

Interim result for the six months ended 31 December 2024

ARCONTECH GROUP PLC

("Arcontech" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

Arcontech (AIM: ARC), the provider of products and services for real-time financial market data processing and trading, reports its unaudited results for the six months ended 31 December 2024.

Overview:

- Revenue increased by 4.3% to £1,511,346 (H1 2023: £1,448,804)
- Recurring revenues represented 97% of total revenues for the period (H1 2023: 100%)
- Adjusted EBITDA* decreased by 12.1% to £446,513 (H1 2023: £507,668) reflecting the expected increase in staff costs

(adjusted ebitda is defined as operating profit before depreciation, amortisation, share base payments and releases of historic accruals relating to administrative expenses)*

- Profit before tax decreased by 3.8% to £518,166 (H1 2023: £538,790)

- Our preferred measure of adjusted profit before tax, which excludes the release of accruals unrelated to the underlying business, decreased by 7.5% to £494,360 (H1 2023: £534,775)
- Net cash of £7,166,839 at 31 December 2024, up 24.9% (H1 2023: £5,734,226). The period under review saw the return to a normal billing cycle for one of our large customers, and a record dividend payment of £501,479 on 1 November 2024
- Trading in line with full year market expectations and confident in the full year outturn

Geoff Wicks, Chairman of Arcontech, said:

“The improvements to market conditions we mentioned in our Preliminary Statement last year have continued and the growth has materialised. We remain cautious as customers are careful about increasing their costs and lead times remain long. However, our pipeline is strong and we are confident about our future and the full year outturn.”

Enquiries:

Arcontech Group plc	020 7256 2300
Geoff Wicks, Chairman and Non-Executive Director	
Matthew Jeffs, Chief Executive	
Cavendish Capital Markets Ltd (Nomad & Broker)	020 7220 0500
Carl Holmes/Rory Sale (Corporate Finance) Harriet Ward (Corporate Broking)	

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To access more information on the Group please visit:
www.arcontech.com

The interim report will only be available to view online enabling the Group to communicate in a more environmentally friendly and cost-effective manner.

Chairman's Statement

Arcontech has seen continued growth and although market conditions have improved many customers are cautious about embarking on new projects and increasing their cost base. As a result our pipeline has improved but lead times remain long. Our continued focus on our core market has ensured we continue to build the potential for future growth.

Our expected growth is likely to be tempered by some downsizing at larger customers as technology and markets change, however we are confident that new business will continue to work its way through the pipeline. With the complexity of markets changing, we have started to see some one-off contracts for work to change and embed our products into our customers' systems. It remains a small part of our business.

Revenue was £1.51 million, up 4.3% on the same period last year, Profit before tax ("PBT") was £0.51 million, down 3.8% on the same period last year. Adjusted profit before tax, which is PBT before the release of accruals for administrative costs in respect of prior years was £0.50 million, down 7.5% on the previous year.

Financing

Our balance sheet remains robust with net cash of £7.1 million, £1.2 million higher than at 31 December 2023. The cash generation profile for the period normalised with a return to regular timing of the billing cycle for a large

customer. This cash position allows for continued investment in sales and products and for us to remain alert to opportunities to acquire small complementary businesses.

Dividend

No interim dividend is proposed to be paid in respect of the half year. The Board expects to continue its policy of paying a dividend following the announcement of its full year results.

Outlook

The improvements to market conditions we mentioned in our Preliminary Statement last year have continued and the growth has materialised. We remain cautious as customers are careful about increasing their costs and lead times remain long. However, our pipeline is strong and we are confident about our future and the full year outturn.

Geoff Wicks

Chairman and Non-Executive Director

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

		Note	Six months ended 31 December		Six months ended 31 December		Year ended 30 June
			2024		2023		2024
			(unaudited) £		(unaudited) £		(audited) £
Revenue			1,511,346		1,448,804		2,910,232
Administrative costs			(1,109,882)		(1,039,456)		(2,040,541)

Operating profit		4	401,464		409,348	869,691
Finance income			139,066		126,055	247,903
Finance costs		12	(22,364)		3,387	(18,635)
Profit before taxation			518,166		538,790	1,098,959
Taxation		6	—		—	(31,302)
Profit for the period after tax			518,166		538,790	1,067,657
Total comprehensive income			518,166		538,790	1,067,657
Profit per share (basic)			3.87p		4.03p	7.98p
Adjusted* Profit per share (basic)			3.70p		4.00p	7.80p
Profit per share (diluted)			3.85p		4.02p	7.96p

Adjusted* Profit per share (diluted)			3.68p		3.99p		7.78p

All of the results relate to continuing operations and there was no other comprehensive income in the period.

