

FINAL RESULTS
For the year ended
31 May 2020

Ian Mattioli MBE, Chief Executive Officer
Nathan Imlach, Chief Financial Officer
Simon Gibson, Chief Investment Officer
Michael Wright, Group Managing Director
Ravi Tara, Group Finance Director

September 2020



FINAL RESULTS | COVID-19

“COVID-19 is significantly impacting the UK and global economies.

We have taken positive and decisive action to protect our clients and staff, and to ensure all our core business areas remain fully operational throughout this complex time. Our investment in technology has enabled our employees to work remotely and our thanks go to all our employees who have helped to protect the business by agreeing to forego bonuses that would have been paid in more normal trading conditions. In addition, certain of our higher paid employees significantly reduced their basic salaries, with these actions reducing costs for the year ended 31 May 2020 by £2.6m.

The essence of what we do is looking after our clients’ money and there is an expectation that we should apply the same diligence in looking after that of our business and our shareholders. Current trading is in line with our expectations and we can see light at the end of the COVID-19 tunnel.”

FINAL RESULTS | AGENDA

- Highlights
- Client assets
- Our model
- Financial results
- Responsible and sustainable
- Consultancy
- Acquisitions
- Investment case

Creating and **preserving** wealth,
our **trusted advice** gives clients
the understanding to achieve
their objectives

FINAL RESULTS | HIGHLIGHTS

Revenue

£58.4m

2019¹: £57.5m



+1.6%

Recurring revenues³

92.1%

2019¹: 90.0%



Positive and decisive action to protect financial position in light of COVID-19

Adjusted EBITDA⁴

£18.9m

2019¹: £14.1m



+34.0%

Adjusted EBITDA margin

32.4%

2019¹: 24.5%



Share of Amati profit

£0.6m

2019: £0.5m



+20.0%

Adjusted PBT⁵

£15.8m

2019¹: £11.8m



+33.9%

Adjusted EPS⁶

47.7p

2019¹: 35.5p



+34.4%

Proposed total dividend

20.0p

2019: 20.0p



Highly resilient operating model

- Primarily fee-based² revenues
- 0.5% fall in organic revenue:
 - Offset by growth from acquisitions
 - Organic growth of 1.6% to 3Q20
- Underlying improvement in adjusted EBITDA margin:
 - +1.5% on adoption of IFRS 16
 - +1.2% from operational efficiencies
 - +0.2% from share of Amati profit
- Impact of response to C-19 on margin:
 - +4.2% on not paying bonuses
 - +0.3% on management of other spend
 - +0.2% on reduced directors' salaries

1. Prior year restated to (a) reduce both revenue receivable on insurances arranged on clients' behalf and other administrative expense by £1.0m and (b) increase the cost of share-based payments by £0.5m.
 2. Revenue split 53% (2019 restated: 52%) fixed, initial or time-based fees and 47% (2019 restated: 48%) ad valorem fees based on the value of assets under management, advice and administration.
 3. Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual management charges.
 4. Earnings before interest, tax, depreciation, amortisation, impairment, changes in valuation of Amati option and acquisition-related costs, including share of profits from Amati (net of tax).
 5. Profit before tax adding back amortisation and impairment of acquired intangibles, changes in valuation of Amati option and acquisition-related costs.
 6. Basic EPS +29.0% to 37.8p (2019 restated: 29.3p). Adjusted profit after tax is calculated as adjusted profit before tax less income tax at the standard rate of 19.0% (2019: 19.0%).

FINAL RESULTS | HIGHLIGHTS

Total client assets¹

£9.3bn

with £134m of benefits paid
2019: £9.4bn



-1.1%

DPM revenue²

£16.3m

2019: £15.0m



+8.7%

Continued investment in
technology, compliance
and training



2020

Additional £1.2m
of revenue from
recent acquisitions



Sept 2019

Improved efficiency
following planned
restructure



Dec 2019

Acquisition of
The Turris
Partnership



Strong financial position

£26.0m of cash

2019: £23.2m



July 2020

Acquisition of
Hurley Partners



Current trading in line
with our expectations

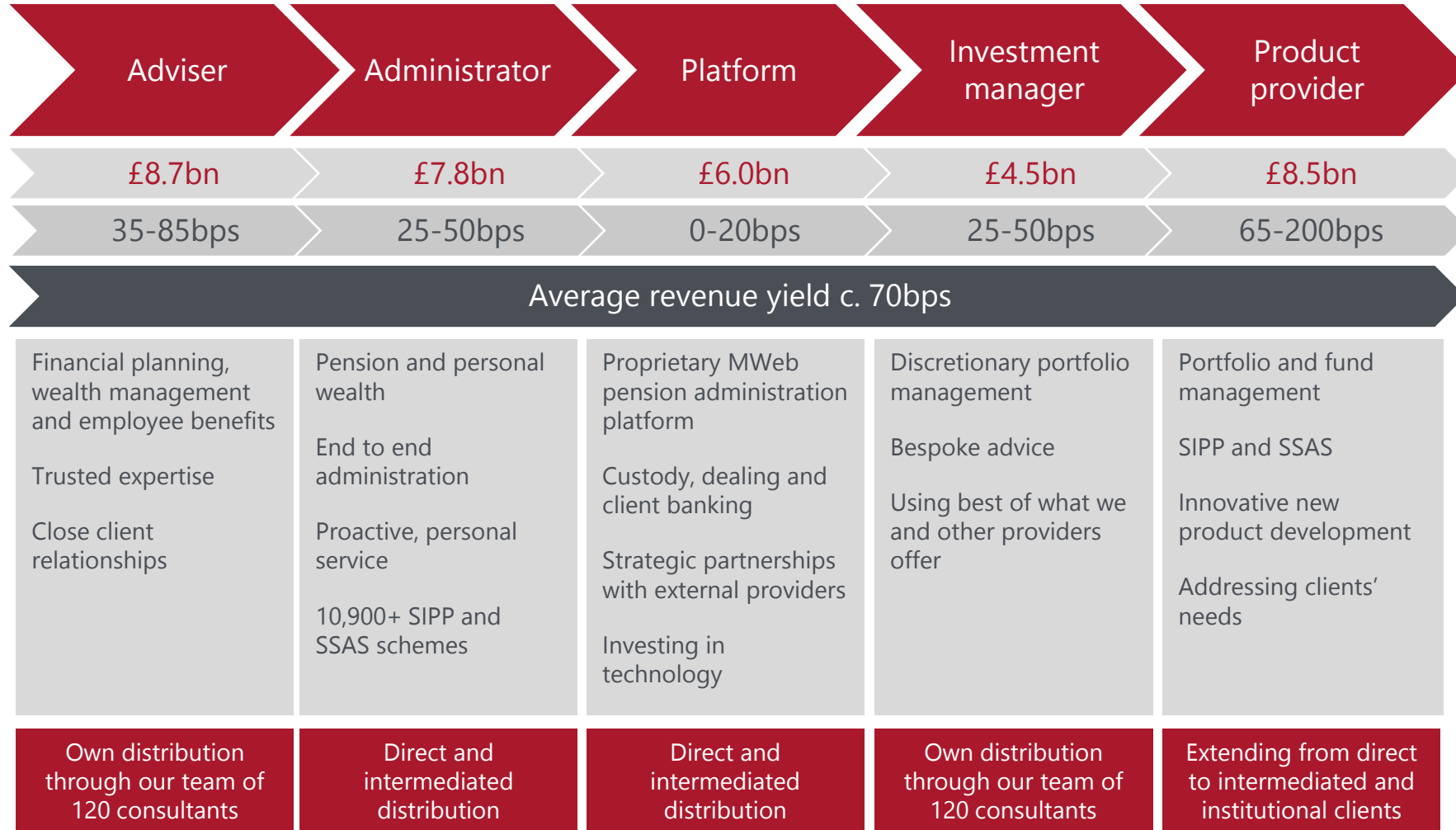
Fully operational throughout lockdown

- Focus on client service
- Quickly expanded remote working
- Proactively engaged with clients via Teams, Zoom and social media
- Client and introducer webinars
- Robust pipeline of new enquiries
- Support of staff underpins strong financial position
- Chose not to take government support

1. Includes £515.8m (2019: £409.0m) of funds under management by the Group's associate, Amati, excluding £54.1m (2019: £31.9m) of Mattioli Woods' client investment and £11.5m (2019: £11.9m) of cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

2. Gross discretionary AuM of £2.6bn (2019: £2.6bn) includes £581.4m (2019: £452.8m) of funds under management by Amati, including Mattioli Woods' client investment and cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

FINAL RESULTS | OUR MODEL

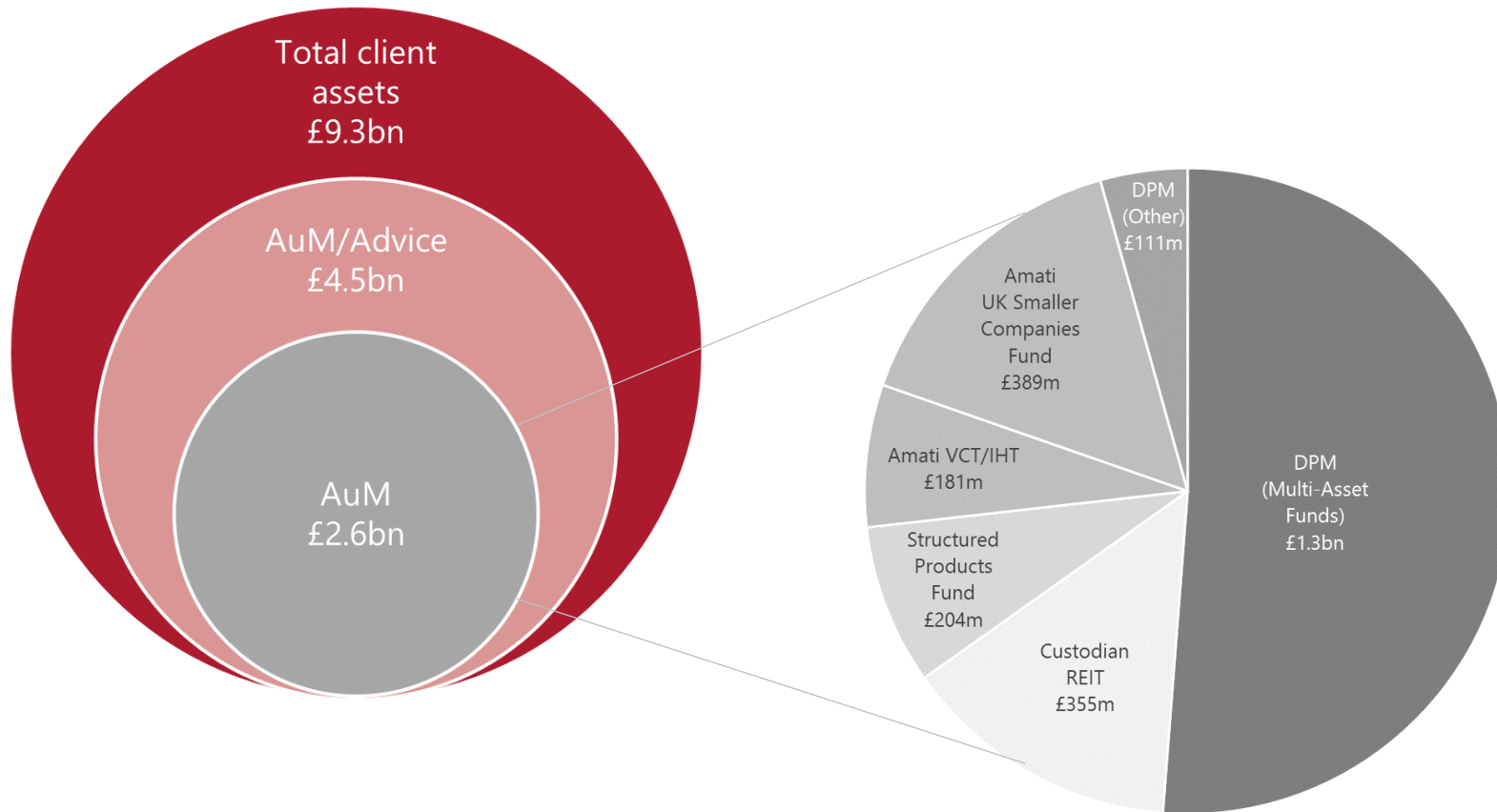


Responsible integration

- Comprehensive offering
- Addressing more of the value chain
- Investing for growth
- Multiple distribution channels
- Cascading wealth through the generations
- Expect decumulation to have a positive impact on Group's results

Using the best of what we and other providers offer to create **great client outcomes**

FINAL RESULTS | CLIENT ASSETS



Sustainable model

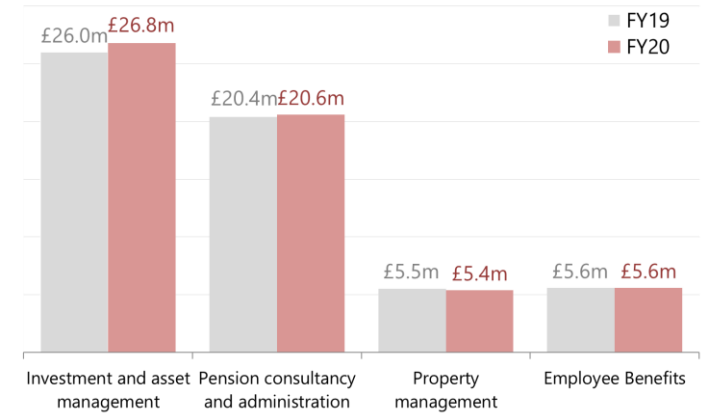
- Strong investment performance relative to market
- Fee-based revenues less sensitive to market performance
- Revenue impact of two lost GPP schemes offset by addition of new corporate clients
- £107m increase in Amati AuM

FINAL RESULTS | SEGMENTAL REVENUE



Resilient fee model

- Recurring revenues 92.1%
- Continued focus on wealth preservation and sustainability
- Organic growth of 1.6% to 3Q20
- £200m (2019: £265m) net inflows into AuM
- +£1.2m revenue from recent acquisitions



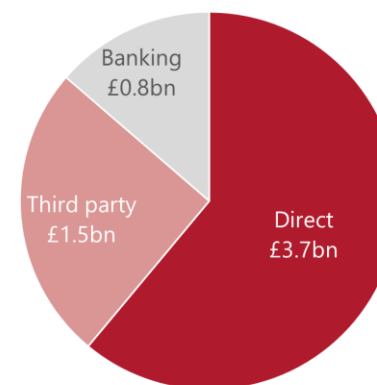
FINAL RESULTS | REVENUE YIELDS

By division	Client assets		Annualised revenue yield	
	2020 £bn	2019 £bn	2020 bps	2019 bps
Wealth Management ¹	7.76	7.78	68	67
Employee Benefits ²	1.02	1.19	55	47
Total (excluding Amati)	8.78	8.97	67	64
By segment ³	£bn	£bn	bps	bps
Pension consultancy and administration	6.03	6.05	34	34
Investment and asset management	3.59	3.66	75	71
Property management	0.47	0.59	116	93

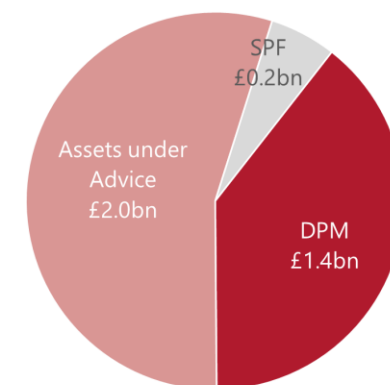
Responsibly integrated

- Allows us to address more of the value chain
- Reducing clients' costs while maintaining revenue yield
- Fall in value of clients assets in 4Q20

Pension consultancy and administration



Investment and asset management

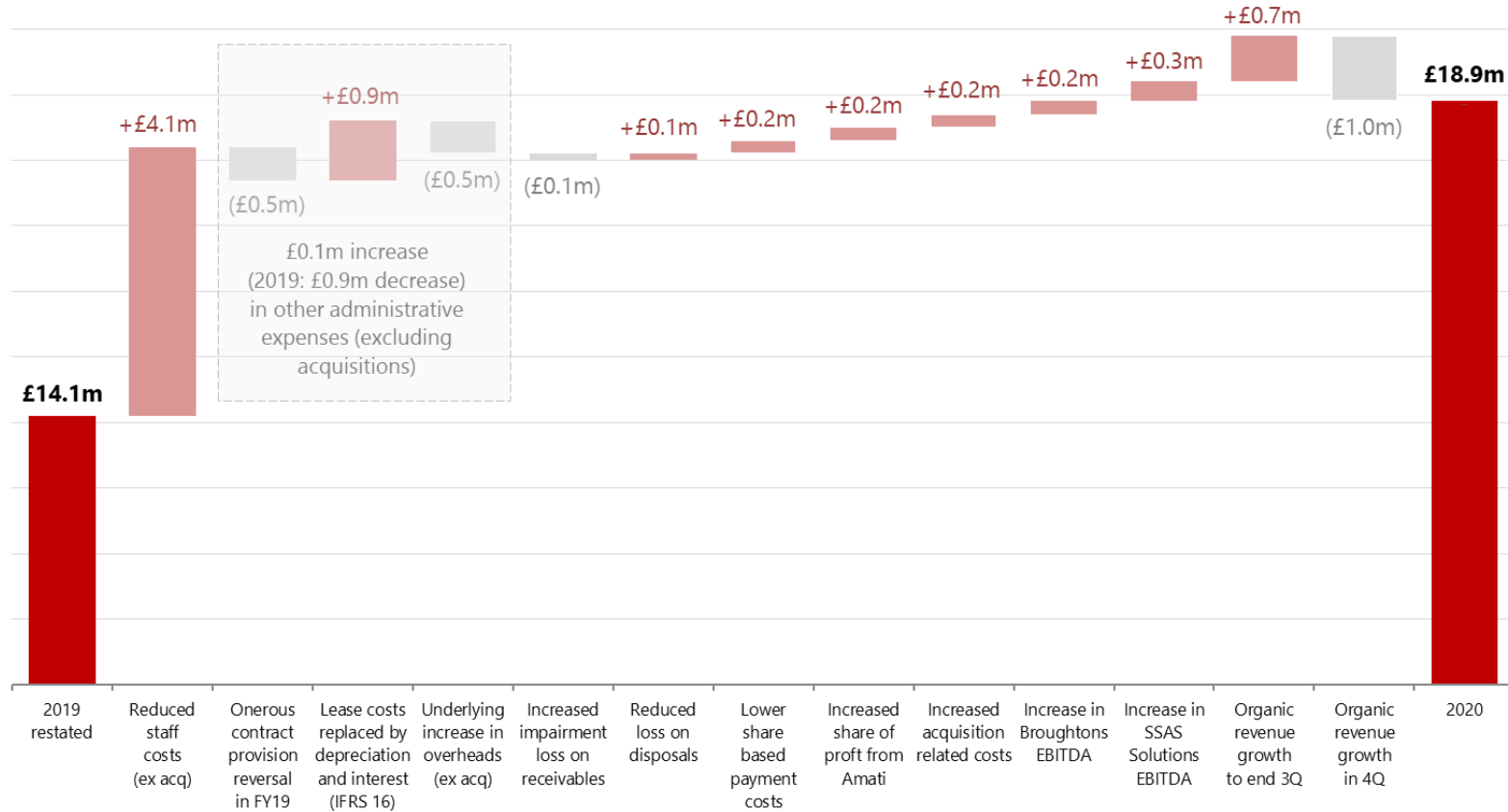


1. Comprises pension consultancy and administration, investment and asset management and property management.

2. Employee benefits revenues are not typically linked to the value of client assets.

3. Certain assets are included in more than one segment (for example, assets under advice held within a client's pension scheme are included in "pension consultancy and administration" and "investment and asset management").

