



30 September 2024

STM Group Plc
("STM", "the Company" or "the Group")
Unaudited Interim Results for the six months ended 30 June 2024

STM Group Plc (AIM: STM), the multi-jurisdictional financial services group, is pleased to announce its unaudited interim results for the six months ended 30 June 2024.

Financial Highlights:

	2024 (reported)	2024 (underlying)**	2023 (reported)	2023 (underlying)**
Revenue	£15.2m	£15.2m	£13.2m	£13.2m
Profit before other items*	£2.7m	£2.9m	£1.5m	£1.8m
Profit before taxation ("PBT")	£1.5m	£1.7m	£0.1m	£0.4m
Profit before other items margin	18%	20%	11%	14%
Earnings per share	1.93p	N/A	0.17p	N/A
Cash at bank (net of borrowings)	£14.6m		£13.8m	
Interim dividend	-		-	

* defined as revenue from continuing operations less operating expenses i.e. profit from continuing operations before taxation, net finance costs, depreciation, amortization, and non-operating items such as bargain purchase gain and loss on the sale of investments

** Underlying statistics are net of certain transactions which are either non-recurring or exceptional and thus do not form part of the normal course of business.

Operating Highlights:

- Significant uplift in revenue and profitability between 2024 and 2023 arising from the change in interest sharing policy implemented from July 2023.
- Recurring revenue consistent and resilient at 94% of total revenues (2023: 95%).
- The Group's businesses have continued to perform in line with management's expectations, notwithstanding the uncertainty arising from the offer from Jambo and the wait for regulatory change of control approvals.
- Continued focus on meeting the Consumer Duty regulations introduced by the Financial Conduct Authority in the UK with effect from 31 July 2023.
- Strategic exit of the Options Workplace Pension Master Trust business to a new service provider agreed, subject to regulatory approval.

Post-period Highlights: Update on acquisition of STM by Jambo SRC Limited ("Jambo")

- Approval for the change of control of the intended MBO of the SIPP businesses was received from FCA in April 2024.

- The Gibraltar regulator approved the change of control application by Jambo on 2 September 2024.
- The Malta regulator confirmed it was minded to approve the change of control application by Jambo on 27 September 2024, subject only to submission of the audited financial statements of the entity funding Jambo which are expected to be available in the next few weeks;
- Once the condition for final approval by the Malta regulator has been satisfied, and the Scheme of Arrangement is sanctioned by the Isle of Man Court, completion of the Offer by Jambo and delisting from AIM will take place shortly thereafter.
- Successful completion of the Offer will provide shareholders with a minimum up-front cash consideration of 60 pence per ordinary share, with a maximum of deferred consideration equivalent to 7 pence per ordinary share, subject to certain conditions being satisfied.

For further information, please contact:

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Notes to editors:

STM is a multi-jurisdictional financial services group traded on AIM, a market operated by the London Stock Exchange. The Group provides UK and international retirement solutions and life assurance products.

The Group has operations in the UK, Gibraltar, Malta, Australia and Spain. STM has developed a range of pension products for UK nationals and internationally domiciled clients and has two Gibraltar life assurance companies which provide life insurance bonds - wrappers in which a variety of investments, including investment funds, can be held.

STM's growth strategy is focused on both organic initiatives and strategic acquisitions.

Further information on STM Group can be found at www.stmgroupplc.com

Chairman's Statement

Whilst in previous years the Group's interim results announcements have not contained a Chairman's statement, given the journey over the last year and the impending finalisation of the sale of the STM Group, it feels appropriate to set out what I believe the Plc Board and management team have achieved over the last two years.

At the time of my accepting the appointment as Chair in August 2022, the Board was in a state of flux and the business was very much treading water, with a solid and predictable recurring revenue base but having been unable to grow the bottom line significantly nor to deliver meaningful levels of new business to transform the Group's underlying profitability.

