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2024 FULL YEAR RESULTS

12 JULY 2024: Cavendish Financial plc (together with its subsidiary undertakings, "Cavendish" or the "Group") today announces full year results for the period ended 31 March 2024.

JULIAN MORSE AND JOHN FARRUGIA, CO-CHIEF EXECUTIVE OFFICERS AT CAVENDISH, SAID:

"Since merging in September last year, our business has performed strongly with H2 revenue of £35m, 80% higher than H1 on a combined basis. The business has continued to operate well through the first quarter of the new financial year, demonstrating the strength of our diversified offering and broad client base, in what remains a challenging market.

We continue to win high quality mandates and have executed transactions worth c£2.5 billion across all divisions in the nine months since the merger. Despite the significant one-off costs of merger, our cash balance at March 31 was £21m. This solid position, a strong second half and a good start to the new financial year has enabled the board to recommend the resumption of dividend payments with the prospect of further returns in the current year.

We believe Cavendish's strong performance reflects our wide-ranging technical and sector expertise which enables us to tailor optimal solutions for our clients. Through the merger we have created a platform which has been profitable in the second half and generated cash in a challenging market. We are therefore well positioned to capitalise on improving market conditions when they come. We continue to make strategic hires in a number of areas to strengthen our offering and explore wider opportunities to grow our business."

STRONG POST-MERGER PERFORMANCE

- Revenues of £35m in H2, 80% higher than in H1 (on a combined basis).
- Appointed by 13 new quoted clients and executed over 120 transactions.
- £7m annualised cost synergies delivered on schedule.
- Strong balance sheet position with cash of £20.7m on 31 March 2024.
- Healthy transaction pipeline.

FINANCIAL OVERVIEW(2)

Consolidated results include the results of Cenkos from 7 September 2023.

- Consolidated revenue: £48.0m (FY23: £32.8m), +46%.
- Operating loss: £3.9m (FY23: loss £1.9m).
- Adjusted Operating loss: £1.7m (FY23: loss £1.7m) (3).
- Loss per share: 1.40p (FY23: 3.25p).
- Adjusted loss per share: 0.65p (FY23 0.94p).
- Dividend 0.25p (FY23 1.15p).

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OUTLOOK

The business is performing well in the new financial year, with deal flow balanced across ECM, Public and Private M&A, Debt Advisory and Private Growth Capital. As we look ahead, we see many reasons to be positive, including continued equity issuance, private and public M&A, further client wins and a number of emerging IPO opportunities as companies seek to join the UK markets. Clearly there remain uncertainties and macro issues which impact market sentiment, but with our well diversified offering and robust platform we look forward to returning to a profitable year as the merger synergies are fully realised and with that the compensation ratio returning to normal levels.

CONTACTS

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(1) Basis of preparation: the results for the year to 31 March 2024 include the consolidation of the results for Cavendish Securities plc (previously Cenkos Securities plc) from completion of its merger with finnCap Group plc for the period from 7 September 2023.

(2) Provides a consistent measure of the profits from the core business activities. Calculated excluding share-based payments, non-recurring incomes from the revaluation of options held, share of associate and joint venture profits and non-recurring costs from the acquisition of Cavendish Securities plc (previously Cenkos Securities plc).

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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BUSINESS REVIEW

The past 12 months have been transformative for our Group. Against a challenging operating and economic environment, we have created a leading full-service investment bank.

At the start of our financial year, we announced our intention to merge finnCap Group plc and Cenkos Securities plc, completed the process in September 2023 and implemented a fast operational integration. We rebranded the Group as Cavendish, giving a new identity which reflects our strength and capability to provide a comprehensive range of investment banking services, supporting our clients throughout their entire growth cycle.

Following the announcement of our merger, we worked hard to ensure the combination was seamless, whilst maintaining high quality client service and transaction execution. Careful planning, clear operational design and disciplined cost control allowed us to save £7 million on an annualised basis whilst creating a robust and scalable platform. This cost-efficient model has created a profitable and cash generating foundation which is well positioned to capitalise on market growth. The reported loss for the year reflects the decision we made to pay bonuses to reward and retain staff following a strong post-merger performance.