FINAL RESULTS | ADJUSTED EBITDA BRIDGE



Adjusted EBITDA +34.0%

- Adjusted EBITDA margin of 32.4% (2019¹: 24.5%):
 - One-off reduction in bonuses
 - Improved operational efficiency and further cost savings pre and post COVID-19
- 597 (2019: 586) staff at year end:
 - Restructured client facing operations
 - Acquisition of Turris Partnership
 - Staff costs 47.3% of revenue (2019¹: 54.3%)
- Adjusted EPS² +34.4% to 47.7p
- Effective corporation tax rate:
 - Increased to 24.2% (2019¹: 20.1%)
 - Reversal of proposed cut to 17.0% from 1 April 2020 increased deferred tax liabilities
 - Certain marketing costs not tax deductible
- Cash conversion 78% of EBITDA (2019¹: 81%)

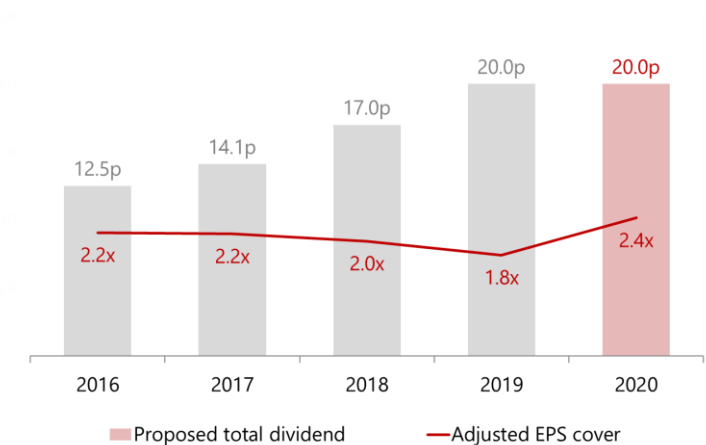
1. Restated.
 2. Basic EPS of up 29.0% to 37.8p (2019 restated: 29.3p). Adjusted profit after tax used to derive adjusted EPS is calculated as adjusted profit before tax less income tax at the standard rate of 19.0% (2018: 19.0%).

FINAL RESULTS | DIVIDEND

- Proposed final dividend of 12.7p (2019: 13.67p):
 - Cash generative business
 - Recognise importance of dividends to shareholders
 - Balanced with payment of staff bonuses in 1H21
- Progressive policy:
 - 14% CAGR in total dividend over last 5 years
 - 21% CAGR in total dividend since IPO
- Well-covered by earnings:
 - 1.9x basic EPS (2019¹: 1.5x)
 - 2.4x adjusted EPS (2019¹: 1.8x)
- Reduced cash flow cover:
 - Introduction of accelerated quarterly tax payments
 - £4.4m (2019: £2.2m) income tax paid in period
 - 1.7x operating cash flow (2019: 2.3x)

Proposed total dividend in line with prior year

- Prudent to protect financial position
- Remain committed to growing the dividend when appropriate to do so



1. Restated.

FINAL RESULTS | RESPONSIBLE AND SUSTAINABLE

- Social responsibility:
 - Modern offices, lower emissions
 - Reducing use of paper through on-line client portal
 - First report on environmental performance of Group's assets
 - 10% of Amati profit donated to charity
 - Total tax contribution of £19.3m (2019: £19.5m)
- Sustainable proposition:
 - Attractive client TERs, with continued focus on value
 - Integrating responsible investment into client portfolios
 - Exploring how to offer clients bespoke "ESG responsible" investment
- Positive culture:
 - Balanced board
 - High percentage share ownership by management and staff
 - Client focus and respect for staff

Enriching the lives of clients and communities we work in

- Positive and decisive response to COVID-19
- Peace of mind is valued
- Client outcomes mean more than just investment performance
- We are diverse and inclusive
- Investing in our people for the longer term
- National charity partner – Alzheimer's Research UK



FINAL RESULTS | THE TRUTH OF A RELATIONSHIP

Your input made a massive difference Amal, and we are both truly grateful.

We are both impressed with April's clarity of advice over the last five months which, added to the regular Mattioli Woods webinars, has kept us well informed and reassured.

It has been business as normal throughout. I've not experienced any problems getting through to anyone.

I have total confidence in you as my financial adviser and I think that Mattioli Woods is the best firm that I have ever dealt with. I will certainly recommend you to others if the situation arises.

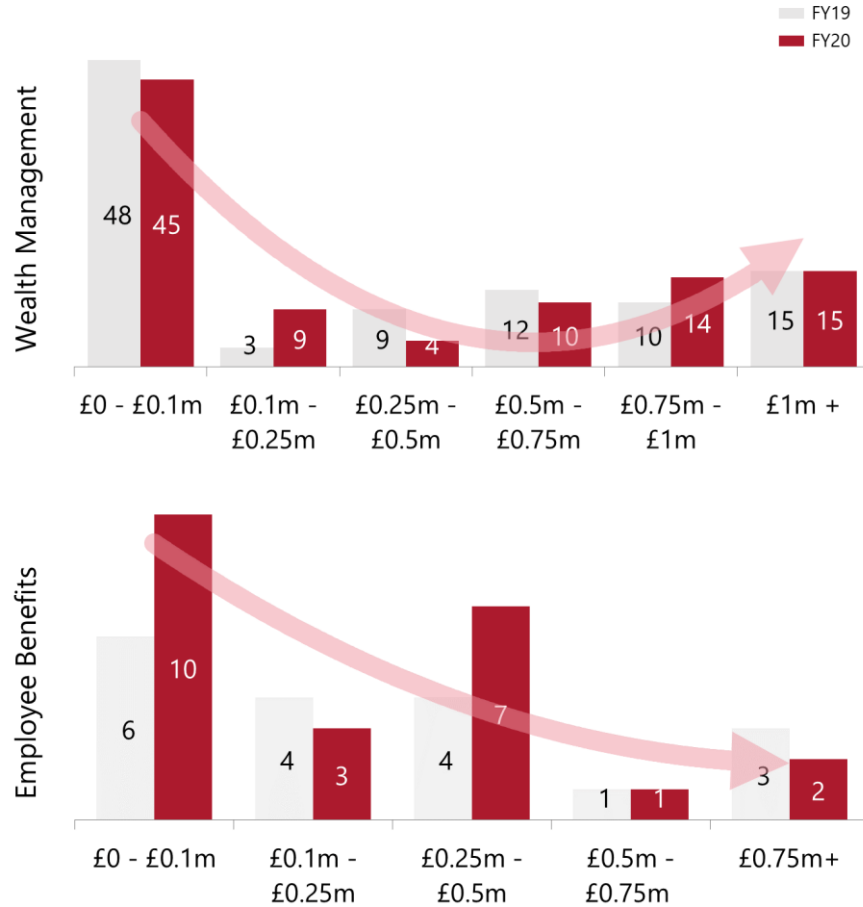
Money already in my bank account. So that was all very efficient!

