

28 June 2021

Immediate Release

## AssetCo plc

("AssetCo" or the "Company")

### 2021 Half-year Report

for the six months ended 31 March 2021

#### Key highlights:

- A successful conclusion of the Grant Thornton litigation and a return of approximately £26.9 million to shareholders
- Strategic acquisition of 29.8% of the Company by Martin Gilbert, Peter McKellar and various associates
- Readmission to AIM and approval of new business strategy by shareholders
- Acquisition of a strategic interest in River and Mercantile Group
- Conditional acquisition announced, post period end, of Saracen Fund Managers

#### Martin Gilbert, Chairman of AssetCo plc, commented:

*"Our new business strategy, approved by shareholders in April, is to invest in, build and operate asset and wealth management businesses. The financial services sector is facing numerous challenges, but the importance of the industry in enabling clients and customers to achieve their financial goals is even greater. We believe AssetCo can play a key role by investing in, supporting and developing businesses to meet the needs of investors. Our investment in River and Mercantile Group and our conditional acquisition of Saracen Fund Managers are part of this thinking. Over the coming months we hope to announce further activity as we roll out AssetCo's strategy and build the business."*

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Ticker: AIM: ASTO.L

## Chairman's Statement

I am pleased to report significant progress in the development of the Company. The six months ended 31 March 2021 started with the successful conclusion of the Grant Thornton litigation and the receipt of the remaining litigation award and costs. This resulted in AssetCo having accumulated cash balances of approximately £57.8 million. This formed the basis for returning £26.9 million to shareholders, by way of a tender offer, and for the balance of £30.9 million to provide the initial resources for the Company's new asset and wealth management strategy.

## Financial results

The Income Statement for the six months ended 31 March 2021 shows revenue of nil (2020: nil), but a profit before taxation of £22.3 million (2020: loss £0.7 million), which principally arose from the final payment received from the successful negligence claim against Grant Thornton.

The net assets as at 31 March 2021 were £31.1 million (2020: £28.4 million). This primarily comprised the recent investment in River and Mercantile Group PLC shares of £10.8 million, where the Company holds 5.85% of the issued equity share capital, and cash balances, less net current liabilities, of £20.3 million.

## Events during the six month period

On 2 October 2020, Grant Thornton informed the Company of its decision not to appeal to the Supreme Court, thereby crystallising the award from the Court of Appeal ruling on 31 January 2019, amounting to £30.5 million, including costs. The final payment was received on 1 February 2021.

On 2 December 2020, the Company announced a tender offer to return capital to shareholders through the purchase of 6.53 million shares, equivalent to 50% of the Company's then issued share capital, at £4.11 per share. The tender offer was subscribed for in full, at a total cost of £26.9 million.

On 8 January 2021, the Company welcomed an investor group consisting of funds managed by Toscafund Asset Management, Peter McKellar, various associates and me, who, in aggregate, acquired a 29.8% shareholding from existing shareholders at £4.75 per share. Peter and I have significant expertise in asset and wealth management and we joined the Board as non-executive directors on 25 January 2021.

In January and February 2021, the Company acquired 5 million shares in River and Mercantile Group PLC, an asset management business, at a total cost of £10.4 million. The Board believes that this investment is attractive and that this company's activities and prospects are undervalued.

On 8 February 2021, the Board announced its intention to change the business strategy of the Company to the development of an asset and wealth business. As the proposed change to an asset and wealth management strategy was a fundamental change to AssetCo's business, a circular was sent to shareholders on 26 March 2021 explaining the changes. The appropriate resolution to approve the new strategy and effect a readmission of the Company's shares under the AIM Rules was approved by shareholders at a General Meeting held on 15 April 2021. As part of the new strategy, the Company entered into an appointed representative agreement with Toscafund Asset Management LLP to allow it to undertake certain specified regulated activities (as regulated by the FCA) as an appointed representative of Toscafund Asset Management LLP.

## Acquisition of Saracen Fund Managers

On 14 May 2021, the Company announced the conditional acquisition of the entire issued share capital of Saracen Fund Managers ("Saracen"), for an effective total consideration at that date of £2.75 million. The consideration will be satisfied by the issue of 166,904 new ordinary shares of 10p each in the Company, credited as fully paid, and £664,774 in cash, in each case to be paid on completion. The acquisition is conditional on, *inter alia*, approval by the FCA to a change in controller and the admission of the consideration shares to trading on AIM, which is expected to occur by the end of September 2021.

