TEAM plc

Results for the year ended 30 Sep'23

March 2024

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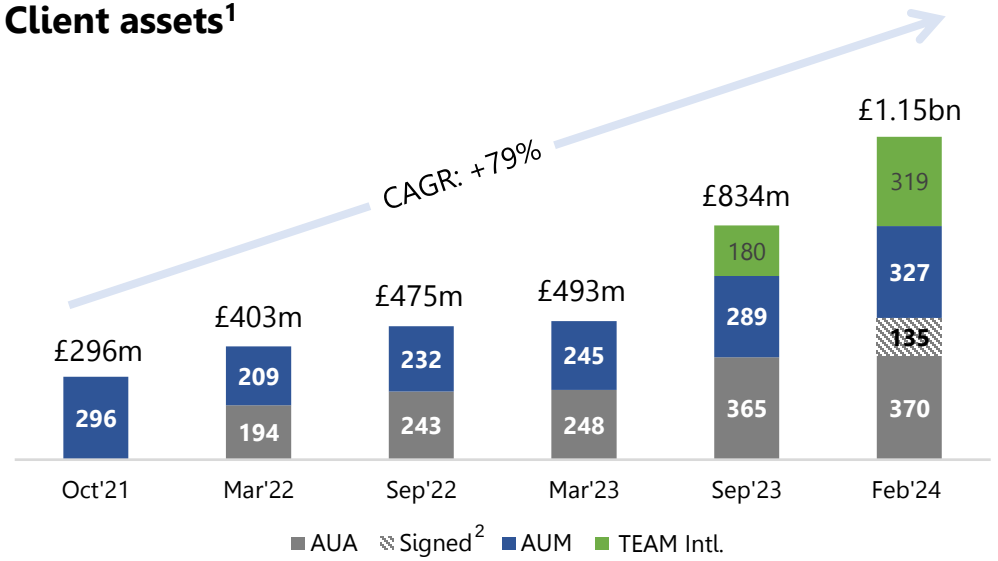
Business overview

Overview

- TEAM plc is a Jersey-headquartered wealth, asset management and complementary financial services group founded by Mark Clubb
- TEAM listed on the AIM market in March 2021. Largest shareholders include Strategic Ventures Pvt Europe (20.7%), followed by executive Chairman Mark Clubb (12.8%), Schroders (6.9%) and Marlborough (5.7%). Mark Clubb and John Beverley (Head of TEAM International) will collectively own 21.4% of the company upon issuance of 3.3m convertible notes to John in April 2024, after the AGM approves the issue of the shares due
- The company has expanded beyond its home market of Jersey to international markets through acquisitions
- With a focus on servicing internationally mobile expatriates, the company's strategy is to build local businesses around TEAM's core skill of providing investment management services
- Growth will be achieved organically through team lifts/recruitment, with a particular focus on building out the advisory side of the business, as well as distribution

Client assets[1]



Key management

- 27-year career in M&A/ investment banking
- Held various senior management roles at UBS Philips & Drew and BZW (latterly Credit Suisse First Boston)

Mark Clubb
Executive Chairman

- Chartered accountant with a wealth of experience in senior leadership
- Served as CFO at Close Investments, CFO and COO at Origen Financial Services and CFO and COO at Ascot Lloyd

Matthew Moore
CFO & COO

- Founder of NEBA Financial Solutions, a Singapore-based distribution company (MPS and Structured Notes)
- Founder of NEBA Wealth, a Malaysia-based regulated financial advisory company with a presence in Asia, Middle East, Africa and South America