A note of appreciation for the continued support and regular updates regarding my portfolio during lockdown. I was surprised but very pleased to receive these reports during the difficult period as it gave me a level of assurance and understanding.

"We discover **the truth of a relationship** during a crisis and Nav stepped forward, explaining Mattioli Woods' position and actions being taken. All stated reassuringly in terminology I could understand. I really appreciated the care and consideration with which this was delivered during difficult circumstances. **He was there when I needed him!**"

FINAL RESULTS | CONSULTANCY

Annualised portfolio revenue profiles



Expanding experience

Integrity, expertise and passion

- 120 (2019: 115) consultants¹:
 - Young team, multi-generational cascading of wealth
 - 90 (2019: 84) core consultants
 - New development programme
 - Revisited remuneration strategy
- Capacity for new business:
 - Increased mentoring during COVID-19
 - Apprenticeships
 - Graduate programmes
 - 'Life-served' people
 - Proven training

1. Includes associate consultants and business development managers.

FINAL RESULTS | HURLEY PARTNERS LIMITED

- Total consideration of up to £24.6m:
 - Initial consideration of £10.7m cash plus £5.9m shares
 - Contingent consideration of up to £8.0m
- Compelling rationale:
 - Over £540m of client assets
 - Extends footprint into Surrey
 - Direct equity investment expertise
 - Nine experienced advisers
 - Annual cost savings of circa £0.5m
 - Expected to be earnings enhancing in first full year
- Year ended 30 April 2020:
 - Revenue of £6.0m
 - PBT of £0.91m

Strong cultural fit

- Clients at heart of everything we do
- Personal service
- Knowledge and expertise
- Highest level of staff commitment
- Private client adviser and asset manager
- SSAS administrator

FINAL RESULTS | ACQUISITIONS CRITERIA

Strategic and cultural fit



Enhances client proposition



Enhances distribution



Ability to integrate



Access to technology/IP



Nature and quality of client base



Deliverable synergies



Sustainable margins



Deal structure that mitigates risks



Attractive market

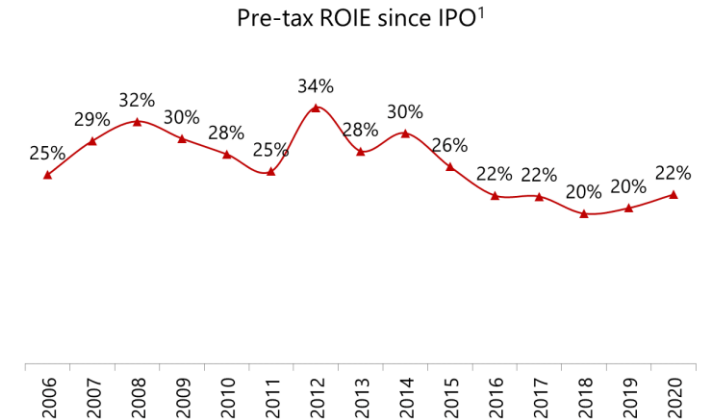
- Key characteristics:
 - Ageing population
 - Highly fragmented
 - Numerous business models
 - Clear economies of scale
 - Centralised investment propositions
 - Increasing regulatory burden
 - Greater fee transparency and margin pressure
- Significant corporate activity:
 - Consolidation
 - New entrants
 - Private equity and financial investors
- Exciting pipeline of opportunities

FINAL RESULTS | ACQUISITIONS

- Over £80m invested since IPO:
 - Completed 24 earnings-enhancing transactions
 - Focus on building shareholder value
- Recent acquisitions performing well:
 - Broughtons Financial Planning
 - SSAS Solutions
 - The Turris Partnership
 - Hurley Partners
- Strategic rationales:
 - Extending geographic footprint
 - Adding scale to existing operations
 - Bringing experienced staff into the Group
 - Promoting broader proposition to acquired clients

Pipeline of opportunities

- Fragmented markets
- Well-defined acquisition criteria
- EPS accretive



1. Return on invested equity, calculated as Cash PBT² divided by equity less intangibles at book value plus intangibles at consideration paid.
2. Profit before taxation, amortisation and impairment of intangibles, share based payments, profit/(loss) on disposals and acquisition-related costs.

FINAL RESULTS | INVESTMENT CASE

- Attractive market and demographic landscape:
 - Business as usual in extraordinary times
 - Providing valuable advice and support
 - Delivering strong investment performance
 - Organic strategy complemented by acquisitions
 - Investing in people, technology and infrastructure
- Responsibly integrated:
 - Positive culture
 - Expanding across the value chain
 - Lowering clients' costs, maintaining focus on quality
- Remaining agile and competitive
- Trading in line with management's expectations