CAPITAL MARKET REFORMS

The previous Chancellor outlined reforms to boost pensions and increase investment in British businesses in his Mansion House speech in July 2023 that could unlock up to £50bn for high growth companies by 2030.

All the signs are that the new Labour Government will support the reforms being proposed. It is vital that everyone involved in the Mansion House Compact recognises that the AIM Market qualifies for inclusion in the proposed pension allocations to private and unlisted assets. To ignore AIM would be to ignore the key market for UK growth companies.

MARKET CONDITIONS

The AIM All Share index fell 8% in the 12-month period to 31 March 2024, underperforming the larger cap FTSE100, which gained 4%. High interest rates have challenged equity flows. Data from the Investment Association pointed to £13bn of retail selling of UK equities in the year, marking an unprecedented 32 months of consecutive equity outflows. UK smaller companies experienced over £1bn of outflows, bringing the cumulative selling to £2.7bn in the 3 years to end of March.

While heavy retail selling of UK equities continued in April, indications are that this eased in May. The shift in rate expectations this year has also not helped with the market still pricing in rates to remain at 4.5%. However, even though rate cuts have been pushed back, we have now seen the peak in interest rates and the conclusion of the general election has removed political uncertainty. This more stable backdrop, together with the recent successful IPO of Raspberry Pi, is positive for the new issue market.

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REVENUE(3)

Revenue comprises regular retainer income from corporate clients, advisory fees from public and private market transactions and trading income from market making and agency commission.

On a reported bases, revenue increased by 46% reflecting the increase in scale of the equity capital markets business following the merger.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Revenues		
Retainers	10,028	6,956
Transactions	33,512	22,632
Securities	4,548	3,276
Total revenue	**48,088**	**32,864**

OPERATING EXPENSES

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Employee costs	34,964	22,680
Share based payments	1,747	577
Introducer fees	773	147
Non-employee costs	14,159	11,139
Administrative costs	**51,643**	**34,543**

Administrative costs, increased by 50% with employee costs rising overall by 54% due to the inclusion of employees from Cavendish Securities plc (previously Cenkos Securities plc) following the merger and an increase in variable remuneration.

The combined Group has consolidated its London operations into one location saving £1.3m per year, migrated onto a single trading platform saving £0.8m per year and reduced headcount saving £4.9m per year. Further smaller savings are anticipated as licences for duplicated services come up for renewal.

Employee costs as a percentage of revenue were 73% (69% in FY23) reflecting bonuses awarded for people's contributions to our strong post-merger performance.

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BOARD CHANGES

There have been several changes to the Board's composition during the year. In connection with the merger, Barbara Firth and Andy Hogarth stepped down as Non-Executive Directors, and Geoff Nash stepped down as an Executive Director (but remains with the business as a senior Director in the Corporate Finance team). Lisa Gordon (Chair), Julian Morse (Co-CEO), Ben Procter (CFO) and Jeremy Miller (Non-Executive Director) all joined the Board on the merger effective date. Robert Lister stepped down as a Non-Executive Director on 31 December, and we welcomed Mark Astaire to the Board as a Non-Executive Director on 1 January 2024. Since the year-end, Richard Snow (who remained on the Board as Chief Operational Officer following the merger) has signalled his intention to step down from the Board at the end of July. Most recently Annette Andrews has informed us of her decision not to stand for re-election at the AGM on 16 September 2024.

NON-RECURRING COSTS

	Year ended 31 March 2024 £'000	**Year ended 31 March 2023 £'000**
Negative goodwill	(5,771)	-
Onerous contracts	2,563	-
Group restructuring costs	2,026	3,247
Transaction costs	1,234	411
Total non-recurring items	**52**	**3,658**

Negative goodwill reflects the difference between of the fair value of Cavendish Securities plc's (previously Cenkos Securities plc's) net assets at merger and the fair value of consideration for the purchase. Onerous contracts reflect the write down of the property no longer occupied and redundant IT systems. Group restructuring is the cost of the headcount reduction programme and Transaction costs cover the advisory and execution fees relating to the merger.

Overall, the direct costs of the merger are estimated to be c.£3.8m (group restructuring and transaction costs) including £0.5m incurred by Cavendish Securities plc (previously Cenkos Securities plc) prior to the merger. The overall annualised savings for the Group will be more than £7.0m.

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CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Revenue	**48,088**	**32,864**
Other operating income	(293)	(214)
Administrative expenses	(51,643)	(34,543)
Operating loss before non-recurring items	**(3,848)**	**(1,893)**
Non-recurring items	(52)	(3,658)
Operating loss after non-recurring items	**(3,900)**	**(5,551)**
Share of joint venture and associate losses	(346)	(297)
Finance income	359	65
Finance charge	(425)	(502)
Loss before taxation	**(4,312)**	**(6,285)**
Taxation	766	767
Loss attributable to equity shareholders	**(3,546)**	**(5,518)**
Total comprehensive loss for the year	**(3,546)**	**(5,518)**
Loss per share (pence)		
Basic	(1.40)	(3.25)
Diluted	(1.40)	(3.25)

There are no items of other comprehensive income.

All results derive from continuing operations.

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CONSOLIDATED BALANCE SHEET

	31 March 2024 £'000	31 March 2023 £'000
Non-current assets		
Property, plant and equipment	11,052	12,239
Intangible assets	13,436	13,492
Financial assets held at fair value	538	404
Investment in associates and joint ventures	1,982	2,106
Deferred tax asset	3,626	886
Total non-current assets	**30,634**	**29,127**
Current assets		
Trade and other receivables	22,714	12,736
Corporation taxation receivable	-	450
Current assets held at fair value	4,210	269
Cash and cash equivalents	20,739	9,382
Total current assets	**47,663**	**22,837**
Total assets	**78,297**	**51,964**
Non-current liabilities		
Trade and other payables	8,713	10,008
Borrowings	98	481
Provisions	82	29
Total non-current liabilities	**8,893**	**10,518**
Current liabilities		
Trade and other payables	29,398	14,632
Borrowings	386	843
Total current liabilities	**29,784**	**15,475**
Equity		
Share capital	3,847	1,811
Share premium	3,099	1,716
Own shares held	(4,799)	(1,926)
EBT reserve	(274)	(294)
Merger relief reserve	25,151	10,482
Share based payments reserve	3,766	1,771
Retained earnings	8,830	12,411
Total equity	**39,620**	**25,971**
Total equity and liabilities	**78,297**	**51,964**

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CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Group	Share Capital £'000	Share Premium £'000	Own Shares Held £'000	EBT Reserve £'000	Merger Relief Reserve £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 31 March 2022	**1,799**	**1,475**	**(1,926)**	**(322)**	**10,482**	**1,294**	**20,261**	**33,063**
Total comprehensive loss for the period	-	-	-	28	-	-	(5,546)	(5,518)
Transactions with owners:								
Share based payments charge	-	-	-	-	-	577	-	577
Deferred tax on share based payments	-	-	-	-	-	-	(450)	(450)
Dividends paid	-	-	-	-	-	-	(1,954)	(1,954)
Share options exercised	12	241	-	-	-	(100)	100	253
	12	**241**	**-**	**-**	**-**	**477**	**(2,304)**	**(1,574)**
Balance at 31 March 2023	**1,811**	**1,716**	**(1,926)**	**(294)**	**10,482**	**1,771**	**12,411**	**25,971**
Total comprehensive loss for the period	-	-	-	20	-	-	(3,566)	(3,546)
Transactions with owners:								
Share based payments charge	-	-	-	-	-	1,747	-	1,747
Investment in subsidiaries	1,811	1,383	(3,164)	-	14,669	590	-	15,289
Purchase of shares	-	-	(67)	-	-	-	-	(67)
Issued share capital	225	-	358	-	-	(342)	(15)	226
	2,036	**1,383**	**(2,873)**	**-**	**14,669**	**1,995**	**(15)**	**17,195**
Balance at 31 March 2024	**3,847**	**3,099**	**(4,799)**	**(274)**	**25,151**	**3,766**	**8,830**	**39,620**

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Cash flows from operating activities		
Loss before taxation	(4,312)	(6,285)
Adjustments for:		
Depreciation	1,899	1,789
Negative Goodwill	(5,771)	-
Amortisation of intangible assets	157	60
Finance income	(359)	(65)
Finance charge	425	502
Share of associate profits	346	297
Share based payments charge	1,747	577
Net fair value losses recognised in profit or loss	305	382
Payments received of non-cash assets	(55)	(854)
	(4,096)	**(3,597)**
Changes in working capital:		
Decrease/(increase) in trade and other receivables	(1,796)	398
(Decrease)/increase in trade and other payables	7,543	(5,951)
(Decrease)/increase in provisions	53	(65)
Cash generated from operations	**1,704**	**(9,215)**
Net cash receipts /(payments) for current asset investments held at fair value through profit or loss	(305)	602
Tax paid	256	(1,155)
Net cash (outflow)/inflow from operating activities	**1,655**	**(9,768)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(174)	(724)
Purchase of intangible assets	(101)	(40)
Investment in associates and joint ventures	(150)	(2,029)
Acquisition of Cavendish Securities plc	11,576	-
Proceeds on sale of investments	83	870
Interest received	359	65
Net cash (outflow)/inflow from investing activities	**11,593**	**(1,858)**
Cash flows from financing activities		
Equity dividends paid	-	(1,954)
Issue of share capital and exercise of options	1,540	3
Interest paid	(34)	(38)
Lease liability payments	(2,557)	(1,555)
Net proceeds from borrowings	(840)	117
Net cash (outflow) from financing activities	**(1,891)**	**(3,427)**
Net (decrease)/increase in cash and cash equivalents	11,357	(15,053)
Cash and cash equivalents at beginning of year	9,382	24,435
Cash and cash equivalents at end of year	**20,739**	**9,382**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a. Basis of preparation

These consolidated and Parent Company Financial Statements contain information about the Group and have been prepared on a historical cost basis except for certain Financial Instruments which are carried at fair value. Amounts are rounded to the nearest thousand, unless otherwise stated and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates.

These consolidated and Parent Company Financial Statements have been prepared in accordance with UK Adopted International Accounting Standards.

The preparation of Financial Statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The consolidated financial information contained within these financial statements does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The auditor has reported on the statutory financial statements and the audit report was unqualified. The annual report and accounts for the year ended 31 March 2024 is expected to be filed with the Registrar of Companies and posted to Shareholders in August. Further copies will be available from the Company Secretary at the Company's registered office and on the Company's website www.Cavendish.com.

b. Basis of consolidation

The Group’s consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Group has control if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Subsidiaries are fully consolidated from the date on which control is established and de-consolidated on the date that control ceases.

The acquisition method of accounting is used for the acquisition of subsidiaries. Transactions and balances between members of the Group are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of consolidation.

c. Going concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Letter from the Chair. The Strategic Report and Directors’ Report describe the financial position of the Group; the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

As normal, the Company has assessed the appropriateness of accounting on a going concern basis. This process involved the review of a forecast for the coming 15 months, along with stress testing a second downside scenario. Both cases showed that the Group has the required resources to operate within its resources during the period.

The Directors believe that the Company has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

2. Dividends

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Dividends proposed and paid during the year	-	1,954
Dividends per share	-p	1.15p

Dividends are declared at the discretion of the Board.

The Board has proposed a final dividend of 0.25p per share. The dividend, subject to approval at the AGM, are expected to be paid on 15 October 2024 to shareholders and on the register on 20 September 2024.

3. Website publication

The full Financial Statements are included in our Annual Report and Accounts, which will be published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions.