

30 September 2024

Christie Group plc

Interim Results for the six months ended 30 June 2024

Christie Group plc ('Christie Group' or the 'Group'), the leading provider of Professional & Financial Services (PFS) and Stock & Inventory Systems & Services (SISS) to the hospitality, leisure, healthcare, medical, childcare & education and retail sectors, today announces its Interim Results for the six months ended 30 June 2024

H1 2024 Financial Headlines

- Revenues increased by £2.2m (7%) to £35.3m (2023: £33.1m)
- £0.8m improvement in H1 operating loss to £0.6m (2023: £1.4m loss)
- Recovery in PFS revenues which increased by 10% to £22.3m (2023: £20.4m)
- PFS division returns to modest H1 operating profit (2023: £0.4m loss)
- SISS revenues up 2% to £13.0m (2023: £12.8m)
- SISS operating loss significantly reduced by 38% to £0.6m loss (2023: £1.0m loss)
- Both defined benefit pension schemes remain in surplus with no ongoing cash cost
- Cash used in operations during the period was £1.1m (H1 2023: £1.8m). The Group continues to operate within its banking facilities with net overdraft facilities of £4.5m and an expectation of an improved cash position by the year end
- The Board has maintained an interim dividend of 0.50p (H1 2023: 0.50p per share) reflecting its confidence in a stronger H2 and a profitable full year performance

H1 2024 Operational Headlines

- Strong recovery in transactional brokerage activity in the UK, with 517 units sold in H1 (2023: 376)
- UK performance offset by weak H1 trading in our international businesses, where transaction timings are significantly second-half weighted
- 38% growth in H1 incomes from our finance brokerage activities
- 16% growth in H1 revenues from our UK hospitality stock audit business
- Progress has been made in reducing losses in our retail stocktaking operations, delivering a profitable H1 performance from our aggregated UK operations
- Customer acquisition in our visitor attraction software business has been disappointing

Current trading and outlook

- Transactional brokerage pipelines in the UK and Europe support expectations of a stronger second half performance, and the Group is on-track to deliver a recovery in FY24 transactional volumes to levels consistent with those achieved in 2021 and 2022
- UK transactional pipelines were 24% higher at the end of H1 2024 than the same point in the previous year
- Finance brokerage activity is also encouraging with positive levels of commercial mortgage and unsecured lending into our sectors
- Demand for our hospitality stock audit services remains robust with encouraging levels of new business growth and sales conversion into our pub and hotel markets

Financial results for the six months ended 30 June 2024

| | 6 months ended 30 June 2024 (unaudited) | 6 months ended 30 June 2023 (unaudited) | 12 months ended 31 December 2023 (audited) |
|--|---|---|--|
| Revenue | £35.3m | £33.1m | £65.9m |
| Operating loss pre non-recurring board changes and restructuring costs | (£0.6m) | (£1.4m) | (£0.6m) |
| Loss before tax | (£1.1m) | (£1.9m) | (£4.3m) |
| Basic EPS | (3.51p) | (5.41p) | (14.79p) |
| Dividend | Interim 0.50p | Interim 0.50p | Full year 1.00p |

Dan Prickett, Chief Executive, commented:

“Reporting a first-half operating loss is undoubtedly a disappointing outcome but masks progress being made across our Group. We have delivered a strong recovery in our UK transactional brokerage activity in H1 alongside positive growth performances in our finance brokerage business and our hospitality stock audit business.

Within our PFS division, we have absorbed the significant costs of investing in our international brokerage operations against second-half weighted income expectations, while also bearing the costs of our ongoing development of a resilient insurance brokerage business.

Within our SISS division, the Board is focused on eliminating losses from our retail stocktaking and visitor attraction software brands.

We anticipate a much stronger H2 result and a return to a profitable full year performance.”

Enquiries:

Christie Group plc

Daniel Prickett 07885 813101
Chief Executive

Simon Hawkins 07767 354366
Chief Finance Officer

Shore Capital
Patrick Castle 020 7408 4090
Nominated Adviser & Broker

Notes to Editors:

Christie Group plc (CTG.L), quoted on AIM, is a leading professional business services group with 37 offices across the UK and Europe, catering to its specialist markets in the hospitality, leisure, healthcare, medical, childcare & education and retail sectors.

Christie Group operates in two complementary business divisions: Professional & Financial Services (PFS) and Stock & Inventory Systems & Services (SISS). These divisions trade under the brand names: PFS - Christie & Co, Pinders, Christie Finance and Christie Insurance: SISS - Orridge, Venners and Vennersys.

Tracing its origins back to 1846, the Group has a long-established reputation for offering valued services to client companies in agency, valuation services, investment, consultancy, project management, multi-functional trading systems and online ticketing services, stock audit and inventory management. The diversity of these services provides a natural balance to the Group's core agency business.

The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Article 7 of the UK Market Abuse Regulation (EU) No. 596/2014 which is part of the UK law by virtue of the European Union (Withdrawal) Act 2018.

For more information, please go to <https://www.christiegroup.com>

Chief Executive's review

As reported in our most recent trading update, the Group reported an operating loss in the first half but has made progress in a number of areas which have contributed to a reduction in the operating loss reported for the same period last year. While ongoing market volatility has reduced the Board's original expectations for the full year, we continue to anticipate a return to a profitable full-year performance.

Financial Review

The Group reported revenues of £35.3m (2023: £33.1m) and an operating loss of £0.6m (2023: operating loss £1.4m). The £0.8m reduction in H1 operating losses was attributable to improvements in performance across both the Professional and Financial Services ("PFS") division and the Stock & Inventory Systems and Services ("SISS") division, with the H1 performance in each improved by £0.4m year-on-year.

H1 revenue growth of 7% was primarily due to a recovery in transactional and finance brokerage income in the PFS division, where income rose by 10% to £22.3m (2023: £20.3m). In our SISS division, we grew revenues by a more modest 2% to £13.0m (2023: £12.8m).

Employee benefit expenses increased by 5% to £26.3m (2023: £25.2m). Having borne the impact of strong inflationary pay pressures and grown headcount in those areas where we see the opportunity to support increased income potential, lower inflationary pressures in 2024 and beyond will be welcome. Other operating expenses increased by only 2% from £9.4m to £9.5m.

Finance costs increased slightly to £0.6m (2023: £0.5m). We anticipate our cash balance improving in H2 as a result of the improved H2 trading outlook, and with reduced working capital funding requirements where H1 outflows include the payment of annual bonuses and commissions relating to the previous year. Both of our defined benefit pension schemes remain in surplus.

Notwithstanding the disappointment of reporting a first half operating loss, the Board's confidence of delivering a return to profit for the full year is recognised by its decision to declare an interim dividend of 0.5p per share (H1 2023: 0.5p per share) which will be paid on 8 November 2024 to shareholders on the register on 11 October 2024.

Professional and Financial Services Division

A 38% increase in the number of businesses sold in the UK in the period - 517 compared to 376 in H1 2023 - was a key driver in the division's revenue growth, but the strength of recovery in our UK agency business was offset by weak first-half revenues from our European agency and advisory offices. The strong volume recovery in our UK transactional income was counterbalanced by the mix of revenues being derived from lower-value sector streams. Our average fee per transaction reduced by 23% compared to 2023, but the composition of our pipelines for second-half activity - we have a higher H2 weighting towards sectors such as Healthcare, Childcare and Dental - mean that we expect to sustain at least the same level of transaction volumes in H2, but with average fees closer to H1 2023 levels.

Against this recovery in UK activity, we have borne the costs in the first half of seeking to create a stronger, broader and more resilient European network. With income for the year on the continent expected to be strongly second half-weighted, the impact on H1 operating profits in the division has been stark and has prevented the division from achieving the double-digit operating profit return on revenue that it would otherwise be capable of. The mainland continental performance in the period has served to offset otherwise encouraging performances from our UK agency teams and our finance brokerage operation. The latter saw H1 revenues grow by 38% compared to the prior year with revenues from our commercial mortgage, unsecured and real estate and bridging finance streams all contributing to that strong growth.

Our advisory teams have once again been busy throughout the period. We valued over £5.7bn of businesses during the period. This was a slight reduction on the £6.1bn we valued in H1 2023 as the first half ended with a short period of subdued activity in the run up to the UK General Election which took place on 4th July.

We also continued to invest in developing our insurance brokerage business and have seen encouraging progress being made in the level of client retentions now being achieved, and an encouraging level of life and protection cover being secured, often for clients for which we have already secured commercial mortgage lending offers through our finance brokerage teams.

