

OBERON INVESTMENTS FINANCIALS

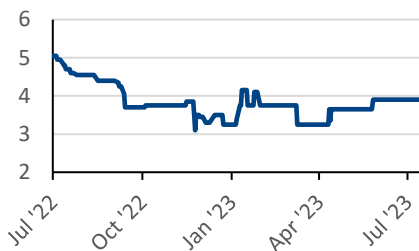
28 July 2023

OBE.ASE

3.9p

Market Cap: £20.9m

SHARE PRICE (p)



12m high/low

5.0p/3.1p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£2.4m (at 31/03/23)
Enterprise value	£18.5m
Index/market	ASE
Next news	AGM, 21 Sept
Shares in Issue (m)	536.0
Chairman	Mike Cuthbert
CEO	Simon McGivern
CFO	Galin Ganchev

COMPANY DESCRIPTION

Oberon is a financial boutique active in wealth management, private ventures, corporate advisory & fund administration.

www.oberoninvestments.com

OBERON INVESTMENTS IS A RESEARCH CLIENT OF
PROGRESSIVE

ANALYSTS

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Initiating coverage: A unique proposition

Oberon Investments Group is a wealth management & planning, private ventures and corporate advisory boutique. A recently acquired majority stake in a fintech/custody business is not yet reflected in the valuation, in our view. Oberon was established in 2018 and listed on the ASE in 2021. Intensive investment in challenging markets has created a differentiated business model, positioned well in a consolidating sector. Investment is driving impressive growth in funds under management & administration, and in revenue, which should convert to strong EBITDA growth in FY25E.

- Management guiding to FY24 revenue growth above 65%.** FY23's results reflected commitment and vision to continue investing in subdued markets. Investment in new infrastructure and technology has created a unique business model. Each business has substantial growth potential, but the connectivity across the businesses is a key differentiator and revenue driver for Oberon.
- Wealth Management: Long-term structural growth prospect.** Rathbones' agreed acquisition of Investec Wealth & Investment UK is a reminder of the structural attraction of the UK wealth management sector, but also the need for scale among the top and middle-order players. Oberon's Wealth Management and Wealth Planning businesses are well placed to fill the void left by recent consolidation, and continue to take on new wealth managers, advisers and client portfolios.
- Corporate Broking & Advisory: Geared to market recovery.** Oberon Capital, established in 2020, has swiftly taken on 23 retained clients, advised on two IPOs and attained AQSE Corporate Adviser status. Current regulatory reforms to incentivise companies to grow and list in the UK provide helpful tailwinds. A low cost base affords patience in subdued markets and gearing into market recovery.
- Private Ventures: Continued EIS/VCT funding opportunities.** The Private Ventures business is enhanced by extensive start-up and private equity experience at board level. Brisque UK start-up activity and a vibrant EIS/VCT market underpin strong growth prospects. Oberon is evaluating a number of new fund start-ups.
- Implied peer group-based valuation of £88m.** We forecast a point of inflection when Oberon's operational gearing will drive strong EBITDA growth in FY25 and FY26. Based on our forecasts and peer group analysis, the implied mid-range valuation for Oberon is £88m.

FYE MAR (£M)	2022	2023	2024E	2025E	2026E
Revenue	6.73	5.05	8.34	14.32	21.96
EBITDA	(0.45)	(3.33)	(1.35)	1.95	5.94
Profit/(loss) before tax	(0.58)	(3.90)	(1.72)	1.56	5.54
EPS basic (pence)	(0.14)	(0.82)	(0.33)	0.23	0.90
EPS diluted (pence)	(0.14)	(0.71)	(0.29)	0.20	0.79
Price: EBITDA per share	-	-	-	10.7x	3.5x
PER basic	-	-	-	16.8x	4.3x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

Please refer to important disclosures at the end of the document.

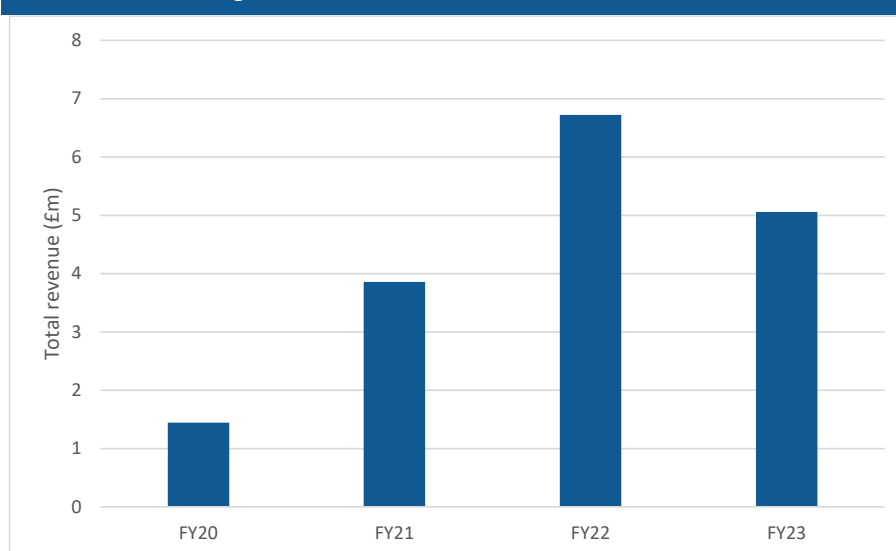
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Executive summary

Initiation of coverage

We initiate coverage on Oberon Investments Group plc (OBE.ASE). Established in 2018 and listed in 2021, Oberon is a boutique financial services business, which provides a personalised wealth management service to retail and professional clients, and corporate broking and advisory services to small and mid-cap companies. Oberon has delivered rapid growth in funds under management and administration (FUMA) from £200m in March 2020 to over £1bn today. Revenue during the same period has grown commensurately from £1.4m to £5.0m, having reached £6.7m in 2022. This growth has been achieved despite the challenging markets of the 2020 pandemic, and a period of geopolitical tension, high inflation and rising interest rates in 2022 and 2023.

Oberon – Revenue growth FY20-23



Source: Company data and Progressive Equity Research estimates

Oberon is listed on the Access segment of the ASE Growth Market with a market capitalisation of £20.9m. On 12 July, there were ~536 million shares in issue, of which 56% were in public hands. Oberon has a 31 March financial year-end, and FY23 results were published on 28 July 2023.

Significant revenue growth potential

Core shareholders and new investors have participated in a series of successful capital raisings that have funded intensive investment in organic growth and selective acquisitions, broadening Oberon's product range and service proposition. Oberon now operates across five businesses, including its recent acquisition of Logic Investments, a funds administration and custody business. The investment is already driving a strong revenue performance and we expect this to convert into strong EBITDA growth in FY25 and FY26.

Oberon Investments. Oberon's Wealth Management business was augmented by the acquisition of Hanson Asset Management's UK Wealth business in 2020. Rathbones' agreed acquisition of Investec's UK Wealth and Investment business (completing Q4 23) was a reminder of the long-term structural attraction of the UK wealth management industry. It was also a reminder of how the quest for scale and consolidation risks eclipsing clients' needs for personalised advice and guidance. Oberon has seized the opportunity to build a unique personalised business model that provides bespoke wealth and advisory services based on significant investment in new technology.

Oberon Capital. Oberon's Corporate Broking and Advisory business (Oberon Capital) was established in 2020 and has, in quick order, signed up 23 retained corporate clients, advised on two IPOs and achieved Corporate Adviser status on AQSE. Current regulatory reforms designed to incentivise companies to grow and list in the UK will provide helpful tailwinds for the business. The UK Chancellor's Mansion House speech (10 July 2023) reiterated that the UK Government wants the world's fastest-growing companies to grow and list in the UK. While IPO and secondary market transactions remain subdued across all markets, Oberon Capital's relatively low cost base is well placed for capital markets recovery later in 2023 and in to 2024.

Oberon Private Ventures and IHT/VCT/EIS funds. The business provides investment opportunities and advice in early-stage businesses for both investors and company founders. Oberon Private Ventures is set to capitalise on the continued strength of the UK's Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) funding. UK business start-ups activity remains brisk and the Mansion House proposal to direct 5% of DC pension funds into unlisted equities by 2023 will be supportive.

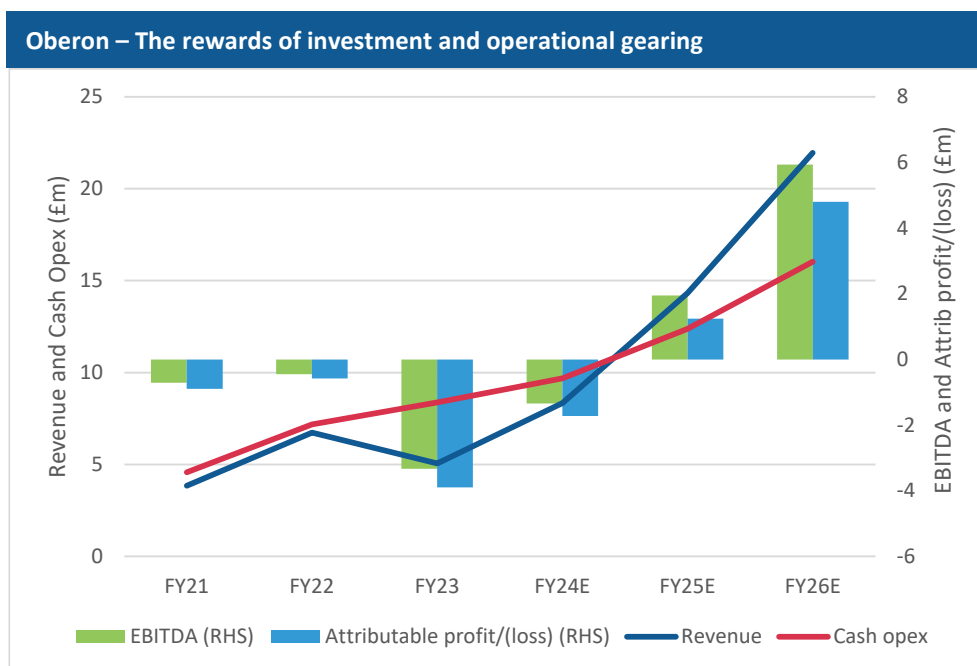
Wealth Planning and IFA services. The 2021 acquisition of Smythe House Ltd. provided Oberon with a platform for substantial growth in Wealth Planning and IFA services. The IFA market is consolidating rapidly, driven by substantial private equity funding and the need to fund technology improvements. Oberon is well positioned in a consolidating market and offers a range of personalised services on an efficient platform to new clients and to Oberon's clients across all of its businesses.

Fintech/ custody operations. In June 2023, Oberon acquired 63% of Logic Investments Ltd, a custody business. Oberon will integrate its back office with Logic's and seek to grow assets under administration in a high-growth, rapidly consolidating market. Logic therefore has had no impact on 2023 results, and we believe its potential is not yet reflected in valuations. Oberon has strategic plans to develop the fintech offering of Logic and offer state of the art custody operations and services to new, third-party customers. We expect Logic's assets under administration growth to benefit from Oberon's investment as well as growth in new clients.

