

REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022
UNAUDITED

COMPANY NUMBER : 05066489



2022

AN INTEGRATED APPROACH TO FINANCIAL SERVICES





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TAVISTOCK INVESTMENTS PLC

REPORT AND FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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TAVISTOCK INVESTMENTS PLC

CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

I am pleased to advise that the strong growth within the Company's financial advisory business, reported for the full year to 31 March 2022, has continued during the first half of the current financial year.

This area generated increased gross revenues of £17 million during the period, up 16% on the same period last year (30 September 2021: £14.7 million).

The contribution made to the Company's adjusted EBITDA also increased by 56% over the same period last year to £1.4 million (30 September 2021: £0.9 million).

Despite this creditable level of organic growth, this remains a period of transition for the Company with the Board's focus being on replacing the adjusted EBITDA contribution previously made by the Company's investment management business, Tavistock Wealth Limited ("TWL"), prior to its sale to Titan Wealth Holdings Limited ("Titan") in August 2021. This will be achieved through an acquisition strategy.

Investigating acquisition opportunities and exploring different financing options, as well as the wider development of the business, is a time-consuming process involving occasional dead ends at the due diligence stage. However, the Company is currently engaged in discussions with several well qualified acquisition targets, which it is well positioned to pursue. The Company's cash resources have been bolstered by the recent receipt of the first of three deferred consideration payments from Titan and further strengthened by an offer from the Bank of Ireland to provide a facility of up to £20 million to assist with its acquisition strategy.

The Board is also focused on withdrawing from less profitable areas of activity such as the RAIF (Reserved Alternative Investment Fund) that the Company established on the Luxembourg Stock Exchange. Market sentiment and hostile economic conditions have prevented this fund from achieving critical mass, so it has now been closed with the residual funds being returned to the original investor. The costs associated with this closure were fully provided for in the accounts to 31 March 2022.

In the full year accounts to 31 March 2022, I advised that the Company had acquired a 21% stake in LEBC Holdings Limited ("LEBC") and that the Board were working with the management of LEBC to maximise the value of this investment for the benefit of both sets of shareholders. As a part of the arrangements, the Company had agreed to acquire an unregulated business called Hummingbird from LEBC, that sells research on the asset class allocations for risk-based portfolios to third party asset managers. This acquisition was made in part to provide additional working capital to LEBC. However, as an alternative source of funding has now been identified by LEBC, the Company has agreed to sell Hummingbird back to LEBC on the same terms on which it was acquired. Completion of this transaction was announced by the Company on 1 December 2022.

Financial performance during the period

Adjusted EBITDA (defined as being Earnings before Interest, Taxation, Depreciation and Amortisation as adjusted to remove the distorting effect of one-off gains and losses arising on acquisitions/disposals, as well as other non-cash items) is highlighted as the Board considers this, rather than Operating Profit, to be the best measure of the Company's underlying performance.

During the period under review the Company has continued to attract new investment into its range of risk rated model portfolios. However, despite the strong relative investment performance of these portfolios, volatile market conditions have resulted in falls in the value of investment holdings.

TAVISTOCK INVESTMENTS PLC

CHAIRMAN'S STATEMENT (CONTINUED) FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

RESULTS FROM ONGOING ACTIVITIES (excluding TWL)	6 Months ended 30 Sept '22 £'000s	6 Months ended 30 Sept '21 £'000s	Movement
Gross Revenues	17,334	14,688	18% increase
Adjusted EBITDA	147	(268)	155% improvement
Depreciation & Amortisation	(497)	(461)	8% increase
Share based payments	(120)	(269)	55% decrease
Provision for one-off reorganisation costs	-	(500)	-
Reported Loss from Operations	(470)	(1,498)	69% improvement
Loss per ordinary share	(0.14)p	(0.31)p	55% improvement
Net assets at Interim end	42,106	49,817	15% decrease
Cash resources at Interim end	4,151*	17,171	76% decrease

*Immediately following the period end, the Company received the first of three deferred consideration payments from Titan which took the Group's cash resources above £10 million.

Share buy backs and dividends

Since 1 April 2022, the Company has in aggregate bought back 3,300,000 ordinary shares of 1 penny each (3,000,000 at 9.35p per share and 300,000 at 7.00p per share). In each instance, the shares so purchased have been cancelled, which has enhanced the earnings per share attributable to the shares remaining in issue.

In July 2022, the Company paid an interim dividend of 0.07p per share, which was 40% higher than the dividend that was paid in October 2021.

Future prospects

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

I look forward to updating shareholders in due course.

