

REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021
UNAUDITED

Company Number: 05066489

 **tavistock**

INVESTMENTS *PLC*

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TAVISTOCK INVESTMENTS PLC

REPORT AND FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

In the period under review the Board successfully concluded a fundamental transformation of the Company's standing and prospects.

This was achieved by entering into a ten-year strategic partnership with Titan Wealth Holdings Limited ("Titan"). As a part of the partnership arrangements, Titan acquired the Group's investment management business, Tavistock Wealth Limited ("TWL"), for a consideration of up to £40 million, in cash, together with a ten-year revenue sharing earn out. The cash element of the transaction alone was equivalent to more than 2.5 times the Company's market capitalisation immediately prior to the announcement of the deal.

The initial £20 million of the consideration was received at the end of August 2021, when the transaction was formally completed. The balance of the consideration of up to a further £20 million is payable in cash in annual instalments over the next three years, linked to the maintenance of TWL's revenues.

This transaction has enabled the Company to:

- repay £3.53 million to its bankers, NatWest, in full satisfaction of all outstanding borrowings;
- buy back and cancel 4.7% of the Company's issued share capital, thereby enhancing the earnings per share and thus the intrinsic value of all the shares remaining in issue;
- pay an interim dividend to shareholders five times higher than the maiden dividend paid to them in 2019; and
- increase the net asset value per share from under 3p at the end of March 2021 to over 8p at 30 September 2021.

The Company is now well positioned to increase the scale of its business through both continued organic growth and an accelerated acquisition programme without significant further dilution for shareholders.

Several potential acquisitions are currently being considered by the board.

Financial performance during the period

Revenues from financial advisory support have grown strongly in the period, up 37% on the same period last year to £14.7 million (2020: £10.7 million). It is anticipated that revenues from this area for the full financial year will exceed the total revenues reported by the Group in the last financial year.

The contribution to the Group's adjusted EBITDA from this area has also grown strongly in the period, up 56% on the same period last year to £1.5 million (2020: £0.96 mill). Adjusted EBITDA is considered by the board to be the most appropriate measure of the Group's performance because it removes the distorting effect of one-off gains and losses from acquisitions, as well as the impact of non-cash items.

The dedicated manner in which the Group's advisers look after the interests of their clients is continuing to gain recognition within the financial services industry. One of the Group's advisory businesses, Tavistock Private Client Limited, has recently been acknowledged as the **Best Financial Planning and Wealth Management Firm in England** at the SME News' Finance Awards 2021.

Revenues from the Group's investment management business were 13% down on last year at £2.4 million (2020: £2.7 million) and the contribution to the Group's adjusted EBITDA was down 6% on last year to £1.6 million (2020: £1.7 million). This was because the Group only benefitted from five month's contribution from its investment management business (prior to completion of the sale to Titan) during the period under review, compared to a full six months' contribution during the same period last year.

The Group's revenues, at £17 million, were 27% higher than in the same period last year (2020: £13.4 million) and its adjusted EBITDA for the period, at £1.1 million, was 13% lower than the same period last year (2020: £1.3 million).

TAVISTOCK INVESTMENTS PLC

CHAIRMAN'S STATEMENT (CONTINUED) FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

However, it should be noted that in the comparable period last year the Group benefited from approximately £400k of staff salary sacrifice and government furlough support, as well as a further £460k of revenue from its investment management business. Thus, on a like for like basis the Group's performance continues to improve.

The reported profit before tax, after providing for the Group reorganisation project, depreciation and amortisation and share based payments, was £35.5 million (6 months to September 2020: £416k loss). This result includes the present-day value of the profit arising from the disposal of TWL to Titan.

At 30 September 2021, the Company had net assets of £49.8 million (31 March 2021: £15 million), which was equivalent in value to approximately 8.6 pence per share based on the number of shares then in issue. This figure included cash resources of £17.2 million (31 March 2020: £4.5 million) after further purchases of client books, repayment of all bank debt, the payment of the interim dividend to shareholders and the buy-back and cancellation of 4.7% of the Company's issued share capital.

The Group's results can be summarised as follows:

	6 Months ended 30 Sept '21 £'000s	6 Months ended 30 Sept '20 £'000s	Change on last year's equivalent period
Gross Revenues	17,043	13,380	27% increase
Reported adjusted EBITDA	1,095	1,260	13% decrease
Depreciation & amortisation	(467)	(326)	43% increase
One off costs of restructuring programme	(500)	(1,200)	58% decrease
Share based payments	(269)	(13)	
Reported (Loss) from operations before disposal of TWL	(141)	(279)	49% decrease
Profit on disposal of TWL	35,786	-	-
Profit/(Loss) from operations	35,645	(279)	-
Profit/(Loss) per share	5.85p	(0.07p)	-
Net assets	49,817	14,988	215% increase
Including cash and cash equivalents	17,171	3,974	332% increase

Post Balance Sheet events

The Board received confirmation that the disposal of TWL to Titan qualifies for Substantial Shareholding Exemption ("SSE"). As a consequence, no tax charge will be incurred on receipt of the consideration of up to £40 million in cash. This is clearly of significant benefit to the Company as in the absence of the SSE, the transaction might have given rise to a tax charge of approximately £7 million.