The value of connectivity. The connectivity between Oberon's businesses will be a powerful revenue generator. Be it Corporate Broking and Advisory providing exit strategies for start-ups in the Private Ventures portfolio, or Wealth Planning providing pension scheme and corporate insurance advice to corporate clients, or successful entrepreneurs becoming clients of Oberon Investments or Wealth Planning, the connectivity of the businesses is a key differentiator and revenue generator for Oberon.

FY25 results to reflect investment and operational gearing

Oberon’s management has made substantial investments since listing to establish a differentiated business. The FY23 results reflected management’s commitment and vision to continue investing in subdued markets. Further investment will be required in FY24, after which we forecast a point of inflection where Oberon’s operational gearing will drive strong EBITDA growth in FY25 and FY26.



Source: Company data and Progressive Equity Research estimates

Oberon's development so far

Oberon began trading in 2018 and listed in 2021. On listing, Oberon's vision was first that organic assets under management growth would be augmented with the acquisition of complementary businesses, and second that Oberon would be a trusted brand for the provision of advisory and fundraising services for companies in the small and mid-cap sectors. The chronology of events set out below demonstrates how this ambition has been delivered, and how Oberon has created a differentiated business model and a platform for growth.

Oberon – The path towards building a differentiated business model (calendar years)

2017	
Apr	Oberon Securities Limited ("OSL") established
Sept	Baskerville Capital plc admitted to LSE (Standard List)
Nov	Acquisition by OSL of M.D. Barnard & Co. Limited (renamed Oberon Investments Limited)
2018	
	Oberon Investments commenced trading
2020	
May	Corporate Broking division (Oberon Capital) established
Jun	Acquisition of Hanson Asset Management's UK wealth management business
2021	
	Acquisition of Oberon Investments Ltd by Baskerville Capital plc by way of a reverse takeover. Oberon was deemed to be the 'accounting acquirer.'
Feb	Consideration for the acquisition: £12.957 million by issue of 323,919,525 Consideration Shares at 4p per share Baskerville delisted from LSE and admitted to trading on the AQSE market Baskerville Capital plc renamed Oberon Investments Group plc Additional capital raise: £1.443 million by issue of 36,070,250 Subscription Shares at 4p per share Accounting year-end changed to 31 March (from 30 June)
April	Exercise of 2,000,000 warrants with an exercise price of 2.5p, increasing equity by £50k
June	Acquisition of Smythe House Ltd completed
Jul	Publication of full year results to 31 March 2021
Nov	Publication of interim results to 30 September 2021
2022	
Mar	Fund raising: £3.4 million raised by issue of 56,816,129 shares at 6.0p per share
Jul	Publication of full year results to 31 March 2022
Dec	Publication of interim results to 30 September 2022
2023	
Jan	Agreed acquisition of 63% stake in Logic Investments Ltd. (Custody Business) in exchange for for Oberon's existing custody operations Conditional placing: £1,754 million by placing of 50,125,311 new shares at 3.5p per share
Apr	Placing of 12,847,153 shares to raise £450k at a price of 3.5p per share
May	Issue approved of 1,888,057 new ordinary shares at an average price of 3.68p per share (total value £69.5k)
June	Logic Investments Ltd acquisition completed
July	Publication of full year results to 31 March 2023

Source: Company information

Establishing a stockbroking and asset management platform. Oberon acquired the stockbroking business M.D. Barnard & Co. Ltd (founded in 1988) in November 2017. Renamed Oberon Investments Limited, it began trading in 2018. M.D. Barnard was a discretionary, advisory, and execution-only stockbroker and wealth manager. The acquisition provided immediate market entry with a Financial Conduct Authority pre-approved firm, and a platform for rapid growth, with assets under administration of around £100m.

Establishment of Oberon Capital. Oberon set up its Corporate Broking division (now Oberon Capital) in May 2020 to provide corporate broking and advisory services to small and mid-cap companies. It announced its first client in July 2020. At 31 March 2023, Oberon had increased the number of retained clients to 23.

Acquisition of Hanson's UK wealth management business. One month after setting up the Corporate Broking division, Oberon completed the acquisition of Hanson Asset Management's UK retail wealth management business. The acquisition increased Oberon's FUMA by £100m to £300m. Since then, FUMA has increased to over £1bn.

ASE listing. Oberon's February 2021 listing on ASE happened through the Reverse Takeover by Baskerville Capital plc. Baskerville was a cash shell company, admitted to the London Stock Exchange's Standard List in September 2017. According to Baskerville's September 2017 prospectus, the company was established and listed with the intent of acquiring a company in the technology sector via a Reverse Takeover.

In 2020, Baskerville made two investments in Oberon totalling £1.146m, resulting in a 9.99% stake (diluted to 8.87% by the time of Oberon's listing). Baskerville and Oberon entered non-legally binding heads of terms for the acquisition by Baskerville for Oberon's entire issued share capital.

The total consideration for the 2021 acquisition was £12.957m through the issue of 323.9 million consideration shares to Oberon, issued at 4p per share. Baskerville was a cash shell, with a Standard Listing, therefore the acquisition of Oberon was not regarded as a business combination and Oberon was deemed to be the 'accounting acquirer'.

Baskerville delisted from the London Stock Exchange, changed its name to Oberon, and was admitted to the NEX Exchange Growth Market (which has since been renamed the Access segment of the AQSE Growth Market) in February 2021. Alongside the relisting, Oberon raised £1.44m by issuing c.36 million Subscription Shares at 4p per share. A number of board appointments were proposed, including The Hon Robert Hanson as Non-Executive Chairman and Simon McGivern as CEO.

Acquisition of Smythe House. Oberon broadened its services and reach through the acquisition of Smythe House in June 2021. Established in 2009, Smythe House provides financial planning and services to high net-worth clients in wealth management, capital markets and real estate sectors.

Majority stake in Logic Investments Ltd. In January 2023, Oberon announced the agreed acquisition of a 63% stake in Logic, a provider of custody and administration services, with assets under administration in excess of £275m. Logic's revenue for the year to 31 March 2022 was £927,908. Oberon's intention, on completion of the acquisition, in June 2023, was to combine its own back-office functions with Logic's. The combined operations backed by Oberon's funding would enable Logic to develop and enhance its back-office services. Oberon also announced a £1.75m funding to support the expansion of both the investment management and corporate advisory businesses.

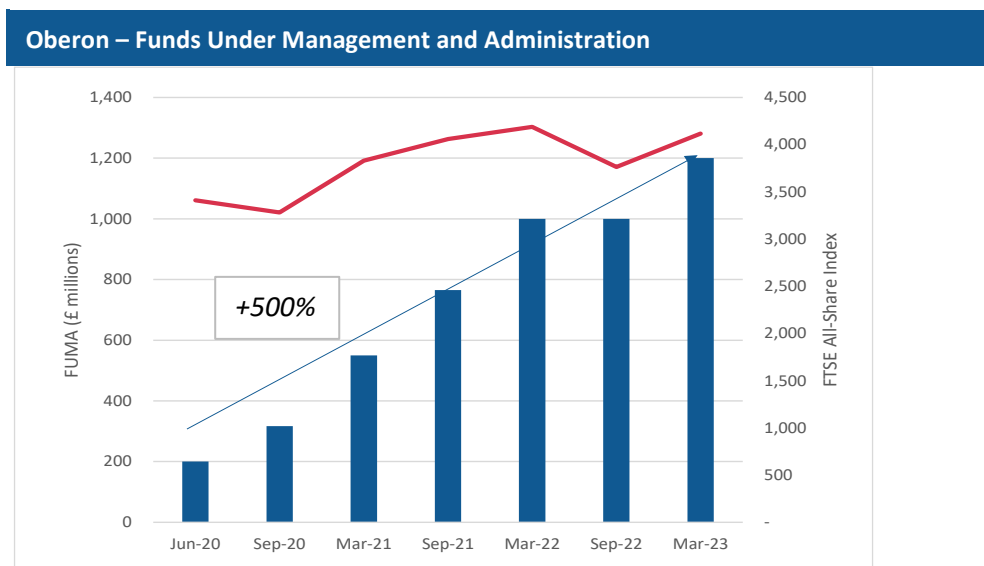
Growth potential across all businesses

At the time of the 2021 listing, Oberon’s management considered its main competition to be from niche wealth management businesses such as Investec Wealth, Hargreaves Lansdown, Charles Stanley, Rathbones, and Tilney. Since then, Rathbones has announced the acquisition of Investec’s UK Wealth and Investment business, Charles Stanley has been acquired by Raymond James, and Tilney (which merged with Smith and Williamson in 2019) was later rebranded to Evelyn Partners. The quest for scale in the wealth management sector is also evident in the broking sector, where the Cenkos-finnCap merger and Deutsche Bank-Numis acquisition will complete in H2 2023. Rapid consolidation is also underway in the UK wealth planning sector and the global funds administration market.

Oberon’s competition in wealth management is still as envisaged, but it now faces competition in corporate advisory, private ventures, wealth planning and funds administration. Oberon’s differentiated business model, combined with operational gearing, positions it well. Oberon’s management has built a unique business model that has benefitted from fresh investment in new technology, with the potential to outperform in a consolidating sector. Each business has substantial growth potential in its own right, but the connectivity between the different businesses offers additional potential growth.

Oberon Investments – long-term structural growth prospects

Funds under management and administration (FUMA) have grown by 500% from £200m at June 2020 to over £1bn as of 31 March 2023. This compares with a c.21% increase in the FTSE All-Share index. Oberon’s 2020 acquisition of Hanson Asset Management’s UK wealth management added some £100m of funds.



Source: Company data and FTSE Russell

The growth has been achieved through organic growth across the wealth management team combined with the recruitment of smaller wealth management teams that are able, subject to non-compete agreements, to transfer across client portfolios. We anticipate further strong organic growth combined with selective team hires when appropriate. The scale of consolidation in the wealth sector will make Oberon’s personalised investment approach highly attractive to clients who may feel overlooked by the ever-increasing scale of larger wealth management groups.

The Boston Consulting Group's (BCG) 2023 Global Wealth Report (*Resetting the Course*, June 2023) highlighted that after 15 years of growth following the Global Financial Crisis (2007-08), global financial wealth fell by 4% to \$255 trillion in 2022. The fall, after a 10% rebound in 2021, was attributable to rampant inflation, rapid interest rate hikes, and reduced investor confidence resulting in weak equity markets. 2022 saw, for the first time in 50 years, a simultaneous correction in bond markets and equity markets. BCG forecasts a 5% recovery in 2023 and 5% CAGR for the period 2022-27 to \$329 trillion.