Saracen is an independent, FCA regulated, fund management business based in Edinburgh that was founded in the late 1990s. Saracen has three funds, operating on the T Bailey Fund Services platform, called Global Income and Growth Fund (with approximately £103 million of assets under management ("AuM")), UK Alpha Fund (approximately £14 million of AuM), and UK Income Fund (approximately £2 million of AuM). Saracen generated

turnover of £985,364 and a loss after taxation of £15,146 for the financial year ended 31 March 2020 and had net assets of £400,661 as at 31 March 2020.

The Board believes that there exist significant opportunities to enhance the distribution and appeal of Saracen's existing funds and to widen the funds offered by Saracen to include immediate adjacencies. Finally, Saracen offers the Company the opportunity to acquire a FCA regulated entity and the associated authorisations, subject to FCA change in controller approval.

## **Board**

Following approval of the Company's new strategy at the General Meeting on 15 April I became Chairman of the Company and Peter McKellar became Deputy Chairman and Chief Executive Officer. Tudor Davies, who was appointed to the Board in March 2011 and had been Chairman since then, stepped down to become a non-executive director. On behalf of the Board, I would like to thank Tudor for the significant time and effort he has spent ensuring the Company was able to continue trading post the restating of its accounts and its cashflow difficulties in 2011. In particular, Tudor has played an instrumental part in the successful litigation against Grant Thornton and he continues to oversee the Company's historic activities in Abu Dhabi.

## **Outlook**

Following the change in the Company's strategy to "acquiring, managing and operating asset and wealth management activities and interests, together with other related services", the management team has been examining a number of organic and inorganic proposals and is at various stages of discussion and negotiation. The focus of this work is on areas of the asset and wealth management sector where the Board believes that, due to the structural changes impacting the sector, attractive opportunities for investment exist. The Board is hopeful of being able to announce further activity in the short term.

**Martin Gilbert**

Chairman

28 June 2021

**AssetCo plc**  
**Income statement**  
for the six months ended 31 March 2021

|   | Note | Six months ended |          | Year ended   |
|---|------|------------------|----------|--------------|
|   |      | 31 March         | 31 March | 30 September |
|   |      | 2021             | 2020     | 2020         |
|   |      | £'000            | £'000    | £'000        |
| <b>Revenue</b>                          |      | -                | -        | -            |
| Cost of sales                           |      | -                | -        | -            |
| <b>Gross profit</b>                     |      | -                | -        | -            |
| Other income                            | 3    | 22,388           | -        | 4,597        |
| Administrative expenses                 |      | (766)            | (714)    | (1,192)      |
| <b>Operating profit/(loss)</b>          |      | 21,622           | (714)    | 3,405        |
| Investment income                       | 4    | 645              | 11       | 18           |
| Finance costs                           |      | (8)              | (39)     | (62)         |
| <b>Profit/(loss) before taxation</b>    |      | 22,259           | (742)    | 3,361        |
| Income tax expense                      |      | -                | -        | -            |
| <b>Profit/(loss) for the period</b>     |      | 22,259           | (742)    | 3,361        |
| <b>Earnings/(loss) per share (EPS):</b> | 5    |                  |          |              |
| Basic – pence                           |      | 284.72           | (6.08)   | 27.52        |
| Diluted – pence                         |      | 284.72           | (6.08)   | 27.52        |

**AssetCo plc**  
**Statement of comprehensive income**  
for the six months ended 31 March 2021

|  | Six months ended |          | Year ended   |
|--|------------------|----------|--------------|
|  | 31 March         | 31 March | 30 September |
|  | 2021             | 2020     | 2020         |
|  | £'000            | £'000    | £'000        |
| <b>Recognised profit/(loss) for the period</b>             | 22,259           | (742)    | 3,361        |
| <b>Other comprehensive (expense) / income:</b>             |                  |          |              |
| Exchange differences on translating foreign operations     | (10)             | (743)    | (871)        |
| <b>Other comprehensive (expense) / income net of tax</b>   | (10)             | (743)    | (871)        |
| <b>Total comprehensive income/(expense) for the period</b> | 22,249           | (1,485)  | 2,490        |