Great client outcomes
lead to **strong retention**
and **sustainable returns**

APPENDICES
Final Results 2020



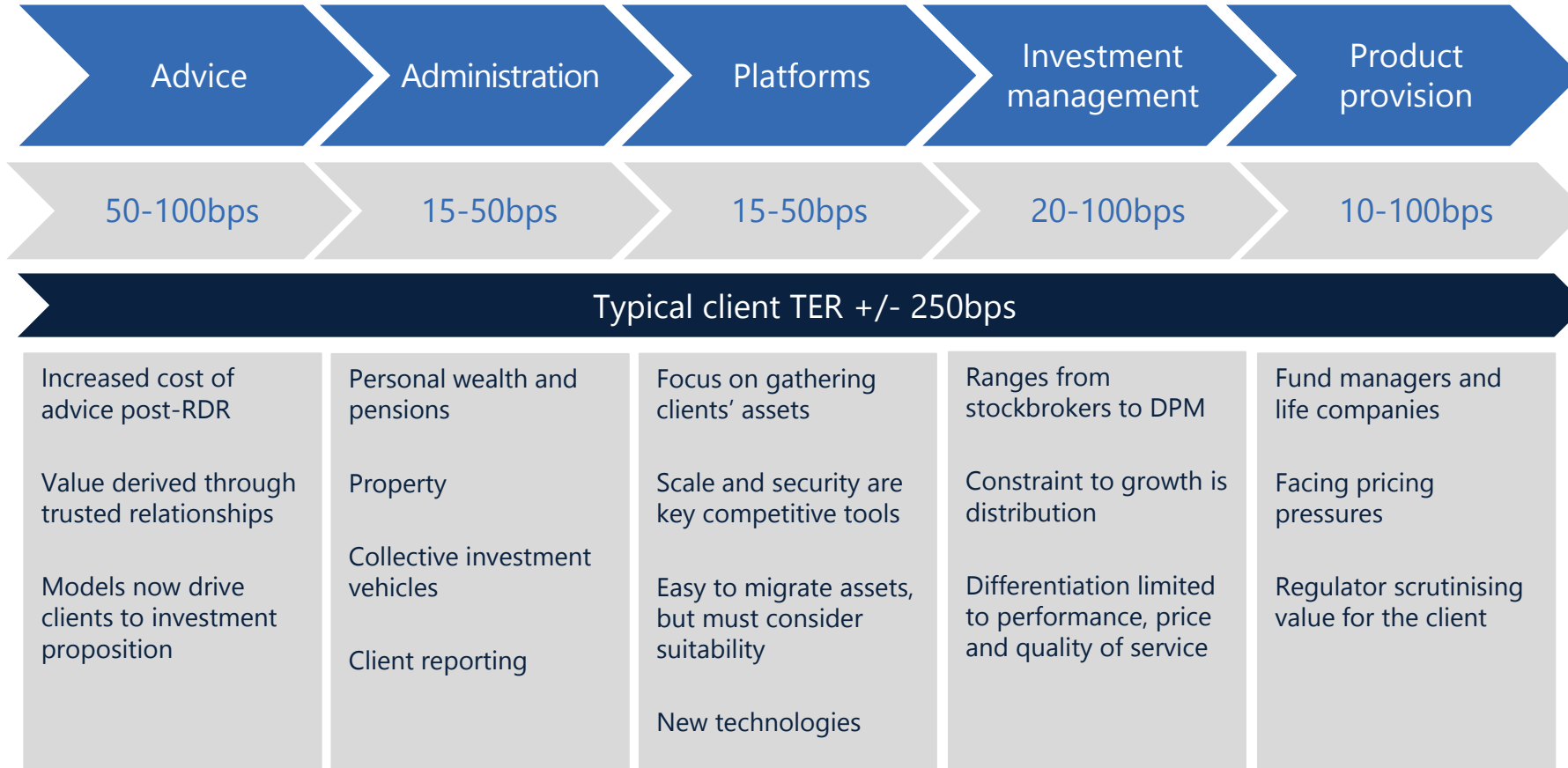
FINAL RESULTS | APPENDICES

- Market landscape
- Income statement and EPS
- Segment results
- Cash flow
- Client assets
- Technology
- Regulation
- Acquisitions

Robust, sustainable model

Allows us to deliver great client outcomes and secure further profitable growth

FINAL RESULTS | MARKET LANDSCAPE



Attractive market and demographic backdrop

- Increasing need and demand for advice
- Underpinned by regulatory and fiscal changes
- Fragmented landscape, with variety of participants within each vertical
- Savings market remains dominated by pensions, but is changing

FINAL RESULTS | INCOME STATEMENT

	2020 £m	2019 (restated) £m	%Δ	Recurring revenues
Investment and asset management	26.8	26.0	+3.1	92.5%
Pension consultancy and administration	20.6	20.4	+1.0	94.7%
Property management	5.4	5.5	-1.8	91.4%
Employee benefits	5.6	5.6	-	81.3%
Revenue	58.4	57.5	+1.6	92.1%
Employee benefits expense	(27.6)	(31.2)	-11.5	
Other administrative expenses ²	(11.5)	(11.0)	+4.5	
Share based payments	(1.3)	(1.5)	-13.3	
Loss on disposal of property, plant and equipment	(0.0)	(0.1)	-100	
EBITDA	17.9	13.6	+31.6	
Share of profit from associates, net of tax	0.6	0.5	+20.0	
Gain on revaluation of Amati option	-	(0.1)	-100.0	
Acquisition-related costs	0.3	0.1	+200.0	
Adjusted EBITDA	18.9	14.1	+34.0	
Depreciation, amortisation and impairment	(5.0)	(4.2)	+19.0	
Net finance costs	(0.2)	(0.0)	+100.0	
Share of profit from associates, net of tax	0.6	0.5	+20.0	
Profit before tax	13.4	9.8	+36.7	
Income tax expense	(3.2)	(2.0)	+60.0	
Profit for the period (PAT)	10.2	7.8	+30.8	

Strong underlying profit growth

High recurring revenues

Exceeding target margins

1. Note certain figures in the table above may not add due to rounding.

2. Includes gain on Amati option and impairment loss on receivables.

FINAL RESULTS | EARNINGS PER SHARE

	Profit 2020 £m	EPS 2020 pps	Profit 2019 (restated) £m	EPS 2019 (restated) pps	△ in EPS
Statutory PBT	13.4		9.8		
Income tax expense	(3.2)		(2.0)		
Statutory PAT / Basic EPS	10.2	37.8	7.8	29.3	+29.0%
Statutory PBT	13.4		9.8		
Amortisation on acquired intangibles	2.1		1.9		
Gain on revaluation of Amati option	-		(0.1)		
Acquisition-related costs	0.3		0.1		
Adjusted PBT	15.8		11.7		
Income tax expense at standard rate	(3.0)		(2.2)		
Adjusted PAT / Adjusted EPS	12.8	47.7	9.5	35.5	+34.4%
Basic weighted average number of shares	26.9m		26.7m		
Effective tax rate	24.2%		20.1%		
Standard rate of tax	19.0%		19.0%		

Adjusted EPS +34.4%

- Like-for-like comparison
- Turriss and Hurley Partners acquisition costs
- £0.75m consideration for cancellation of Amati option
- Effective corporation tax rate:
 - Increased to 24.2% (2019 restated: 20.1%)
 - Reversal of proposed cut to 17.0% from 1 April 2020 increased deferred tax liabilities
 - Certain marketing costs not tax deductible

