

Scholium Group plc

INTERIM REPORT & FINANCIAL STATEMENTS SIX MONTHS ENDED 30 SEPTEMBER 2023

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

The directors of Scholium Group plc ("Scholium", the "Company" or, together with its subsidiaries, the "Group") present their report and financial statements for the Group for the six months ended 30 September 2023.

OPERATING HIGHLIGHTS

- Revenues of £3,835k for the period compared with £4,454k for the prior corresponding period
- Gross profit of £1,511k compared to £1,731k of the prior corresponding period
- Profit margin strength continues at 39% (2022: 39%)
- Fifth successive half-year of profitability, £43k (2022: profit of £179k)
- Earnings per share on a diluted basis of 0.31p (2022: 1.32p per share)
- NAV per issued share of 71.1p (2022: 70.4p)
- Cash position £(436)k (2022: £515k) including Covid loan of £162k (2022: £213k)

FINANCIAL SUMMARY

Six months ended September (£000 unless otherwise stated)	2023	2022	Change
Revenue	3,835	4,454	(14)%
Gross Profit	1,511	1,731	(13)%
Gross Margin	39.4%	38.9%	
Pre-Tax Profit	43	179	(76)%
Inventories	10,258	9,482	8%
Net Cash	(436)	(515)	
Net Assets	9,673	9,578	1%
NAV/Share (pence per issued share)	71.1	70.4	

David Harland, Chair of Scholium, noted:

“We are pleased with the performance of the Group in recording its fourth consecutive profitable half-year period, given the deteriorating economic environment. Action was taken on costs from December 2022 and whilst the profit was reduced for the period this was expected as was noted in the annual report for the period ended March 2023. The on-going difficult geo-political situation naturally presents a difficult environment in which to plan but we remain cautiously positive about the coming six-month period.”

The person responsible for arranging the release of this announcement on behalf of the Company is Philip Tansey, Chief Financial Officer of the Company.

For further information, please contact:

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David Harland, Chairman	
Bernard Shapero, Chief Executive Officer	
Philip Tansey, Chief Financial Officer	
WH Ireland Ltd - Nominated Adviser	+44 (020) 7220 1666
Chris Fielding	
Isaac Hooper	

BUSINESS REVIEW

Scholium is engaged in the business of rare books, modern prints, art and collectibles. Its primary operating subsidiary is Shapero Rare Books, one of the leading UK dealers trading internationally in rare and antiquarian books and works on paper, which also trades as Shapero Modern, a leading UK dealer in the growing marketplace of modern and contemporary prints.

Revenue streams

The Group earned revenue in the six months to 30 September 2023 from the sale of rare books, prints and works on paper through Shapero Rare Books.

Strategy and key performance indicators (KPIs)

The Group's strategy is to:

- provide stable asset-backed growth driven by the markets in which the Group operates;
- build, either organically or by acquisition, a portfolio of art and collectibles focused businesses to enable further diversification of its revenue and profit streams; and,
- attract individuals or teams of specialists in markets complementary to the Group's existing businesses.

The current principal KPIs are:

- sales, gross profit, gross margin and profit before tax;
- the breadth and distribution of the stock of rare books held by the Group;
- stock turnover;
- cash position;
- net assets per share; and,
- earnings per share.

PERFORMANCE REVIEW

Overall Performance

The Group made a profit before tax of £43k during the six months to 30 September 2023, a reduction from the profit of £179k for the corresponding period last year though through intensive sales efforts margins were improved.

Overall turnover was lower by 14% compared to the same period in the prior year. This was due to the expected more difficult environment for sales and this was reflected in books sales of £2,900k (2022: £3,420k) whilst Gallery sales of art through several initiatives and exhibitions improved to £858k (2022: £808k). As a result, gross profit of £1,511k compared to the prior period total of £1,731k.

Group costs, including Distribution and Administrative expenses, decreased by 4% to £1,456k (2022: £1,518k). This decrease resulted from the active decision to target a reduction given the challenging markets, particularly in trade fairs and exhibitions.

The Group result for the six months was a profit before tax of £43k (2022: profit of £179k).

Inventories increased by £776k to £10,258k (2022: £9,482k) in active preparation for major sales initiatives in the months following the end of this period. Group cash balances continue to fluctuate monthly in line with stock purchases and trade debtors with net overdrafts and loan balances of £(436)k at 30 September 2023 (2022: £(515k)).