**AssetCo plc**  
**Statement of financial position**  
as at 31 March 2021

|                                     | Note | At 31 March   |          | At 30     |
|-------------------------------------|------|---------------|----------|-----------|
|                                     |      | 2021          | 2020     | September |
|                                     |      | £'000         | £'000    | 2020      |
|                                     |      |               |          | £'000     |
| <b>Assets</b>                       |      |               |          |           |
| <b>Non-current assets</b>           |      |               |          |           |
| Property, plant and equipment       |      | -             | -        | -         |
| Investments                         |      | <b>10,800</b> | -        | -         |
| <b>Total non-current assets</b>     |      | <b>10,800</b> | -        | -         |
| <b>Current assets</b>               |      |               |          |           |
| Trade and other receivables         | 6    | <b>230</b>    | 116      | 4,683     |
| Cash and cash equivalents           | 7    | <b>21,324</b> | 26,075   | 27,860    |
| Cash held in respect of bonds       |      | -             | 3,464    | 1,058     |
| <b>Total current assets</b>         |      | <b>21,554</b> | 29,655   | 33,601    |
| <b>Total assets</b>                 |      | <b>32,354</b> | 29,655   | 33,601    |
| <b>Equity</b>                       |      |               |          |           |
| Share capital                       |      | <b>653</b>    | 25,474   | 1,221     |
| Share premium                       |      | <b>3,274</b>  | 64,941   | -         |
| Capital redemption reserve          |      | <b>653</b>    | -        | -         |
| Profit and loss account             |      | <b>26,523</b> | (62,045) | 31,124    |
| <b>Total equity</b>                 |      | <b>31,103</b> | 28,370   | 32,345    |
| <b>Liabilities</b>                  |      |               |          |           |
| <b>Current liabilities</b>          |      |               |          |           |
| Trade and other payables            | 8    | <b>1,251</b>  | 1,285    | 1,256     |
| <b>Total current liabilities</b>    |      | <b>1,251</b>  | 1,285    | 1,256     |
| <b>Total liabilities</b>            |      | <b>1,251</b>  | 1,285    | 1,256     |
| <b>Total equity and liabilities</b> |      | <b>32,354</b> | 29,655   | 33,601    |

**AssetCo plc**

**Statement of changes in equity**  
for the six months ended 31 March 2021

|   | Share<br>Capital | Share<br>premium | Capital<br>redemption<br>reserve | Profit and<br>loss reserve | Total<br>equity |
|---|------------------|------------------|----------------------------------|----------------------------|-----------------|
|   | £'000            | £'000            | £'000                            | £'000                      | £'000           |
| <b>Balance at 1 October 2019</b>                  | <b>25,474</b>    | <b>64,941</b>    | -                                | <b>(60,560)</b>            | <b>29,855</b>   |
| (Loss) for the period                             | -                | -                | -                                | (742)                      | (742)           |
| <b>Other comprehensive income:</b>                |                  |                  |                                  |                            |                 |
| Exchange differences on translation               | -                | -                | -                                | (743)                      | (743)           |
| <b>Total comprehensive expense for the period</b> | -                | -                | -                                | (1,485)                    | (1,485)         |
| <b>Balance at 31 March 2020</b>                   | <b>25,474</b>    | <b>64,941</b>    | -                                | <b>(62,045)</b>            | <b>28,370</b>   |
| Profit for the period                             | -                | -                | -                                | 4,103                      | 4,103           |
| <b>Other comprehensive expense:</b>               |                  |                  |                                  |                            |                 |
| Exchange differences on translation               | -                | -                | -                                | (128)                      | (128)           |
| <b>Total comprehensive income for the period</b>  | -                | -                | -                                | 3,975                      | 3,975           |
| <b>Capital reduction</b>                          | <b>(24,253)</b>  | <b>(64,941)</b>  | -                                | <b>89,194</b>              | -               |
| <b>Balance at 30 September 2020</b>               | <b>1,221</b>     | -                | -                                | <b>31,124</b>              | <b>32,345</b>   |
| Profit for the period                             | -                | -                | -                                | 22,259                     | 22,259          |
| <b>Other comprehensive income:</b>                |                  |                  |                                  |                            |                 |
| Exchange differences on translation               | -                | -                | -                                | (10)                       | (10)            |
| <b>Total comprehensive income for the period</b>  | -                | -                | -                                | 22,249                     | 22,249          |
| <b>Share issue</b>                                | <b>85</b>        | <b>3,445</b>     | -                                | -                          | <b>3,530</b>    |
| <b>Share buy-back</b>                             | <b>(653)</b>     | <b>(171)</b>     | <b>653</b>                       | <b>(26,850)</b>            | <b>(27,021)</b> |
| <b>Balance as at 31 March 2021</b>                | <b>653</b>       | <b>3,274</b>     | <b>653</b>                       | <b>26,523</b>              | <b>31,103</b>   |

