Half Year Financial Report

31 December 2023

Fiske

CELEBRATING 50 YEARS

Chairman's and Chief Executive's Report

Trading

We are pleased to report a marked increase in our revenues and operating profit for the six-month period to 31 December 2023 when compared to the previous half-year period to 31 December 2022. Revenues increased by 32% to £3.46m (2022: £2.60m) whilst operating profit was £193k compared to a loss of £158k for the six-month period to 31 December 2022.

Despite a weak October, our Assets under Management & Administration (AUMA) were broadly level with the start of our financial year (1 July 2023) up to late November, at which point a global rally in markets alongside good portfolio performances pushed our AUMA up by c.5% over the six-month period to 31 December 2023.

Following a realignment of our charges in April 2023 and the continued migration of clients to fee paying services, investment management fees have risen by some 20% to £1.79m in the first half of the year from £1.49m in the six months to 30 June 2023.

For over twelve years we have received little or no interest income on cash held on client's accounts pending investment. In the case of Euro balances we have absorbed negative interest rates at times. Finally, we have returned to a more 'normal' world where some interest is paid on cash. This can be shared with clients and used to cover some of the costs of managing the cash held for clients and the regulatory costs associated with administering client assets.

Our company cash balance has risen to £4.1m as at 31 December 2023. This is an increase of 24% from the level of £3.3m as at 30 June 2023. We are now receiving some interest on our own cash having not done so for many years. This amounted to £69k in the six months to 31 December 2023 (2022: £nil).

Profit after tax was £367k to 31 December 2023 which is significantly up on £28k reported for the six months to 31 December 2022. This gives rise to earnings per share for the six-month period of 3.1p (2022: 0.2p).

Euroclear

During the period under review, we took the opportunity to make a small additional purchase of Euroclear shares, for a total consideration of £110k, at an attractive price. The purchase represented an increase of 2.9% on our existing investment holding and was made on 14 December 2023. Our holding continues to represent a significant store of value on our balance sheet and the company paid us dividend income amounting to £259k in the six months to 31 December 2023 (2022: £200k). Of this, £181k has been received and £78k is withholding tax that is subject to reclaim from the Belgian tax authorities.

Recent results from Euroclear to 31 December 2023 showed further improvement in the company's operating businesses. Purchases of shares by new shareholders have taken place at higher levels than when last notified. Accordingly, we have adjusted our holding value up towards this higher level. The company also guided shareholders that it expects to increase its dividend, payable in Q3 2024, by some 82% which would equate to an expected investment income receivable of more than £470k.

Markets

The relatively benign world economic backdrop has been counter-balanced by heightened tensions in the Middle East following Hamas' surprise attack on Israel in October and the latter's emphatic retaliation. An escalation in the conflict is of concern as militant Houthis target shipping in the Red Sea, disrupting trade and supply chains. In Ukraine, the war with Russia drags on as they endure the more difficult winter months. Geo-political risks remain high but financial markets have remained relatively sanguine so far this year.

Market sentiment improved towards the end of the year as thoughts turned more to the interest rate environment. Inflation, whilst proving far from transitory, has continued to fall; to 3.1% in the USA, 3.9% in the UK and 2.4% in the Eurozone. And this, combined with comments from Federal Reserve Bank chairman Jay Powell at the final US rate setting meeting in December, pretty much confirmed that interest rate increases have finished, and cuts could be coming as soon as the first half of 2024.

The change in interest rate expectations benefitted both equities and bonds in 2023. The prospect of “cheaper” money especially helped “growth” stocks and the largest American technology companies, which now represent more than a quarter of the market by value, drove the main indices higher. The theme for the year revolved around AI (artificial intelligence) and its main beneficiaries. The so called magnificent 7 (Apple, Microsoft, Amazon, Alphabet, Meta, Nvidia and Tesla) have largely accounted for the performance of the leading indices with the balance being more pedestrian.

As we entered the New Year, and following a good rally in December, markets looked to be a little overbought. However, notwithstanding the ongoing geo-political risks, the forthcoming elections in the USA, UK and elsewhere and sluggish economic growth, the outlook for financial markets is reasonably good. Both interest and inflation rates look as though they have peaked, bond yields are steady, equity valuations are reasonable and could enjoy modest upward re-ratings as interest rates start to fall later in the year. With top line growth harder to come by, we would expect to see more merger and acquisition activity particularly in the small and mid-cap space. The UK market continues to look relatively inexpensive.

Dividend

Notwithstanding likely market volatility, the Directors believe that following the measures taken in recent years to increase investment management fee income and control costs, the company is now in a much stronger financial position. Its valuable holding in Euroclear continues to produce a substantial investment income stream and with sustainable investment management fee income and an encouraging pipeline of new business, the Directors have resolved to resume dividend payments with the declaration of an interim dividend of 0.25p per share. The dividend will be payable on 29 March 2024 to shareholders on the register on 15 March 2024. The shares will be marked ex-dividend on 14 March 2024.

Outlook

Consolidation within the wealth management industry has been a feature over the recent past with many leading companies within the sector now either under foreign ownership or merged to create ever larger entities. Far from being squeezed out, well financed smaller investment managers and their clients can prosper. With our close engagement with clients, Fiske is well placed to deliver positive outcomes for all its stakeholders in the future.

Tony R Pattison
Chairman

James P Q Harrison
Chief Executive Officer

15 February 2024

Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 31 December 2023

	Note	**6 months ended 31 December 2023 Unaudited £'000**	6 months ended 31 December 2022 Unaudited £'000	Year to 30 June 2023 Audited £'000
Revenues	2	**3,458**	2,604	5,879
Operating expenses		**(3,265)**	(2,762)	(5,751)
Operating profit/(loss)		**193**	(158)	128
Investment revenue		**181**	200	200
Finance income		**69**	–	14
Finance costs		**(14)**	(14)	(27)
Profit on ordinary activities before taxation		**429**	28	315
Taxation charge		**(62)**	–	(62)
Profit on ordinary activities after taxation		**367**	28	253
Other comprehensive income/(expense)				
Items that may subsequently be reclassified to profit or loss				
Movement in unrealised appreciation of investments		**723**	(192)	(321)
Deferred tax on movement in unrealised appreciation of investments	3	**(181)**	48	80
Net other comprehensive income/(expense)		**542**	(144)	(241)
Total comprehensive income/(loss) for the period/year attributable to equity shareholders		**909**	(116)	12
Earnings per ordinary share (pence)	4			
Basic		**3.1p**	0.2p	2.1p
Diluted		**3.1p**	0.2p	2.1p

All results are from continuing operations and are attributable to equity shareholders of the parent Company.

Condensed Consolidated Statement of Financial Position

At 31 December 2023

	As at 31 December 2023 Unaudited £'000	As at 31 December 2022 Unaudited £'000	As at 30 June 2023 Audited £'000
Non-current assets			
Intangible assets arising on consolidation	**783**	830	999
Right-of-use assets	**110**	203	156
Property, plant and equipment	**10**	18	15
Investments held at Fair Value Through Other Comprehensive Income	**5,136**	4,429	4,300
Total non-current assets	**6,039**	5,480	5,470
Current assets			
Trade and other receivables	**3,027**	2,417	2,591
Cash and cash equivalents	**4,089**	3,051	3,333
Total current assets	**7,116**	5,468	5,924
Current liabilities			
Trade and other payables	**2,789**	1,801	2,136
Short-term lease liabilities	**106**	106	106
Total current liabilities	**2,895**	1,907	2,242
Net current assets	**4,221**	3,561	3,682
Non-current liabilities			
Long-term lease liabilities	**17**	111	65
Deferred tax liabilities	**1,058**	785	815
Total non-current liabilities	**1,075**	896	880
Net assets	**9,185**	8,145	8,272
Equity			
Share capital	**2,957**	2,957	2,957
Share premium	**2,085**	2,085	2,085
Revaluation reserve	**3,429**	2,984	2,887
Retained earnings	**714**	119	343
Shareholders' equity	**9,185**	8,145	8,272

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 July 2023	**2,957**	**2,085**	**2,887**	**343**	**8,272**
Profit on ordinary activities after taxation	–	–	–	370	370
Movement in unrealised appreciation of investments	–	–	723	–	723
Deferred tax on movement in unrealised appreciation of investments	–	–	(181)	–	(181)
Total comprehensive income/(expense) for the period	**–**	**–**	**542**	**370**	**912**
Share based payment transactions	–	–	–	1	1
Total transactions with owners, recognised directly in equity	**–**	**–**	**–**	**1**	**1**
Balance at 31 December 2023	**2,957**	**2,085**	**3,429**	**714**	**9,185**
Balance at 1 July 2022	**2,957**	**2,085**	**3,128**	**90**	**8,260**
Profit on ordinary activities after taxation	–	–	–	28	28
Movement in unrealised appreciation of investments	–	–	(192)	–	(192)
Deferred tax on movement in unrealised appreciation of investments	–	–	48	–	48
Total comprehensive (expense)/income for the period	–	–	(144)	28	(116)
Share based payment transactions	–	–	–	1	1
Total transactions with owners, recognised directly in equity	**–**	**–**	**–**	**1**	**1**
Balance at 31 December 2022	**2,957**	**2,085**	**2,984**	**119**	**8,145**

Condensed Consolidated Statement of Changes in Equity

continued

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 July 2022	**2,957**	**2,085**	**3,128**	**90**	**8,260**
Profit on ordinary activities after taxation	–	–	–	251	251
Movement in unrealised appreciation of investments	–	–	(321)	–	(321)
Deferred tax on movement in unrealised appreciation of investments	–	–	80	–	80
Total comprehensive (expense)/income for the period	**–**	**–**	**(241)**	**251**	**10**
Share based payment transactions	–	–	–	2	2
Total transactions with owners, recognised directly in equity	**–**	**–**	**–**	**2**	**2**
Balance at 30 June 2023	**2,957**	**2,085**	**2,887**	**343**	**8,272**

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

	6 months ended 31 December 2023 Unaudited £'000	6 months ended 31 December 2022 Unaudited £'000	Year ended 30 June 2023 Audited £'000
Operating profit/(loss)	**193**	(158)	128
Amortisation of intangible assets arising on consolidation	**216**	81	205
Depreciation of right-of-use assets	**46**	47	94
Depreciation of property, plant and equipment	**6**	6	14
Interest relating to ROU assets	**(8)**	–	(22)
Expenses settled by the issue of shares	**1**	1	2
Decrease/(increase) in receivables	**1,096**	683	605
(Decrease)/increase in payables	**(875)**	(996)	(895)
Cash generated from/(used) in operations	**675**	(336)	131
Investing activities			
Investment income received	**181**	200	200
Interest income received	**69**	–	14
Purchase of available-for-sale investments	**(113)**	–	–
Purchases of property, plant and equipment	**(1)**	(3)	(8)
Purchase of other intangible assets	**–**	–	(157)
Net cash generated from investing activities	**136**	197	49
Financing activities			
Interest paid	**(7)**	(14)	(5)
Repayment of lease liabilities	**(48)**	(44)	(90)
Net cash used in financing activities	**(55)**	(58)	(95)
Net increase/(decrease) in cash and cash equivalents	**756**	(197)	85
Cash and cash equivalents at beginning of period	**3,333**	3,248	3,248
Cash and cash equivalents at end of period/year	**4,089**	3,051	3,333

Notes to the Interim Financial Statements

1. Basis of preparation

The Condensed Consolidated Interim Financial Statements of Fiske plc and its subsidiaries (the Group) for the six months ended 31 December 2023 have been prepared in accordance with IAS 34 (Interim Financial Reporting), as adopted in the United Kingdom. The accounting policies applied are consistent with those set out in the June 2023 Fiske plc Annual Report and accounts. These Condensed Consolidated Interim Financial Statements do not include all the information required for full annual statements and should be read in conjunction with the June 2023 Annual Report and Accounts.

The Financial Statements of the Group for the Year ended 30 June 2023 were prepared in accordance with International Financial Reporting Standards adopted by in the United Kingdom. The statutory Consolidated Financial Statements for Fiske plc in respect of the Year ended 30 June 2023 have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Under IAS 27 these financial statements are prepared on a consolidated basis where the Group consists of Fiske plc, the parent, and those subsidiaries in which it owns 100% of the voting rights, being Ionian Group Limited, Fiske Nominees Limited, Fieldings Investment Management Limited and VOR Financial Strategy Limited.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this half-yearly financial report.

There were no new mandatory standards or amendments to existing standards effective in the six-month reporting period to 31 December 2023.

2. Revenues

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by management to allocate resources to the segments and to assess their performance. Following the acquisition of Fieldings Investment Management Limited in August 2017, their staff and operations have been integrated into the management team of Fiske plc. Pursuant to this, the Group continues to identify a single reportable segment, being UK-based financial intermediation. Within this single reportable segment, total revenue comprise:

	6 months ended 31 December 2023 Unaudited £'000	6 months ended 31 December 2022 Unaudited £'000	Year ended 30 June 2023 Audited £'000
Commission receivable	**1,669**	1,087	2,863
Investment management fees	**1,790**	1,495	2,982
	3,459	2,582	5,845
Other income	**(1)**	22	34
	3,458	2,604	5,879

3. Deferred tax

Deferred tax assets and liabilities are recognised at a rate which is substantively enacted at the balance sheet date. The rate to be taken in this case is 25%, (Year to 30 June 2023: 25%) being the anticipated rate of taxation applicable to the Group and Company in the following year.

4. Earnings per share

	Basic £'000	Diluted Basic £'000
Profit on ordinary activities after taxation	**367**	**367**
Adjustment to reflect impact of dilutive share options	**–**	**–**
Profit	**367**	**367**
Weighted average number of shares (000's)	**11,830**	**11,830**
Profit per share (pence)	**3.1p**	**3.1p**

Park Communications – 51826