Oliver Cooke

Chairman

19th December 2022

TAVISTOCK INVESTMENTS PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Unaudited 6 months ended 30 Sept 2022 £'000	Unaudited 6 months ended 30 Sept 2021 £'000
Revenue	2	17,334	17,043
Cost of sales		(11,577)	(10,455)
Gross profit		5,757	6,588
Administrative expenses	2	(6,227)	(6,536)
(Loss)/Profit from operations before disposal		(470)	52
Gain on sale of subsidiary	4	-	35,786
(Loss)/Profit from Total Operations		(470)	35,838
Adjusted EBITDA		147	1,288
Depreciation & Amortisation		(497)	(467)
Share Based Payments		(120)	(269)
Provision for new costs as a consequence of past reorganisation		-	(500)
(Loss)/Profit from operations before disposal		(470)	52
Finance costs		(58)	(115)
LLP members' remuneration charged as an expense		(277)	(241)
(Loss)/Profit before taxation		(805)	35,482
Taxation		-	-
(Loss)/Profit after taxation		(805)	35,482
Minority interest in LEBC		(58)	-
Profit after taxation and attributable to equity holders of the Parent and total comprehensive income for the period		(863)	35,482
(Loss)/Profit per share			
Basic	3	(0.14)p	5.85p
Diluted	3	(0.13)p	5.85p

The notes on pages 7-10 form part of the unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

		Unaudited 30 September 2022		Audited 31 March 2022	
		£'000	£'000	£'000	£'000
ASSETS					
Current assets					
Trade and other receivables	4		15,741		13,039
Cash and cash equivalents			4,151		15,274
Total current assets			19,892		28,313
Non-current assets					
Tangible fixed assets		1,656		1,733	
Intangible assets	5	21,536		18,309	
Investments in associates	6	10,002		-	
Trade and other receivables		12,090		12,090	
Total non-current assets			45,284		32,132
Total assets			65,176		60,445
LIABILITIES					
Current liabilities					
Non-current liabilities					
Loan & Lease liability			(571)		(731)
Payments due regarding purchase of client lists			(6,715)		(1,298)
Provisions			(7,839)		(7,955)
Deferred taxation			(262)		(262)
Total liabilities			(23,070)		(16,968)
Total net assets			42,106		43,477
Capital and reserves					
Share capital	7		5,556		5,578
Share premium			1,553		1,541
Capital redemption reserve			531		501
Retained earnings			34,466		35,857
Total equity			42,106		43,477

The unaudited interim condensed consolidated financial statements were approved by the Board and authorised for issue on 19th December 2022.

Oliver Cooke
Chairman

The notes on pages 7 – 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 2022

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
31 March 2021	6,079	1,541	-	8,114	15,734
Profit after tax and total comprehensive income	-	-	-	35,482	35,482
Equity settled share based payments	-	-	-	269	269
Buy back of shares	(287)	-	287	(1,365)	(1,365)
Dividend payment	-	-	-	(302)	(302)
Unaudited 30 September 2021	5,792	1,541	287	42,198	49,817
Loss after tax and total comprehensive income	-	-	-	(5,842)	(5,842)
Equity settled share based payments	-	-	-	745	745
Buy back of shares	(214)	-	214	(1,244)	(1,244)
31 March 2022	5,578	1,541	501	35,858	43,477
Loss after tax and total comprehensive income	-	-	-	(863)	(863)
Equity settled share based payments	-	-	-	120	120
Buy back of shares	(30)	-	30	(282)	(282)
Acquisition of LEBC Hummingbird Limited	-	-	-	25	25
Issue of shares	8	12	-	-	20
Dividend payment	-	-	-	(391)	(391)
Unaudited 30 September 2022	5,556	1,553	531	34,466	42,106

The notes on pages 7 – 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 2022

	Unaudited 6 months ended 30 September 2022		Unaudited 6 months ended 30 September 2021	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
(Loss)/Profit from normal Operations		(805)		35,482
Adjustments for:				
Share based payments		120		269
Depreciation on tangible fixed assets		303		337
Amortisation of intangible assets		194		130
Movements on one-off reorganisation provision		-		500
Finance costs		58		115
Gain on sale of subsidiary		-		(35,786)
		(130)		1,047
Cash flows (used in)/generated from operating activities before changes in working capital				
Increase in trade and other receivables		(2,707)		(727)
Increase in trade and other payables		1,832		961
		(1,005)		(1,281)
Cash (used in)/generated from Operations				
Investing activities				
Intangible assets - client lists and internally developed assets	(334)		(837)	
Purchase of tangible fixed assets	(276)		(870)	
Sale of client lists	100		-	
Purchase of subsidiary	(1,515)		-	
Purchase of share in associate	(6,060)		-	
Deferred consideration payments	(1,054)		(1,082)	
Cash received on sale of subsidiary	-		19,288	
		(9,139)		16,499
Net cash (used in)/generated from investing activities				
Financing activities				
Finance costs	(58)		(115)	
Leases	(152)		304	
Loan repayments	-		(3,588)	
Buy back of shares	(281)		(1,365)	
Dividend payment	(391)		(302)	
		(882)		(5,066)
Net cashflow used in financing activities				
Net change in cash and cash equivalents		(11,026)		12,714
Cash at start of period		15,177		4,457
Cash at end of period		4,151		17,171

The notes on pages 7 - 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 2022

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 2022 Report and Accounts and that are expected to be applied in the Report and Accounts of the year ending 31 March 2023.

