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2024 INTERIM RESULTS

19 DECEMBER 2023: Cavendish Financial plc (together with its subsidiary undertakings, “Cavendish” or the “Group”) today announces unaudited interim results for the period ended 30 September 2023.

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

“We are delighted with the progress our teams have made in the short time since the merger in September. Careful planning enabled rapid business integration, unlocking £7m of cost synergies, more quickly than we originally forecast.

We are already winning clients and have executed over 20 transactions across all divisions since coming together. Despite the significant one-off costs of merger, our cash balance had risen to £17m on 30 November.

Perhaps most pleasing has been the positive feedback received from existing clients, with us achieving our goal of providing enhanced service through our much deeper resource, efficient business model and renewed energy. Whilst we intend to make strategic hires, our teams are settled and we are well positioned to benefit from improving market conditions when they come.”

CAVENDISH – A LEADING UK MID-MARKET INVESTMENT BANK

- Merger of finnCap Group plc (“finnCap”) and Cenkos Securities plc (“Cenkos”) legally effective on 7 September 2023
- Creation of Cavendish, the clear no.1 AIM adviser with over 200 retained corporate clients, serviced by enlarged sector focused teams.
- Wide product expertise across ECM, private and public M&A, debt advisory and private capital
- Enhanced corporate broking, distribution and equity research offering for all clients
- Pro forma revenue to 30 September 2023: £19.5m (H1 FY23: £23.3m)

STRONG POST-MERGER PERFORMANCE(1)

- £7m annualised cost synergies locked in, ahead of and quicker than our pre-merger plans
- Effective pre-planning and the subsequent rapid integration of teams, systems and processes has enabled uninterrupted focus on client service
- Since completion, Cavendish has been appointed by 3 new premium listed clients.
- Over 20 transactions already executed together since becoming the combined group.

BOARD APPOINTMENT

- Appointment of Mark Astaire – former Vice Chairman of Investment Banking and Chairman of Corporate Broking of Barclays Investment Bank as an independent Non-Executive Director

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CAPITAL STRENGTH FOR INVESTMENT AND CHALLENGING MARKET CONDITIONS

Post integration costs, the Group has substantial regulatory capital and liquidity. After merger costs, dividend and bonus payments, cash at 30 September 2023 was £12.3m. Cash has risen to £17m at 30 November 2023, driven by the completion of over 20 transactions in the period.

FINANCIAL OVERVIEW(2)

- Consolidated results include the results of Cenkos from 7 September 2023.
- Consolidated revenue: £13.4m (H1 FY23: £16.4m) reflecting lower ECM and private M&A activity during the summer months across the UK markets.
- Operating loss: £2.0m (H1 FY23: loss £2.3m)
- Adjusted loss before tax: £3.6m (H1 FY23: loss £0.5m), see note 9.
- Loss per share: 0.7p (H1 FY23: loss per share 1.8p)

OUTLOOK

The current interest rate upcycle appears to be nearing completion, but inflationary pressures, although reduced, remain a risk. With relatively higher yields available to investors on cash deposits we continue to see a drag on market demand for UK growth equity. This has continued to adversely impact equity transactions and trading, but private and public M&A activity remains resilient. The breadth of the service offering was a key driver for the merger, putting us in a strong position to weather market conditions. Post-merger enhancements in winning and executing business allied to a tentative pick up of the markets in the last three months has enabled us to get off to a good start in the second half. We look forward to building on this momentum, underpinned by a good pipeline, lower overheads and a strong cash position.

CONTACTS

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Dan de Belder/Rebekah Chapman	

(1) Post-merger performance covers the period from 7 September 2023 to 30 November 2023.
(2) Basis of preparation: the results for the six months to 30 September 2023 includes the consolidation of the results for Cenkos Securities plc from completion of its merger with finnCap Group plc for the period from 7 September 2023.

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BUSINESS REVIEW

On 7 September 2023, having received FCA approval, we completed the merger between Cenkos and finnCap creating Cavendish, a new leading UK Investment Bank focused on the mid-market and servicing over 200 retained clients.