Stock & Inventory Systems & Services Division

In the SISS division, 16% income growth from our hospitality stock audit business was offset by lower revenues from our retail stocktaking operation and slower growth than desired from our visitor attraction software business.

We nonetheless managed to deliver a £0.4m reduction in first-half operating losses to £0.6m (2023: operating loss £1.0m). This was achieved by operating our retail stocktaking operation from a more efficient base following the actions taken in H2 2023 and benefitting from strong profit conversion of the income growth in our hospitality stock audit business. The main disappointment in our SISS operating performance in the first half was a weak level of new business wins achieved in our visitor attraction software business, where client buying decisions appear linked to increasingly elongated funding applications for government and local authority grants.

Outlook

The Group commenced the second half with encouraging pipelines for both the UK and our European businesses, with the UK transactional pipeline 24% higher than the same point than H1 2023. As a result, we are optimistic of stronger second half trading performance and anticipate returning to brokering the sale or purchase of over 1,000 businesses in the year. The outlook for our finance brokerage business in the second half is similarly positive.

In our SISS division we expect continued growth from our hospitality stock audit business, and further progress in the steps needed to reduce or eliminate losses from our retail stocktaking operation. Following the disappointing sales performance of our visitor attraction business in H1, we have already secured a number of wins in the early part of H2, but growth rate remains subdued.

I would like to thank our talented and dedicated teams who have worked with such commitment throughout the first half and their continued dedication during the remainder of this year to deliver positive outcomes for our clients. We look forward to a positive outcome for the full year.

Dan Prickett
Chief Executive Officer

Independent Review Report to Christie Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six-month period ended 30 June 2024 which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Statement of Financial Position, the Interim Consolidated Statement of Cash Flows, the Interim Consolidated Statement of Changes in Equity and the related Notes 1 to 16.

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 Accounting Standard ('IAS') 34 "Interim Financial Reporting", as adopted for use in the United Kingdom and the AIM Rules issued by the London Stock Exchange.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. 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 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards adopted for use in the United Kingdom ("UK adopted IFRS"). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard ('IAS') 34 "Interim Financial Reporting", as adopted for use in the United Kingdom.

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 of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management 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 this ISRE, however future events or conditions may cause the entity 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 International Accounting Standard ('IAS') 34 "Interim Financial Reporting", as adopted for use in the United Kingdom and the AIM Rules issued by the London 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 company 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 statement 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.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

MHA, Statutory Auditor
Milton Keynes, United Kingdom
27 September 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Consolidated interim income statement

| | | Half year to 30 June 2024 £'000 (Unaudited) | Half year to 30 June 2023 £'000 (Unaudited) | Year ended 31 December 2023 £'000 (Audited) |
|--|---|---|---|---|
| Revenue | 4 | 35,291 | 33,124 | 65,873 |
| Employee benefit expenses | | (26,343) | (25,159) | (47,769) |
| | | 8,948 | 7,965 | 18,104 |
| Other operating expenses | | (9,530) | (9,363) | (18,736) |
| Operating loss pre non-recurring board changes and restructuring costs | | (582) | (1,398) | (632) |
| Non-recurring board changes and restructuring costs | | - | - | (2,723) |
| Operating loss post non-recurring board changes and restructuring costs | | (582) | (1,398) | (3,355) |
| Finance costs | | (565) | (527) | (1,043) |
| Finance income | | 2 | 62 | 115 |
| Total finance costs | | (563) | (465) | (928) |
| Loss before tax | | (1,145) | (1,863) | (4,283) |
| Taxation | 5 | 239 | 470 | 484 |
| Loss for the period after tax | | (906) | (1,393) | (3,799) |
| Earnings per share attributable to equity holders - pence | | | | |
| Basic | 6 | (3.51) | (5.41) | (14.79) |
| Diluted | 6 | (3.51) | (5.41) | (14.79) |

Loss for the period after tax is wholly attributable to equity shareholders of the parent.

All amounts derive from continuing operations.