Global financial assets – recent performance and projections

	2021	2022	2027	Growth 2021-22	CAGR 2022-27
Asia Pacific, exc. Japan	54	55	81	2%	8%
Japan	16	16	17	1%	2%
Eastern Europe	5	5	6	-2%	5%
Western Europe	50	49	59	-3%	4%
North America	126	116	146	-8%	5%
Latin America	6	7	9	8%	7%
Middle East and Africa	7	7	11	8%	8%
Global	264	255	329	-4%	5%

Source: The Boston Consulting Group

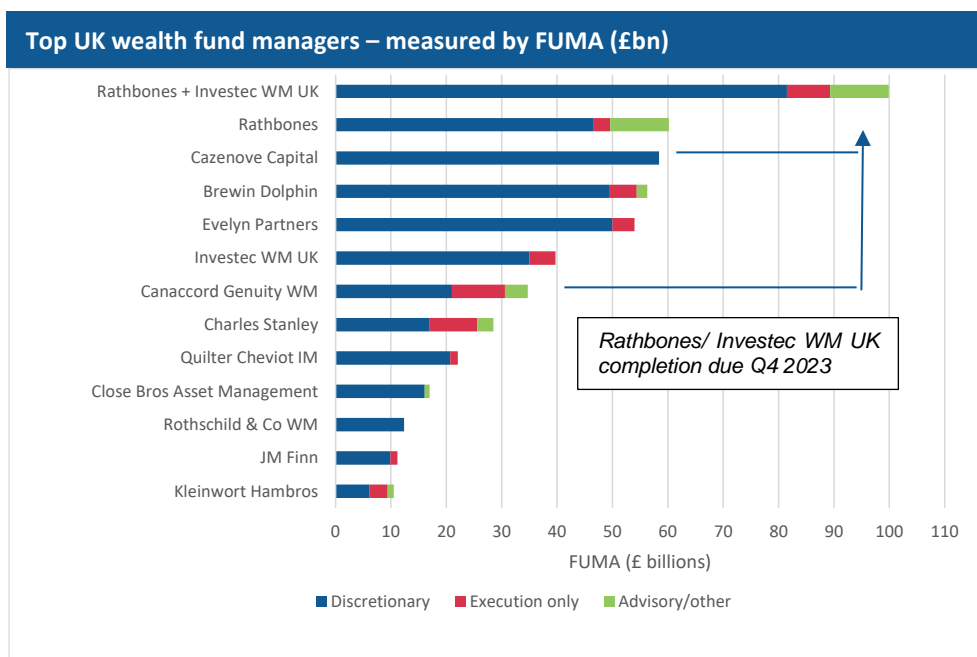
In the UK, The Personal Investment Management & Financial Advice Association (PIMFA) conservatively estimates that assets under management for the Financial Advice and Wealth Management sectors stand at £272bn and £942bn, respectively.

Rathbones' agreed all-share acquisition of Investec's UK Wealth and Investment business (announced 4 April 2023) was a timely reminder of the attractiveness of the UK wealth market. Rathbones' management highlighted the industry's long-term structural drivers, particularly: increasing wealth; an ageing population; pension freedoms; generational wealth transfer; and the ongoing client need for advice and support. Rathbones also referred to some of the challenges: technology and people cost inflation; increasing regulatory demands; industry disruptors; and the expectation of seamless digital engagement.

The top-12 wealth fund managers in the UK account for nearly £400bn of wealth management funds under management and administration, some 42% of PIMFA's estimate of UK wealth management's assets under management. And, according to the research consultancy firm 'Platforum,' the top-25 UK wealth management firms account for around 85% of total UK wealth management assets. The Rathbone/Investec merger appeared predicated on economies of scale, to overcome the impact of cost inflation, increasing regulation and disruption from new entrants. The merger continues the trend of consolidation among the top and middle-order wealth management industry players – a trend that is likely to continue, in our view.

- Cazenove Capital was acquired by Schroders in 2013.
- Cheviot Asset Management merged with Quilter in 2013, to form Quilter Cheviot Investment Management, which was acquired by Old Mutual Wealth in 2015, and then rebranded to Quilter in 2018.
- The formation of Kleinwort Hambros followed Société Générale's acquisition of Kleinwort Benson from Oddie et Cie for an undisclosed sum in 2016.

- Raymond James acquired Charles Stanley in January 2022.
- Tilney acquired Smith and Williamson in 2019, and the enlarged business was rebranded to Evelyn Partners in 2022.
- Royal Bank of Canada acquired Brewin Dolphin in September 2022.
- The Rathbones/ Investec Wealth and Investment UK merger is expected to complete in Q4 2023, resulting in combined FUMA of £100 billion.



Source: FT Savanta Survey July 2022, Company disclosures, and Progressive Equity Research estimates.

Oberon Investments appears well-positioned against this market backdrop. It has rapidly built a £1bn+ FUMA portfolio. It offers discretionary fund management and execution-only services, plus, tax-efficient investment solutions, and access to IPOs and fund-raising opportunities. Oberon has made significant investment in a new technology platform and updated legacy systems, and invested in compliance systems and in new personnel and support. Oberon is positioned well for continued strong growth in FUMA, which will be achieved through the combination of organic growth, investment performance and recruitment of fund managers with transferable portfolios of business. The business has a team of 19, including 16 investment wealth managers and advisers.

Oberon Capital – geared to market recovery

Established in 2020, Oberon’s Corporate Broking and Advisory Business, Oberon Capital, has swiftly recruited 20+ corporate broking clients, attained Corporate Adviser status on Aquis, and advised on two Aquis market IPOs (Macaulay Capital Plc, and One Health Group plc) – all of which was achieved in challenging markets. The business is led by Mike Seabrook, a very well-respected practitioner in small and mid-cap markets, with over 25 years’ experience in sales and corporate broking. Our optimism in Oberon Capital’s prospects is based on two primary factors: its operational gearing to market recovery, and recent regulatory developments.

Operational gearing to market recovery. The growth in retained clients has been accompanied by tight control of the Oberon Capital cost base. Oberon has no legacy issues or costs and therefore can operate a highly operationally geared model. Geopolitical risk, rising inflation and rising interest rates severely affected equity market confidence in 2022, and prompted investors to switch to safer asset classes. This, in turn, impacted the scale of IPOs and secondary market capital raisings. As the table below illustrates, IPO numbers fell by 64% in 2022, and IPO funds raised were down 89% across the AIM and Main Markets. Non-IPO funding fell by more than 90%. One or two well publicised decisions to list elsewhere may have tempered sentiment, but realistically investors were unlikely to have an appetite for IPOs and capital raisings in such uncertain times.

AIM and main market IPO and new issues, 2021 to 31 June 2023

	IPO			Non-IPO			Total		
	No. of issues no.	Market value £m	Funds raised £m	No. of issues no.	Market value £m	Funds raised £m	No. of issues no.	Market value £m	Funds raised £m
2021									
AIM	66	9,138	3,153	21	2,429	400	87	11,567	3,553
Main	60	44,856	11,437	27	62,646	309	87	107,502	11,746
Total	126	53,994	14,590	48	65,075	709	174	119,069	15,299
2022									
AIM	12	552	130	7	682	17	19	1,234	147
Main	33	3,255	1,482	22	71,495	30	55	74,750	1,512
Total	45	3,807	1,612	29	72,177	47	74	75,984	1,659
2022 v 21 change									
AIM	-82%	-94%	-96%	-67%	-72%	-96%	-78%	-89%	-96%
Main	-45%	-93%	-87%	-19%	14%	-90%	-37%	-30%	-87%
Total	-64%	-93%	-89%	-40%	11%	-93%	-57%	-36%	-89%
6 months to 31 June 2023									
AIM	6	70	34	3	55	9	9	125	43
Main	12	244	556	4	3,881	0	16	4,125	556
Total	18	314	590	7	3,936	9	25	4,250	599

Source: London Stock Exchange

The LSE data for the first six months of 2023 shows no sign of improvement. History tells us, however, that capital raising will return, be it to seize growth opportunities or to repair balance sheets, or where confidence has returned to companies that had delayed listings in difficult markets. Oberon's Corporate Broking and Advisory business is set fair for either eventuality and has the benefit of running with a low headcount and cost base in the meantime. With six professionals, plus shared support, we estimate the business would operate at around breakeven level with 20+ retained clients. Additional capital market transactions revenue will, therefore, generate immediate EBITDA upside.

Regulatory reviews should be favourable for small-cap companies. The 'Edinburgh Reforms' announced in the UK's Chancellor's December 2022 speech highlighted 30 regulatory initiatives, some of which were in progress ahead of the December speech. In aggregate, the reforms are designed to enhance the UK's attractiveness as a capital raising venue, and to promote investment in listed and unlisted companies.

The reforms include:

- (i) A single listing segment to replace the twin track Standard and Premium Listing segments.

- (ii) Review of the effects of unbundling research costs required by MIFID-2, which may lead to repeal of MIFID-2. The review focuses on the small-cap sector, with a view to promoting investment research, a factor that, until now, may have deterred small-cap companies from contemplating a London listing.
- (iii) The Secondary Capital Raising Review proposed 21 changes that should make it easier for companies to execute secondary market equity fund raisings. This included the possibility of permitting companies to raise up to 20% of their share capital on a non-pre-emptive basis.

AQSE listings 2022 and 2023

Adviser	2022		Jun-23	
	No. of new admissions	Average market cap. at admission (£m)	No. of new admissions	Average market cap. at admission (£m)
Alfred Henry	1	28.8	1	25.0
Cairn Financial	2	4.6		
Dowgate Capital	1	5.8		
First Sentinel	3	6.0	1	8.0
Guild Financial Ltd	1	5.0		
Novum Securities	2	9.5		
Oberon Capital	2	22.5		
Panmure Gordon	1	35.0		
Peterhouse Capital	3	18.2	3	12.6
VSA Capital Ltd	5	62.7		
Total	21	25.4	5	14.2

Source: AQSE

Competition. New admissions data published by AQSE Markets provides some insight into Oberon’s competition in small-cap primary market activity. There were 21 new admissions in 2022 and five in 2023. Oberon Capital advised on two of the transactions in 2022. Peterhouse Capital, VSA Capital and First Sentinel were active in 2022, with Peterhouse advising on three transactions in H1 2023.

Private Ventures – continued opportunities in EIS/VCT funding

Oberon’s Private Ventures business provides an entry for investors to invest in unlisted companies with substantial potential growth, primarily via the Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) funds.

The Private Ventures team was founded by James Phillips, who has worked with Oberon’s CEO Simon McGivern since 2002. They have invaluable experience in establishing and exiting several businesses, including: Handpicked Collection; Litebulb; Power Station Studios, a market and brand; and Silver Bullet Data, which James co-founded and IPO’d two years after start-up. The team of six is co-headed by Hugo Dodge, who has recently joined Oberon, and Theo McDonell.

The team receives broader support and input from Oberon’s CEO, Simon McGivern, Non-Executive Director Gemma Godfrey and Non-Executive Chairman Mike Cuthbert. Following a career in finance and investment, Gemma Godfrey became founder and CEO of Moola Systems Limited (brand name; Moo.la), a successful investment service 2015 start-up that initially used Seed EIS (SEIS) funding, followed by a second round of funding from EIS investors. Just over half of Moola’s funding has been sourced from SEIS and EIS investment. Ms. Godfrey’s experience in this field is particularly valuable to the Private Ventures team and to Oberon’s Board of Directors. Mike Cuthbert has nearly 40 years’ experience as adviser and broker in the Asset and Wealth Management sector at a number of leading City firms including HSBC James Capel, Canaccord Genuity and Zeus Capital, where he co-headed the Financial Institutions Group. Mr Cuthbert joined Oberon as Non-Executive Chairman in 2023.