* Before release of accruals for administrative costs in respect of prior years.

GROUP BALANCE SHEET

	Note	31 December 2024		31 December 2023		30 June 2024
		(unaudited) £		(unaudited) £		(audited) £
Non-current assets						
Goodwill		1,715,153		1,715,153		1,715,153
Property, plant and equipment		10,220		6,325		5,404
Right of use asset	12	447,279		559,098		503,190
Deferred tax asset		358,000		328,000		358,000
Trade and other receivables	9	141,750		141,750		141,750

Total non-current assets		2,672,402		2,750,326		2,723,497
Current assets						
Trade and other receivables	9	821,336		1,335,408		677,069
Cash and cash equivalents		7,166,839		5,734,226		7,160,177
Total current assets		7,988,175		7,069,634		7,837,246
Current liabilities						
Trade and other payables	10	(594,088)		(473,512)		(595,190)
Deferred income		(1,221,194)		(1,013,405)		(1,092,835)
Lease liabilities	12	(114,893)		(68,869)		(110,308)
Provisions		–		(50,000)		–
Total current liabilities		(1,930,175)		(1,605,786)		(1,798,333)
Non-current liabilities						

Lease liabilities	12	(368,748)		(483,641)		(427,365)
Provisions		(70,000)		(20,000)		(70,000)
Total non-current liabilities		(438,748)		(503,641)		(497,365)
Net current assets		6,058,000		5,463,848		6,038,913
Net assets		8,291,654		7,710,533		8,265,045
Equity						
Share capital		1,671,601		1,671,601		1,671,601
Share premium account		115,761		115,761		115,761
Share option reserve		340,668		305,101		330,746
Retained earnings		6,163,624		5,618,070		6,146,937
		8,291,654		7,710,533		8,265,045

GROUP CASH FLOW STATEMENT

		Note	Six months ended 31 December		Six months ended 31 December		Year ended 30 June
			2024		2023		2024
			(unaudited) £		(unaudited) £		(audited) £

Cash generated from / (used in) operating activities		11	432,237		(296,937)		1,051,177
Tax paid		6	—		—		(15,586)
Net cash generated from / (used in) operating activities			432,237		(296,937)		1,035,591
Investing activities							
Interest received			137,775		126,055		247,903
Proceeds on disposal of fixed assets			—		417		417
Purchases of plant and equipment			(7,840)		(3,471)		(12,055)
Net cash generated from investing activities			129,935		123,001		236,265

Financing activities						
Dividends paid			(501,479)		(468,048)	(468,048)
Payment of lease liabilities			(54,031)		(35,031)	(54,872)
Net cash used in financing activities			(555,510)		(503,079)	(522,920)
Net increase / (decrease) in cash and cash equivalents			6,662		(677,015)	748,936
Cash and cash equivalents at beginning of period			7,160,177		6,411,241	6,411,241
Cash and cash equivalents at end of period			7,166,839		5,734,266	7,160,177

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share-option reserve	Retained earnings	Total
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	£	£	£	£	£
At 1 July 2023	1,671,601	115,761	279,455	5,547,328	7,614,145
Profit for the period	–	–	–	538,790	538,790
Total comprehensive income for the period	–	–	–	538,790	538,790
Dividends paid	–	–	–	(468,048)	(468,048)
Share-based payments	–	–	25,646	–	25,646
Total transactions with owners	–	–	25,646	(468,048)	(442,402)
At 31 December 2023	1,671,601	115,761	305,101	5,618,070	7,710,533
Profit for the period	–	–	–	528,867	528,867
Total comprehensive income for the period	–	–	–	528,867	528,867
Share-based payments	–	–	25,645	–	25,645
Total transactions with owners	–	–	25,645	–	25,645
At 30 June 2024	1,671,601	115,761	330,746	6,146,937	8,265,045
Profit for the period	–	–	–	518,166	518,166
Total comprehensive income for the period	–	–	–	518,166	518,166
Dividends paid	–	–	–	(501,479)	(501,479)
Share-based payments	–	–	9,922	–	9,922
Total transactions with owners	–	–	9,922	(501,479)	(491,557)
At 31 December 2024	1,671,601	115,761	340,668	6,163,624	8,291,654

NOTES TO THE FINANCIAL INFORMATION

1. The figures for the six months ended 31 December 2024 and 31 December 2023 are unaudited and do not constitute statutory accounts. The accounting policies adopted are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 30 June 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in the 2025 financial year, but these do not have a material impact on the interim condensed consolidated financial statements of the Group.
2. The financial information for the year ended 30 June 2024 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 June 2024, which were prepared in accordance with UK-adopted international accounting standards, have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.
3. Copies of this statement are available from the Company Secretary at the Company's registered office at 1st Floor 11-21 Paul Street, London, EC2A 4JU or from the Company's website at www.arcontech.com.
4. Operating profit is stated after release of accruals for administrative expenses in respect of prior years of £23,806 (31 December 2023: £4,014; 30 June 2024: £24,603).
5. Earnings per share have been calculated based on the

profit after tax and the weighted average number of shares in issue during the half year ended 31 December 2024 of 13,372,811 (31 December 2023: 13,372,811 30 June 2024: 13,372,811).

The number of dilutive shares under option at 31 December 2024 was 76,017 (31 December 2023: 26,988; 30 June 2024: 31,620). The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is done to determine the number of shares that could have been acquired at the average market price during the period, based upon the issue price of the outstanding share options including future charges to be recognised under the share-based payment arrangements.

- Taxation is based on the unaudited results and provision has been estimated at the rate applicable to the Company at the time of this statement and expected to be applied to the total annual earnings. No corporation tax has been charged in the period as any liability has been offset against tax losses brought forward from prior years. The tax paid represents the cash payment of tax liability from the preceding income tax year.
- A final dividend in respect of the year ended 30 June 2024 of 3.75 pence per share (2023: 3.50 pence per share) was paid on 1 November 2024.
- The Directors have elected not to apply IAS 34 Interim financial reporting.

- Trade and other receivables

	31 December 2024 £ (unaudited)		31 December 2023 £ (unaudited)		30 June 2024 £ (audited)
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Due within one year:				
Trade and other receivables	628,762		1,137,648	458,227
Prepayments and accrued income	192,575		197,760	218,842
Other receivables	–		–	–
	821,336		1,335,408	677,069
	31 December 2024 £ (unaudited)		31 December 2023 £ (unaudited)	30 June 2024 £ (audited)
Due after more than one year:				
Other receivables	141,750		141,750	141,750
	141,750		141,750	141,750

The long term trade receivable of £141,750 is the rental agreement deposit for the Group's Paul Street office.

1. Trade and other payables

	31 December 2024 £ (unaudited)		31 December 2023 £ (unaudited)		30 June 2024 £ (audited)
Trade payables	88,874		27,055		61,328

Other tax and social security payable	169,864		69,714		106,899
Other payables and accruals	335,350		376,743		426,963
	594,088		473,512		595,190

1. Cash generated from operations

		Six months ended 31 December		Six months ended 31 December		Year ended 30 June		
		2024		2023		2024		
		(unaudited) £		(unaudited) £		(audited) £		
Operating profit		401,464		409,348		869,691		
Depreciation charge		58,933		76,688		134,518		
Non-cash share option charges		9,922		25,646		51,291		
Lease interest charge		(21,569)		(476)		(18,435)		

Other interest charge		(795)		(1,141)		(200)		
Profit on disposal of fixed assets		–		(152)		(151)		
Increase in trade and other receivables		(133,039)		(990,910)		(318,958)		
Increase in trade and other payables		117,321		184,060		333,421		
Cash generated from / (used in) operations		432,237		(296,937)		1,051,177		

12. Leases

As a lessee, under IFRS 16 the Group recognises right-of-use assets and lease liabilities for all leases on its balance sheet. The only lease applicable under IFRS 16 is the Group's office.

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position are as follows:

	Right of use asset £	Lease liability £	Income statement £
As at 1 July 2024	503,190	(537,672)	–

Depreciation	(55,911)		–		(55,910)
Interest	–		(21,569)		(21,569)
Lease payments	–		75,600		–
Carrying value at 31 December 2024	447,279		(483,641)		(77,479)
	Right of use asset £		Lease liability £		Income statement £
As at 1 July 2023	73,152		(40,324)		–
Recognition of new lease under IFRS 16	559,803		(552,220)		–
Depreciation	(73,857)		–		(73,857)
Liability write- back at expiry	–		5,293	1	5,293
Interest	–		(765)		(765)
Lease payments	–		35,506		–
Carrying value at 31 December 2023	559,098		(552,510)		(69,329)

Contractual maturity analysis of lease liabilities as at 31 December 2024

	Less than 3 months £	3 – 12 months £	1 – 5 Years £	Longer than 5 Years £	Total £
Lease liabilities	37,800	113,400	332,441	–	483,641