**AssetCo plc**  
**Statement of cash flows**  
for the six months ended 31 March 2021

|  | Note | Six months ended          |                           | Year ended                    |
|--|------|---------------------------|---------------------------|-------------------------------|
|  |      | 31 March<br>2021<br>£'000 | 31 March<br>2020<br>£'000 | 30 September<br>2020<br>£'000 |
| <b>Cash flows from operating activities</b>              |      |                           |                           |                               |
| Cash generated from operations                           | 9    | 19,381                    | 9,653                     | 8,807                         |
| Cash released in respect of performance bonds            |      | 1,126                     | -                         | 2,270                         |
| Finance costs  |      | (8)                       | (39)                      | (62)                          |
| <b>Net cash generated from operating activities</b>      |      | <b>20,499</b>             | <b>9,614</b>              | <b>11,015</b>                 |
| <b>Cash flows from investing activities</b>              |      |                           |                           |                               |
| Finance income   |      | -                         | 11                        | 18                            |
| <b>Net cash generated from investing activities</b>      |      | <b>-</b>                  | <b>11</b>                 | <b>18</b>                     |
| <b>Cash flows from financing activities</b>              |      |                           |                           |                               |
| Payments for shares bought back                          |      | (26,850)                  | -                         | -                             |
| Buy-back transaction costs                               |      | (171)                     | -                         | -                             |
| <b>Net cash used in financing activities</b>             |      | <b>(27,021)</b>           | <b>-</b>                  | <b>-</b>                      |
| <b>Net change in cash and cash equivalents</b>           |      | <b>(6,522)</b>            | <b>9,625</b>              | <b>11,033</b>                 |
| Cash and cash equivalents at the beginning of the period |      | 27,860                    | 17,101                    | 17,101                        |
| Exchange differences on translation                      |      | (14)                      | (651)                     | (274)                         |
| Cash and cash equivalents at the end of the period       |      | <b>21,324</b>             | <b>26,075</b>             | <b>27,860</b>                 |

**AssetCo plc**  
**Notes to the Financial Statements**  
for the six months ended 31 March 2021

**1. Legal status and activities**

AssetCo plc (“AssetCo” or the “Company”) is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA. The Company operates from an administrative office in the UK as well as a site in UAE. As at the period end, the Company had no subsidiaries. AssetCo plc shares are listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange. AssetCo has been principally involved in the provision of management and resources to the fire and rescue emergency services in international markets, however, the Board has decided to change strategy to develop an asset and wealth management business, while continuing to seek new contracts for its UAE-based business.

**2. Basis of preparation**

The financial information in the Half-year Report has been prepared using the recognition and measurement principles of the international accounting standards in conformity with the requirements of the Companies Act 2006 (“IFRS”). The principal accounting policies used in preparing the Half-year Report are those the Company expects to apply in its financial statements for the year ending 30 September 2021 and are unchanged from those disclosed in the Annual Report and Financial Statements for the year ended 30 September 2020.

The financial information for the six months ended 31 March 2021 and the six months ended 31 March 2020 is unaudited and does not constitute the Company’s statutory financial statements for those periods. The comparative financial information for the full year ended 30 September 2020 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies.

While the financial figures included in this Half-year Report have been computed in accordance with IFRSs applicable to interim periods, this Half-year Report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The financial statements have been presented in sterling to the nearest thousand pounds (£’000) except where otherwise indicated.

**3. Other income**

|                           | <b>31 March<br/>2021<br/>£’000</b> | 31 March<br>2020<br>£’000 | 30 September<br>2020<br>£’000 |
|---------------------------|------------------------------------|---------------------------|-------------------------------|
| Grant Thornton litigation | <b>25,918</b>                      | -                         | 4,597                         |
| Success fee               | <b>(3,530)</b>                     | -                         | -                             |
|                           | <b>22,388</b>                      | -                         | 4,597                         |

As referred to in the Chairman’s statement the case against Grant Thornton was concluded successfully on 2 October 2020. The total award came to £30.515 million of which £4.597 million was reflected in the 2020 full year accounts, as it had been awarded by the Courts irrespective of the outcome of any appeal. Other income shown in these interim accounts represents the balance of the Court’s award, less the success fee of 15% of claim proceeds excluding costs.