Since the merger we have been actively engaging with our clients to discuss the Group's wider range of sector and product expertise to support their growth ambitions, and it has been pleasing to receive positive feedback from clients noting enhanced service levels from the significantly enlarged team.

Taking best practices from across the combined firm has already improved our service offering, both in terms of our day-to-day client engagement and how we work together on transactions.

Within a few weeks of working together we were already winning new clients and mandates and we continue to make good progress across the group. We have integrated our client facing teams and continue to add talent where we see opportunities. At the same time we have implemented our headcount cost reduction where there was duplication and put in place our non-people cost reduction programme, which has resulted in delivering cost synergies of over £7m, in excess of our pre-merger target. We are now making selective hires, recruiting additional talent to allow us to grow the business as market conditions ease.

Our first half results only reflect the combined group for 3 weeks of the reporting period. On a pro forma combined basis from 1 April 2023, we generated revenues of £19.5m, before leveraging the benefits of our combined expertise and enhanced service offering.

At the end of the period, we had net assets of £39.4m and cash of £12.3m which has improved substantially since the half year end reflecting good deal activity.

MARKET CONDITIONS

Persistent inflationary pressure and associated interest rate rises continued to hamper investment in the equity of UK quoted growth companies across the period, reflected in the 11% decrease in the FTSE AIM All Share Index in the period and by far the lowest levels of new and secondary fund raising in the last twenty years. In M&A, public company take-over activity is perhaps the strongest we have seen and, although private equity buyers remain cash rich, the UK economic environment is impacting on deal timetables.

INVESTMENT BANKING REVENUE(3)

Investment Banking revenue comprises regular retainer income from corporate clients and advisory fees earned from ECM, M&A, debt and private placings.

On a reported bases, revenue declined by 18% reflecting the impact of weaker ECM and M&A market conditions over the summer months. On a pro forma basis Investment Banking revenues of £16.8m were 19% less than in the prior period.

Despite the challenges of market conditions and managing the complexities of the merger, we have protected our income from client retainers and executed a number of client transactions, albeit at lower levels, in both the private M&A and Equity Capital Markets.

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	Pro forma		Reported	
	6 months ended 30 Sep 2023 £'000	6 months ended 30 Sep 2022 £'000	6 months ended 30 Sep 2023 £'000	6 months ended 30 Sep 2022 £'000
Corporate Retainers	6,471	6,203	3,914	3,452
Advisory Fees	10,287	14,522	8,019	10,983
Investment Banking Revenue	**16,758**	**20,725**	**11,933**	**14,435**

EQUITIES REVENUE[3]

Weaker equity issuance and investor demand for UK equities did not detract from the proactive engagement with institutional clients and the quality of service we delivered, but did reduce market making profits and commission in the period.

	Pro forma		Reported	
	6 months ended 30 Sep 2023 £'000	6 months ended 30 Sep 2022 £'000	6 months ended 30 Sep 2023 £'000	6 months ended 30 Sep 2022 £'000
Equities Revenue	2,768	2,581	1,432	1,917

OPERATING EXPENSES

Both firms maintained rigorous cost controls ahead of the merger. Merger related advisory and severance costs are materially behind us. Most of the targeted £7m reduction in annualised operating costs, from co-locating and eliminating duplicate roles and support services, has already been achieved.

We are now focused on firmwide cost controls, automation and outsourcing to further reduce our cost base.

	Reported	
	6 months ended 30 Sep 2023 Unaudited £'000	6 months ended 30 Sep 2022 Unaudited £'000
Employee benefit expense	11,855	11,329
Non-employee costs	5,663	5,728
Total administrative expenses	**17,518**	**17,057**

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On a reported basis, excluding the incremental operating costs arising from the merger, the change in administration costs reflects the benefit of the cost reduction programme implemented in the finnCap Group in Q3 of FY23 with staff and administration costs being in line with our expectations.

SHAREHOLDER REMUNERATION

The Board is committed to delivering returns for our shareholders. If we can build on our strong post-merger performance we will consider dividend payments with the full year results.

BOARD CHANGES

A separate announcement regarding proposed changes to the Board has been issued today.