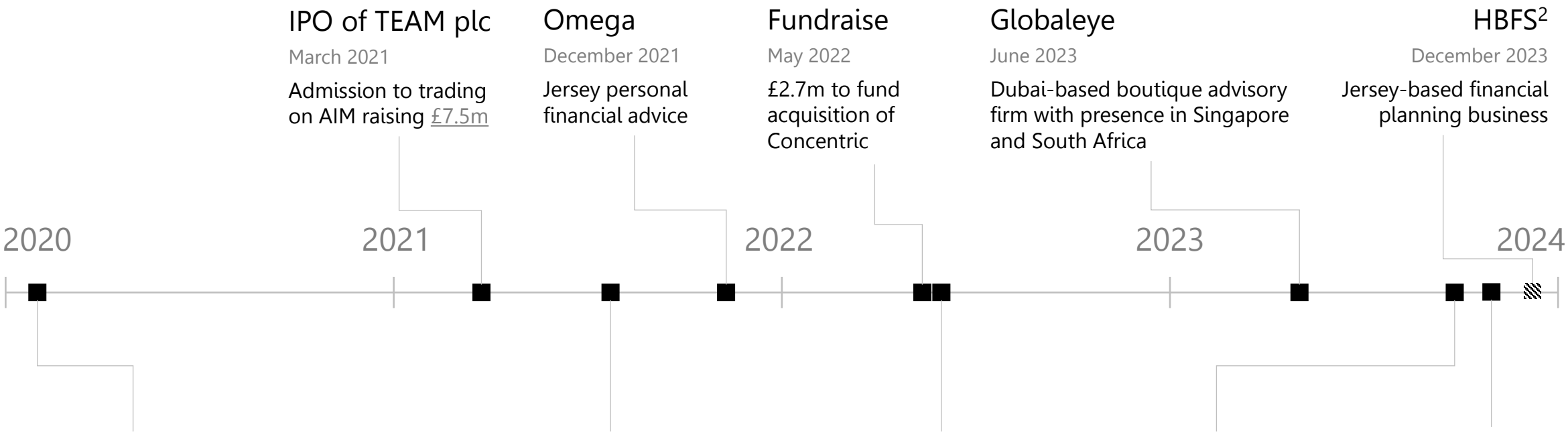
John Beverley
TEAM International

Source: Company information, Capital IQ as of 15 Mar'24
Notes: 1) Excluding JCAP (c.£800m of cash under advice), 2) Exchanged contracts; deal has not completed yet

Group development

2019
AUM = £140m

Now
AUM/A = £1.15bn[1]



Theta (TEAM AM)
January 2020

Private client investment management

IPO of TEAM plc
March 2021

Admission to trading on AIM raising £7.5m

JCAP
July 2021

Treasury management

Omega
December 2021

Jersey personal financial advice

Fundraise
May 2022

£2.7m to fund acquisition of Concentric

Concentric
May 2022

Jersey personal financial advice and wealth planning

Globaleye
June 2023

Dubai-based boutique advisory firm with presence in Singapore and South Africa

Neba
December 2023

Malaysia & Singapore-based advisory firm

HBFS[2]
December 2023

Jersey-based financial planning business

Fundraise
March 2024

£1.1m for acquisitions, working capital and corporate purposes

Source: Company information
Notes: 1) As of Feb'24, including TEAM International and HBFS; 2) Exchanged contracts, but has not completed yet

Strategy update

Overview & highlights

Overall

- Continued operational progress in Jersey
- Expansion outside Jersey home market into higher growth targeted ex-pat markets
- Tougher macro environment impacting results

Investment management

- **AUM up 24% YOY to £289m (Feb'24: £327m)**
- Investment performance continues to be strong
- Our MPS proposition has generated above market average returns
- Enhanced distribution and launch of unitised model in Spring 2024

Advisory

- **AUA up 15% YOY to £365m (Feb'24: £370m)**
- Client retention key
- Lower new sales and in turn revenues
- Integration completed in Dec'23
- Completion of HBFS will add a **further £135m**
- Active pipeline of further deals

TEAM International

- Combined assets of **TEAM International of £319m** as of Feb'24
- Globaleye acquired in May'23 (significant reorganisation undertaken)
- Neba acquired in Dec'23 – TEAM International formed
- Opens up sizeable & higher growth markets for advisory and investment management

Strategic progress

- International distribution in higher growth markets acquired – team and individual hires to continue
- Key business objective is to generate a high conversion rate of AUA into MPS
- **Organic growth and shareholder return now our prevailing objective**

Funding

- TEAM has successfully raised **£1.1m** via placing and subscription to finance acquisitions, deferred consideration as well as providing cash for working capital and general corporate purposes

Source: Company information

Highlights YOY[1]

Revenue

Total revenue	£5.3m	+152%
Advisory revenue	£3.0m	+178%
Investment management revenue	£1.0m	(7%)
TEAM Intl. revenue	£1.3m	n.a.

Earnings

Adj. EBITDA	(£0.7m)	+13%
Adjusted EPS	(3.1p)	+26%
Profit before tax	£(0.7)m	+53%

AUM/A

Net inflows	£92m (17% of AUM/A)	+25%
Total AUM	£289m	+24%
Total AUA[2]	£365m	+15%
Total AUM/A[3]	£834m	+63%

Operations

Staff[4]	87	+163%
Office locations	8	+300%
Acquisitions	7	+75%

Source: Company information
Notes: 1) As of FY23 unless otherwise stated; 2) Excluding TEAM International and HBFS; 3) Includes TEAM International; 4) Excludes self-employed advisers

MPS investment performance

	Period to 29 Feb'24	3 month	1 year	3 year	5 year
High risk	Multi Asset Growth	6.86%	8.68%	14.38%	39.66%
	MPI High Risk	6.08%	7.74%	12.45%	31.28%
	Outperformance	**0.78%**	**0.94%**	**1.93%**	**8.38%**
Medium risk	Multi Asset Balanced	6.46%	7.44%	13.36%	24.76%
	MPI Medium Risk	4.08%	5.17%	7.21%	20.70%
	Outperformance	**2.38%**	**2.27%**	**6.15%**	**4.06%**
Low risk	Multi Asset Cautious	5.15%	6.40%	9.82%	15.16%
	MPI Low Risk	2.96%	4.52%	1.77%	9.78%
	Outperformance	**2.19%**	**1.88%**	**8.05%**	**5.38%**

Source: Company information

TEAM International

Services

- Personal financial planning
  - Tax efficient Savings and Investments
  - Trusts and IHT planning
  - Portfolio management

Distribution

- 58 predominantly self-employed advisers, with an additional 18 in the pipeline
- Under the "Neba" brand

Economic model

- 60-80% adviser commissions
- 3-7% advice fees
- 85% bonus pool
- 0.75% - 1.25% fund management fees

Business model

- Targeted recruitment of top performing advisers
- Industry standard remuneration rates, plus retirement buy out option (industry leading)
- Build regional business development teams to support advisers
- Distribute TEAM MPS and funds

Highlights

£319m
AUA as of Feb'24

5 *offices*
5 *regulatory licenses*

£3.4m
Consideration (ex earn-out)

58
*Advisers with **18** in pipeline*

+£5.0m
Run-rate revenue

***EBITDA** breakeven*
***Profits** made in IM*

Office locations

Source: Company information
Notes: [1] Numbers below include pipeline of 7 advisers in Dubai, 3 in Kuala Lumpur, 2 in Singapore and 6 in South Africa

Financial results

P&L

Year ended 30 September

(£m)	**FY22**	**FY23**	*% change*
Revenue	**2.2**	**5.3**	*152*
Cost of sales	(0.4)	(0.9)	*121*
Operating expenses	(3.3)	(6.5)	*98*
Operating profit/(loss)	**(1.6)**	**(2.1)**	*(33)*
Fair value gains on financial instruments	-	1.7	*n.a.*
Impairment of intangible assets	-	(0.2)	*n.a.*
Profit/(loss) before tax	**(1.6)**	**(0.7)**	*58*
Tax	0.1	(0.0)	*n.m.*
Profit/(loss) after tax	**(1.5)**	**(0.7)**	*56*

	FY22	**FY23**	*% change*
Profit/(loss) after tax	**(1.5)**	**(0.7)**	*56*
Interest	0.0	0.0	*52*
Tax	(0.1)	0.0	*n.m.*
Depreciation & amortisation	0.6	1.2	*87*
EBITDA	**(0.9)**	**0.5**	*n.m.*
Acquisition related expenses	0.1	0.2	*72*
Impairment of intangible assets	-	0.2	*n.m.*
Share award expense	-	0.0	*n.m.*
Fair value adjustments	-	(1.7)	*n.m.*
Adjusted EBITDA	**(0.8)**	**(0.7)**	*15*

Source: Company information

Commentary

- Revenue increased from £2.2m to £5.3m (+152%) driven by:
  - Increase in advisory revenues from £1.3m to £3.0m (178%) from full year of ownership
  - Inclusion of £1.3m of revenue acquired in TEAM International
- Operating expenses increased by 98% from £3.3m to £6.5m
  - Full year of advisory expenses, plus acquired TEAM International costs, with background of high inflation
  - 87 employees compared to 22 the year before
- Adjusted EBITDA loss improved to £0.7m from £0.8m (+15%)
  - £0.9m contribution from Advice
  - £(0.8m) from Investment Management
  - TEAM International lost £0.2m in the four months owned
  - Central costs were £(0.7m)