1. Note certain figures in the table above may not add due to rounding.

FINAL RESULTS | SEGMENT RESULTS

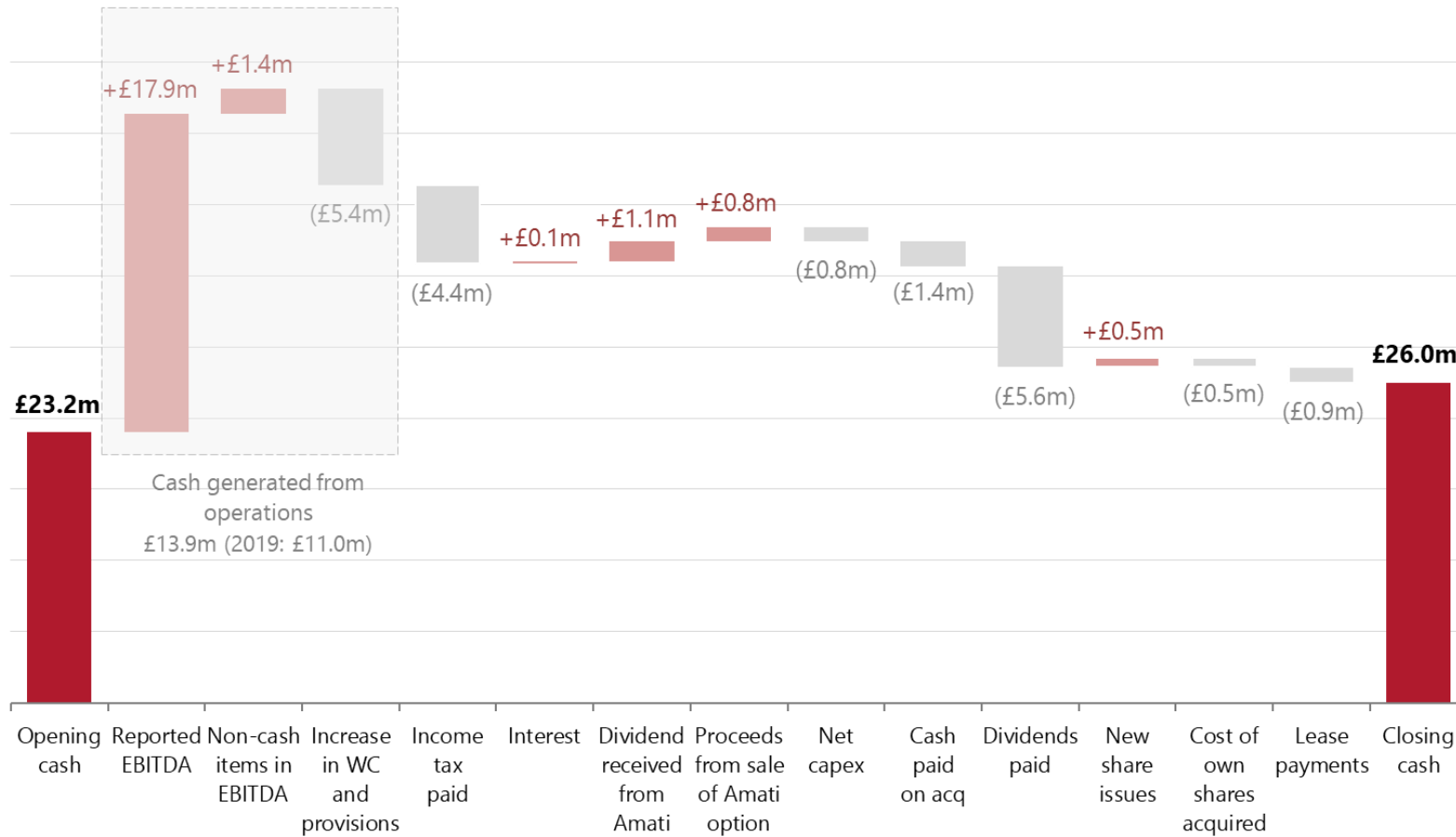
	Investment and asset management £m	Pension consultancy and admin £m	Property management £m	Employee benefits £m	Total segments £m	Corporate costs £m	Consolidated £m
<i>Year ended 31 May 2020</i>							
Revenue	26.8	20.6	5.4	5.6	58.4	-	58.4
Segment profit before tax	9.6	6.5	1.1	1.1	18.4	(5.0)	13.4
Segment margin	36%	32%	20%	20%	32%		23%
<i>Year ended 31 May 2019</i>							
Revenue (restated)	26.0	20.4	5.5	5.6	57.5	-	57.5
Segment profit before tax (restated)	7.2	4.6	0.5	0.8	13.1	(3.3)	9.8
Segment margin (restated)	28%	23%	9%	14%	23%		17%

Revenue synergies

Business referred between segments

1. Note certain figures in the table above may not add due to rounding.

FINAL RESULTS | CASH FLOW



Cash generative

78% of EBITDA converted to cash
(2019 restated: 81%)

- Increase in working capital:
 - £4.6m decrease in payables
 - £0.8m increase in receivables
- £5.6m of dividends paid
- Accelerated tax payments
- £1.4m paid on acquisitions
- £0.8m net capex in period

FINAL RESULTS | CLIENT ASSETS

Total client assets
of £9.3bn

Gross AuM of £2.6bn

Assets under management, administration and advice	SIPP and SSAS £m	Employee benefits £m	Personal wealth and other assets £m	Sub-total £m	Amati ¹ £m	Total £m
At 1 June 2019	6,051.6	1,196.7	1,725.2	8,973.5	409.0	9,382.5
Acquisition of Turriss	-	-	68.4	68.4	-	68.4
Net inflows/(outflows), including market movements	(22.6)	(172.5)	(62.3)	(257.4)	106.8	(150.6)
At 31 May 2020	6,029.0	1,024.2	1,731.3	8,784.5	515.8	9,300.3

Assets under management	DPM £m	Custodian REIT £m	Mattioli Woods SPF £m	Amati £m	Gross AuM £m	Cross- holdings in DPM ² £m	Cross- holdings in Amati funds ³ £m	Net AuM £m
At 1 June 2019	1,394.0	483.3	242.5	452.8	2,572.6	(132.3)	(11.9)	2,428.4
Inflows	173.5	13.9	10.5	159.0	356.9	4.4	0.4	361.7
Outflows	(125.5)	-	(21.8)	(9.3)	(156.6)	-	-	(156.6)
Market movement	(29.4)	(142.7)	(27.2)	(21.0)	(220.3)	-	-	(220.3)
At 31 May 2020	1,412.6	354.5	204.0	581.5	2,552.6	(127.9)	(11.5)	2,413.2

1. Excludes £54.1m (2019: £31.9m) of Mattioli Woods' client investment included within SIPP and SSAS, employee benefits and personal wealth and other assets and excludes £11.5m (2019: £11.9m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

2. Comprises £25.2m (2019: £29.7m) invested in Custodian REIT, £57.6m (2019: £76.6m) in the Mattioli Woods Structured Products Fund and £45.1m (2019: £26.0m) in Amati funds.

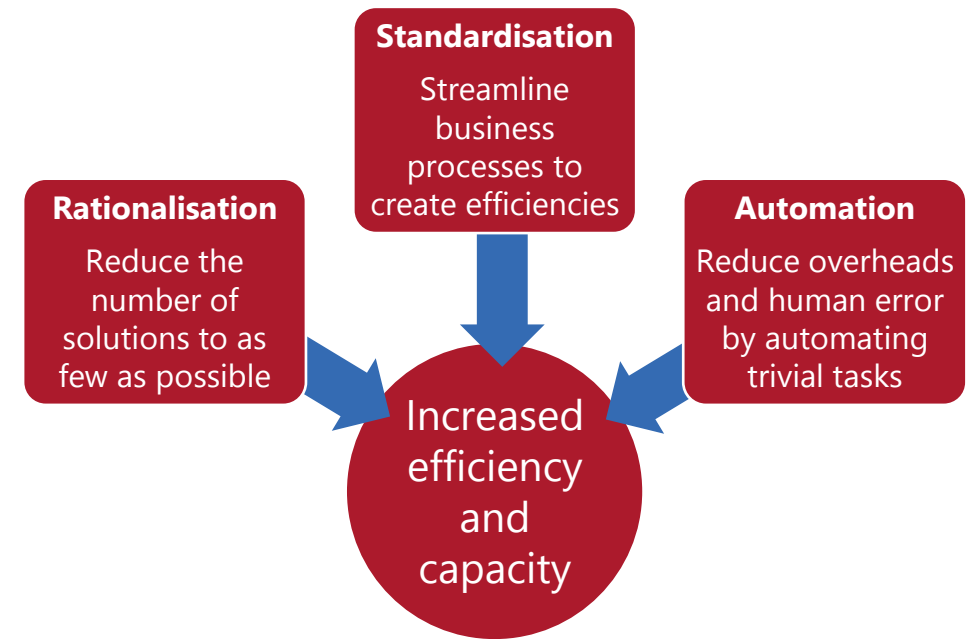
3. Cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