Summary Group Financials

Six months ended September (all figures £'000)	2023	2022	Change
Revenue	3,835	4,454*	(14)%
Gross Profit	1,511	1,731	(13)%
Gross Margin	39.4%	38.9%	
Distribution Expenses	(245)	(368)	(33)%
Administrative Expenses	(1,211)	(1,150)	5%
Pre-Tax Profit	43	179	(76)%
Inventories	10,258	9,482	8%
Net Cash	(436)	(515)	
Net Assets	9,673	9,578	1%
NAV/Issued Share (pence)	71.1	70.4	1%

* Total includes £25k of revenue generated by Scholium Trading

Alternative accounting presentation

The Board is focused on demonstrating shareholder return and part of that desire is the analysis of the core performance of the Group's trading business without costs that are related to the non-trading elements such as public company status and other non-directly related or one-off costs not typically expected to be incurred in a 'normal' year.

Six months ended September (£'000)	2023	2022
Profit	43	179
Add back:		
Central costs of the public group	197	162
Mayfair Philatelic losses	-	15
Depreciation & amortisation	182	171
Finance expenses	32	19
Operating EBITDA	455	546

Financial Position

The Group retains a strong balance sheet. Net assets of £9,673k (2022: £9,578k) include £10,258k of stock (2022: £9,482k) and an overdrawn cash balance of £(436)k (2022: £(515)k). The Covid loan, drawn down in October 2020 of £250k, has been further reduced by repayment to the current £162k (2022: £213k). As a result, there is an increase to 71.1p of net assets per ordinary share currently in issue (2022: 70.4p).

Shapero Rare Books & Shapero Modern

Shapero Rare Books operates from its first-floor bookshop at 106 New Bond Street, its retail premises on the ground floor of 105 New Bond Street and a separate gallery for modern prints nearby at 43 Maddox Street. The lease for both premises in New Bond Street were extended during the period though for a period of less than 12 months and consequently the Board is focused on securing suitable alternative premises in the near future.

Summary Performance, Shapero businesses

Six months ended September (all figures £'000)	2023	2022	Change
Revenue	3,835	4,429	(13)%
Gross Profit	1,511	1,731	(14)%
Gross Margin	39%	39%	
Pre-Tax Profit <i>before Central costs</i>	240	341	

Group resources are balanced between its stock of rare books and prints in order to maximise sales and profit opportunities.

Sales in the period have, as presented in Note 3, been challenging for rare books though the Gallery has increased its sales above the corresponding prior period.

Distribution costs have decreased significantly as the decision, taken in December 2022, was to rationalise trade fairs and exhibitions given the expectation of more challenging times ahead. The central costs of the business include all board directors and other Group level costs including those associated with membership of the AIM market. The central costs were £197k (2022: £162k).

Outlook

The Group continues to focus on its two profitable businesses, rare books and modern prints, having discontinued the distraction of stamps and Scholium Trading and is looking to continue the profitable performance of the recent twenty-four months into the second half of the current financial year.

Looking forward, the Group is viewing its trading for the second half of the year with cautious optimism.

Key Risks

Like all businesses, the Group faces risks and uncertainties that could impact on the Group's strategy. The Board recognises the nature and scope of these risks can change and regularly reviews the risks faced by the Group and the systems and processes to mitigate such risks.

The principal risks and uncertainties affecting the continuing business activities of the Group were outlined in detail in the Strategic Report section of the annual report covering the full year ended 31 March 2023.

In preparing this interim report for the six months ended 30 September 2023, the Board has reviewed these risks and uncertainties and considers that there have been no changes since the publication of the 2023 Annual Report.

INDEPENDENT REVIEW REPORT TO SCHOLIUM GROUP PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises the condensed consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated statement of financial position, the consolidated statement of cash flows and the related explanatory notes.

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 September 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the AIM Rules.

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 UK adopted IFRSs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

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 the AIM rules.

In preparing the half-yearly financial report, the directors are responsible for assessing the company'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 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.

Use of Our Report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not

accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Ajay Bahl BA BFP FCA
For and on behalf of
Wenn Townsend Chartered Accountants
Oxford, United Kingdom

29 November 2023

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME (UNAUDITED)

		Six-month Period Ended (Unaudited) 30 Sept 2023 £000	Six-month Period Ended (Unaudited) 30 Sept 2022 £000	Year Ended (Audited) 31 Mar 2023 £000
Revenue	3	3,835	4,454	9,060
Cost of Sales		(2,324)	(2,723)	(5,613)
Gross profit		<u>1,511</u>	<u>1,731</u>	<u>3,447</u>
Distribution costs		(245)	(368)	(815)
Administrative expenses		(1,211)	(1,150)	(2,360)
Total costs and expenses		<u>(1,456)</u>	<u>(1,518)</u>	<u>(3,175)</u>
Profit from operations		55	213	272
Financial income		-	-	-
Financial expense	4	(32)	(19)	(41)
Other income		-	-	-
Profit before taxation		<u>43</u>	<u>194</u>	<u>231</u>
Income tax (expense)	5	-	-	-
Profit for the period from continuing operations		43	194	231
Loss from discontinued operations	6	-	(15)	-
Profit for the period and total comprehensive income attributable to equity holders of the parent company		<u>43</u>	<u>179</u>	<u>231</u>
Earnings per share in share:				
From continued operations - pence	7			
Basic		0.32	1.43	1.70
Diluted		0.31	1.43	1.70
From discontinued operations - pence				
Basic		-	(0.11)	-
Total earnings per share - Basic		0.32	1.32	1.70
Total earnings per share - Diluted		<u>0.31</u>	<u>1.32</u>	<u>1.70</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 Sept 2023 £000 Unaudited	30 Sept 2022 £000 Unaudited	31 Mar 2023 £000 Audited
Assets				
Non-current assets				
Property, plant and equipment		934	980	877
Intangible assets		-	4	-
		934	984	877
Current assets				
Inventories		10,258	9,482	9,812
Trade and other receivables	8	2,101	2,677	2,058
Cash and cash equivalents		-	-	110
		12,359	12,159	11,980
Total assets		13,293	13,143	12,857
Current liabilities				
Bank overdrafts		274	302	164
Trade and other payables	9	2,164	2,053	1,973
Loans and borrowings	10	44	44	47
Right-of-use asset lease liabilities	11	345	322	227
Total current liabilities		2,827	2,721	2,411
Liabilities due over one year				
Loans and borrowings	10	118	169	140
Right-of-use asset lease liabilities	11	675	675	676
Total liabilities due over one year		793	844	816
Total liabilities		3,620	3,565	3,217
Net assets		9,673	9,578	9,630
Equity and liabilities				
Equity attributable to owners of the parent				
Ordinary shares		136	136	136
Share premium		9,516	9,516	9,516
Merger reserve		82	82	82
Retained earnings		(61)	(156)	(104)
Total equity		9,673	9,578	9,630
Net Asset Value per Share in Issue		71.1p	70.4p	71.0p

These interim financial statements were approved by the Board of Directors on 29 November 2023 and signed on its behalf by Philip Tansey.

STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2021	136	9,516	82	(512)	9,222
Profit for the period from continued operations	-	-	-	164	164
Loss for the period from discontinued operations	-	-	-	(29)	(29)
Total comprehensive income for the period	-	-	-	135	135
Balance at 30 September 2021	136	9,516	82	(377)	9,357
Profit for the period from continued operations	-	-	-	330	330
Loss for the period from discontinued operations	-	-	-	(288)	(288)
Total comprehensive income for the period	-	-	-	42	42
Balance at 31 March 2022	136	9,516	82	(335)	9,399
Profit for the period from continued operations	-	-	-	194	194
Loss for the period from discontinued operations	-	-	-	(15)	(15)
Total comprehensive income for the period	-	-	-	179	179
Balance at 30 September 2022	136	9,516	82	(156)	9,578
Profit for the period from continued operations	-	-	-	37	37
Profit for the period from discontinued operations	-	-	-	15	15
Total comprehensive income for the period	-	-	-	42	42
Balance at 31 March 2023	136	9,516	82	(104)	9,630
Profit for the period from continued operations	-	-	-	43	43
Profit for the period from discontinued operations	-	-	-	-	-
Total comprehensive income for the period	-	-	-	43	43
Balance at 30 September 2023	136	9,516	82	(61)	9,673

CONSOLIDATED STATEMENTS OF CASHFLOWS

	30 Sept 2023 £000	30 Sept 2022 £000	31 Mar 2023 £000
Cash flows from operating activities			
Profit before tax	43	179	231
Depreciation of property, plant and equipment	182	171	353
Amortisation of intangible assets	-	-	4
Finance expense	33	19	41
	<hr/> 258	<hr/> 369	<hr/> 629
(Increase) / Decrease in inventories	(446)	102	(228)
(Increase) in trade and other receivables	(43)	(458)	161
Increase/(decrease) in trade and other payables	191	(815)	(895)
Net cash generated from operating activities	<hr/> (40)	<hr/> (802)	<hr/> (333)
Cash flows from investing activities			
Purchase of property, plant and equipment	(11)	(16)	(21)
Net purchase of right to use assets	(228)	(54)	(239)
Net cash used in investing activities	<hr/> (239)	<hr/> (70)	<hr/> (260)
Cash flows from financing activities			
Lease repayments for right-of-use assets	117	(107)	(77)
Loans and borrowings	(25)	(22)	(48)
Interest paid	(33)	(6)	(41)
Net cash (used)/generated from financing activities	<hr/> 59	<hr/> (135)	<hr/> (166)
Net (decrease) / increase in cash and cash equivalents	(220)	(1,007)	(759)
Cash and cash equivalents at the beginning of the period	(54)	705	705
Cash and cash equivalents at the end of the period	<hr/> (274)	<hr/> (302)	<hr/> (54)

NOTES

1. General information

Scholium Group plc and subsidiaries (together 'the Group') are engaged in the trading and retailing of rare and antiquarian book and, prints and works on paper primarily in the United Kingdom. The Company is a public company domiciled and incorporated in England and Wales (registered number 08833975). The registered address is 106 New Bond Street, London W1S 1DN.

2. Basis of preparation

These condensed interim financial statements of the Group for the six months ended 30 September 2023 (the 'Period') have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) including standards and interpretations issued by the International Accounting Standards Board and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The same accounting policies, presentation and methods of computation are followed in these condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 31 March 2023. While the financial figures included within this half-yearly report have been computed in accordance with IFRS applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as set out in International Accounting Standard 34 Interim Financial Reporting. These condensed interim financial statements have not been audited, do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 March 2023. The auditors' opinion on these Statutory Accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or s498 (3) of the Companies Act 2006.

3. Revenue

	30 Sept 2023 Group £000	30 Sept 2022 Group £000	31 Mar 2023 Group £000
Sales of stock – Books	2,900	3,420	7,042
Sales of stock – Gallery	858	808	1,777
Commissions	15	163	177
Other income	62	63	64
	<hr/>	<hr/>	<hr/>
	3,835	4,454	9,060

4. Financial (expense)

	30 Sept 2023 Group £000	30 Sept 2022 Group £000	31 Mar 2023 Group £000
Interest payable	(13)	(6)	(16)
Unwinding of discount on right-to-use liabilities	(19)	(13)	(25)
	<hr/>	<hr/>	<hr/>
Total financial (expense)	(32)	(19)	(41)

5. Income Tax

	30 Sept 2023 £000	30 Sept 2022 £000	31 Mar 2023 £000
<i>Current and deferred tax expense</i>			
Current tax	-	-	-
Deferred tax	-	-	-
Total tax expense	-	-	-

The charge for the year is reconciled to the profit per the income statement as follows:

	30 Sept 2023 £000	30 Sept 2022 £000	31 Mar 2023 £000
Profit before tax	43	179	291
Applied corporation tax rates:	19%	19%	19%
Tax at the UK corporation tax rate of 19%:	8	34	44
Utilisation of tax losses	(8)	(34)	(44)
Current and deferred tax charge	-	-	-

6. Discontinued Operations

The Board determined in the year ended 31 March 2022 that the Mayfair Philatelic business was not key to the future of the Group and in accordance with IFRS5 - *Non-current assets held for sale and discontinued operations*, the results for Mayfair Philatelic were shown as Discontinued operations in the income statement of both the current and the prior period. The assets and liabilities were recorded at the lower of the carrying value and fair value less costs to sell in the financial statements. An analysis of the individual line items is shown below.

Financial performance and cash flow information

Results in £'000	30 Sept 2023	30 Sept 2022	31 Mar 2023
Revenue	-	-	-
Cost of sales	-	-	-
Gross Profit	-	-	-
Distribution expenses	-	-	-
Administration expenses	-	-	-
Offset against brought forward provision	-	-	-
(Loss) before impairment charges	-	-	-
Impairment charges against debtors and stock	-	(15)	-
(Loss) before tax	-	(15)	-
Tax	-	-	-
(Loss) from discontinued operations	-	(15)	-

There have been no sales or costs in the six months ended 30 September 2023 that had not already been provided for in prior periods.

Assets and liabilities of discontinued business

The assets and liabilities relating to a discontinued business are included within the relevant line of the Group Consolidated statement of financial position at the lower of the carrying value and fair value less costs to sell. These amounted to nil in the current period:

£'000	30 Sept 2023	30 Sept 2022	31 Mar 2023
Assets			
Fixed assets	-	2	-
Intangible assets	-	4	-
Current assets – Stock	-	27	-
Current assets – debtors and prepayments	-	79	-
Total assets of Discontinued business	-	112	-
Liabilities			
Trade creditors	-	2	-
Accruals	-	94	-
Total Liabilities of Discontinued business	-	96	-

7. Earnings per Share - pence

	30 Sept 2023 Group £000	30 Sept 2022 Group £000	31 Mar 2023 Group £000
Profit used in calculating basic and diluted earnings per share attributable to the owners of the parent			
Continuing	43	194	231
Discontinued (Note 6)	-	(15)	-
Total	43	179	231
Number of shares (millions) for the calculation of earnings per share:			
Weighted average number of shares - basic	13.6	13.6	13.6
Weighted average number of shares - options	0.25	-	-
Total diluted average number of shares	13.85	13.6	13.6
Basic earnings per share from continuing operations	0.32	1.21	1.70
Basic loss per share from discontinued operations	-	(0.22)	-
Total basic earnings per share	0.32	1.32	1.70
Total basic and diluted earnings per share	0.31	1.32	1.70

The Company announced on 16 June 2023 that it had granted options under the Company's Enterprise Management Incentive Share Option Scheme ("EMI Option Scheme") over a total of 1,000,000 ordinary shares of 1 pence in the Company ("Option Shares") to certain employees including 700,000 to directors of the Company. The Option Shares have an exercise price of 37.5p per share (being the closing mid-market share price on 16 June 2023), vest over the three years from the date of grant (ensuring the employees remain in continuous employment within the Group) and once vested, are exercisable at any time up to ten years after the date of grant.

Basic and diluted earnings per share amounts are calculated by dividing net profit for the year or period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period or year and, the weighted average number of ordinary shares outstanding

during the period combined with the weighted average number of ordinary shares subject to option outstanding during the period or year respectively. No new shares were issued during the period, and the Company had 13.6 million shares in issue and 1.0 million shares subject to option at the end of the period.

8. Trade and Other Receivables

	30 Sept 2023 Group £000	30 Sept 2022 Group £000	31 Mar 2023 Group £000
Trade debtors	1,616	2,262	1,713
Other debtors	8	-	25
Prepayments and accrued income	477	415	320
	<u>2,101</u>	<u>2,677</u>	<u>2,058</u>

9. Trade and Other Payables

	30 Sept 2023 Group £000	30 Sept 2022 Group £000	31 Mar 2023 Group £000
Trade creditors	1,379	1,158	1,253
Other taxes and social security	32	(18)	32
Accruals and deferred income	727	890	664
Other creditors	26	23	24
	<u>2,164</u>	<u>2,053</u>	<u>1,973</u>

10. Loans and Borrowings

	30 Sept 2023 Group £000	30 Sept 2022 Group £000	31 Mar 2023 Group £000
Bank loan due in less than one year	44	44	47
Bank loan due in more than one year	118	169	140
	<u>162</u>	<u>213</u>	<u>187</u>

11. Right-of-use asset lease liabilities

	30 Sept 2023 Group £000	30 Sept 2022 Group £000	31 Mar 2023 Group £000
Current liabilities	345	322	227
liabilities due in more than one year	675	675	676

These liabilities represent the future lease payments due under the Group's leases of its Mayfair premises and a motor vehicle.