NON-RECURRING COSTS

	Pro forma 6 months ended 30 September 2023 £'000	Reported 6 months ended 30 September 2023 £'000	Reported 6 months ended 30 September 2022 £'000
Negative goodwill	(5,771)	(5,771)	-
Onerous contracts	1,811	1,811	-
Group restructuring	1,031	620	1,255
Transaction costs	1,335	1,115	189
Non-recurring items	**(1,594)**	**(2,225)**	**1,444**

Negative goodwill reflects the difference between of the fair value of Cenkos' net assets at merger and the value of the shares issued for the purchase. Onerous contracts reflect the write down of the property no longer occupied by Cenkos. Group restructuring is the cost of the headcount reduction programme and Transaction costs cover the advisory fees relating to the merger.

Further non-recurring items will be reported in H2 relating to completion of the headcount reduction programme and redundant systems. Overall, the direct costs of the merger are estimated to be c.£3.7m and the overall annualised savings for the Group will be more than £7.0m.

In H1 FY23, the non-recurring items related to the headcount reduction programme implemented by the Group.

(3) References to unaudited pro forma revenues reflect the addition of the unaudited consolidated revenue of finnCap Group plc and the unaudited consolidated revenue of Cenkos Securities plc for the relevant period as if they were consolidated fully for that period. Pro forma information is a non-GAAP measure and is provided to assist with a better understanding of the Group's performance.

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CONSOLIDATED INCOME STATEMENT

UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2023

	Notes	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Revenue	2	13,365	16,352	32,864
Other operating expenses	3	(90)	(138)	(214)
Total income		**13,275**	**16,214**	**32,650**
Administrative expenses	4	(17,518)	(17,057)	(34,543)
Operating loss before non-recurring items		**(4,243)**	**(843)**	**(1,893)**
Non-recurring items	5	2,225	(1,444)	(3,658)
Operating loss		**(2,018)**	**(2,287)**	**(5,551)**
Finance income		73	22	65
Finance charge		(223)	(242)	(502)
Share of associate and joint venture losses		(241)	(85)	(297)
Loss before taxation		**(2,409)**	**(2,592)**	**(6,285)**
Taxation		1,168	(487)	767
Loss attributable to equity shareholders		**(1,241)**	**(3,079)**	**(5,518)**
Total comprehensive expense for the year		**(1,241)**	**(3,079)**	**(5,518)**
Loss per share (pence)				
Basic	6	(0.66)	(1.82)	(3.25)
Diluted	6	(0.66)	(1.82)	(3.25)

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CONSOLIDATED BALANCE SHEET

UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2023

		30 September 2023	30 September 2022	31 March 2023
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment		11,960	12,518	12,239
Intangible assets		13,534	13,514	13,492
Investment in associates and joint ventures		1,987	2,218	2,106
Financial assets held at fair value		746	729	404
Deferred tax asset	8 i)	4,040	133	886
Total non-current assets		32,267	29,112	29,127
Current assets				
Trade and other receivables	8 ii)	17,382	11,186	13,186
Current assets held at fair value		5,624	213	269
Cash and cash equivalents		12,341	11,124	9,382
Total current assets		35,347	22,523	22,837
Total assets		67,614	51,635	51,964
Non-Current liabilities				
Lease liability		10,214	10,829	10,008
Borrowings		291	667	481
Provisions		66	30	29
Total non-Current liabilities		10,571	11,526	10,518
Current liabilities				
Trade and other payables		17,247	9,122	14,632
Borrowings		414	364	843
Total current liabilities		17,661	9,486	15,475
Equity				
Share capital		3,622	1,811	1,811
Share premium		1,716	1,716	1,716
Own shares held	8 iii)	(5,090)	(1,926)	(1,926)
EBT reserve		(350)	(338)	(294)
Merger relief reserve	8 iv)	25,151	10,482	10,482
Share based payments reserve		3,107	1,588	1,771
Retained earnings		11,226	17,290	12,411
Total equity		39,382	30,623	25,971
Total equity and liabilities		67,614	51,635	51,964

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CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2023