Future prospects

The Board's focus is on the continued increase in shareholder value. It intends to accomplish this by delivering a growing dividend stream, completing further share buy-backs and building a much larger and more profitable business.

I look forward to updating shareholders in due course.

Oliver Cooke
Chairman

6th December 2021

TAVISTOCK INVESTMENTS PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Note	Unaudited 6 months ended 30 Sept 2021 £'000	Unaudited 6 months ended 30 Sept 2020 £'000
Revenue	2	17,043	13,380
Cost of sales		(10,455)	(7,660)
Gross profit		6,588	5,720
Administrative expenses		(6,729)	(5,999)
Loss from operations before disposal	2	(141)	(279)
Present value of profit on disposal of Tavistock Wealth	4	35,786	-
Profit/(Loss) from operations		35,645	(279)
Memorandum:			
Adjusted EBITDA		1,095	1,260
Depreciation & amortisation		(467)	(326)
One off costs of restructuring programme		(500)	(1,200)
Share based payments		(269)	(13)
Profit/(Loss) from operations before disposal		(141)	(279)
Finance costs		(115)	(115)
Profit share due to fellow member of LLP		(48)	(22)
Profit/(Loss) before taxation and attributable to equity holders of the parent		35,482	(416)
Taxation		-	-
Profit/(Loss) after taxation and attributable to equity holders of the parent and total comprehensive income for the period		35,482	(416)
Profit/(Loss) per share			
Basic and diluted	3	5.85p	(0.07)p

The notes on pages 8 – 10 form part of the unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Unaudited 30 September 2021		Audited 31 March 2021	
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Tangible fixed assets		1,553		1,037
Intangible assets	5	16,499		17,703
Total non-current assets		18,052		18,740
Current assets				
Trade and other receivables	4	22,580		3,286
Cash and cash equivalents		17,171		4,457
Total current assets		39,751		7,743
Total assets		57,083		26,483
LIABILITIES				
Current liabilities				
		(5,748)		(5,445)
Non-current liabilities				
Loan & Lease liability		(655)		(3,297)
Payments due regarding purchase of client lists		(523)		(928)
Provisions		(812)		(831)
Deferred taxation		(249)		(249)
Total liabilities		(7,987)		(10,750)
Total net assets		49,817		15,733
Capital and reserves attributable to owners of the parent				
Share capital	6	5,792		6,079
Capital Repayment Reserve		287		-
Share premium		1,541		1,541
Retained earnings		42,197		8,113
Total equity		49,817		15,733

The unaudited interim condensed consolidated financial statements were approved by the Board and authorised for issue on 6th December 2021.

Oliver Cooke
Chairman

The notes on pages 8 – 10 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 2021

	Share capital	Share premium	Capital repayment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
31 March 2020	13,426	6,001	-	(4,023)	15,404
Loss after tax and total comprehensive income	-	-	-	(429)	(429)
Equity settled share-based payments	-	-	-	13	13
Dividend payment	-	-	-	-	-
30 September 2020	13,426	6,001	-	(4,439)	14,988
Bfwd reserves of previously unconsolidated subsidiary	-	-	-	(181)	(181)
Capital reduction	(7,347)	(4,460)	-	11,807	-
Profit after tax, adjustments and total comprehensive income	-	-	-	1,221	1,221
Equity settled share-based payments	-	-	-	(295)	(295)
31 March 2021	6,079	1,541	-	8,113	15,733
Profit after tax and total comprehensive income	-	-	-	35,482	35,482
Buy back of shares	(287)	-	287	(1,365)	(1,365)
Dividend payment	-	-	-	(302)	(302)
Equity settled share-based payments	-	-	-	269	269
30 September 2021	5,792	1,541	287	42,197	49,817

The notes on pages 8 – 10 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 2021

	Unaudited 6 months ended 30 September 2021		Unaudited 6 months ended 30 September 2020	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Loss before tax excluding gain on sale of Tavistock Wealth		(304)		(416)
Adjustments for:				
Share based payments		269		13
Depreciation on fixed assets		337		233
Amortisation of intangible assets		130		93
Provisions for one-off reorganisation costs		500		1,200
Net finance costs		115		115
Cash flows from operating activities before changes in working capital		1,047		1,238
Increase in trade and other receivables		(19,235)		(2,328)
Increase in trade and other payables		961		2,380
Cash generated in operations		17,229		1,290
Investing activities				
Present value of profit on disposal of Tavistock Wealth	35,786		-	
Purchase of tangible fixed assets	(870)		(762)	
Intangible assets – client lists and internally developed assets	(837)		(101)	
Deferred consideration payments	(1,082)		(687)	
Net cash generated /(used) from investing activities		32,997		(1,550)
Financing activities				
Finance costs	(115)		(115)	
New loans	-		2,130	
Leases	306		(135)	
Loan repayments	(3,590)		(62)	
Buy back of shares	(1,365)		-	
Disposal of TWL Goodwill	2,010		-	
Dividend payment	(302)		-	
Net cash (used) /generated from financing activities		(3,056)		1,818
Net increase in cash and cash equivalents		12,714		1,558
Cash and cash equivalents at beginning of the period		4,457		2,416
Cash and cash equivalents at end of the period		17,171		3,974

The notes on pages 8 – 10 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 2021

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 UK.