Consolidated interim statement of comprehensive income

| | Half year to 30 June 2024 £'000 (Unaudited) | Half year to 30 June 2023 £'000 (Unaudited) | Year ended 31 December 2023 £'000 (Audited) |
|--|---|---|---|
| Loss for the period after tax | (906) | (1,393) | (3,799) |
| Other comprehensive losses: | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | (8) | (11) | (42) |
| Net other comprehensive losses to be reclassified to profit or loss in subsequent periods | (8) | (11) | (42) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Re-measurement gains on defined benefit plans | - | 5,340 | 2,892 |
| Effect of asset ceiling | - | (5,332) | (2,882) |
| | - | 8 | 10 |
| Tax effect on defined benefit plans | - | (2) | (723) |
| Tax effect of asset ceiling | - | - | 721 |
| | - | (2) | (2) |
| Net other comprehensive income not being reclassified to profit or loss in subsequent periods | - | 6 | 8 |
| Other comprehensive income/(losses) for the period net of tax | - | 6 | (34) |
| Total comprehensive losses for the period | (914) | (1,398) | (3,833) |

Total comprehensive losses for the period are wholly attributable to equity shareholders of the parent.

Consolidated interim statement of changes in shareholders' equity

| | Share capital £'000 | Other reserves £'000 | Cumulative translation reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|--|---------------------------|----------------------------|---|-------------------------------|--------------------------|
| Half year to 30 June 2024 (unaudited) | | | | | |
| Balance at 1 January 2024 | 531 | 3,679 | 525 | (1,434) | 3,301 |
| Loss for the period after tax | - | - | - | (906) | (906) |
| Other comprehensive losses | - | - | (8) | - | (8) |
| Total comprehensive losses for the period | - | - | (8) | (906) | (914) |
| Movement in respect of employee share scheme | - | 82 | - | - | 82 |
| Employee share option scheme: | | | | | |
| - value of services provided | - | 31 | - | - | 31 |
| Dividends payable | - | - | - | (128) | (128) |
| Transactions with shareholders | - | 113 | - | (128) | (15) |
| Balance at 30 June 2024 | 531 | 3,792 | 517 | (2,468) | 2,372 |
| Half year to 30 June 2023 (unaudited) | | | | | |
| Balance at 1 January 2023 | 531 | 5,128 | 567 | 2,170 | 8,396 |
| Loss for the period after tax | - | - | - | (1,393) | (1,393) |
| Other comprehensive (losses)/income | - | - | (11) | 6 | (5) |
| Total comprehensive losses for the period | - | - | (11) | (1,387) | (1,398) |
| Movement in respect of employee share scheme | - | (506) | - | - | (506) |
| Employee share option scheme: | | | | | |
| - value of services provided | - | 34 | - | - | 34 |
| Dividends payable | - | - | - | (663) | (663) |
| Transfer from share option reserve | - | (896) | - | 896 | - |
| Transactions with shareholders | - | (1,368) | - | 233 | (1,135) |
| Balance at 30 June 2023 | 531 | 3,760 | 556 | 1,016 | 5,863 |
| Year ended 31 December 2023 (audited) | | | | | |
| Balance at 1 January 2023 | 531 | 5,128 | 567 | 2,170 | 8,396 |
| Loss for the year after tax | - | - | - | (3,799) | (3,799) |
| Other comprehensive (losses)/income | - | - | (42) | 8 | (34) |
| Total comprehensive losses for the year | - | - | (42) | (3,791) | (3,833) |
| Movement in respect of employee share scheme | - | (571) | - | - | (571) |
| Employee share option scheme: | | | | | |
| - value of services provided | - | 76 | - | - | 76 |
| Dividends paid | - | - | - | (767) | (767) |
| Transfer from share option reserve | - | (954) | - | 954 | - |
| Transactions with shareholders | - | (1,449) | - | 187 | (1,262) |
| Balance at 31 December 2023 | 531 | 3,679 | 525 | (1,434) | 3,301 |

Consolidated interim statement of financial position

| | | At 30 June 2024 £'000 (Unaudited) | At 30 June 2023 £'000 (Unaudited) | At 31 December 2023 £'000 (Audited) |
|--|----|--|--|---|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets - Goodwill | | 1,807 | 1,819 | 1,826 |
| Intangible assets - Other | | 1,408 | 1,138 | 1,249 |
| Property, plant and equipment | | 940 | 1,167 | 1,013 |
| Right of use assets | | 6,046 | 6,049 | 6,294 |
| Deferred tax assets | | 2,390 | 2,024 | 2,102 |
| Other receivables | | 2,984 | 2,811 | 2,984 |
| | | 15,575 | 15,008 | 15,468 |
| Current assets | | | | |
| Inventories | | 16 | 28 | 17 |
| Trade and other receivables | 8 | 11,837 | 10,519 | 9,442 |
| Other current assets | | 2,056 | 2,299 | 3,186 |
| Current tax assets | | - | 399 | - |
| Cash and cash equivalents | 13 | 705 | 3,646 | 1,336 |
| | | 14,614 | 16,891 | 13,981 |
| Total assets | | 30,189 | 31,899 | 29,449 |
| Equity | | | | |
| Capital and reserves attributable to the Company's equity holders | | | | |
| Share capital | 9 | 531 | 531 | 531 |
| Other reserves | | 3,792 | 3,760 | 3,679 |
| Cumulative translation reserve | | 517 | 556 | 525 |
| Retained earnings | | (2,468) | 1,016 | (1,434) |
| Total equity | | 2,372 | 5,863 | 3,301 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Trade and other payables | | 385 | 620 | 814 |
| Retirement benefit obligations | 10 | 852 | 915 | 883 |
| Lease liabilities | | 7,978 | 8,295 | 8,322 |
| Provisions | | 1,243 | 1,410 | 1,243 |
| | | 10,458 | 11,240 | 11,262 |
| Current liabilities | | | | |
| Trade and other payables | 11 | 9,845 | 10,271 | 9,834 |
| Lease liabilities | | 1,399 | 1,313 | 1,296 |
| Current tax liabilities | | 29 | 359 | 72 |
| Borrowings | | 3,094 | 1,707 | 721 |
| Provisions | | 2,992 | 1,146 | 2,963 |
| | | 17,359 | 14,796 | 14,886 |
| Total liabilities | | 27,817 | 26,036 | 26,148 |
| Total equity and liabilities | | 30,189 | 31,899 | 29,449 |

Consolidated interim statement of cash flows

| | | Half year to 30 June 2024 £'000 (Unaudited) | Half year to 30 June 2023 £'000 (Unaudited) | Year ended 31 December 2023 £'000 (Audited) |
|---|------|---|---|---|
| | Note | | | |
| Cash flow from operating activities | | | | |
| Cash used in operations | 12 | (1,129) | (2,769) | (1,809) |
| Interest paid | | (565) | (528) | (1,043) |
| Tax paid | | (50) | (664) | (612) |
| Net cash used in operating activities | | (1,744) | (3,961) | (3,464) |
| Cash flow from investing activities | | | | |
| Purchase of property, plant and equipment | | (214) | (251) | (368) |
| Interest received | | 2 | 62 | 115 |
| Intangible asset expenditure | | (405) | (233) | (544) |
| Net cash used in investing activities | | (617) | (422) | (797) |
| Cash flow from financing activities | | | | |
| Repayment of bank borrowings | | - | (1,000) | (1,000) |
| Proceeds from invoice discounting | | 809 | 316 | 10 |
| Repayment of lease liabilities | | (645) | (898) | (1,565) |
| Dividends paid | | - | - | (767) |
| Net cash generated/(used in) from financing activities | | 164 | (1,582) | (3,322) |
| Net decrease in cash | | (2,197) | (5,965) | (7,583) |
| Cash and cash equivalents at beginning of period | | 1,248 | 8,839 | 8,839 |
| Exchange gains/(losses) on euro bank accounts | | 2 | 4 | (8) |
| Cash and cash equivalents at end of period | 13 | (947) | 2,878 | 1,248 |

Notes to the consolidated interim financial statements

1. General information

Christie Group plc is a public limited company incorporated in and operating from England. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions - Professional & Financial Services and Stock & Inventory Systems & Services. Professional & Financial Services principally covers business valuation, consultancy & agency, business mortgages & insurance services and business appraisal. Stock & Inventory Systems & Services covers stock audit & counting, consulting, compliance, inventory preparation & valuation and hospitality & software solutions.

2. Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 "Interim Financial Reporting", as adopted for use in the United Kingdom and the accounting policies applied in the financial statements for the year ended 31 December 2023. Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual earnings.

There are no new standards, amendments or interpretations that have been published and are mandatory from 1 January 2024 that have a material effect on the 31 December 2024 accounts.

Going concern

Having reviewed the Group and Company's detailed budgets, projections and funding requirements to 31 December 2025, taking account of reasonable possible changes in trading performance over this period, the Directors believe they have reasonable grounds for stating that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these interim accounts.

Non-statutory accounts

These consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The statutory accounts for the year ended 31 December 2023 have been delivered to the Registrar of Companies. The auditors reported on these accounts reported the following:

- (1) their report was unqualified;
- (2) did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006; and
- (3) did not include references to any matters to which the auditor drew attention by way of emphasis.

The financial information for the periods ended 30 June 2024 and 30 June 2023 is unaudited.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and investments

Goodwill and investments are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

(b) Retirement benefit obligations

The assumptions used to measure the expense and liabilities related to the Group's defined benefit pension plans are reviewed annually by professionally qualified, independent actuaries, trustees and management as appropriate. Management base their assumptions on their understanding and interpretation of applicable scheme rules which prevail at the statement of financial position date. The measurement of the expense for a period requires judgement with respect to the following matters, amongst others:

- the probable long-term rate of increase in pensionable pay;
- the discount rate; and
- the estimated life expectancy of participating members.

The assumptions used by the Group, may differ materially from actual results, and these differences may result in a significant impact on the amount of pension expense recorded in future periods. In accordance with IAS 19, the Group recognises all actuarial gains and losses immediately in other comprehensive income.

Where the present value of the minimum funding contributions exceeds the present value of the defined benefit obligation and the amounts are not available as a refund or reduction in future payments, the Company will adjust the retirement benefit obligation to match the present value of the minimum funding contributions. The liability recognised in the Statement of Financial Position, will reflect the present value of the minimum funding contributions. A corresponding charge will be recognised in other comprehensive income, as 'effect of asset ceiling' in the period which they arise.

Critical accounting judgements and assumptions

The critical judgements made in the process of applying the Group's accounting policies during the year that have the most significant effect on the amounts recognised in the financial statements are set out below.

(a) Deferred taxation

Deferred tax assets are recognised to the extent that the Group believes it is probable that future taxable profit will be available against which temporary timing differences and losses from previous periods can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Revenue recognition

In determining the amount to be recognised on incomplete contracts it is necessary to estimate the stage of completion. An element of judgement and estimate is inherent in this process.

3. Critical accounting estimates and judgements (continued)

(c) Property, plant and equipment

Depreciation is derived using estimates of assets' expected useful lives and residual value, which are reviewed annually. Management determines useful lives and residual values based on experience with similar assets.

(d) Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR therefore reflects what the Group 'would have to pay', which requires an estimate when no observable rates are available.

4. Segment information

The Group is organised into two main business segments: Professional & Financial Services (PFS) and Stock & Inventory Systems & Services (SISS).

The segment results for the period ended 30 June 2024 are as follows:

| | PFS £'000 | SISS £'000 | Other £'000 | Group £'000 |
|--------------------------------------|---------------|---------------|----------------|----------------|
| Total gross segment revenue | 22,345 | 13,006 | - | 35,351 |
| Inter-segment revenue | (60) | - | - | (60) |
| Revenue | 22,285 | 13,006 | - | 35,291 |
| Operating profit/(loss) | 37 | (619) | - | (582) |
| Finance costs | (398) | (173) | 8 | (563) |
| Loss before tax | (361) | (792) | 8 | (1,145) |
| Taxation | | | | 239 |
| Loss for the period after tax | | | | (906) |

The segment results for the period ended 30 June 2023 are as follows:

| | PFS £'000 | SISS £'000 | Other £'000 | Group £'000 |
|--------------------------------------|---------------|----------------|----------------|----------------|
| Total gross segment revenue | 20,393 | 12,789 | - | 33,182 |
| Inter-segment revenue | (58) | - | - | (58) |
| Revenue | 20,335 | 12,789 | - | 33,124 |
| Operating loss | (384) | (1,014) | - | (1,398) |
| Finance costs | (178) | (101) | (186) | (465) |
| Loss before tax | (562) | (1,115) | (186) | (1,863) |
| Taxation | | | | 470 |
| Loss for the period after tax | | | | (1,393) |

4. Segment information (continued)

The segment results for the year ended 31 December 2023 are as follows:

| | PFS £'000 | SISS £'000 | Other £'000 | Group £'000 |
|---|---------------|----------------|----------------|----------------|
| Total gross segment revenue | 42,351 | 23,638 | - | 65,989 |
| Inter-segment revenue | (116) | - | - | (116) |
| Revenue | 42,235 | 23,638 | - | 65,873 |
| Operating profit/(loss) pre non-recurring board changes and restructuring costs | 1,345 | (1,977) | - | (632) |
| Non-recurring board changes and restructuring costs | (314) | (262) | (2,147) | (2,723) |
| Operating profit/(loss) post non-recurring board changes and restructuring costs | 1,031 | (2,239) | (2,147) | (3,355) |
| Finance costs | (530) | (252) | (146) | (928) |
| Profit/(loss) before tax | 501 | (2,491) | (2,293) | (4,283) |
| Taxation | | | | 484 |
| Loss for the year after tax | | | | (3,799) |

Revenue recognised in the period has been derived from the provision of services provided when the performance obligation has been satisfied.

5. Taxation

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, which excludes the shares held in the Employee Share Ownership Plan (ESOP) trust.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, once performance conditions are met. The Company has only one category of potential dilutive ordinary shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

| | Half year to 30 June 2024 £'000 | Half year to 30 June 2023 £'000 | Year ended 31 December 2023 £'000 |
|---|---------------------------------------|---------------------------------------|---|
| Loss attributable to the equity holders | (906) | (1,393) | (3,799) |

6. Earnings per share (continued)

| | 30 June 2024 | 30 June 2023 | 31 December 2023 |
|---|--------------|--------------|------------------|
| | Thousands | Thousands | Thousands |
| Weighted average number of ordinary shares in issue | 25,793 | 25,725 | 25,694 |
| Adjustment for share options | (158) | 373 | 235 |
| Weighted average number of ordinary shares for diluted earnings per share | 25,635 | 26,098 | 25,929 |

| | 30 June 2024 | 30 June 2023 | 31 December 2023 |
|----------------------------|--------------|--------------|------------------|
| | Pence | pence | Pence |
| Basic earnings per share | (3.51) | (5.41) | (14.79) |
| Diluted earnings per share | (3.51) | (5.41) | (14.79) |

7. Dividends

A final dividend in respect of 2023 of 0.50p per share, amounting to a dividend of £128,000, was proposed by the directors and approved by the shareholders at the Annual General Meeting on 13 June 2024, with the funds paid to the registrar on 2 July 2024. The funds were transferred to shareholders on 12 July 2024.

An interim dividend in respect of 2024 of 0.50p per share, amounting to a dividend of £133,000, was declared by the directors at their meeting on 24 September 2024. These financial statements do not reflect this dividend payable.

The dividend of 0.50p per share will be payable to shareholders on the record on 11 October 2024. The dividend will be paid on 8 November 2024.

As at the 30 June 2024, the parent company had distributable reserves of £12,780,000 (31 December 2023: £10,616,000).

8. Trade and other receivables

| | Half year to 30 June 2024 | Half year to 30 June 2023 | Year ended 31 December 2023 |
|---|------------------------------|------------------------------|--------------------------------|
| | £'000 | £'000 | £'000 |
| Trade receivables | 8,921 | 8,111 | 6,512 |
| Less: provision for impairment of receivables | (747) | (733) | (693) |
| Contract assets | 2,586 | 2,031 | 2,536 |
| Other debtors | 1,077 | 1,110 | 1,087 |
| | 11,837 | 10,519 | 9,442 |

The fair value of trade and other receivables approximates to the carrying value as detailed above.

9. Share capital

| | 30 June 2024 | | 30 June 2023 | | 31 December 2023 | |
|--------------------------------|--------------|-------|--------------|-------|------------------|-------|
| | Number | £'000 | Number | £'000 | Number | £'000 |
| Ordinary shares of 2p each | | | | | | |
| Allotted and fully paid: | | | | | | |
| At beginning and end of period | 26,526,729 | 531 | 26,526,729 | 531 | 26,526,729 | 531 |

The Company has one class of ordinary shares which carry no right to fixed income.

Investment in own shares

The Group has established an Employee Share Ownership Plan (ESOP) trust to meet its future contingent obligations under the Group's share option schemes. The ESOP purchases shares in the market for distribution at a later date in accordance with the terms of the Group's share option schemes. The rights to dividend on the shares held have been waived.

10. Retirement benefit obligations

The Group operates two defined benefit schemes (closed to new members) providing pensions on final pensionable pay. The contributions are determined by qualified actuaries based on triennial valuations using the projected unit method.

When a member retires, the pension and any spouse's pension is either secured by an annuity contract or paid from the managed fund. Assets of the schemes are reduced by the purchase price of any annuity purchase and the benefits no longer regarded as liabilities of the scheme.