The Privates Venture business provides early-stage advice and guidance to founders on developing ideas and strategies and guidance setting up operations, establishing an infrastructure (including HR, legal etc) and recruitment. The business does not target specific sectors, but naturally gravitates to sectors that the team knows and understands. The current portfolio of 11 companies (below) is in the technology, data, B2B and SaaS (Software as a Service: a cloud-based software delivery model) sectors.

Oberon Private Ventures – Portfolio at July 2023	
Company	Business overview
1 Smartbox.ai	Regulatory technology to solve data privacy challenges, such as the timely processing of Data Subject Access Requests (DSARs).
2 vTail	Digital healthcare communication linking healthcare professionals with medical technology industry.
3 4global	4global helps clients maximise the health, social, and economic impact from investment in sport.
4 Silverbullet	Silverbullet's proprietary technology, 4D, enables brands to target consumers without the use of cookies. The only comparable technology was acquired by Oracle in 2018 for \$325 million.
5 Valstream	SaaS platform provides buyers with the right information to make effective and well-informed decisions, creating savings (up to 30%) at each stage of the procurement cycle.
6 anmut	Anmut is a data-asset management business that helps large corporates understand the value of their data, manage it like a proper asset and utilise it to make better organisational decisions.
7 Artscapy	A digital art platform that provides a comprehensive set of services to meet the needs of Art Collectors.
8 sayitnow	Say It Now is leading the design and delivery of 'Actionable Audio Advertising', a rapidly growing segment of advertising which directs listeners to respond via voice assistants, like Alexa, to engage with brands, request more information, be sent an offer to make purchases on the spot.
9 Elastik	A revolutionary AI platform that empowers teachers to pinpoint and address previously unidentified student learning gaps in Mathematics, English and Science.
10 WithU	An audio-led fitness app, where on-demand personal training is delivered by professional trainers and athletes.
11 Skybox	A gaming technology company with a unique SaaS platform that provides 3D spectating, data and analysis solutions for the Esports industry.

Source: Oberon Private Ventures

The Private Ventures business offers investment opportunities for private investors, family offices and institutions via EIS and VCT funding. EIS, SEIS and VCT investments grew strongly in the 2021-22 tax year and continue to provide a tax efficient route to investing in UK start-ups.

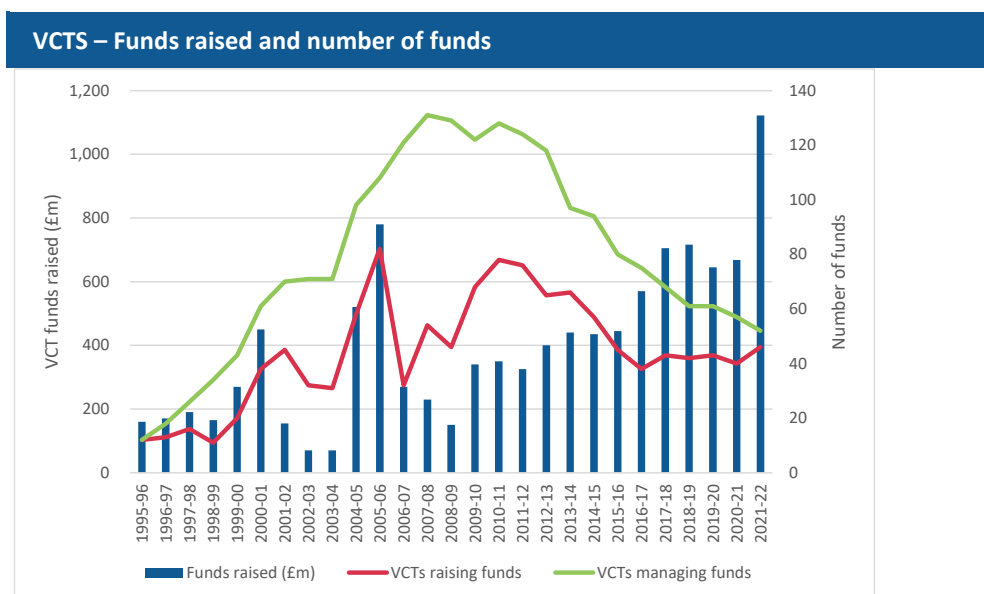
According to HMRC, nearly £30bn has been invested in more than 52,000 companies since the EIS and SEIS were started. The latest data from HMRC confirms that this remains a trusted and plentiful funding source for start-ups with the Information and Communication sectors, accounting for 34% of EIS and 40% of SEIS funding in the 2021-22 tax year.

EIS investment up 39% in 2021-22. In the 2021-22 tax year, 4,480 companies raised a total of £2.3bn of funds under the EIS, a 39% increase in funding from the prior tax-year and the highest since the scheme was introduced. While the substantial increase was attributable in part to a post-pandemic rebound, the scale of funding was higher than the levels prior to the downturn. Around £584m (25%) of investment was raised by 1,755 new companies, and the Information and Communication sector accounted for £785m (34%) of all EIS investment.

SEIS investment up 16% in 2021-22. SEIS funding in 2021-22 was also the highest since the scheme was introduced, with 2,270 companies raising funds of £205m, an increase of 16% from the prior tax-year. Companies in the Information and Communication sector accounted for 40% of the funding.

The EIS investor market is vast and thinly spread; not surprising given the scale of annual funding and the multiple opportunities in the start-up sector. According to Seedlegals, there are 50 active EIS funds in the UK. One of the names on the list is Octopus Investments, part of the Octopus Group, and the third largest shareholder in Oberon Investments Group. Established in 2000, Octopus Investments has £12.9bn of funds under management, which includes Venture Capital funds (Octopus is the UK's largest provider) and the Octopus Ventures EIS Service. The EIS portfolio has around 10-15 early-stage businesses with high growth potential.

The VCT market – £11bn funds raised since 1995. The VCT scheme was introduced in 1995, and is one of three tax-based venture capital schemes alongside the EIS and SEIS. A VCT is similar to an investment trust: it is a listed company that aggregates investors' funds to invest in VCT qualifying companies. Nearly £11bn of VCT funding has been raised since 1995.

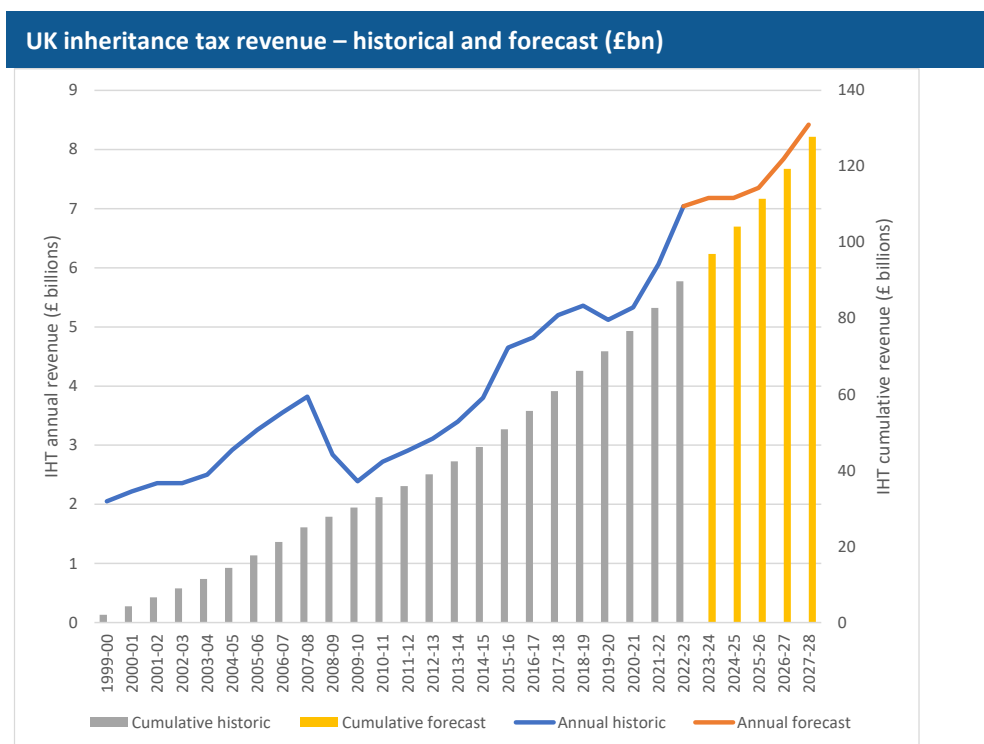


Source: UK Government ONS

There are a number of stipulations for companies to be VCT qualified, including: listed on a UK recognised stock exchange; a maximum number of employees and gross assets pre-investment and post-investment; timings of risk finance investments, i.e. EIS, SEIS and VCT; and scale of capital raising in any 12-month period. The benefits, however, are attractive. VCTs are exempt from Corporation Tax on any capital gains arising on disposal of their investments. Investors can claim 30% income tax relief up to a £200k annual investment, with no income tax liability on dividends or Capital Gains Tax on disposal of a VCT share.

As the chart above illustrates, VCTs’ fundraising increased by 68% to £1,122m in the 2021-22 tax year. While the funds raised have continued to rise, the number of VCTs raising funds and VCTs managing funds peaked at the time of the Global Financial Crisis and steadily reduced to 46 VCTs raising funds and 52 VCTs managing funds in 2021-22.

IHT portfolios. Inheritance tax liability can be reduced by investing in companies that qualify for Business Property Relief – a scheme originally introduced to enable family businesses to be passed down to through the generations. The scope of the scheme was widened in 1996 and now most AIM listed shares qualify for Business Property Relief. The Office for Budget Responsibility forecasts IHT revenue of £7.2bn in the 2023-24 tax year and a £38bn IHT tax take for the period 2023-24 to 2027-28.



Source: UK Office of Budget Responsibility

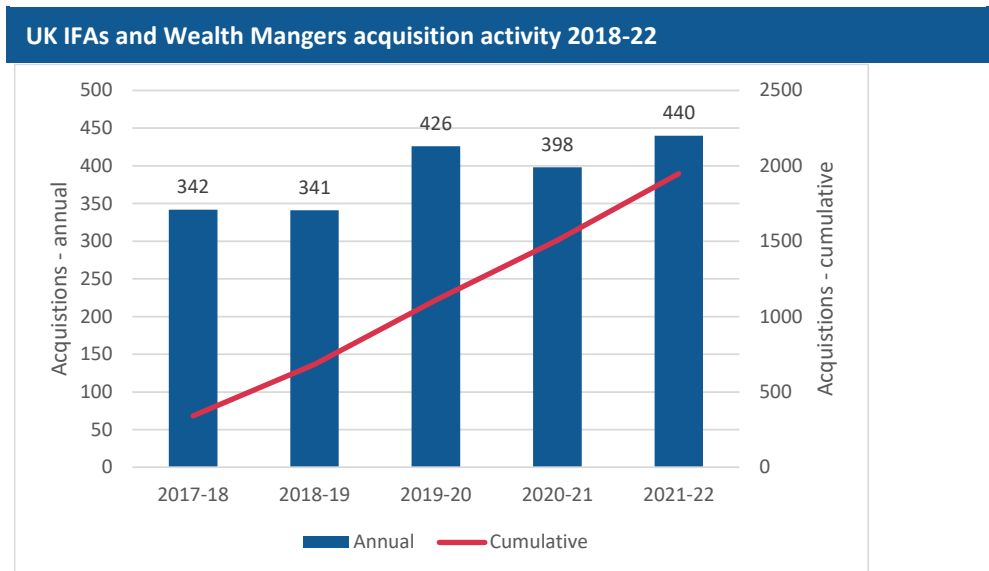
The scale of start-up activity in the UK, combined with the continued availability of time-tested tax-efficient investment schemes, will provide significant growth opportunities for Oberon’s Private Venture business. Furthermore, the fit with Oberon’s other business will offer additional revenue opportunities.