	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 expense for the period	-	-	-	(16)	-	-	(3,063)	(3,079)
Transactions with owners:								
Share based payments charge	-	-	-	-	-	386	-	386
Share options exercised	12	241	-	-	-	(92)	92	253
	12	241	-	-	-	294	92	639
Balance at 30 September 2022	1,811	1,716	(1,926)	(338)	10,482	1,588	17,290	30,623
Total comprehensive expense for the period	-	-	-	44	-	-	(2,483)	(2,439)
Transactions with owners:								
Share based payments charge	-	-	-	-	-	191	-	191
Deferred tax on share-based payments	-	-	-	-	-	-	(450)	(450)
Dividends	-	-	-	-	-	-	(1,954)	(1,954)
Share options exercised	-	-	-	-	-	(8)	8	-
	-	-	-	-	-	183	(2,396)	(2,213)
Balance at 31 March 2023	1,811	1,716	(1,926)	(294)	10,482	1,771	12,411	25,971
Total comprehensive expense for the period	-	-	-	(56)	-	-	(1,185)	(1,241)
Transactions with owners:								
Share based payments charge	-	-	-	-	-	746	-	746
Investment in subsidiaries	1,811	-	(3,164)	-	14,669	590	-	13,906
	1,811	-	(3,164)	-	14,669	1,336	-	14,652
Balance at 30 September 2023	3,622	1,716	(5,090)	(350)	25,151	3,107	11,226	39,382

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CONSOLIDATED STATEMENT OF CASH FLOWS

UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2023

	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Cash flows from operating activities			
Loss before taxation	(2,409)	(2,592)	(6,285)
Adjustments for:			
Depreciation	919	891	1,789
Amortisation of intangible assets	28	31	60
Share of associate and joint venture losses	241	85	297
Negative goodwill	(5,771)	-	-
Onerous contracts	1,523	-	-
Finance income	(73)	(22)	(65)
Finance charge	223	242	502
Share based payments charge	746	386	577
Net fair value gains recognised in profit or loss	90	138	382
Payments received of non-cash assets	-	(15)	(854)
	(4,483)	**(856)**	**(3,597)**
Changes in working capital:			
(Increase) / decrease in trade and other receivables	(4,196)	1,888	398
Increase / (decrease) in trade and other payables	1,685	(10,505)	(5,951)
Increase / (decrease) in provisions	37	(64)	(65)
Acquisition of subsidiary working capital	1,810	-	-
Cash utilised from operations	**(5,147)**	**(9,537)**	**(9,215)**
Net cash payments for current asset investments held at fair value through profit or loss	(1,719)	658	602
Tax paid	-	(1,141)	(1,155)
Net cash outflow from operating activities	**(6,866)**	**(10,020)**	**(9,768)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(109)	(112)	(724)
Purchase of intangible assets	(70)	(25)	(40)
Proceeds on sale of investments	-	-	870
Acquisition of subsidiary, net of cash acquired	11,576	-	-
Investments in associates and joint ventures	(50)	(2,022)	(2,029)
Interest received	73	22	65
Net cash outflow from investing activities	**11,420**	**(2,137)**	**(1,858)**
Cash flows from financing activities			
Equity dividends paid	-	-	(1,954)
Proceeds from exercise of options	-	3	3
Interest paid	(14)	(21)	(38)
Lease liabilities payments	(962)	(960)	(1,555)
Repayment of borrowings	(619)	(176)	(356)
Proceeds from borrowings	-	-	473
Net cash inflow / (outflow) from financing activities	**(1,595)**	**(1,154)**	**(3,427)**
Net increase / (decrease) in cash and cash equivalents	2,959	(13,311)	(15,053)
Cash and cash equivalents at beginning of period	9,382	24,435	24,435
Cash and cash equivalents at end of period	**12,341**	**11,124**	**9,382**

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NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2023

1. BASIS OF PREPARATION

Cavendish Financial plc (the “Company”) is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The Company was incorporated on 28 August 2018. The registered office of the Company is at 1 Bartholomew Close, London EC1A 7BL, United Kingdom. The registered company number is 11540126. The Company is quoted on the AIM of the London Stock Exchange.