The defined benefit is calculated on a year-to-date basis. There have been no significant market fluctuations and significant one-off events, such as plan amendments, curtailments and settlements that have resulted in an adjustment to the actuarially determined pension cost since the end of the prior financial year. The terms of the schemes are that the Group does not have an unconditional right to a refund of any surplus. Therefore there is an asset ceiling that prevents an asset being recognised. The asset ceiling at 31 December 2023 was £16.8m unrecognised asset (30 June 2023: £20.0m). Given that the pension schemes remain in surplus and the asset would not be recognised, accordingly no formal actuarial valuation of the pension schemes has been undertaken as at 30 June 2024.

The obligation outstanding of £852,000 (30 June 2023: £915,000; 31 December 2023: £833,000) represents £852,000 (30 June 2023: £915,000; 31 December 2023: £883,000) payable to David Rugg by Christie Group plc. The movement in the pension liability attributable to David Rugg's pension arises from a change in the actuarial assumptions used and the discount rate applied. There have been no changes to the amounts payable to Mr Rugg.

The Group continues to work closely with the Trustee in managing pension risks, with the defined benefit schemes closed to new members since 1999 & 2000.

In addition, the Group operates a defined contribution scheme for participating employees. Payments to the scheme are charged as an employee benefit as they fall due. The Group has no further payment obligations once the contributions have been paid.

11. Trade and other payables

| | Half year to 30 June 2024 | Half year to 30 June 2023 | Year ended 31 December 2023 |
|---------------------------------|------------------------------|------------------------------|--------------------------------|
| | £'000 | £'000 | £'000 |
| Trade payables | 1,281 | 1,126 | 2,080 |
| Other taxes and social security | 2,929 | 2,594 | 2,438 |
| Other creditors | 757 | 1,357 | 606 |
| Contract liabilities | 366 | 281 | 277 |
| Accruals | 4,512 | 4,913 | 4,433 |
| | 9,845 | 10,271 | 9,834 |

12. Note to the cash flow statement

Cash generated from operations

| | Half year to 30 June 2024 £'000 | Half year to 30 June 2023 £'000 | Year ended 31 December 2023 £'000 |
|--|---------------------------------------|---------------------------------------|---|
| Continuing operations | | | |
| Loss for the period | (906) | (1,393) | (3,799) |
| Adjustments for: | | | |
| - Taxation | (239) | (470) | (484) |
| - Finance costs | 563 | 465 | 928 |
| - Depreciation | 870 | 758 | 1,591 |
| - Amortisation of intangible assets | 204 | 195 | 399 |
| - Profit on sale of PP&E | - | - | (64) |
| - Foreign currency translation | 1 | 169 | 88 |
| - Increase in provisions | 29 | 42 | 1,692 |
| - Payments to ESOT | - | (300) | (375) |
| - Movement in share option charge | 31 | 34 | 76 |
| - Movement in non-current other receivable | - | - | (173) |
| Movement in working capital: | | | |
| - (Increase)/decrease in inventories | (1) | (3) | 8 |
| - Increase in trade & other receivables | (1,265) | (381) | (191) |
| - Decrease in trade & other payables | (418) | (1,885) | (1,505) |
| Cash used in operations | (1,129) | (2,769) | (1,809) |

13. Cash and cash equivalents

| | Half year to 30 June 2024 £'000 | Half year to 30 June 2023 £'000 | Year ended 31 December 2023 £'000 |
|---------------------------|---------------------------------------|---------------------------------------|---|
| Cash and cash equivalents | 705 | 3,646 | 1,336 |
| Bank overdrafts | (1,652) | (768) | (88) |
| | (947) | 2,878 | 1,248 |

The Group is operating within its existing banking facilities and maintains a net overdraft facility of £4.5m.

14. Related-party transactions

There is no controlling interest in the Group's shares.

During the period rentals of £299,000 (30 June 2023: £282,000; 31 December 2023: £565,000) were payable to Carmelite Property Limited by Christie Group plc in accordance with the terms of a long-term lease agreement. Carmelite Property Limited is a company incorporated in England and Wales, and jointly owned by The Christie Group Pension and Assurance Scheme, The Venners Retirement Benefit Fund and The Fitzroy Square Pension Fund, by Christie Group plc in accordance with the terms of a long-term lease agreement.

15. Publication of Interim Report

The 2024 Interim Financial Statements are available on the Company's website <https://www.christiegroup.com>