Wealth Planning – synergies with Oberon’s businesses

Smyth House Limited (SHL) was established in 2012, and acquired by Oberon in June 2021, increasing Operon’s assets under administration by £40m. SHL reported revenues of £244k for the nine months to March 2022. The team of three is led by Edward Galway, who has nearly 30 years’ financial services sector experience. The business offers a range of services including IHT planning, retirement planning, and estate planning and intergenerational wealth management.

The wave of private equity money driving UK IFAs and wealth managers consolidation shows no sign of ebbing. The 440 acquisitions in the period to September 2022 were up 11% on the prior year. Law firm Mayer Brown commented that private equity seeks to build major platform businesses in the sector and invest heavily in new technology. The consolidation is also happening ahead of the Financial Conduct Authority’s Consumer Duty regulation coming into force on 31 July 2023. The regulation increases member firms’ requirements to act to deliver good outcomes for retail customers, related to; products and service; price and value; consumer understanding; and consumer support.

For Oberon’s Wealth Planning business, the ‘platform’ is already in place. The team is supported by Oberon’s central compliance, finance and HR team, and potential synergies exist between the Wealth Planning business and other businesses in Oberon. For example, Oberon’s corporate broking clients may be potential clients of the Wealth Planning team’s Corporate Services and Corporate Finance, where advice is provided to companies on pension planning, business protection and commercial insurance. In the area of IHT planning, the Wealth Planning business will advise on innovative investment options to minimise IHT.



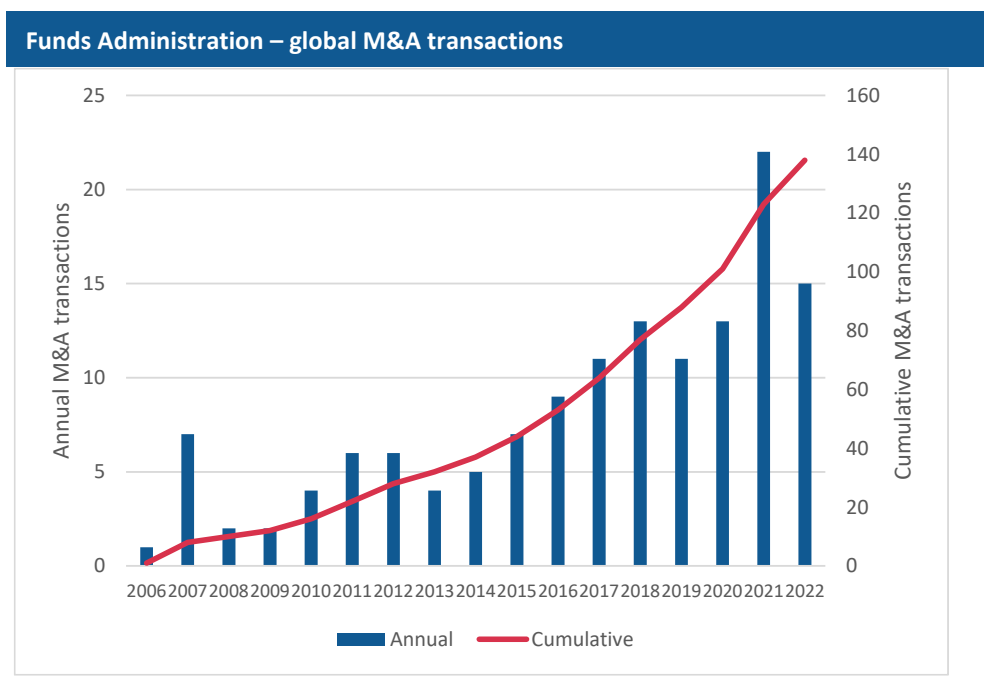
Source: Mayer Brown

Our forecasts assume significant revenue growth for SHL with headcount increasing from three to six over the next three years.

Logic Investments – options in a consolidating market

Oberon acquired 63% of Logic Investments Ltd (Logic) in June 2023. Logic provides custody and administration services to investment managers and financial institutions. Logic reported revenue of £0.928m to March 2022 (up from £0.383m in the prior financial year) and pre-tax profits of £44k.

Oberon intends to combine its own back-office operations with Logic’s and transfer Oberon’s FUMA during the course of this calendar year. The transfer of Oberon’s FUMA combined with continued investment in the enlarged business will provide Oberon with options in a consolidating market. There have been nearly 140 global M&A transaction in the funds administration space since 2006, and the trend seems likely to continue, in our view.



Source: allvue, fundreco.com

The drive for economies of scale among the mid-size players is likely to create a two-level market comprising several very large-scale players and an array of niche operators. At the most fundamental level, funds administration provides detailed, accurate records of funds transactions. Backed by technology investment, however, a funds administrator will become a powerful provider of data and analytics in support of investment managers.

There is limited choice of fund administrators in the wealth sector. Oberon’s in-house operation, combined with Logic’s, will provide options for growth through acquiring other portfolios, and this may ultimately become attractive to potential acquirers. Our financial forecasts are based on rapid growth in funds under administration for the next three years.

The value of ‘connectivity’

Oberon’s management team has built a distinctive business model that is operationally geared to market recovery. There is not, in our view, an off-the-peg listed peer group that provides a natural benchmark for performance or valuation. In the unlisted sector, First Sentinel offers corporate finance and wealth management services, and Dowgate Capital combines a diversified stockbroking business with asset management. In the quoted sector, WH Ireland’s wealth business sits alongside a capital markets business. There are, however, quoted peers for some of Oberon’s businesses, and recent M&A activity also provides some read-across that may help investors evaluate Oberon’s businesses as the rewards of recent investment emerge.

Market valuations in the stockbroking/corporate broking sector reflect current weak trading conditions and a dearth of capital markets transactions. Deutsche Bank’s acquisition of Numis Securities demonstrates, however, the value of a strong corporate broking franchise (166 retained corporate clients on 31 March).

The table below captures five-years’ EBITDA history for Numis, which includes the weaker revenue periods of H1 2023 (annualised) and 2022, plus a strong capital refinancing year in 2021. Deutsche Bank’s bid (announced 27 April 2023) was at a 72% premium to Numis’s prior trading day’s closing share price, and a 60% premium to the volume-weighted average price for the three-month period prior to the announcement. Prior to the bid, Numis was trading at around 7.0x the average five-year trailing EBITDA. Deutsche Bank’s £410m bid equated to 11.7x average five-year trailing EBITDA.

Numis’s five-year history and Deutsche Bank valuation

(£000's)	30-Sep-19 12 months	30-Sep-20 12 months	30-Sep-21 12 months	30-Sep-22 12 months	31-Mar-23 6 months annualised
Revenue	109,400	155,209	224,297	142,797	128,662
Total expenses	(97,514)	(118,409)	(147,859)	(123,716)	(116,410)
Depreciation	1,124	3,016	4,416	4,794	5,072
Amortisation	44	105	158	302	152
Cash expenses	(96,346)	(115,288)	(143,285)	(118,620)	(111,186)
EBITDA	13,054	39,921	81,012	24,177	17,476
No. of retained clients	200	188	182	176	166
Average 5-yr trailing EBITDA	35,128				
Deutsche Bank bid	Offer price	Prior day	Prior ave 3-months		
Share price (p)	350	204	219		
Premium	-	72%	60%		
Value (£000's)	410,039	238,994	256,567		
Multiple of 5-yr trailing EBITDA (x)	11.7	6.8	7.3		

Source: Company data and Progressive Equity Research estimates

Wealth manager sector consolidation activity and acquisition values also provide a useful read-across to Oberon Investments. The weighted average acquisition value/FUMA has been 2.24%, and 2.11% unweighted.

- Schroders’s £424m all cash (135p per share) acquisition value of Cazenove Capital was the equivalent of 2.47% of FUMA.

- Raymond James's £279m acquisition of Charles Stanley was the equivalent of 1.00% of FUMA.
- Royal Bank of Canada's C\$2.4bn (£1.6bn) acquisition of Brewin Dolphin was the equivalent of 2.84% of March 2022 FUMA. We estimate the acquisition value was around 25.0x March 2022 annualised earnings per share.
- Rathbones' acquisition of Investec UK's Wealth and Investment business (announced April 2023 – to complete Q4 2023) implied a value of the Investec W&I UK equity of £839m, which equates to 2.11% of FUMA (£39.7bn).

Wealth Manager acquisition history (£m)

Date	Acquirer	Target	Price	FUMA	Price/ FUMA
Mar-13	Schroders	Cazenove Capital Holdings Ltd	424	17,200	2.47%
Jan-22	Raymond James	Charles Stanley	279	27,100	1.03%
Sep-22	Royal Bank of Canada	Brewin Dolphin	1,600	56,300	2.84%
Dec-23	Rathbones	Investec W&I UK	839	39,700	2.11%
	Weighted average				2.24%
	Unweighted average				2.11%

Source: Company data and Progressive Equity Research estimates

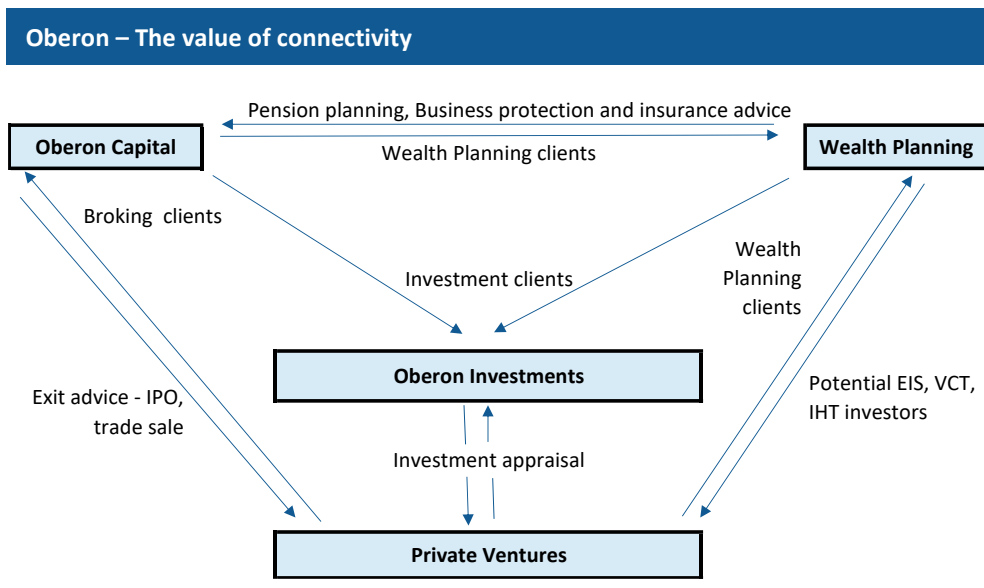
The quoted wealth manager average valuation is 2.04% of FUMA. Rathbones trades on a valuation of 1.95% of FUMA, with Brooks MacDonald and Tatton Investment Management trading on 2.11% and 2.06% of FUMA, respectively.

