for the period is:

	Investment Management £'000	Advisory Support £'000	Unaudited 30 September 2019 £'000	Unaudited 30 September 2018 £'000
Revenue	2,744	11,567	14,311	14,034
Cost of Sales	(242)	(8,258)	(8,500)	(8,383)
Administrative Expenses	(1,165)	(3,509)	(4,674)	(4,461)
Group costs			(1,150)	(1,377)
Loss from operations			(13)	(187)

The segmental analysis above reflects the parameters applied by the Board when considering the Group's monthly management accounts. The Directors do not consider a division of the balance sheet to be appropriate or useful for the purposes of understanding the financial performance and position of the Group.

During the period under review the Group operated and earned revenue exclusively within the UK.

TAVISTOCK INVESTMENTS PLC

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

3. LOSS PER SHARE	Unaudited 6 months ended 30 September 2019	Unaudited 6 months ended 30 September 2018			
Loss per share has been calculated using the following:					
Loss from continuing operations (£'000)	(78)	(258)			
Weighted average number of shares ('000s)	575,296	537,186			
	<u> </u>	<u> </u>			
Basic loss per ordinary share	<u>(0.01)p</u>	<u>(0.05)p</u>			
	<u> </u>	<u> </u>			
4. INTANGIBLE ASSETS	Customer & Adviser Relationships £'000	Regulatory Approvals & Systems £'000	Goodwill Arising on Consolidation £'000	Other Intangible Assets £'000	Total £'000
Cost					
Balance at 1 April 2019 (Audited)	6,117	1,815	14,751	1,424	24,107
Additions	2,276	-	-	385	2,661
Impairment	-	-	-	(133)	(133)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 30 September 2019 (Unaudited)	<u>8,393</u>	<u>1,815</u>	<u>14,751</u>	<u>1,676</u>	<u>26,635</u>
 Accumulated amortisation					
Balance at 1 April 2019 (Audited)	2,780	959	235	236	4,210
Amortisation	335	86	-	62	483
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 30 September 2019 (Unaudited)	<u>3,115</u>	<u>1,045</u>	<u>235</u>	<u>298</u>	<u>4,693</u>
 Net Book Value					
At 1 April 2019 (Audited)	<u>3,337</u>	<u>856</u>	<u>14,516</u>	<u>1,188</u>	<u>19,897</u>
At 30 September 2019 (Unaudited)	<u>5,278</u>	<u>770</u>	<u>14,516</u>	<u>1,378</u>	<u>21,942</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5. SHARE CAPITAL	Unaudited 30 September 2019 £'000	Unaudited 30 September 2018 £'000			
Called up share capital					
Allotted, called up and fully paid					
575,295,801 Ordinary shares of 1 pence each	5,753	5,372			
30,450,078 Deferred shares of 9 pence each	2,741	2,741			
465,344,739 Deferred "A" shares of 0.99 pence each	4,607	4,607			
	<u> </u>	<u> </u>			
	<u>13,101</u>	<u>12,720</u>			
	<u> </u>	<u> </u>			