Trading update for H1

Overview

Capital Professional Limited (the "Company") is part of the Ascot Lloyd group (the "Group"), one of the largest privately owned independent financial advisory businesses in the UK. The Group is controlled by funds held by Nordic Capital. Key to the wider group's strategy is inorganic growth, which is focused on the acquisition of smaller IFAs using a 'buy and build' approach, to add high quality businesses that complement the current Group and values.

During the first six months of 2024, the Group has completed the acquisition of one IFA and has integrated this business as well as two other acquisitions made in the previous year into the Company's business operations. Results are reflected in the below figures from the point of integration within the Company's business. On an annualized basis these acquisitions are expected to add a further £3.8m of Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation[1] ("Adjusted EBITDA").

The wider group has another nine businesses in varying stages of exclusive negotiations which will add a further £4.9m of annualized Adjusted EBITDA by the year end.

Current trading

	Six months ended 30 June 2024	**Year ended 31 December 2023**
Revenue (£'000)	39,270	73,564
Adjusted EBITDA (£'000)	6,549	11,523
Assets under management	£10.7bn	£10.0bn

Results for the first six months were satisfactory. The Company continues to experience some pressures arising from wider market conditions which have adversely impacted the revenue figures recorded, however strong new business flows in the first half of the year coupled with a significant pipeline of new business has left the Company well placed to take advantage of improving economic conditions.

The Company continues to invest in both its digital proposition and automation of its processes to support future growth. Furthermore, the company is focused on ensuring that all clients are paying appropriate fees, both fair to the client as well as fair to the Group – a particular focus of the Financial Conduct Authority's ("FCA") Consumer Duty regulations.

In February 2024, the FCA wrote to around 20 advice firms, including Capital Professional Limited, a subsidiary within the Group, requesting information regarding ongoing servicing. Consistent with the company focus on delivering good client outcomes, we are reviewing historical data and practices across our client base to determine what, if any, further action may be required. This may lead to remedial costs, but it is too early to quantify.

[1] Operating profit adding back depreciation, amortisation, exceptional items, revaluation gains and losses on contingent consideration in respect of acquisitions, and further costs of the business that are not deemed to be core to the operations of the business. These non-core business costs include share-based payment and other retention expenses and bonuses, costs related to internal process reviews, and other restructuring costs including non-acquisition related redundancies. Adjusted EBITDA reflects only continuing operations.

Outlook and initiatives

The Company continues to invest in further initiatives to drive up revenue and manage costs in the current challenging operating conditions which are expected to positively impact results in future periods.