The financial Information contained within these condensed consolidated Interim financial statements Is unaudited and has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (‘IAS 34’) and AIM Rule 18. The financial information contained in the Interim Financial Statements is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The statutory accounts for the 12 months ended 31 March 2023 have been delivered to the Registrar of Companies. The statutory accounts have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations (collectively IFRSs), and in accordance with applicable law. The Independent Auditor’s Report to the members of finnCap Group plc contained no qualification or statement under section 498 (2) or (3) of the Companies Act 2006.

These consolidated Interim 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.

The preparation of these Interim Financial Statements requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. Judgements and estimates used in these Interim Financial Statements have been applied on a consistent basis with those use in the statutory accounts for the 12 months ended 31 March 2023.

As normal, the Group 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 Group has adequate resources to continue trading for at least 12 months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the Interim Financial Statements.

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2. SEGMENTAL REPORTING

The Group is managed as an integrated financial services group and the different revenue streams are considered to be subject to similar economic characteristics. Consequently, the Group is managed as one business unit.

The trading operations of the Group comprise of Corporate Advisory and Broking, M&A Advisory and Institutional Stockbroking. The Group's revenues are derived from activities conducted in the UK, although several of its corporate and institutional investors and clients are situated overseas. All assets of the Group reside in the UK.

	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Revenues			
Retainers	3,914	3,452	6,956
Transactions	8,019	10,983	22,632
Securities	1,432	1,917	3,276
Total Revenue	**13,365**	**16,352**	**32,864**
Services transferred at a point in time	8,665	12,100	24,413
Services transferred over a period of time	4,700	4,252	8,451
Total Revenue	**13,365**	**16,352**	**32,864**

3. OTHER OPERATING EXPENSES

	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Other operating expenses	(90)	(138)	(214)

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4. EXPENSES BY NATURE

	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Employee benefit expense	11,855	11,329	23,257
Non-employee costs	5,663	5,728	11,286
Total administrative expenses	**17,518**	**17,057**	**34,543**
Average number of employees	**157**	**151**	**155**

Employee benefit expense includes share based payments of £746k (H1 FY23: £386k).

5. NON-RECURRING ITEMS

	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Negative goodwill	(5,771)	-	-
Onerous contracts	1,811	-	-
Group restructuring	620	1,255	3,247
Transaction fees	1,115	189	411
Non-recurring items	(2,225)	1,444	3,658

Non-recurring items in the period relate to negative goodwill, group restructuring costs, onerous contracts and legal and professional fees in connection with the acquisition of Cenkos Securities plc on the 7th September 2023, see note 9.

6. EARNINGS PER SHARE

	6 months ended 30 September 2023 Unaudited	6 months ended 30 September 2022 Unaudited	12 months ended 31 March 2023 Audited
Earnings per share			
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share	187,101,924	169,041,783	169,724,785
Weighted average dilutive effect of conditional share awards	2,453,333	3,011,648	11,847,873
Weighted average number of shares for the purposes of diluted earnings per share	189,555,257	172,053,431	181,572,658
Loss per ordinary share (pence)			
Basic loss per ordinary share	(0.66)	(1.82)	(3.25)
Diluted loss per ordinary share	(0.66)	(1.82)	(3.25)

The shares held by the Group's Employee Benefit Trusts have been excluded from the calculation of earnings per share.

7. DIVIDENDS

	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Dividends proposed and paid during the year	-	-	1,954
Dividends per share	-p	-p	1.15p

8. BALANCE SHEET ITEMS

i) **Deferred tax asset**

Deferred taxation for the group relates to timing difference on the taxation relief on the exercise of options and tax losses carried forward. The amount of the asset is determined using tax rates that have been enacted or substantively enacted when the deferred tax assets are expected to be recovered.

ii) **Trade and other receivables**

Trade and other receivable principally consist of amounts due from client, brokers and other counterparties. In addition, the Group has credit risk exposure to the gross value of unsettled trades (on a delivery versus payment basis) at its agency settlement agent (Pershing, a wholly owned subsidiary of Bank of New York Mellon Corporation).

iii) **Own Shares Held**

The value of own shares held is the cost of shares purchased the Group’s Employee Benefit Trusts. The Trusts were established with the authority to acquire shares in the Group and are funded by the Group.

iv) **Merger relief reserve**

The merger relief reserve represents:

- the difference between net book value of subsidiaries acquired via share-for-share exchanges and the nominal value of the shares issued as consideration. Upon consolidation, part of the merger reserve is eliminated to recognise the pre-acquisition reserves of Cavendish Capital Markets Limited (December 2018) and Cavendish Securities plc (September 2023); and
- the difference between the fair value and nominal value of shares issued for the acquisition of Cavendish Corporate Finance (UK) Limited and Cavendish Corporate Finance LLP from the acquisition in December 2018.

