

Watchstone.

FINANCIAL RESULTS

for the year ended 31 December 2020

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Key summary

- £68.9m of cash returned to shareholders (2019: £nil)
- Total profit after tax of £7.7m (2019: £30.9m)
- Group operating loss of £1.4m (2019: £3.6m)
- Group net assets of £17.1m representing approximately 37 pence per share
- Group cash and amounts held in escrow at 31 December 2020 of £18.6m (£17.1m as at 31 March 2021)

Consolidated Income Statement

for the year ended 31 December	2020 Total	2019 Total
	£'m	£'m
Administrative expenses	(1.4)	(3.6)
Group operating loss	(1.4)	(3.6)
Net finance income	0.2	0.3
Loss before taxation	(1.2)	(3.3)
Taxation	-	-
Loss after taxation for the year from continuing operations	(1.2)	(3.3)
Net gain on disposal of discontinued operations	10.3	-
Profit/(loss) for the year from discontinued operations	(1.4)	34.2
(Loss)/profit after taxation for the year	7.8	30.9

NOTES

- Legal costs where we are the claimant are included within administrative expenses as incurred
- No assets are recognised in respect of actual or potential litigation
- Discontinued operations and gain on disposal relates to the disposal of ingenie and Healthcare Services. In 2019 this also included the reversal of escrow provision in respect of the PSD settlement.
- Underlying EBITDA loss of £5.5m (see next slide)
- Roundings have been left uncorrected throughout

Profit after tax bridge from 2019 to 2020

	£'m	£'m
2019 profit after tax		30.9
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Continuing operations		
Lower loss before tax		2.1
<hr/>		
Discontinued operations		
Profit on sale	10.3	
Lower loss from discontinued businesses	3.9	
2019 PSD settlement not recurring	(39.4)	
		(25.2)
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2020 profit after tax		7.8

Analysis of Balance Sheet

Assets/liabilities by proximity to cash

as at 31 December	2020	2019
	£'m	£'m
Cash including term deposits	16.7	71.6
Net assets of businesses classified as held for sale	-	9.9
Other net current assets/(liabilities)	0.4	(5.5)
Non-current assets	-	1.7
Net assets	17.1	77.7

NOTES

- Other net current assets includes £1.9m held in escrow (2019: nil).
- Included in liabilities are provisions of £0.3m.

Cash Flow

for the year ended 31 December	2020	2019
	£m	£m
Net cash (used by)/generated from operating activities	(6.3)	31.0
Net cash generated by investing activities	35.4	18.9
Net cash used in financing activities	(69.6)	(2.8)
Net (decrease)/increase in cash	(40.5)	47.1
Cash at the end of the year	16.7	57.2
Term deposits	-	15.0
Cash including term deposits	16.7	72.2

NOTE

- Net cash used by operating activities during 2020 includes £2.0m paid into escrow of which £1.9m remains within other debtors at 31 December 2020.
- Net cash generated by investing activities includes £15.0m more maturing from term deposits than was invested. This was £25.0m in 2019.
- Cash used in financing activities includes £68.9m return of capital. This was nil in 2019.

Provisions

£'m	Legal disputes	Onerous contracts	Other	Total
At 1 January 2020	3.8	0.1	0.3	4.2
Additional provisions	-	-	1.1	1.1
Unused amounts released	(3.5)	-	-	(3.5)
Used during the year	(0.1)	-	(1.1)	(1.2)
Disposals	-	-	(0.3)	(0.3)
At 31 December 2020	0.2	0.1	-	0.3



Ongoing actions and plans

- Pursue and develop litigation assets in the best interests of shareholders
- Manage cash and other assets with care and prudence
- Return of cash to shareholders
- Operate with strong corporate governance

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