FINAL RESULTS | TECHNOLOGY

- Successful implementations:
 - Consolidation of legacy systems into MWeb
 - Improved governance, audit and testing
 - New MWeb cloud hosted on Azure PaaS
- Further projects to transform landscape:
 - Consolidation of remaining legacy systems
 - Group-wide rollout of Office 365
 - Client portal and app
 - Redesign of investment handling in MWeb
- Key outcomes:
 - All data and services hosted from the cloud
 - Significantly improved security and operational resilience
 - Operational efficiencies and modern working opportunities

Stability, scalability, and agility

One platform, one solution



FINAL RESULTS | REGULATORY CAPITAL

- Strong capital position:
 - Capital resources are 266% of requirement
 - Platform for growth
 - Flexibility to pursue acquisitions
- Common Equity Tier 1 (CET1) capital:
 - Total equity less intangibles and other deductions
- Pillar 1 own funds requirement:
 - Credit risk
 - Market risk
 - Operational risk
 - New regime not expected to materially change requirement
- Pillar 2A requirement:
 - Stress-testing key risks over a one year horizon

Understanding our capital position

Strong balance sheet

	May 2020 £m	May 2019 £m
Regulatory capital		
Net assets at period end	91.6	85.8
Capital deductions	(55.4)	(56.2)
Capital resources ¹	36.2	29.6
Pillar 1 minimum capital requirement	10.7	10.3
Surplus before Pillar 2A	25.5	19.3
Incremental Pillar 2A requirement	2.9	2.0
Regulatory capital requirement	13.6	12.3
Surplus	22.6	17.2
<i>Surplus as % of requirement</i>	<i>166%</i>	<i>141%</i>

1. Capital resources based on Common Equity Tier 1 ("CET1") capital including: shares issued during the period and admitted to CET1 capital following the period end, proposed dividends and retained earnings for the period.

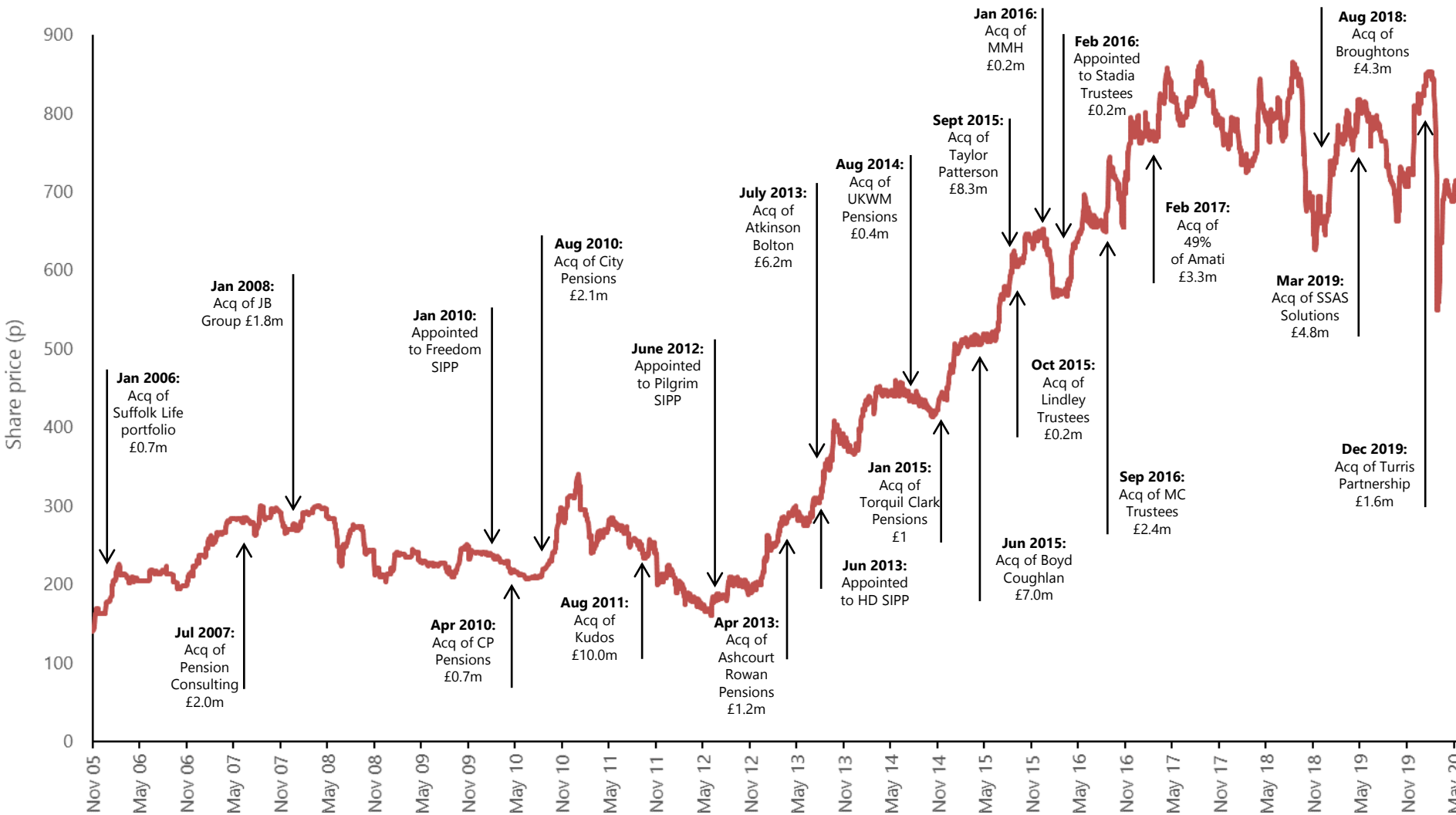
FINAL RESULTS | ACQUISITIONS

Track record of adding value

24 transactions since IPO

Track record of successful integration

£24.6m acquisition of Hurley Partners in July 2020



FINAL RESULTS | DISCLAIMER

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