The accounts have been prepared in accordance with accounting policies that are consistent with the March 2021 Report and Accounts and that are expected to be applied in the Report and Accounts of the year ending 31 March 2022.

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 2021 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	Advisory Support	Group (Plc)	Unaudited 30 September 2021	Unaudited 30 September 2020
	£'000	£'000	£'000	£'000	£'000
Revenue	2,378	14,652	13	17,043	13,380
Cost of Sales	(226)	(10,229)	-	(10,455)	(7,660)
Administrative Expenses	(728)	(3,713)	(1,520)	(5,961)	(4,799)
Group	-	-	(768)	(768)	(1,200)
Loss from operations before disposal				<u>(141)</u>	<u>(279)</u>

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 statement of financial position 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 2021

3. EARNINGS PER SHARE

	Unaudited 6 months ended 30 September 2021 £'000	Unaudited 6 months ended 30 September 2020 £'000
Profit/(Loss) per share has been calculated using the following:		
Profit/(Loss) from continuing operations (£'000)	35,482	(416)
Weighted average number of shares ('000s)	606,208	607,796
Basic profit/(loss) per ordinary share	<u>5.85p</u>	<u>(0.07)p</u>

Earnings/(Loss) per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. There would be no dilutive impact were the share options to be exercised.

4. DISPOSAL OF SUBSIDIARY UNDERTAKINGS

During the period the Group disposed of its interest in Tavistock Wealth Limited ("TWL") to Titan Wealth Holdings Limited ("Titan") for a consideration of up to £40 million in cash, with the deferred proportion of the overall consideration linked to the achievement and maintenance of an average of £6 million of gross revenues per annum within TWL.

The calculation of the profit arising from this transaction can be summarised as follows:

	£'000	£'000
Initial Consideration		20,000
Less:		
Write off of the goodwill and net assets associated with Tavistock Wealth	(2,349)	
Transaction costs	(359)	
Balance sheet deficit as defined by the SPA	<u>(7)</u>	(2,715)
Deferred Consideration		20,000
Less: Discount at average cost of funds to reflect the current value of future receipts	<u>(1,499)</u>	(1,499)
Reported Gain		<u><u>35,786</u></u>

In calculating the gain summarised above the Directors exercised the following material judgements and assessments:

- the initial consideration received is non-refundable,
- based upon the aggregate of the assets introduced by Tavistock to Titan as a part of the transaction, the additional assets anticipated to be introduced in the future from Tavistock's ongoing activities and the assets that will either be introduced as a consequence of Tavistock's planned acquisition strategy or otherwise, the Directors are confident that TWL's gross annual revenues will exceed the £6 million performance benchmark referred to in the sale and purchase agreement entered into with Titan. Based upon this judgement, it has been assumed that the deferred consideration will be received in full,
- a discount rate of 4% per annum has been applied to the deferred consideration to reflect its present day value.

TAVISTOCK INVESTMENTS PLC

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

5. INTANGIBLE ASSETS

	Client Lists £'000	Goodwill Arising on Consolidation £'000	Internally Developed Assets £'000	Total £'000
Cost				
Balance at 1 April 2021 (Audited)	9,185	14,751	2,481	26,417
Additions	315	367	159	841
Disposals	-	(1,916)	-	(1,916)
Balance at 30 September 2021 (Unaudited)	<u>9,500</u>	<u>13,202</u>	<u>2,640</u>	<u>25,342</u>
Accumulated amortisation				
Balance at 1 April 2021 (Audited)	7,242	235	1,238	8,715
Amortisation	118	-	10	129
Balance at 30 September 2021 (Unaudited)	<u>7,360</u>	<u>235</u>	<u>1,248</u>	<u>8,844</u>
Net Book Value				
At 1 April 2021 (Audited)	<u>1,944</u>	<u>14,516</u>	<u>1,243</u>	<u>17,703</u>
At 30 September 2021 (Unaudited)	<u>2,140</u>	<u>12,967</u>	<u>1,392</u>	<u>16,499</u>

6. SHARE CAPITAL

	Unaudited 30 September 2021 £'000	Audited 31 March 2021 £'000
Called up share capital		
Allotted, called up and fully paid		
5,791,677 Ordinary shares of 1 pence each (31 March 2021: 607,795,801)	5,792	6,079
Capital Repayment Reserve	287	-

During the period 28,898,378 shares with a nominal value of £288,984 were bought back and cancelled. The nominal value of these shares has been transferred to a Capital Repayment Reserve.

The logo features a stylized 'ti' icon in red and white to the left of the word 'tavistock' in a bold, dark blue, lowercase sans-serif font.

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For more information about Tavistock Investments Plc or our investment products please write to the address below or email us at investments@tavistockinvestments.com

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Tavistock Investments PLC is registered in England and Wales with company number 05066489.
Registered Office as above.