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 2022 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:

	Group (Plc)	Investment Management	Advisory Business	Unaudited 30 September 2022	Unaudited 30 September 2021
	£'000	£'000	£'000	£'000	£'000
Revenue	174	543	16,617	17,334	17,043
Cost of sales	(144)	(128)	(11,305)	(11,577)	(10,455)
Gross profit	30	415	5,312	5,757	6,588
Attributed Expenses	(1,761)	(398)	(3,948)	(6,107)	(5,768)
Other Administration Expenses					
Share based payments				(120)	(268)
Provision for one off reorganisation costs				-	(500)
(Loss)/Profit from operations before disposal				(470)	52

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 2022

3. (LOSS)/EARNINGS PER SHARE

	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
	£'000	£'000
(Loss)/Earnings per share calculated using the following:		
(Loss)/Profit after taxation (£'000)	(805)	35,482
Weighted average number of shares ('000s)	557,443	606,208
(Loss)/Earnings per ordinary share	<u>(0.14)p</u>	<u>5.85p</u>
Weighted average number of shares and share options that were exercisable at period end ('000s)	638,239	606,208
(Loss)/Earnings per diluted share	<u>(0.13)p</u>	<u>5.85p</u>

(Loss)/Earnings per share calculated using the following:

(Loss)/Profit after taxation (£'000)

Weighted average number of shares ('000s)

(Loss)/Earnings per ordinary share

Weighted average number of shares and share options that were exercisable at period end ('000s)

(Loss)/Earnings per diluted share

(Loss)/Earnings 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 dilutive impact were the share options to be exercised.

4. DISPOSAL OF SUBSIDIARY UNDERTAKINGS

During the previous financial 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:

	Unaudited 30 September 2021	
	£'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>	<u>(1,499)</u>
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 2022

5. INTANGIBLE ASSETS

	Customer and Adviser Relationships £'000	Goodwill Arising on Consolidation £'000	Internally Developed Assets £'000	Total £'000
Cost				
Balance at 1 April 2022 (Audited)	4,862	12,600	1,587	19,049
Additions	331	3,024	166	3,521
Disposals	(100)	-	-	(100)
Balance at 30 September 2022 (Unaudited)	5,093	15,623	1,753	22,470
Accumulated amortisation				
Balance at 1 April 2022 (Audited)	707	-	33	740
Amortisation	177	-	17	194
Balance at 30 September 2022 (Unaudited)	884	-	50	934
Net Book Value				
Balance at 30 September 2022 (Unaudited)	4,209	15,623	1,703	21,536
Balance At 31 March 2022 (Audited)	4,155	12,600	1,554	18,309

6. INVESTMENT IN ASSOCIATES

In April 2022, the Company received regulatory approval from the FCA and completed the acquisition of a 21% stake in LEBC Holdings Limited ("LEBC") for a consideration of £10 million.

LEBC is an independent national business providing financial advice to retail clients and employee benefits advice to corporate clients. LEBC is estimated to have c.78,000 clients with £4.2 billion of assets under advice. The Board is working closely with the management of LEBC to maximise the value of this investment for the benefit of both sets of shareholders.

As a part of the arrangements, the Company also agreed to acquire an unregulated business called LEBC Hummingbird Limited ("Hummingbird") that sells research on asset class allocations for risk-based portfolios to third party managers, for a consideration of £3 million. The acquisition was made in part to provide additional working capital to LEBC. However, as an alternative source of funding has now been identified by LEBC, the Company agreed to sell Hummingbird back to LEBC on the same terms on which it was acquired. Completion of this transaction was announced by the Company on 1 December 2022.

TAVISTOCK INVESTMENTS PLC

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

7. SHARE CAPITAL

	Unaudited 30 September 2022 £'000	Audited 31 March 2022 £'000
Called up share capital		
Allotted, called up and fully paid		
5,555,212 Ordinary shares of 1 pence each (31 March 2022: 557,677,576)	5,556	5,578
Capital redemption reserve	531	501
	<u>6,087</u>	<u>6,079</u>
Share premium	1,553	1,541
	<u>7,640</u>	<u>7,620</u>

During the period, the Company has bought back 3,000,000 ordinary shares of 1p for 9.35p each. The shares purchased have been cancelled, which enhanced the earnings per share attributable to the shares remaining in issue. Also, during the period, 755,000 of share options have been exercised and added to share capital.

 **tavistock**

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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.