Quoted wealth manager comparisons (£m)

Company	Mkt Cap	FUMA	Price/ FUMA
Rathbones	1,173	60,200	1.95%
Brooks MacDonald	343	16,226	2.11%
Tatton Asset Management	286	13,871	2.06%
Average			2.04%

Source: Company data and Progressive Equity Research estimates. Market capitalisation: Market close 27 July 2023

The traditional sum of the parts approach to valuation generally overlooks any connectivity and synergies that exist between businesses. Connectivity is difficult to measure and value. However, it is a distinct differentiator in Oberon's business model.



Source: Progressive Equity Research

Many banks have capitalised on the potential synergies between their commercial banking and private banking businesses, where successful entrepreneurial commercial banking customers progress to become natural clients for the private banking business. We see the same potential for clients of Oberon Capital and start-up entrepreneurs in the Private Ventures portfolio to become clients of Oberon Investments and Wealth Planning.

Peer group-based valuation range

In the table below, we set out an implied valuation range for Oberon based on peer group comparisons for Wealth Management, Oberon Capital and Logic Investments. We apply a range of EBITDA multiples for Financial Planning (Smythe House Ltd) and Private Ventures. Based on this approach, the implied valuation range for Oberon is £68.6m to £111.3m, with a mid-point of £88m.

- Wealth Management.** The valuation range is based on three FUMA outcomes of £1bn, £2bn and £2.5bn, combined with historical acquisition valuations in the wealth management sector. The valuation range of £52.8m to £71.0m, with a mid-point of £61.8m, is based on our forecast FUMA growth to £2.5bn in FY26E.
- Oberon Capital.** The valuation range is based on three EBITDA outcomes based on alternative revenue growth rates and applying an 80% cost income ratio. The high-end valuation is based on the ratio of Numis’s average share price for the three months prior to the Deutsche Bank bid to Numis’s average five-year trailing EBITDA. The mid and low-end valuations conservatively apply a low EBITDA multiple (5.0x). The valuation range for Oberon Capital is £2.9m to £7.1m, with a mid-point of £5.1m.
- Logic Investments Ltd.** The acquisition completed in June 2023 and therefore had no impact on FY23’s results. We have applied Jarvis Securities’ ratio of average share price to EBITDA (31 December 2022). Jarvis Securities (JIM.L) provides outsourced financial administration services to investment firms. The average share price is for the 12 months to 15 September 2022, prior to a regulatory announcement that negatively impacted Jarvis’s share price. The EBITDA multiple (17.2x) is applied to alternative EBITDA outcomes based on alternative revenue growth rates and a 50% cost income ratio. The valuation range of £6.7m to £20.6m takes into account Oberon’s 63% stake.

- **Financial Planning (Smythe House Ltd).** We apply a range of multiples to potential EBITDA outcomes that are based on low-medium-high revenue outcomes and a 50% cost income ratio. The valuation ranges from £3.1m to £6.3m, with a mid-point of £5.4m.
- **Private Ventures.** We apply a range of multiples to potential EBITDA outcomes, which are based on three possible revenue outcomes and a 70% cost income ratio. The valuation ranges from £1.4m to £4.7m, with a mid-point of £3.1m.

Oberon – Valuation range (£m)

Wealth Management		FUMA (£m)		
		1,000	2,000	2,500
Acquisition history:-		Indicative valuation (£m)		
Raymond James/ Charles Stanley	1.03%	10.3	20.6	25.8
Rathbones/ Investec	2.11%	21.1	42.2	52.8
Schroders/ Cazenove Capital	2.47%	24.7	49.4	61.8
RBC/ Brewin Dolphin	2.84%	28.4	56.8	71.0
Searchlight/ Gresham House	6.03%	60.3	120.6	150.8
Financial Planning (Smythe House Ltd)		Revenue CAGR (FY23-26)		
		10%	50%	80%
		Indicative valuation (£m)		
EBITDA multiple (x)	5.0	1.0	2.6	4.5
	6.0	1.2	3.1	5.4
	7.0	1.4	3.7	6.3
	8.0	1.7	4.2	7.3
Oberon Capital		Revenue CAGR (FY23-26)		
		10%	20%	45%
		Indicative valuation (£m)		
EBITDA (x)	5.0	2.2	2.9	5.1
Numis - 5yr average EBITDA (x)	7.0	3.1	4.0	7.1
Numis - Deutsche bid EBITDA (x)	11.7	5.2	6.7	11.8
Logic Investments Ltd.		Revenue CAGR (FY23-26)		
		10%	30%	60%
		Indicative valuation (£m)		
Jarvis Securities avge price/EBITDA ¹	17.2	10.6	17.6	32.8
Oberon stake	63%	6.7	11.1	20.6
Private Ventures		Revenue CAGR (FY23-26)		
		10%	100%	200%
		Indicative valuation (£m)		
	5.0	0.4	1.4	3.1
	7.5	0.6	2.1	4.7
	10.0	0.8	2.8	6.2
Oberon Investments Group (£m)				
	Low	Mid	High	
Wealth Management	52.8	61.8	71.0	
Financial Planning	3.1	5.4	6.3	
Oberon Capital	2.9	5.1	7.1	
Logic Investments	6.7	11.1	20.6	
Private Ventures	3.1	4.7	6.2	
Indicative valuation	68.6	88.0	111.3	

Source: Progressive Equity Research Limited. ¹Jarvis average share price 16 Sept 2021-15 Sept 2022

Reaping the benefits of investment

Substantial investment since listing

Since listing in February 2021, Oberon's management has made significant investments in the business. The investment in acquisitions was reviewed earlier in the report. Oberon, however, has also made substantial organic investment in infrastructure, new technology, personnel and training, which will provide a robust and efficient platform for future growth. In 2022, Oberon made further investments in a new technology platform for clients, and in its compliance and risk management functions.

While the scale of investment has resulted in operating losses, the benefit of investment is already evident. FUMA has grown from £0.2bn in March 2020 to over £1bn at year-end 31 March 2023. During the same period, revenue has increased from £1.4m to £5m.

Oberon – Recent financial performance (£000's)				
	FY20	FY21	FY22	FY23
FUMA (£m)	200	550	1,000	1,200
Income	1,446	3,861	6,726	5,048
Cash operating expenses	(2,925)	(4,569)	(7,174)	(8,379)
EBITDA	(1,479)	(708)	(449)	(3,331)

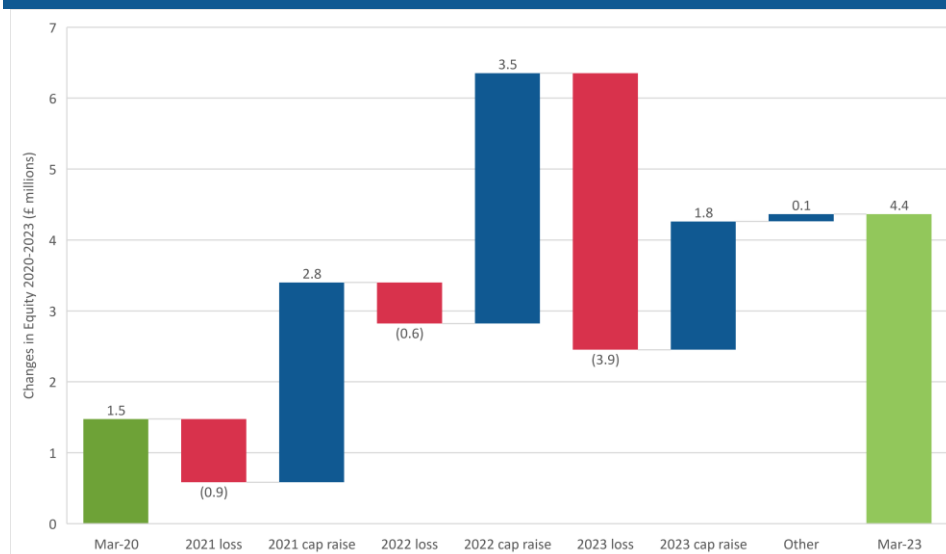
Source: Company data

Successful external capital raisings

Investment has been facilitated by a number of successful external capital raisings since March 2020, totalling £8.1m. As the chart below illustrates, equity has increased from £1.5m at March 2020 to £4.4m at 31 March 2023.

- Year to 31 March 2021 – £2.8m raised.** Prior to listing, Oberon Securities raised £1.3m. In February 2021, ahead of the Reverse Takeover, Oberon raised £1.4m in an EIS/VCT funding exercise.
- Year to 31 March 2022 – £3.5m raised.** In April 2021, 2 million warrants were exercised, at 2.5p per share, resulting in a £50K equity issue. In May 2021, c.2.4 million new shares (£83k) were issued in the Smythe House acquisition. In March 2022, Oberon raised £3.4m via a placing of new shares at 6p per share. The placing was oversubscribed by new and existing institutional shareholders, and completed at a 4% premium to the mid-market price. The funds were raised to support growth in Oberon Capital, Wealth Management, and to launch EIS and IHT funds.
- Year to 31 March 2023 – £1.8m raised.** In January 2023, Oberon raised £1.75m through a conditional placing, via Oberon Capital, at a premium to the prior day's mid-market price. The capital was raised to fund expansion of Oberon Capital and Oberon Investments.
- Current financial year to 31 March 2024.** Oberon has raised a further £519m by way of a placing and further share issuance.

Oberon – Change in equity 2020-23 (£m)



Source: Company data, Progressive Equity Research estimates

Core shareholders. The success of the capital raisings has been the product of a credible strategy and supportive shareholders. Currently, 43% of Oberon’s c.536 million shares in issue are owned by the top-5 shareholders. Oberon’s founder and CEO, Simon McGivern, owns nearly 10%. Octopus Investments and Gresham House Asset Management own 19% between them. The track record and business mix of these two asset management businesses makes them influential shareholders at the top of the share register.

- **Gresham House Asset Management Limited (9.70%)** - a specialist alternative asset manager with £7.8bn assets under management (December 2022). Gresham House focuses on sustainable investments, with expertise covering forestry, real estate, infrastructure, renewable energy, and private and public equity. The acquisition of Gresham House by Searchlight Capital for £470m was announced on 17 July 2023.
- **Octopus Investments Limited (9.62%)** – founded in 2000 and part of the Octopus Group with £12.9bn assets under management. Octopus provides a range of investment products across: Business Relief; VCTs; EIS; and UK micro and multi-cap funds.