It was for this reason that the reconstituted Plc Board took the decision to undertake a strategic review of the business with the aid of external consultants. Ultimately the outcome of that review to conclude that the ability for the Group to make a step change in profitability and thrive in a competitive environment would be dependent on its underlying technology capabilities, amongst other factors.

As a result, the Board initiated a comprehensive review of the Group's current and proposed technology strategy, whilst at the same time identifying that certain businesses such as the workplace pension operation were not likely to deliver sufficient growth to be strategically viable as a part of the Group going forward.

As is well documented elsewhere, the Plc Board received an approach to acquire the Group and entered into a period of negotiation with Jambo SRC Limited ("Jambo"), in July 2023, which culminated in a firm offer (the "Offer") by Jambo to acquire 100% of the issued and to be issued share capital of the Company, subject to certain conditions, in October 2023. The Company's shareholders overwhelmingly approved the Offer in December 2023.

Since then, Jambo has been working with its advisers to obtain regulatory approval for the proposed change of control from the regulators in the various jurisdictions in which the Group operates. The approvals from the Financial Conduct Authority ("FCA") in the UK and the Gibraltar Financial Services Commission ("GFSC") were received as notified previously, and a minded to approve notification from the Malta Financial Services Authority ("MFSA") was received on 27 September 2024, conditional only on submission of the audited financial statements of the entity that funds Jambo. These are expected to be submitted to the MFSA in the next few weeks. Following this, an application to the Isle of Man Court to sanction (i.e. finalise) the Scheme of Arrangement (the "Scheme") will be made.

Ultimately, subject to the Isle of Man Court's sanction of the Scheme, which is explained in more detail in the CEO's review, the Plc board will have secured a minimum cash exit value of 60 pence per share for shareholders, with a further maximum of 7 pence per share, subject to certain conditions, payable on the twelve-month anniversary of completion of the transaction.

I, and the Plc Board, believe that this is an excellent result for our shareholders. Whilst I believe that the predictable recurring revenue within the Group's businesses, including the revised interest sharing policy introduced from July 2023, together with delivery against the strategic review undertaken previously, should have led to a gradual increase in underlying profitability and hence in the underlying share price, this would inevitably have taken a number of years to achieve and delivery of the strategy, once agreed, would have been subject to potential execution risk. It should not go unnoticed that underlying profits for the first half of 2024 have undergone a step change in quantum compared to that of the first half of 2023, as a result of management initiatives, particularly around the interest sharing policy.

On the expectations that Jambo will take over the ownership of STM in the near future, it remains for me to thank my STM team and colleagues for all of their ongoing contributions during such an unsettling period, and our shareholders for the trust put in me and the Plc Board to deliver value in the short term.

Finally, I wish the Jambo team every success in transforming the remaining STM businesses and the enlarged group into a mainstream pension powerhouse.

Nigel Birrell

Chairman

Chief Executive's Review

Overview

I am pleased to present the unaudited results for STM for the six months ended 30 June 2024. The underlying theme for the first half of 2024 is very much the same as the second half of 2023, in that strategically the Group has remained in limbo whilst awaiting the various change of control approvals to come through from the relevant regulators, but operationally there has been a step change in profitability compared to the first half of 2023.

As stated in my previous CEO statement in the 2023 Annual Report, the strategic review and the subsequent technology review have been put on hold as a result of the Offer for the Company's entire issued and to be issued share capital by Jambo that was announced on 10 October 2023. The Offer has led to the Board having to defer certain decisions in relation to the future strategic direction of the Group.

The Offer was subject to regulatory approval of the change of control in Gibraltar and Malta. The offer was also conditional on the UK SIPP businesses completing a management buy-out immediately prior to the Court approval of the Scheme of Arrangement (the "Scheme") by which the acquisition was to be effected, subject to regulatory approval for change of control of the UK SIPP businesses via the management buy-out in the UK.

The Scheme was approved at a Scheme meeting and an EGM both held on 6 December 2023, with 99.9% of Scheme shares voting to accept the Scheme offer. As at the date of this interim report, the FCA in the UK has approved the prospective change of control of the companies subject to the management buy-out, such approval having been granted in April 2024, and more recently the change of control application for Jambo was approved by the GFSC on 2 September 2024.