This reserve is not distributable.

v) **Post balance sheet events**

There are no material post balance sheet events.

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9. ACQUISITION OF CAVENDISH SECURITES PLC

On 7 September 2023, having received FCA approval, Cavendish Financial plc issued 181,094,721 shares to acquired 100% of the share capital of Cavendish Securities plc by means of a scheme of arrangement under Part 26 of the UK Companies Act 2006 for consideration of £13.9m.

The fair value of the shares issue was calculated using the Cavendish Financial plc market price of 9.1 pence per share, on the AIM exchange at its close of business on 6 September 2023. The fair value was increased due to employee share based awards outstanding at the acquisition date and reduced due to shares held by the Cavendish Securities plc at the date of the acquisition.

	Book Value 6 September 2023	Fair Value Adjustments	Fair Value 6 September 2023
Right of use assets	3,207	744	3,951
Deferred tax assets	2,049	(268)	1,781
Financial assets held at fair value	467	-	467
Other non-current assets	408	-	408
Trade and other receivables	8,182	-	8,182
Current assets held at fair value	3,636	-	3,636
Cash and cash equivalents	11,576	-	11,576
Trade and other payables	(10,650)	328	(10,322)
Net assets acquired	**18,875**	**804**	**19,679**
Fair value of equity consideration			13,907
Negative goodwill			**(5,772)**

IFRS3 requires the acquirer to perform a fair value exercise during the measurement period which can last no more than twelve months from the date of acquisition. An assessment of intangible assets was performed at the acquisition as part of the implementation of IFRS 3. No additional assets were recognised as a result of this review. The acquired right of use assets and lease liabilities were recognised using the present value of the remaining lease payments at the acquisition date.

Transactions costs of £1.1m were incurred in relation to the acquisition.

10. RELATED PARTY TRANSACTIONS

During the period, 5,000,000 options with a 15p exercise price and 2,000,000 options with a 1p exercise price were issued to John Farrugia, a director of Cavendish Finance plc. All of the options have a vesting period to two years.

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11. ALTERNATIVE PERFORMANCE MEASURES

The below non-GAAP alternative performance measures have been used.

Adjusted profit before tax

Measure: Adjusted profit before tax is calculated excluding share based payments, non-recurring items, share of associate profits and fair value gains on long term investments.

Use: Provides a consistent measure of the earnings performance of the core business activities.

	6 months ended 30 September 2023 Unaudited £'000	6 months ended 30 September 2022 Unaudited £'000	12 months ended 31 March 2023 Audited £'000
Operating loss	(2,018)	(2,287)	(5,551)
Fair value gains on long term investments	90	138	-
Negative goodwill (see note 9)	(5,771)	-	-
Other non-recurring expenses	3,546	1,444	3,658
Share based payments	746	386	577
Net finance charge	(150)	(220)	(232)
Amortisation	-	-	59
Adjusted loss before tax	**(3,557)**	**(539)**	**(1,489)**

Pro forma Revenues

References to unaudited pro forma revenues reflect the addition of the unaudited consolidated revenue of finnCap Group plc and the unaudited consolidated revenue of Cenkos Securities plc for the relevant period as if they were consolidated fully for that period. Pro forma information is a non-GAAP measure and is provided to assist with a better understanding of the Group's performance.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the London Stock Exchange AIM Rules for Companies.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises the condensed Income Statement, the condensed Statement of Comprehensive Income, the condensed Statement of Financial Position, the condensed Cash Flow Statement and the condensed Statement of Changes in Equity and all accompanying notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting."

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Cavendish

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with

the London Stock Exchange AIM Rules for Companies which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

In preparing the half-yearly financial report, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange AIM Rules for Companies for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants

London, UK

Date 18 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).