Oberon’s top-five shareholders (12 July 2023)

1	Simon McGivern	9.84%
2	Gresham House ¹	9.70%
3	Octopus Investments Limited ²	9.62%
4	David Evans	8.20%
5	Basil Sellars	5.61%
	Top-5 shareholders	42.97%

Source: Oberon’s 31 March 2023 Annual Report. ¹Gresham House and ²Octopus Investments hold these shares in various funds

A further 8.2% and 5.61% of the shares in issue are owned by David Evans and Basil Sellars, respectively.

FY23 – a year of substantial investment

Increased H2 investment. Oberon's FY23 results, to 31 March 2023, reflect the combination of weak markets and management's decision to maintain high levels of investment. This resulted in a £3.3m EBITDA loss, attributable to a 25% reduction in turnover and 17% increase in cash administrative expenses.

Management has highlighted one-off expenditures, including legal costs for acquisitions and restructuring, terminating, and transferring assets from legacy systems and recruitment costs of new teams. H2 2023 administrative expenses were up 13% compared with H1, and H2 staff costs (excluding share-based payments) increased by 23% compared with H1, reflecting increased investment.

Oberon – Income statement summary, FY22 & FY23 (£000's)

	FY22	FY23	% change
Turnover			
Commissions	2,185	992	-55%
Investment management fees	1,830	1,810	-1%
Interest earned on cash held in investment accounts		278	-
Corporate finance income	2,467	1,657	-33%
Financial Planning	244	311	28%
Total turnover	6,726	5,048	-25%
Staff costs (exc. share based payments)	(4,070)	(4,878)	-20%
Other cash administrative expenses	(3,105)	(3,501)	-13%
Total cash administrative expenses	(7,174)	(8,379)	-17%
EBITDA	(449)	(3,331)	-
(Losses)/gains on value of investments	213	(188)	-189%
Depreciation of tangible assets	(62)	(64)	-4%
Amortisation of intangible assets	(224)	(232)	-4%
Share based payments	(36)	(66)	-83%
Operating loss	(558)	(3,882)	-
Interest income & similar income	1	11	1454%
Interest payable	(24)	(30)	-24%
Profit/(loss) before tax	(581)	(3,901)	-
<i>Note: Total administrative expenses</i>	<i>(7,496)</i>	<i>(8,741)</i>	<i>-17%</i>

Source: Company data, Progressive Equity Research

Stable investment management income. A collapse in IPO and secondary capital raisings across the market contributed to a 33% fall in corporate finance revenue (Oberon Capital). This was not out of line with a 30% fall at Numis Securities for the comparable period, and a substantially better outturn than the 60% fall reported by Peel Hunt. Investment management fees remained stable at £1.8m. Commissions more than halved in the year, reflecting substantially lower execution-only fund activity. Despite the significant loss, the benefits of investment can be seen in two areas:

- Funds Under Management and Administration (FUMA) increased to £1.2bn, from £1.0bn at March 2022 and £550m at March 2021, driven by the combination of fund performance, the recruitment of new wealth managers and take on of client portfolios.
- Management is signalling over 65% revenue growth to more than £8.0m in FY24. The growth will be driven by the combination of organic growth, new investment management teams, and the launch of higher margin IHT and EIS funds. The Logic Investments acquisition completed after the end of FY23 and will contribute revenue in FY24.

Oberon – Key balance sheet and cash flow items, FY22 & FY23 (£000's)

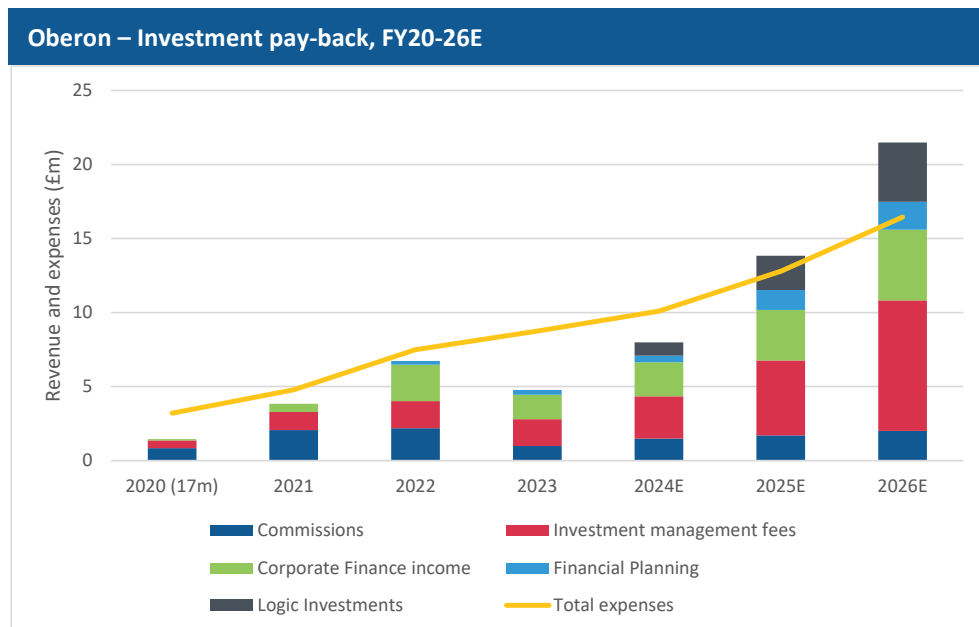
	FY22	FY23	% change
Total assets	9,170	6,019	-34%
Net assets	6,389	4,367	-32%
Total borrowings	34	24	-29%
Cash and cash equivalents	3,159	2,415	-24%
Net (debt)/ cash	3,193	2,439	-24%

Source: Company data, Progressive Equity Research

A £1.8m capital raise in FY23, which followed on from FY22's £3.5m raise, has funded significant P&L investment, and a further £0.5m has been raised in the current financial year. As a consequence, Oberon retains a positive cash position (£2.4m) with net assets of £4.4m having made substantial investment in future revenue growth.

FY25 – a point of inflection

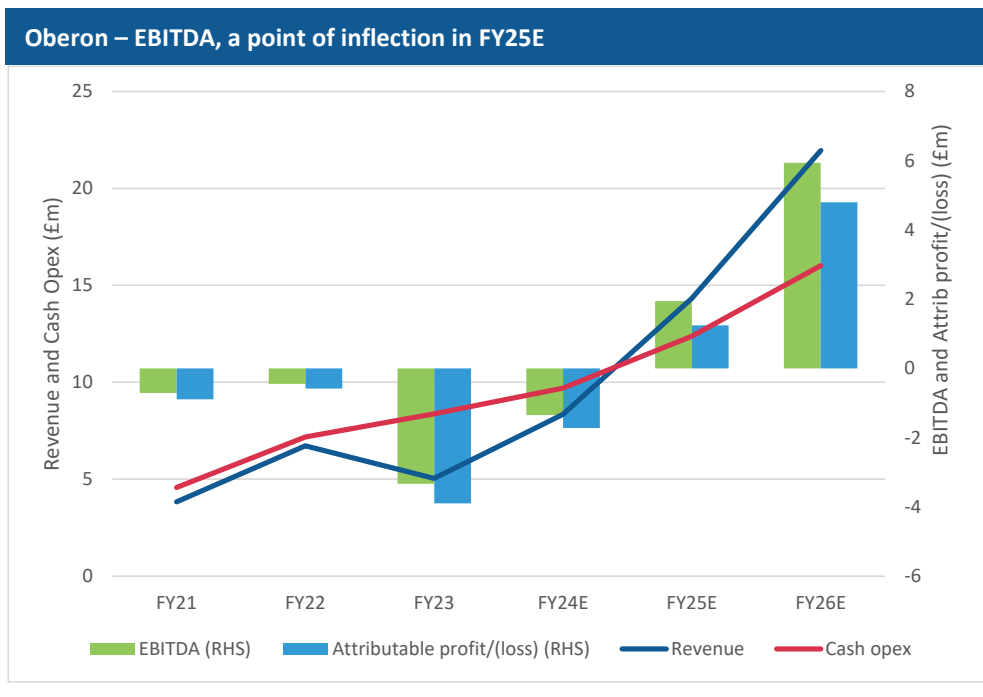
Following substantial investment in the period FY21-23, we forecast 65% revenue growth in FY24 to £8.3m, compared with management’s guidance of over 65% growth. A strong performance is also forecast for FY25 (+72%) and FY26 (+53%).



Source: Company data and Progressive Equity Research estimates. Excludes interest earned on cash held in investment accounts

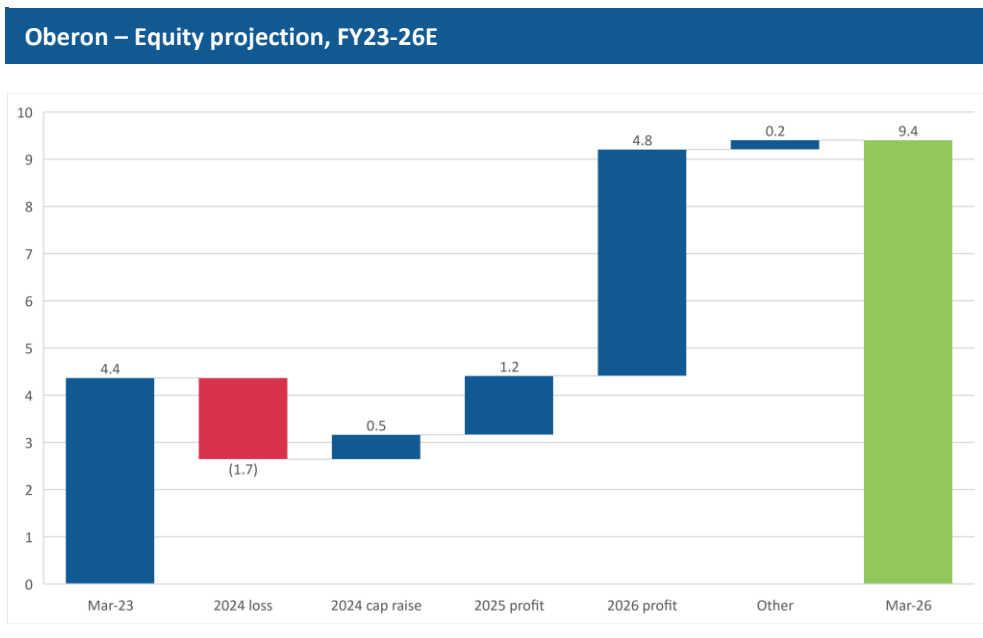
Revenue assumptions. Our forecasts assume strong FUMA growth based on improved markets, continued recruitment of wealth managers, and take on of new client portfolios. We also assume partial recovery in capital markets and return of primary and secondary capital markets transactions. Following the acquisition of Smythe House in 2021, we expect its connectivity with the wider Oberon group to deliver strong growth in FY25 and FY26. Management commented in Oberon’s FY23 results announcement that the launch of higher-margin IHT and EIS funds, already identified, will add incremental revenue growth. The Logic Investments acquisition completed after the end of FY23 and will be a meaningful contributor, having generated £0.928m of revenue in the year to 31 March 2022, prior to acquisition.

Positive EBITDA in FY25 and FY26. We forecast 16% cash expenses growth for FY24 to £9.7m and increases of 28% and 29% in FY25 and FY26, respectively. The increases reflect continued investment and the administrative cost of higher headcount and the cost of running a larger organisation, plus the additional costs of Logic Investment included for the first time in FY24. Notwithstanding the continued expense increase, we forecast positive EBITA of £1.9m in FY25 and £5.9m in FY26.



Source: Progressive Equity Research estimates

Our equity projections incorporate a £519k share issue and placing at the start of FY24. As the chart below illustrates, after a projected £1.7m post-tax loss in FY24 and strong profit generation in FY25 and FY26, Oberon’s equity is set to grow to £9.4m, from £4.4m at 31 March 2023.



Source: Progressive Equity Research estimates

Oberon's board of directors

Oberon's board has an impressive array of relevant skills and experience, which are vital in formulating the group's strategic direction, and helping Oberon to win new business and achieve its revenue and profit targets.

Non-Executive Chairman and Executive Directors

- **Mike Cuthbert. Non-Executive Chairman.** Joined the Board in 2023. Thirty-seven years' investment banking experience advising Asset and Wealth Management companies. Started at HSBC James Capel in 1987, built a franchise working with and advising Asset and Wealth management companies and ran the Investment Company team. Joined Charterhouse Group in 1999, and was then a Founder member of Bridgewell, a fast-growing UK orientated investment bank, specialising in financial services companies. Joined Canaccord Genuity in 2008 as Head of the Financial sales team. Retired in December 2022 from Zeus Capital as Co-Head of the Financial Institutions Group.
- **Simon McGivern. Chief Executive Officer.** Founded Oberon in November 2018. Led the acquisition of M.D. Barnard. Professional career started at Panmure Gordon Asset Management in 1996 in wealth management, focused on investment management and financial analysis.

A successful business start-up and exit track-record, providing invaluable experience to Oberon's Private Ventures business and the wider group. Examples: Handpicked Companies, an ecommerce venture – high growth and exit via trade sale to News Corp in 2014; Litebulb Group in 2008 – grew from two people in the first year of trading to 100 staff and £25m in sales when he left in 2015. Executed six acquisitions while at Litebulb; raised over £10m in funding and led its IPO on AIM in 2010.

Founder director of Cleeve Capital plc (now Bigblu Broadband). Oversaw its IPO on the Standard List in December 2014 and the reverse takeover of Satellite Solutions Worldwide. Established and now a director of Map Ventures in 2015, a corporate advisory firm.

- **Galin Ganchev. Finance Director.** Joined Oberon as Finance Director in May 2023. Qualified Chartered Accountant (PWC 2014) – audit and accounting experience in insurance, investment management and fintech. Joined Octopus Investments in 2018 as Head of Risk and Compliance in Octopus's fintech business (Octopus Labs).
- **Simon Mathison. Executive Director and Group Head of Compliance and Risk.** Joined Oberon in March 2021. Appointed to current role in October 2021. Substantial equities and exchanges experience gained at: Redmayne Bentley; London Stock Exchange; PLUS Markets Group plc; and Turquoise. Derivatives experience gained at NYSE-Euronext-LIFFE. Executive positions: Skytra, an FCA-regulated benchmark provider and data company, wholly owned by Airbus; and Bloomberg.

Non-Executive Directors

- **The Hon Alex Hambro.** Immense UK and US venture and private equity experience as: principal investor; manager and sponsor of private equity and venture capital management teams; and private equity investment strategy adviser. Active personal investor in small, growth-oriented private and public companies. Principal at Welbeck Capital Partners, an investment advisory boutique, financing growth opportunities for private and small-cap AIM companies.

Other directorships: Chairman of; AIM-listed Judges Scientific plc; Falanx Group Ltd; IWP Holdings Ltd; Crescent Capital Ltd; and OTAQ plc. Director of Octopus Apollo VCT and Non-Executive Director of Time Partners Ltd.

- **Gemma Godfrey.** Previously head of investment strategy at Brooks Macdonald Group plc. Valuable experience as Founder and CEO of Moola Systems Limited, an FCA registered digital investment service, which received substantial EIS funding. Moola was acquired by Jardine Lloyds Thompson Group in 2018. Background in quantum physics and previous experience at Goldman Sachs and GAM Holding AG.

Non-Executive Director of: Independent Wealth Planners UK Limited; VivoPower International plc, a NASDAQ-listed sustainable energy solutions company; and Creativemass Enterprises Pty Ltd.

- **The Hon Robert Hanson.** Founder of Hanson Asset Management Ltd and Hanson Capital Ltd. Chairman or CEO of eight different companies including: Hanson Capital Investments Ltd; Hanson Family Holdings Ltd; Sinojie Hanson Ltd; and Co-Chairman and Managing Partner at Millennium Hanson Advisers LLC. A Board member of Sport and Artist Management Ltd.

Previously Chairman of Strand Hanson Ltd and Hanson Asset Management and an Associate Director at N.M. Rothschild & Sons Ltd.

- **Mark Ibbotson.** Joined Oberon in 2022. Three decades-plus in the futures industry. A 23-year career starting at the London Stock Exchange in 1990, which merged with LIFFE, which then underwent acquisitions by Euronext, NYSE and the InterContinental Exchange (ICE) in 2013. Appointed CEO in 2013 of G.H. Financials, a wholesale clearing provider. Appointed Non-Executive Chairman in 2018.

Non-Executive Director of: the Washington-based Futures Industry Association, an industry trade body; and Skytra, an FCA-regulated benchmark provider and data company, wholly owned by Airbus. Former member (two-terms) of the FCA's Market Practitioner committee.

Financial Summary: Oberon Investments

Year end: March (£m unless shown)

	2022	2023	2024E	2025E	2026E
PROFIT & LOSS					
Revenue	6.73	5.05	8.34	14.32	21.96
Cash operating costs	(7.17)	(8.38)	(9.69)	(12.38)	(16.02)
EBITDA	(0.45)	(3.33)	(1.35)	1.95	5.94
Other costs, (losses)/gains on investments	(0.11)	(0.55)	(0.40)	(0.41)	(0.42)
Operating loss (EBIT)	(0.56)	(3.88)	(1.74)	1.54	5.52
Profit/(loss) before tax	(0.58)	(3.90)	(1.72)	1.56	5.54
EBITDA per share basic (pence)	(0.11)	(0.70)	(0.26)	0.36	1.11
EPS basic (pence)	(0.14)	(0.82)	(0.33)	0.23	0.90
EPS diluted (pence)	(0.14)	(0.71)	(0.29)	0.20	0.79
CASH FLOW & BALANCE SHEET					
Operating cash flow	(1.61)	(2.56)	(1.25)	1.69	5.26
Free Cash flow	(2.22)	(2.55)	(1.30)	1.64	5.21
Free cash flow per share (pence)	(0.54)	(0.53)	(0.25)	0.31	0.97
Acquisitions	(0.47)	(0.03)	0.00	0.00	0.00
Disposals	0.24	0.15	0.00	0.00	0.00
Shares issued	3.53	1.81	0.52	0.00	0.00
Net cash flow	1.30	(0.74)	(0.78)	1.64	5.21
Overdrafts / borrowings	(0.04)	(0.03)	(0.03)	(0.03)	(0.03)
Cash & equivalents	3.16	2.42	1.63	3.27	8.48
Net (Debt)/Cash	3.12	2.38	1.60	3.24	8.45
NAV AND RETURNS					
Net asset value (NAV)	6.39	4.37	3.23	4.54	9.40
NAV per share (pence)	1.36	0.84	0.60	0.85	1.76
Tangible NAV (TNAV)	4.65	2.80	1.92	3.48	8.60
TNAV per share (pence)	0.99	0.54	0.36	0.65	1.61
Average equity	4.90	5.38	3.80	3.89	6.97
Post-tax ROE (%)	-12%	-73%	-45%	32%	69%
METRICS					
Revenue growth	74%	(25%)	65%	72%	53%
Cash operating cost growth	(57%)	(17%)	(16%)	(28%)	(29%)
EBITDA growth	37%	(642%)	60%	245%	205%
Profit/(loss) before tax	35%	(572%)	56%	191%	255%
EBITDA per share basic growth	41%	(539%)	63%	243%	205%
EPS (basic) growth	40%	(478%)	60%	171%	286%
EPS (diluted) growth	40%	(400%)	59%	171%	286%
VALUATION					
PER basic	-	-	-	16.8x	4.3x
PER diluted	-	-	-	19.1x	5.0x
Price: EBITDA per share	-	-	-	10.7x	3.5x
Price: NAV per share	2.9x	4.6x	6.5x	4.6x	2.2x
Price: TNAV per share	3.9x	7.3x	10.9x	6.0x	2.4x

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

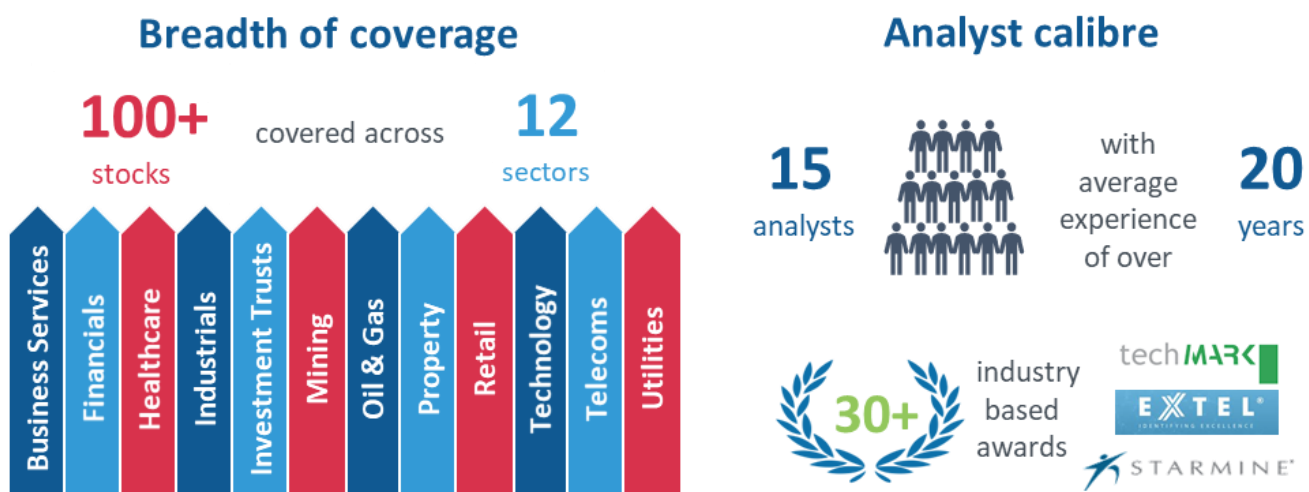
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