On 27 September 2024, the MFSA confirmed it was minded to approve the change of control application in respect of the regulated STM Malta business, subject only to audited financial statements of the entity funding Jambo for the year ended 31 March 2024 being submitted to them. This condition is expected to be satisfied within the next few weeks. The three regulatory approvals were the only conditions precedent for completion of the Offer. Once the condition to the MFSA approval has been satisfied, a date for a Court hearing in the Isle of Man to finally sanction the Scheme will be arranged, and completion of the acquisition by Jambo and the cancellation of the admission to AIM of the Company's shares should follow within a couple of days thereafter, with the initial cash consideration of 60 pence per ordinary share being payable within 14 days of the Scheme becoming effective.

Turning to the operations of the business, profitability for the first half of 2024 very much mirrors that in the second half of 2023, showing a profit before taxation ("PBT") of £1.5 million and an underlying PBT before non-recurring items of £1.7 million. Despite the distractions arising from the ongoing acquisition process this is a very significant uplift to the first half 2023 result of £0.1 million PBT (£0.4 million underlying PBT). As is further explained below, the substantial increase of £2.1 million in the interest income revenue line stemming from the introduction of the revised interest sharing policy in the second half of 2023 has broadly compensated for the continued shortfall in new business. The interest sharing policy is in the process of being rolled out across the rest of the pensions businesses in Malta and Gibraltar, having already been implemented in the UK SIPP businesses and partly in the UK SSAS business, which will continue to contribute to additional revenues going forward.

Notwithstanding the constraints on moving the strategic review previously announced forward, the Group, having consulted with Jambo, was able to achieve a satisfactory outcome for its Options Workplace Pensions Master Trust ("OWPMT") business in the first half of 2024.

The workplace pensions sector has undergone a significant amount of consolidation in recent years and the continued pressure on margins, as well as additional regulatory costs and burdens, means that a smaller innovative master trust is less commercially viable. As a result, prior to the initial approach by Jambo, the STM Board was considering the sale of the Master Trust as part of its strategic review.

After considering the various potential partners in the market, the Group announced on 14 June 2024 that it had signed a commercial agreement with Smart Pension Limited ("Smart"), subject to the trustees approving Smart as the default provider. The OWPMT Trustees approved the proposed transfer on 17 May 2024, although approval of the transfer and related transition plan by the Pensions Regulator is still awaited as at the date of this report.

It is anticipated under the commercial agreement that the existing OWPMT membership book will attract an overall consideration of c£4.7 million, with a maximum possible consideration of £4.8 million, which will be paid over the course of the next twenty-four months. In addition to the above commercial agreement, STM also entered into an introducer agreement with Smart. The introductory commission is capped, and a reasonable expectation would be that the introducer agreement might generate between £1 million and £5 million of revenue over the three-year period.

The workplace pensions business recorded revenues of £4.5 million and a profit before tax of £0.5 million for the financial year ending 31 December 2023.

With regards to the STM Group performance, it should be noted that, pursuant to the terms of the Offer made, all profits not paid by dividend prior to the Offer being announced will ultimately accrue to the acquirer, and hence any dividends declared post the Offer being announced would result in an equivalent reduction in the value of the Offer.

Financial review

Financial performance in the period

The Group delivered total revenue in the six months to 30 June 2024 of £15.2 million (six months to 30 June 2023: £13.2 million) which included £3.0 million interest income (2023:

months to 30 June 2023: £12.2 million), which included £0.9 million interest income (2023: £0.9 million). The increase in interest income reflected the benefit derived from the implementation of the revised interest sharing policy introduced with effect from 1 July 2023. Non-interest revenues of £12.2 million remained broadly at prior period levels (2022: £12.3 million).

Recurring revenues, at 94% of total revenues for the period, remained consistent and were broadly in line with the prior period (2023: 95%). Recurring revenues for the current period including interest receivable derived from customer funds) were £14.3 million, as compared to £12.6 million. The increase of £1.7 million reflected the increase in interest income of £2.1 million over the prior period, less lower non-interest income as a result of customer withdrawals and transfers out.

Operational expenses for the period were £12.5 million (2023: £11.7 million), broadly in line with management expectations, with overruns in certain expense categories, mainly legal and professional costs, being compensated for by savings in personnel costs. Non-operational expenses classified as "other items" on the income statement, amounting to £1.2 million (2023: £1.3 million) and relating to finance costs and the non-cash items of depreciation and amortisation, were largely in line with management expectations.

Reported profit before other items for the period was £2.7 million (2023: £1.5 million), with reported profit before tax of £1.5 million (2023: £0.1 million).

The reconciliation of reported measures to underlying measures is made up of items which are either non-recurring or exceptional and thus do not form part of the normal course of business. This reconciliation for all three key financial measures is shown in the table below:

RECONCILIATION OF REPORTED TO UNDERLYING MEASURES

	REVENUE		PROFIT BEFORE OTHER ITEMS		PROFIT BEFORE TAX	
	2024	2023	2024	2023	2024	2023
	£m	£m	£m	£m	£m	£m
Reported measure	15.2	13.2	2.7	1.5	1.5	0.1
Add: professional advisory costs incurred in relation to the proposed acquisition of the Company	-	-	0.1	-	0.1	-
Add: senior management exit costs and other non-recurring costs	-	-	0.1	0.3	0.1	0.3
Underlying measure	15.2	13.2	2.9	1.8	1.7	0.4

Cashflows

Cash and cash equivalents as at 30 June 2024 were £19.1 million (30 June 2023: £18.9 million), with cash generated from operating activities being £1.8 million (2023: £1.6 million), thus exceeding the reported profit before tax.

During the period since 31 December 2023, the Group also repaid £0.3 million of the secured bank loan and the outstanding balance as at 30 June 2024 was £4.5 million (30 June 2023: £5.1 million). As a result, net cash and cash equivalents as at 30 June 2024 amounted to £14.6 million (30 June 2023: £13.8 million).

As would be expected for a group which is regulated in several jurisdictions, a significant proportion of the cash balances form part of the Group's regulatory and solvency requirements. It is not possible to determine the exact amount of cash and cash equivalents required for solvency purposes, as other assets can also be used to support the regulatory solvency requirements. However, the aggregated regulatory capital requirement across the Group as at 30 June 2024 was £15.8 million (30 June 2023: £15.7 million) largely due to the increase in market interest rates resulting in a higher discount rate being applied to the life assurance solvency capital requirement.

Accrued income, in the form of work performed for clients but not billed, as at 30 June 2024 amounted to £3.8 million (30 June 2023: £2.6 million). This increase was largely because of the increased interest income accruals due to market rate movements. This gives some visibility of revenue still to be billed and subsequently collected as cash at bank.

Additionally, deferred income relating to annual fees invoiced but not yet earned at 30 June 2024 amounted to £3.8 million (30 June 2023: £4.1 million). The decrease is largely in line with the declining client base in the Malta business. This figure also gives good visibility of revenue that is still to be earned through the Income Statement in the coming months.

Trade receivables included within trade and other receivables as at 30 June 2024 were £3.7 million (30 June 2023: £3.5 million).

Dividend

Given the anticipated acquisition by Jambo, and the fact that any dividend declared would be deducted from the consideration payable under the terms of the Scheme, the Board has taken the decision not to declare an interim dividend for the current period (2023: £Nil).

Review of operations

Pensions

The pensions administration businesses continue to be the cornerstone of our operations.

Pensions revenue for the period was £12.7 million (2023: £11.0 million) representing 84% (2023: 83%) of total Group revenues, with interest income accounting for the increased revenue. Total pensions revenue arose as follows: £4.5 million (2023: £4.6 million) from QROPS, £5.2 million (2023: £3.7 million) from the SIPP and SSAS businesses and a further £2.4 million (2023: £2.1 million) from the workplace pensions business. In addition, the Group also achieved a revenue contribution of £0.6 million (2023: £0.6 million) from third party administration and Group Pension Plans.

The recurring revenue percentage for this operating segment was 95% of all pensions revenues (2023: 96%), which, when combined with the relatively low attrition rates, remains a solid predictor of future divisional profitability.

The various initiatives initiated to generate new business have continued to have had poor outcomes in terms of new introducers and therefore new applications from such sources. The Group's existing intermediary base remains supportive of the current suite of products.

Life Assurance

Revenue for the combined Life Assurance businesses amounted to £2.2 million which was a 16% increase over the revenue generated in the same period in 2023 (£1.9 million). In a similar manner to the pensions operating segment, the life assurance businesses also had high levels of recurring fees, which remained broadly stable at 92% of total life assurance revenues (2023: 94%).

Our flexible annuity products aimed at the UK market remain the key focus for sustainable organic growth within our life businesses. In a similar manner to the Group's pensions businesses, new business for the life companies, particularly from new intermediaries, remains disappointing.

Regulatory Developments and Consumer Duty

During the first six months of 2024, the Group has continued to oversee the implementation of the requirements under the Consumer Duty framework introduced by the FCA in July 2023 for providers and adviser firms of all sizes providing financial products or advice to consumers to measure whether they are delivering good outcomes for UK consumers. This framework puts greater focus on firms to ensure they are actively assessing, improving and evidencing how they support UK consumers in making good financial decisions about their future. Consumer duty applies to firms operating in the UK, so it applies both to our UK SIPP companies and to our Gibraltar companies that provide products and service to UK residents and financial advisers.

We are pleased with the progress made and, whilst there remain areas for improvement, management are of the view that the Group continues to meet its regulatory requirements and that its products and services are designed to deliver good customer outcomes.

Outlook

Subject to the satisfaction of the condition attaching to the MFSA's confirmation that it was minded to approve the change of control application in Malta, and having now received all other relevant regulatory approvals required to allow the completion of the transaction with Jambo, we will shortly move into the final part of the process. A hearing to sanction the Scheme in the Isle of Man Court will be arranged as soon as the MFSA approval is received, with the relevant 14 days' notice of that hearing to be given thereafter. On the assumption that the Court sanctions the Scheme, the Scheme will become effective very shortly thereafter, resulting in the shares being delisted from AIM and shareholders receiving the initial 60 pence cash consideration per ordinary share held within 14 days of the effective date.

I am pleased to report that the underlying businesses have performed in line with management's expectations during the lengthy period of instability whilst the change of control application approvals were awaited. The close management of business performance has been key in protecting shareholder value, not only in relation to the 60 pence per share confirmed cash Offer but also the deferred consideration units ("DCUs") that will be issued at completion of the acquisition of STM by Jambo on a one to one basis for each STM share and which will entitle the holder of each DCU to receive one redeemable loan note from Jambo. The loan notes will be redeemable in cash at a maximum value of seven pence each, subject to the satisfaction of certain conditions as set out in the Scheme of Arrangement document issued to all shareholders on 7 November 2023, on the twelve month anniversary of completion of the acquisition of STM by Jambo.

As the business is expected to transition over to Jambo ownership and stewardship in the

AS THE BUSINESS IS EXPECTED TO TRANSITION OVER TO JAMBO OWNERSHIP AND STEWARDSHIP IN THE near future, I would like to take this opportunity to thank all the various stakeholders of STM, and in particular the Plc board, my STM colleagues and shareholders for their hard work, support and belief in STM.

Finally, it remains for me to wish Jambo huge success in taking the underlying STM businesses that will remain within the Group post completion to the next level of growth and profitability.