**4. Investment income**

|  | <b>31 March<br/>2021<br/>£’000</b> | 31 March<br>2020<br>£’000 | 30 September<br>2020<br>£’000 |
|--|------------------------------------|---------------------------|-------------------------------|
| Fair value gains on financial instruments classified as fair value through profit and loss | <b>450</b>                         | -                         | -                             |
| Dividend income  | <b>195</b>                         | -                         | -                             |
| Interest receivable  | -                                  | 11                        | 18                            |
|  | <b>645</b>                         | 11                        | 18                            |



## 5. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

|   | Six months ended<br>31 March<br>2021 | 31 March<br>2020 | Year ended<br>30 September<br>2020 |
|---|--------------------------------------|------------------|------------------------------------|
| Profit/(loss) for the period                        | £'000<br>22,259                      | £'000<br>(742)   | £'000<br>3,361                     |
| Weighted average number of ordinary shares in issue | 7,817,964                            | 12,211,163       | 12,211,163                         |
| Basic earnings/(loss) per share (EPS) - pence       | 284.72                               | (6.08)           | 27.52                              |

There are no dilutive potential ordinary shares and, therefore, the calculation of diluted earnings/(loss) per share is the same as for basic earnings/(loss) per share.

## 6. Trade and other receivables

|                                | 31 March<br>2021<br>£'000 | 31 March<br>2020<br>£'000 | 30 September<br>2020<br>£'000 |
|--------------------------------|---------------------------|---------------------------|-------------------------------|
| Other receivables              | 214                       | 68                        | 4,640                         |
| Prepayments and accrued income | 16                        | 48                        | 43                            |
|                                | <b>230</b>                | 116                       | 4,683                         |

## 7. Cash and cash equivalents

|                           | 31 March<br>2021<br>£'000 | 31 March<br>2020<br>£'000 | 30 September<br>2020<br>£'000 |
|---------------------------|---------------------------|---------------------------|-------------------------------|
| Cash at bank and in hand  | 21,324                    | 26,075                    | 27,860                        |
| Cash and cash equivalents | <b>21,324</b>             | 26,075                    | 27,860                        |
| UK sterling               | 20,528                    | 25,375                    | 26,441                        |
| UAE Dirhams               | 796                       | 700                       | 1,419                         |
|                           | <b>21,324</b>             | 26,075                    | 27,860                        |

In addition to the above, UAE Dirhams amounting to £nil (31 March 2020: £3,464,000 and 30 September 2020: £1,058,000) were held on deposit as security in respect of outstanding performance bonds - see note 10 Contingent liabilities.

## 8. Trade and other payables

|                                    | 31 March<br>2021<br>£'000 | 31 March<br>2020<br>£'000 | 30 September<br>2020<br>£'000 |
|------------------------------------|---------------------------|---------------------------|-------------------------------|
| Trade payables                     | 15                        | 34                        | 102                           |
| Other payables                     | 1                         | 34                        | 2                             |
| Other taxation and social security | 3                         | 3                         | 3                             |
| Accruals and deferred income       | 1,232                     | 1,214                     | 1,149                         |
|                                    | <b>1,251</b>              | 1,285                     | 1,256                         |

## 9. Reconciliation of profit before taxation to net cash generated from operations

|   | Six months ended<br>31 March<br>2021<br>£'000 | 2020<br>£'000 | Year ended<br>30 September<br>2020<br>£'000 |
|---|---|---------------|---|
| <b>Profit/(loss) for the period before taxation</b> | <b>22,259</b>                                 | (742)         | 3,361                                       |
| Success fee   | 3,530   | -             | -   |
| Increase in investments                             | (10,800)                                      | -             | -   |
| Finance costs                                       | 8   | 39            | 62  |
| Finance income                                      | -   | (11)          | (18)  |
| Decrease in receivables                             | 4,458   | 11,031        | 6,024                                       |
| (Decrease) in payables                              | (74)  | (664)         | (622)                                       |
| <b>Cash generated from operations</b>               | <b>19,381</b>                                 | 9,653         | 8,807                                       |

10. Contingent liabilities

|  | Approximate maximum potential liability |               |                               |
|--|---|---------------|-------------------------------|
|  | 31 March<br>2021<br>£'000               | 2020<br>£'000 | 30 September<br>2020<br>£'000 |
| Warranty bond related to a UAE based contract, released in full in 2020 (31 March 2020: Performance bond related to the same UAE based contract) | -                                       | 1,270         | -                             |
| Performance bond related to a UAE based contract, released in full during 2020   | -                                       | 1,100         | -                             |
| Performance bond related to a UAE based contract, released in full in January 2021   | -                                       | 1,100         | 1,058                         |

11. Electronic communications

The Company is not proposing to bulk print and distribute hard copies of this Half-year Report unless specifically requested by individual shareholders; it can be downloaded from the Company's website at [www.assetco.com](http://www.assetco.com).

News updates, regulatory news, & financial statements can be viewed and downloaded from the Company's website, [www.assetco.com](http://www.assetco.com). Copies can also be requested, in writing to, The Company Secretary, AssetCo plc, Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA.