

SHORE CAPITAL

Shore Capital Group Limited

(“Shore Capital,” the “Group” or the “Company”)

Interim results for the six months ended 30 June 2024

Shore Capital, the independent investment group specialising in capital markets, asset management and principal finance, presents its interim results for the period ended 30 June 2024.

Financial highlights

	Six months ended 30 June 2024	Six months ended 30 June 2023
Revenue	£31.8m	£32.8m
Profit before tax	£3.1m	£4.0m
Basic earnings per share	8.7p	11.4p

Chairman’s Statement

The Group has recorded revenues of £31.8m and pre-tax profits of £3.1m for the period to 30 June 2024, delivering basic earnings per share of 8.7p.

Our Asset Management business has continued to record excellent inflows across its suite of products, growing assets under management to £1.9bn and further expanding market share across its range of investment strategies.

Our Capital Markets business continued to operate profitably in ongoing challenging market conditions. The business has supported its clients on sale, take-private and secondary fundraising activities in the period, as well as winning new retained clients and investing across its team to position ourselves well as market sentiment starts to improve.

Asset Management

The Asset Management division continued its growth trajectory, with year-on-year revenues growing by 8.5% to £17.2 million, delivering pre-tax profits of £3.2 million.

Puma Investments, our UK fund management business, has recorded strong inflows across its suite of retail investment products, with the Puma offerings increasingly being selected on preferred panels for a growing number of wealth management networks and platforms. The diversified Puma strategies provide an attractive range of options across private equity, private debt and public equities, allowing investors to adapt to the evolving UK investment landscape.

In our Puma Private Equity division, our flagship evergreen Venture Capital Trust, Puma VCT 13, again had a successful fundraise for the 2023/24 tax year, securing around £50m of new funding to support UK growth businesses. The business benefits from the availability of immediately deployable funds both to support existing portfolio companies and to take advantage of a lower valuation environment for new investment.

In our Puma Property Finance division, our Puma Heritage Estate Planning Service has passed £300m of net asset value, and continues to exceed its target investor return for the eighth year in succession. The Service continues to raise funds at an impressive rate, providing significant firepower to grow further market share in our chosen space of UK development and stabilisation lending to the commercial and residential markets. We believe that there is a significant potential to grow our footprint with a strong pipeline of transactions to support large construction projects in key sectors across the UK which remain institutionally attractive and by continuing to back sophisticated property developers and investors.

Demand for our Puma AIM Service has been particularly strong over the period, with AUM passing £200m, supported by our long term and consistent outperformance of the benchmark AIM Index and FTSE All Share

Index. At period end, the Service had delivered a compound annual growth rate since inception of 7.4% p.a vs -0.3% for the AIM Index and 2.2% for the FTSE All Share Index.

The institutional investment companies that we advise, Brandenburg Realty and Puma Brandenburg, continued to deliver value for investors through targeted asset management initiatives, including ongoing condo sales, leasing up of commercial premises and value-enhancing development activity.

Capital Markets

The Capital Markets business recorded revenues of £15.1 million, and pre-tax profits of £0.5 million in the period.

Market headwinds experienced in 2023 continued into the first half of 2024, with a subdued level of IPOs and secondary fundraisings and a continuation of the elevated level of M&A and public to private transactions. Lower inflation, the expected easing of UK base rates, and some regulatory simplification for listed companies may point to the prospect of improving market conditions in the second half of this year and beyond.

During the period, we continued to support clients across a range of transactions including follow-on fundraises, placings and several M&A transactions. Seven new brokerships were won, further strengthening our franchise across a number of sectors, with a number of clients upgrading Shore Capital to sole broker in recognition of our continuing high level of client service.

Our Market Making business has increased year-on-year revenues and the team has been further strengthened with some key new hires joining in the first half of this year.

Our Research team has continued to support our corporate client base, sustain good independent thematic and sector content and build our coverage across a range of sectors, supported by new hires in Equity Sales, execution, and corporate broking.

Our Capital Markets franchise remains highly respected and valued in the equity research market, which in turn supports our high-quality corporate broking list and execution presence. Backed by further investment across our teams, the business remains well placed to benefit from an overdue improvement in market sentiment.

Principal Finance

Principal Finance investments recorded a decrease in net valuations during the period of £0.5m, offset in part by £0.3m interest earned on our strong cash holdings in this higher rate environment.

Current Trading and Prospects

With the overdue reduction in the interest rate cycle finally commencing we would expect there to be a pick up for both Capital Markets activity and demand for development loans. The continuing US interest rate reduction and any potential US downturn should only accelerate this process as rates would fall faster and US investors start to look more outside the US.

We remain optimistic about both turnover and profitability and we will continue to strengthen the team as the cycle of activity improves.

Howard Shore
Chairman

23 September 2024

Financial Review

Income and Expenditure

Revenue for the period decreased by 3.0% to £31.8 million (period ended 30 June 2023: £32.8 million), whilst administrative expenses increased by 1.6% to £29.4 million (period ended 30 June 2023: £28.9 million).

Profit before tax decreased by 21.4% to £3.1 million (period ended 30 June 2023: £4.0 million).

Divisional performance was as follows:

- Capital Markets: revenue of £15.1 million (period ended 30 June 2023: £16.3 million). Profit before tax of £0.5 million (period ended 30 June 2023: £1.6 million) with a net margin of 3.6% (period ended 30 June 2023: 9.8%).
- Asset Management: revenue of £17.2 million (period ended 30 June 2023: £15.9 million). Profit before tax of £3.2 million (period ended 30 June 2023: £2.2 million) with a net margin of 18.5% (period ended 30 June 2023: 13.9%).
- Principal Finance: pre-tax loss of £0.3 million (period ended 30 June 2023: pre-tax profit £0.7 million).

Basic Earnings Per Share

The Group generated basic earnings per share of 8.7p (period ended 30 June 2023: 11.4p).

Liquidity

As at the balance sheet date, available liquidity was £35.4 million (30 June 2023: £39.3 million), comprising solely of cash of £35.4 million (30 June 2023: £39.3 million). In addition, the Group had a £20 million working capital facility which was unused at the period end and prior period ends. The facility is renewable annually and pays interest at rates linked to money market rates.

Balance Sheet

The Group's balance sheet remains strong, with total equity at the period end of £71.7 million (30 June 2023: £74.1 million).

In addition to the £35.4 million of cash referred to above, the Group held £3.7 million (30 June 2023: £4.2 million) in various of its Puma Funds; £7.2 million (30 June 2023: £6.6 million) net in quoted equities and a further £0.6 million (30 June 2023: £0.5 million) in other unquoted holdings. The licences held as part of the Group's Spectrum Investments are still carried, after impairment, at £nil (30 June 2023: £nil). Other non-current assets included £4.2 million (30 June 2023: £3.9 million) of fixed assets, and £2.1 million (2023: £2.3 million) of investment properties.

The remainder of the balance sheet was £18.5 million net (30 June 2023: £17.3 million), which included £11.5 million (30 June 2023: £10.9 million) of net market and other debtors in the Group's stockbroking subsidiary.

Net Asset Value Per Share

Net asset value per share at the period end was 293.0p (30 June 2023: 298.4p).

Dividend

The Board does not propose to pay an interim dividend (30 June 2023: nil).

Independent review report to Shore Capital Group Limited

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union other than for the full disclosure requirements of those standards.

We have been engaged by Shore Capital Group Limited (the “company”) and its subsidiaries (the “Group”) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the unaudited condensed consolidated income statement, the unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated statement of financial position, the unaudited condensed consolidated statement of changes in equity, the unaudited condensed consolidated cashflow statement and the related explanatory notes that have been reviewed.

Basis for conclusion

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union other than for the full disclosure requirements of those standards.

Conclusions relating to going concern

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

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

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the rules of the Bermuda Stock Exchange.

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

Auditor’s responsibilities for the review of the financial information

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

Use of our report

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

BDO LLP
Chartered Accountants
London, UK
Date: 23 September 2024

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

Unaudited Condensed Consolidated Income Statement
For the six months ended 30 June 2024

	Notes	Six months ended 30 Jun 24 £'000	Six months ended 30 Jun 23 £'000	Year ended 31 Dec 23 £'000
Revenue	3	31,784	32,766	65,157
Administrative expenditure		(29,356)	(28,882)	(58,443)
Operating profit		2,428	3,884	6,714
Interest income		937	362	1,245
Finance costs		(202)	(269)	(468)
Share of results in associates		(36)	-	(39)
Profit before taxation	3	3,127	3,977	7,452
Taxation		(231)	(541)	(1,425)
Profit for the period/ year		2,896	3,436	6,027
Attributable to:				
Equity holders of the parent		1,845	2,452	3,871
Non-controlling interests		1,051	984	2,156
		2,896	3,436	6,027
Earnings per share				
Basic	4	8.7p	11.4p	18.0p
Diluted	4	8.6p	11.3p	17.8p

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2024

	Six months ended 30 Jun 24 £'000	Six months ended 30 Jun 23 £'000	Year ended 31 Dec 23 £'000
Profit after tax for the period/ year	2,896	3,436	6,027
Items that may be reclassified to the income statement			
Exchange difference on translation of foreign operations	(118)	(195)	(68)
Other comprehensive loss for the period/ year, net of tax	(118)	(195)	(68)
Total comprehensive income for the period/ year, net of tax	2,778	3,241	5,959
Attributable to:			
Equity holders of the parent	1,730	2,294	3,828
Non-controlling interests	1,048	947	2,131
	2,778	3,241	5,959

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2024

	Notes	As at 30 Jun 24 £'000	As at 30 Jun 23 £'000	As at 31 Dec 23 £'000
Non-current assets				
Property, plant & equipment		4,195	3,929	4,368
Right of use assets		4,558	5,698	5,128
Investment properties		2,120	2,279	2,279
Investment in associates		175	-	111
Investments		3,755	6,666	4,269
Deferred tax asset		1,057	1,241	1,057
		15,860	19,813	17,212
Current assets				
Trading assets		9,418	5,688	4,300
Trade and other receivables		54,934	56,288	37,894
Derivative financial instruments		90	65	35
Tax assets		442	1,234	1,118
Cash and cash equivalents		35,363	39,291	44,699
		100,247	102,566	88,046
Total assets	3	116,107	122,379	105,258
Current liabilities				
Trading liabilities		(1,814)	(1,115)	(530)
Trade and other payables		(37,086)	(41,038)	(24,850)
Lease liabilities		(737)	(1,003)	(7)
		(39,637)	(43,156)	(25,387)
Non-current liabilities				
Lease liabilities		(4,667)	(5,104)	(5,404)
Provision for liabilities and charges		(59)	(59)	(59)
		(4,726)	(5,163)	(5,463)
Total liabilities	3	(44,363)	(48,319)	(30,850)
Net assets		71,744	74,060	74,408
Capital and Reserves				
Share capital		-	-	-
Share premium		1,866	1,866	1,866
Merger reserve		14,336	14,903	14,336
Other reserves		1,572	1,572	1,572
Retained earnings		44,613	46,040	46,600
Equity attributable to equity holders of the parent		62,387	64,381	64,374
Non-controlling interests		9,357	9,679	10,034
Total equity		71,744	74,060	74,408

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital £'000	Share Premium £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 1 January 2023	-	1,866	14,903	1,572	44,377	10,066	72,784
Profit for the period	-	-	-	-	2,452	984	3,436
Foreign currency translation	-	-	-	-	(158)	(37)	(195)
Total comprehensive income	-	-	-	-	2,294	947	3,241
Dividends paid to/ rebalancing of non-controlling interests	-	-	-	-	(631)	(1,161)	(1,792)
Capital distribution from subsidiary to non-controlling interests	-	-	-	-	-	(185)	(185)
Investment by non-controlling interest in subsidiaries	-	-	-	-	-	12	12
At 30 June 2023	-	1,866	14,903	1,572	46,040	9,679	74,060

	Share capital £'000	Share Premium £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 30 June 2023	-	1,866	14,903	1,572	46,040	9,679	74,060
Profit for the period	-	-	-	-	1,419	1,172	2,591
Foreign currency translation	-	-	-	-	116	11	127
Total comprehensive income	-	-	-	-	1,535	1,183	2,718
Dividends paid to/ rebalancing of non-controlling interests	-	-	-	-	(128)	(348)	(476)
Capital distribution from subsidiary to non-controlling interests	-	-	-	-	-	25	25
Repurchase/cancellation of shares in subsidiaries	-	-	(567)	-	-	-	(567)
Increase in controlling interest in subsidiary	-	-	-	-	(847)	(505)	(1,352)
At 31 December 2023	-	1,866	14,336	1,572	46,600	10,034	74,408

	Share capital £'000	Share Premium £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 1 January 2024	-	1,866	14,336	1,572	46,600	10,034	74,408
Profit for the period	-	-	-	-	1,845	1,051	2,896
Foreign currency translation	-	-	-	-	(115)	(3)	(118)
Total comprehensive income	-	-	-	-	1,730	1,048	2,778
Equity dividends paid (note 5)	-	-	-	-	(3,193)	-	(3,193)
Dividends paid to/ rebalancing of non-controlling interests	-	-	-	-	(524)	(1,733)	(2,257)
Investment by non-controlling interest in subsidiaries	-	-	-	-	-	8	8
At 30 June 2024	-	1,866	14,336	1,572	44,613	9,357	71,744

Unaudited Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2024

	Six months ended 30 Jun 24 £'000	Six months ended 30 Jun 23 £'000	Year ended 31 Dec 23 £'000
Cash flows from operating activities			
Profit for the period/ year	2,896	3,436	6,027
Adjustments for:			
Depreciation charges	1,085	969	1,998
Loss on disposal of fixed assets	23	-	31
Loss on disposal of investment properties	34	-	-
Net fair value losses/ (gains) on investments	528	(313)	(484)
Share of results of associate	36	-	39
Interest income	(937)	(362)	(1,245)
Finance costs	202	269	468
Tax expense	231	541	1,425
Operating cash flows before movement in working capital	4,098	4,540	8,259
(Increase)/ decrease in trade and other receivables	(17,095)	(10,724)	4,191
Increase/ (decrease) in trade and other payables	12,276	6,256	(6,423)
Increase/ (decrease) in trading liabilities	1,284	543	(42)
(Increase)/ decrease in trading assets	(5,118)	(112)	1,176
Cash (utilised)/ generated by operations	(4,555)	503	7,161
Corporation tax receipt/ (paid)	405	(704)	(1,288)
Net cash (utilised)/ generated by operating activities	(4,150)	(201)	5,873
Cash flows from investing activities			
Purchases of property, plant & equipment	(370)	(366)	(1,251)
Sale of investment property	125	-	-
Investment in associate	(100)	-	(50)
Purchase of investments	(14)	-	(38)
Sale of investments	-	2,827	5,433
Interest received	937	362	1,245
Net cash generated by investing activities	578	2,823	5,339
Cash flows from financing activities			
Repurchase of own shares	-	-	(567)
Increase in controlling interest in subsidiary	-	-	(1,320)
Repurchase of shares in subsidiaries	-	(185)	-
Investment from/ (capital distribution to) non-controlling interests	8	12	(148)
Payment of lease liabilities	(8)	(702)	(1,397)
Interest paid on lease liabilities	(146)	(173)	(334)
Other interest paid	(56)	(96)	(134)
Dividends paid to equity shareholders	(3,193)	-	-
Dividends paid to non-controlling interests	(2,257)	(1,792)	(2,268)
Net cash utilised by financing activities	(5,652)	(2,936)	(6,168)
Net (decrease)/ increase in cash and cash equivalents during the period/ year	(9,224)	(314)	5,044
Effects of exchange rate changes	(112)	(135)	(85)
Cash and cash equivalents at beginning of period/ year	44,699	39,740	39,740
Cash and cash equivalents at end of period/ year	35,363	39,291	44,699

Notes to the Condensed Interim Financial Report

For the six months ended 30 June 2024 (unaudited)

1. Financial information

Basis of preparation

The annual financial statements of Shore Capital Group Limited, the 'company' and its subsidiaries (the "Group") for the year ended 31 December 2023, and the condensed set of financial statements included in this interim financial report for the period ended 30 June 2024, are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union other than for the full disclosure requirements of those standards.