Alan Kentish

Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2024 to 30 June 2024

		Unaudited 6 months to 30 June 2024 £'000	Unaudited 6 months to 30 June 2023 £'000	Audited Year to 31 December 2023 £'000
	Note			
Revenue	5	15,189	13,208	28,078
Administrative expenses		(12,510)	(11,729)	(24,878)
Profit before other items		2,679	1,479	3,200
OTHER ITEMS				
Loss on revaluation of financial instruments		-	(36)	-
Loss on disposal of fixed assets		-	-	(96)
Finance costs		(171)	(302)	(689)
Depreciation and amortisation		(1,015)	(995)	(1,973)
Profit before taxation		1,493	146	442
Taxation	6	(345)	(46)	(25)
Profit after taxation		1,148	100	417
OTHER COMPREHENSIVE INCOME				
<i>Items that are or may be reclassified to profit and loss</i>				
Foreign currency translation differences for foreign operations		(7)	(11)	32
Total other comprehensive (loss)/income		(7)	(11)	32
Total comprehensive income for the period/year		1,141	89	449
Profit attributable to:				
Owners of the Company		1,148	100	417
Total comprehensive income attributable to:				
Owners of the Company		1,141	89	449
Earnings per share basic (pence)	7	1.93	0.17	0.70
Earnings per share diluted (pence)	7	1.93	0.17	0.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
	Note			
ASSETS				

Non-current assets				
Property and office equipment		1,122	933	1,304
Intangible assets		20,875	21,745	21,444
Financial assets		1,871	1,728	1,839
Deferred tax asset	6	39	51	39
Total non-current assets		23,907	24,457	24,626
Current assets				
Accrued income		3,771	2,576	3,078
Trade and other receivables	10	7,059	6,901	7,349
Receivables due from insurers		19,330	488	27,441
Cash and cash equivalents	9	19,176	18,931	18,365
Total current assets		49,336	28,896	56,233
Total assets		73,243	53,353	80,859
EQUITY				
Called up share capital	13	59	59	59
Share premium account		22,372	22,372	22,372
Retained earnings		15,591	14,482	14,443
Other reserves		(2,286)	(2,322)	(2,279)
Total equity		35,736	34,591	34,595
LIABILITIES				
Current liabilities				
Liabilities for current tax		380	568	425
Trade and other payables	11	13,122	12,813	13,271
Provisions		19,330	488	27,441
Total current liabilities		32,832	13,869	41,137
Non-current liabilities				
Other payables	12	4,399	4,566	4,808
Deferred tax liabilities	6	276	327	319
Total non-current liabilities		4,675	4,893	5,127
Total liabilities and equity		73,243	53,353	80,859

STATEMENT OF CONSOLIDATED CASHFLOW

For the period from 1 January 2024 to 30 June 2024

		Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
	Note			
Operating activities				
Profit for the period/year before taxation		1,493	146	442
Adjustments for:				
Depreciation of property and office equipment		232	323	620
Amortisation of intangible assets		783	672	1,353
Loss on disposal of property and office equipment		-	50	96
Unrealised (gain)/loss on financial instruments		(32)	36	(77)
Taxation paid		(433)	(337)	(454)
Decrease/(increase) in trade and other receivables including insurers		8,401	1,560	(25,841)
(Increase)/decrease in accrued income		(693)	(1,716)	(2,218)
Increase in trade and other payables including insurers		(7,987)	857	28,541
Net cash generated from operating activities		1,764	1,591	2,462
Investing activities				
Purchase of property and office equipment		(50)	(143)	(170)
Increase in intangible assets		(214)	(292)	(672)
Acquisition of non-controlling interests		-	(400)	(400)
Additional consideration paid on prior acquisitions		-	-	(228)
Consideration paid on acquisition of subsidiaries and portfolio		-	(220)	-
Net cash absorbed by investing activities		(264)	(1,055)	(1,470)
Financing activities				
Repayment of bank loan		(275)	(275)	(551)

Interest paid on bank loan		(213)	(190)	(405)
Lease liabilities paid		(194)	(363)	(581)
Dividends paid	8	-	-	(356)
Net cash absorbed by financing activities		(682)	(828)	(1,893)
Increase/(decrease) in cash and cash equivalents		818	(292)	(901)
Reconciliation of net cash flow to movement in net funds				
Effect of movements in exchange rates on cash and cash equivalents		(7)	(11)	32
Balance at start of period/year	9	18,365	19,234	19,234
Balance at end of period/year	9	19,176	18,931	18,365

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

For the period from 1 January 2024 to 30 June 2024

	Share Capital £000	Share Premium £000	Retained Earnings £000	Treasury Shares £000	Foreign Currency Translation Reserve £000	Share Based Payments Reserve £000	Other Reserve £000	Total £000	Non-Controlling Interests £000	
Balance at 1 January 2023	59	22,372	14,382	(549)	(81)	162	(1,375)	34,970	(68)	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR										
Profit for the year	-	-	417	-	-	-	-	417	-	-
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	32	-	-	32	-	-
Transactions with owners, recorded directly in equity										
Acquisition of non-controlling interests	-	-	-	-	-	-	(468)	(468)	68	-
Dividend paid	-	-	(356)	-	-	-	-	(356)	-	-
At 31 December 2023 and 1 January 2024	59	22,372	14,443	(549)	(49)	162	(1,843)	34,595	-	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD										
Profit for the period	-	-	1,148	-	-	-	-	1,148	-	-
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	(7)	-	-	(7)	-	-
At 30 June 2024	59	22,372	15,591	(549)	(56)	162	(1,843)	35,736	-	3

NOTES TO THE CONSOLIDATED RESULTS

For the period from 1 January 2024 to 30 June 2024

1. Reporting entity

STM Group Plc (the "Company") is a company incorporated and domiciled in the Isle of Man and was admitted to trading on AIM, a market operated by London Stock Exchange plc, on 28 March 2007. The address of the Company's registered office is 1st Floor, Viking House, St Paul's Square, Ramsey, Isle of Man, IM8 1GB. The Group is primarily involved in financial services.

2. Basis of preparation

Results for the period from 1 January 2024 to 30 June 2024 have not been audited. The audited consolidated financial statements of the Group for the year ended 31 December 2023 were

consolidated financial statements of the Group for the year ended 31 December 2023 were announced and distributed to shareholders on 27 June 2024.

The consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), interpretations adopted by the International Accounting Standards Board ("IASB") and in accordance with Isle of Man law and IAS 34, Interim Financial Reporting.

3. Significant accounting policies

The accounting policies in these consolidated results are the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2023. No changes in accounting policies are expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2024.

4. Segmental information

STM Group has three reportable segments: Pensions, Life Assurance and Other Services. Each segment is defined as a set of business activities generating a revenue stream and offering different services to other operating segments. The Group's operating segments have been determined based on the management information reviewed by the Board of Directors.

The Board assesses the performance of the operating segments based on turnover generated. The performance of the operating segments is not measured using costs incurred, as the costs of certain segments within the Group are predominantly centrally controlled and therefore the allocation of these within internal management information is based on utilisation of internally estimated proportions. Management believes that this information and consequently any related profitability analysis could potentially be misleading and would not enhance the disclosure above.

The following table presents the turnover information regarding the Group's operating segments:

Operating Segment	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Pensions	12,747	10,978	23,474
Life Assurance	2,162	1,937	4,039
Other Services	280	293	565
Total	15,189	13,208	28,078

Analysis of the Group's turnover information by geographical location is detailed below:

Geographical Segment	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Gibraltar	3,167	2,945	6,112
Malta	3,467	3,588	7,146
United Kingdom	8,292	6,425	14,358
Other	263	250	462
Total	15,189	13,208	28,078

5. Revenue

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Revenue from provision of retirement and life assurance solutions and related administrative services	12,169	12,275	24,338
Interest and investment income	3,020	933	3,740
Total	15,189	13,208	28,078

6. Taxation

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Current tax expense	388	116	91
Deferred tax expenses/(income)			
- Release of deferred tax assets on leases as per IFRS16	-	7	19

- Release of deferred tax liabilities on intangible assets	(43)	(77)	(85)
Total tax expense	345	46	25