Segmental reporting

FY23

Year end 30-Sep (£m)	Investment management	Advice	TEAM International	Central costs	Total Group
Revenue	1.0	3.0	1.3	-	**5.3**
Cost of sales	(0.4)	-	(0.5)	(0.1)	**(0.9)**
Operating expenses	(1.4)	(2.1)	(1.0)	(0.6)	**(5.1)**
Underlying PBT	**(0.8)**	**0.9**	**(0.2)**	**(0.7)**	**(0.7)**
AUM/A	289	365	180	-	**834**

FY22

Year end 30-Sep (£m)	Investment management	Advice	TEAM International	Central costs	Total Group
Revenue	1.0	1.3	-	(0.2)	**2.1**
Cost of sales	(0.4)	-	-	(0.0)	**(0.4)**
Operating expenses	(1.2)	(0.6)	-	(0.7)	**(2.5)**
Underlying PBT	**(0.6)**	**0.7**	**-**	**(0.9)**	**(0.8)**
AUM/A	233	318	-	-	**551**

Source: Company information

Cash flows and balance sheet

Cash flows

£'000	FY23	FY22
Cash flows from operating activities		
Loss for the year before tax	**(673)**	(1,588)
Adjustments to cash flows from non-cash items:		
Depreciation and amortisation	**1,166**	624
Finance costs	**35**	23
Fair value (gains) on financial instruments	**(1,680)**	-
Impairment of intangible assets	**227**	-
Share award expense	**13**	-
Trade and other receivables	**(336)**	(362)
Trade and other payables	**418**	(61)
Net cash outflow from operating activities	**(829)**	(1,364)
Cash flows from investing activities		
Acquisition of subsidiary net of cash acquired	**-**	(3,496)
Payment of deferred consideration	**(20)**	(1,534)
Acquisition of property, plant, and equipment	**(45)**	(15)
Net cash outflow from investing activities	**(65)**	(5,045)
Cash flows from financing activities		
Lease liability paid	**(201)**	(85)
Issue of share capital	**-**	2,743
Proceeds from loan notes issued	**425**	-
Net cash flow from financing activities	**224**	2,658
Net decrease in cash and cash equivalents	**(670)**	(3,751)
Cash & equivalents at beginning of year	**1,747**	4,921
Cash & equivalents from subsidiaries at acquisition	**861**	577
Cash & equivalents at end of year	**1,938**	1,747

Source: Company information

Balance sheet

£'000	FY23	FY22
Non-current assets		
Intangible assets	**12,191**	9,276
Property, plant & equipment	**654**	737
Other non-current assets	**223**	219
	13,068	10,232
Current assets		
Trade, other receivables, and prepayments	**752**	910
Cash and cash equivalents	**1,938**	1,747
	2,690	2,657
Liabilities		
Trade & other payables (short term)	**(6,032)**	(2,640)
Trade & other payables (long term)	**(1,731)**	(1,592)
	7,763	4,232
Net assets	**7,995**	8,657
Equity		
Stated Capital	**12,349**	12,349
Share award expense	**13**	-
Retained loss	**(4,367)**	(3,692)
Total Equity	**7,995**	8,657

TEAM investment thesis

Exposure to blend of stable and high growth markets

Jersey long term savings is very stable, while International markets offer high growth and are rich in opportunities

Platform now in place, focus turns to organic growth

We have built a stable investment management capability in Jersey, and have acquired distribution channels in high growth markets,

Profit margin improvement will come with scale

MPS revenue margins high in International markets, cash conversion rates on marginal revenues 80%+

Funding received before cash flow breakeven and a path to dividends

Funds to finance acquisitions as well as providing cash for working capital, general corporate purposes and deferred consideration – visibility on cash break even in 2024/25

Opportunities for accretive team hires to bolster distribution capabilities

Pipeline of opportunities is strong and team hires will accelerate growth

Mid-term ambition to hit £20m of revenues, 30%+ EBITDA margin, £4bn of AUA/M

Source: Company information