The Annual Report and Accounts of the Group for the year ended 31 December 2023 were issued on 28 March 2024. The auditor's report on those accounts was not qualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report. The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses for the period. However, the nature of estimation means that actual outcomes could differ from those estimates. In preparing the condensed financial statements, the judgement and estimates made by the Directors are consistent with those reported in the December 2023 annual report.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement, together with the financial position of the Group, its liquidity position and borrowing facilities. In addition, the principal risks and uncertainties of the Group are discussed in note 2 to this interim financial report.

The directors consider that the Group has the financial resources to continue in operation for at least 12 months from the date of this interim financial report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed set of financial statements as are applied in the Group's latest audited Annual Report and Accounts for the year ended 31 December 2023. There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2024. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

2. Principal risks and uncertainties

The Group's policies for managing the risks arising from its activities are set out in the last audited Annual Report and Accounts of the Group that were issued on 28 March 2024. The Group's activities comprise equity market activities, fund management and investment in alternative assets and property, and its income is therefore subject to the level of general activity, sentiment and market conditions in each of the markets in which it operates.

3. Segmental information

Additional analysis of revenue and results is presented in the Chairman's Statement.

For management purposes, the Group is organised into business units based on their services, and has four reportable operating segments as follows:

- Capital Markets provides research in selected sectors, broking for institutional and professional clients, market making in small and mid-cap stocks, fixed income broking and corporate broking and advisory for large, mid and small cap companies.
- Asset Management provides advisory services, and manages specialist funds.
- Central Costs comprises the costs of the Group's central management team and structure
- Principal Finance comprises investments and other holdings acquired, together with principal finance activities conducted, using the Group's own balance sheet resources.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated based on profit or loss before tax. Transfer prices between operating segments are on an arms-length basis in a manner similar to transactions with third parties.

Six months ended 30 June 2024	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Revenue	15,122	17,204	-	(542)	31,784
Profit/(loss) before tax	546	3,182	(323)	(278)	3,127
Assets	74,575	11,179	2,001	28,352	116,107
Liabilities	(34,907)	(8,747)	(702)	(7)	(44,363)
Six months ended 30 June 2023	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Revenue	16,258	15,861	-	647	32,766
Profit/(loss) before tax	1,587	2,217	(507)	680	3,977
Assets	82,846	18,602	1,514	19,417	122,379
Liabilities	(39,975)	(7,348)	(933)	(63)	(48,319)
Year ended 31 December 2023	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Revenue	29,630	34,706	-	821	65,157
Profit/(loss) before tax	761	6,774	(1,186)	1,103	7,452
Assets	63,148	10,952	3,247	27,911	105,258
Liabilities	(21,148)	(8,093)	(1,267)	(342)	(30,850)

4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 Jun 24	Six months ended 30 Jun 23	Year ended 31 Dec 23
Earnings (£)	1,845,000	2,452,000	3,871,000
Number of shares			
Basic			
Weighted average number of shares	21,289,915	21,573,322	21,522,852
Diluted			
Dilutive effect of share option scheme	212,727	212,727	212,727
	21,502,642	21,786,049	21,735,579
Earnings per share			
Basic	8.7p	11.4p	18.0p
Diluted	8.6p	11.3p	17.8p

5. Dividends paid

	Six months ended 30 Jun 24 £'000	Six months ended 30 Jun 23 £'000	Year ended 31 Dec 23 £'000
Amounts recognised as distributions to equity holders in the period/year:			
Final dividend for the year ended 31 December 2023 of 15.0p per share	3,193	-	-
	3,193	-	-

The directors do not propose to pay an interim dividend for the period ended 30 June 2024.

The interim report will be posted in due course to shareholders on the register. Further copies of this report are available on the Company's website at www.shorecap.gg.