Reconciliation of existing tax rate	2024	Unaudited 6 months ended 30 June 2024	2023	Unaudited 6 months ended 30 June 2023	2023	Audited Year ended 31 December 2023
	%	£000	%	£000	%	£000
Profit before tax for the year	-	1,493	-	146	-	442
Income tax using the Company's domestic rate	0.00%	-	0.00%	-	0.00%	-
Effect of tax rates in other jurisdictions	25.99%	388	79.45%	116	20.59%	91
Release of deferred tax assets on leases as per IFRS 16	0.00%	-	4.79%	7	4.30%	19
Release of deferred tax liabilities on intangible assets	(2.88%)	(43)	(52.74%)	(77)	(19.23%)	(85)
Total tax expense	-	345	-	46	-	25
Effective tax rate (%)	-	23.11%	-	31.50%	-	5.66%

The effective tax rate for UK increased to 25% from 1 April 2023. The effective tax rates in Malta and Gibraltar are 5% and 12.5% respectively. The Group effective tax rate in the 6 months to 30 June 2024 is in line with the jurisdictional effective tax rate. However, in the year ended 31 December 2023, the Group effective tax rate was lower than the jurisdictional effective tax due to the writeback of tax over provided for in prior years.

7. Earnings per share

Earnings per share for the period from 1 January 2024 to 30 June 2024 is based on the profit after taxation of £1,148,000 (2023: £100,000) divided by the weighted average number of £0.001 ordinary shares during the period of 59,408,088 basic and dilutive (2023: 59,408,088 basic and dilutive).

8. Dividends

There were no dividends declared or paid by the Group during the period (2023: £Nil).

A final dividend of £356,000 or 0.60 pence per ordinary share was declared for 2022 and paid in July 2023.

9. Cash and cash equivalents

Cash at bank earns interest at floating rates based on prevailing rates. The fair value of cash and cash equivalents in the Group is £19,176,000 (2023: £18,931,000).

10. Trade and other receivables

	Unaudited 30 June 2024	Unaudited 30 June 2023	Audited 31 December 2023
	£'000	£'000	£'000
Trade receivables	3,688	3,543	3,915
Prepayments	1,447	1,296	1,691
Other receivables	1,924	2,062	1,743
Total	7,059	6,901	7,349

11. Trade and other payables

	Unaudited 30 June 2024	Unaudited 30 June 2023	Audited 31 December 2023
	£'000	£'000	£'000
Deferred income	3,794	4,139	3,664
Trade payables	1,354	1,069	1,970
Bank loan (secured)	550	550	550

Lease liabilities	193	335	304
Other creditors and accruals	7,231	6,720	6,783
Total	13,122	12,813	13,271

The Company signed a credit facility with Royal Bank of Scotland (International) Ltd for £5.50 million in 2020, with drawn down being completed in September 2022 to fund the acquisition of the Mercer portfolios. The facility has a 5-year term from November 2020, with capital repayments structured over ten years and a final instalment to settle the outstanding balance in full at the end of the 5 years. At the period-end, the balance outstanding on this facility was £4.5 million (at 30 June 2023: £5.1 million). Interest on the loan is charged at 3.5% per annum over the Sterling Relevant Reference Rate on the outstanding balance.

The facility is subject to customary cashflow to debt service liability ratios and EBITDA (profit before other items) to debt service liability ratio covenants tested quarterly and is secured by a capital guarantee provided by a number of non-regulated holding subsidiary companies within the Group and debenture over these companies.

12. Other payables - amounts falling due in more than a year

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Lease liabilities	412	28	546
Bank loan (secured) (Note 10)	3,987	4,538	4,262
Total	4,399	4,566	4,808

13. Called up share capital

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Authorised			
100,000,000 ordinary shares of £0.001 each	100	100	100
Called up, issued and fully paid			
59,408,088 ordinary shares of £0.001 each	59	59	59

14. Subsequent events

There were no subsequent events after the period end.



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