Mattioli Woods plc

Interim Report 2021/22

We are one of the UK's leading integrated wealth and asset management businesses. Discover Mattioli Woods

Delivering great client outcomes

Clients continue to need long-term advice and strategies more than ever before. We provide quality solutions, maintaining our focus on client service and continuing to adapt our business model to the changing market.

Mattioli Woods plc ("Mattioli Woods", "the Company" or "the Group") is one of the UK's leading integrated wealth and asset management businesses, with total assets under management, administration and advice of £15.1bn. Our core proposition integrates asset management and financial planning to serve the market sector predominantly consisting of mass affluent and high-net-worth individuals including controlling directors and owner-managed businesses, professionals, executives and retirees. Our comprehensive range of employee benefit services is particularly suitable for medium-sized to larger corporates.

The latest online
More details on our investor relations can be found on our website:
mattioliwoods.com

Throughout our history of over 30 years we are proud to have maintained our culture of putting our clients at the core of everything we do, and our focus remains on their wellbeing and the creation and preservation of their wealth. We empathise with our clients, many of whom have been impacted by the challenging conditions brought about by the Covid-19 pandemic. We manage our clients' affairs responsibly, balancing this with the long-term sustainability of our business. Early in the pandemic we ensured we were able to maintain our level of bespoke client service and remained fully operational, resulting in the ability to balance the needs of our existing clients while creating the capacity to deal with higher levels of new business.

We continue to actively manage our fixed and discretionary cost bases, while investing in the recruitment and training required to build capacity for growth and maintain our financial strength.

We remain committed to delivering on our ambitious growth strategy, balancing organic growth and acquisitions, developing our investment proposition, investing in technology and simplifying of core processes and in doing so deliver an improved client experience, great client outcomes and strong, sustainable shareholder returns over the long-term.

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Mattioli Woods in numbers

Financial highlights for six months ended 30 November 2021

Total client assets

£15.1bn

+43%

1H21: £10.6bn

- Key milestone achieved with total client assets of the Group and its associate[1] increasing £4.5bn against the equivalent prior period to £15.1bn, driven by largest acquisitions to date, as seen in Table 1 on page 7.

Revenue

£49.9m

+69.1%

1H21: £29.5m

- Positive contribution from acquisitions of £19.4m (1H21: £2.0m);
- Return of strong organic growth of +11.1% (1H21: -9.6%) adding +£3.1m revenue driven by positive performance in pension consultancy and administration and investment and asset management operating segments; and
- Increased new client wins of 515 (1H21: 316).

Recurring revenues[2]

87.7%

1H21: 94.3% of total revenue

Adjusted EBITDA[3]

£15.8m

+76.9%

1H21: £8.9m

Adjusted EBITDA margin[4]

31.6%

1H21: 30.2%

Operating profit before financing

£2.8m

-26.7%

1H21 restated[5]: £3.9m

- Due to acquisition-related costs.

Adjusted profit before tax[6]

£14.1m

+95.9%

1H21 restated: £7.2m

Adjusted EPS[7]

23.8p

+13.3%

1H21 restated: 21.0p

Basic EPS

3.5p

-69.3%

1H21 restated: 11.4p

Interim dividend

8.3p

+10.7%

1H21: 7.5p

Strong financial position with cash at period end of

£44.3m

1H21: £18.2m

Read more in our Interim business review

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1 Group and its associate includes £1,218.7m (31 May 2021: £1,196.0m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £95.4m (31 May 2021: £94.8m) of Mattioli Woods' client investment and £16.5m (31 May 2021: £17.2m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

2 Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual and fund management charges.

3 Earnings before interest, taxation, depreciation, amortisation, acquisition-related costs, gain on bargain purchase, contingent consideration treated as remuneration and including share of profit from associates (net of tax). All FY21 prior year balances all reported after restatement.

4 Adjusted EBITDA divided by revenue.

5 Restatement to reflect revised accounting treatment of contingent consideration treated as remuneration first captured in FY21.

6 Calculated as profit before tax, adding back amortisation and impairment of acquired intangibles, acquisition-related costs, gain on bargain purchase, contingent consideration treated as an expense and acquisition-related finance expenses.

7 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% (1H21: 19.0%).

Operational highlights and recent developments

- Diversifying revenue mix through integrated model with 48% fee-based revenues[8], not correlated to market performance;
- Gross discretionary assets under management[9] up 55.0% to £5.1bn (31 May 2021: £3.3bn);
- Recent acquisitions performing and integrating well:
  - Maven Capital Partners ("Maven") underlying trading ahead of budget, enhanced by significant Venture Capital Trust ("VCT") and Maven Investor Partner ("MIP") performance fees;
  - Ludlow Wealth Management ("Ludlow") trading ahead of budget since acquisition driven by new business wins, £11m+ invested into the Group's Discretionary Portfolio Management ("DPM") funds; and
  - Recently acquired businesses delivering revenue and cost synergies, including the fully subscribed launch of first co-investment between the Group and Maven, and acquired clients engaging with the Group's investment proposition.
- Continued investment in technology and digital platforms to support integration of acquired businesses and delivery of operational efficiencies in client administration.

Trading outlook

- Outlook for the current year remains in line with management's expectations.
- Continued focus on organic growth complemented by strategic acquisitions with strong pipeline of opportunities.

8 Revenue for the six months ended 30 November 2021 was split 48% (1H21: 54%) fixed, initial or time-based fees and 52% (1H21: 46%) ad valorem fees based on the value of assets under management, advice and administration.

9 Includes £1,330.5m (31 May 2021: £1.308.1m) of funds under management by Amati Global Investors Limited, including Mattioli Woods' client investment and cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

Continued momentum of new business

The first six months of this financial year saw us build momentum in spite of the economic and political complexities that persisted throughout 2021.

"We remain dedicated to our culture of putting clients first, developing our service offering and building a business that is sustainable over the long-term."

Joanne Lake Non-Executive Chairman
Ian Mattioli MBE Chief Executive Officer

During the period, we proactively balanced securing good financial outcomes for our clients with ensuring the long-term sustainability of our business, remaining true to our purpose of putting clients first in all that we do. We are pleased to report further material progress towards our strategic medium-term goals, with total client assets now up 24.4% to a record £15.1bn (31 May 2021: £12.1bn). This also sees the Group pass a significant milestone, delivering on one of our previous strategic goals to manage more than £15bn of client assets.

Revenue of £49.9m was 69% higher than the equivalent period last year (1H21: £29.5m) driven by positive performances in our pensions consultancy and administration, and investment and asset management operating segments. The Group benefits from almost half of revenues being fee-based, rather than linked to the value of assets under management, administration or advice[10], giving our business a revenue profile that is less sensitive to market performance.

Pleasingly, and in support of improved organic growth trends, the number of new clients on-boarded in the first half and net inflows into the Group's investment and asset management services are ahead of the equivalent period last year. This renewed momentum reflects the success of new business initiatives and strength of existing client referrals, with organic revenue growth in excess of 11% for the period, our strongest performance since 2018. These initiatives, alongside our increasingly diversified service offering, have also generated an increased pipeline of new business enquiries.

The eight acquisitions completed since 1 June 2020, including our two largest acquisitions to date: Maven and Ludlow, contributed £19.4m (1H21: £2.0m) of revenue in the period. The contributions from these recent acquisitions, organic growth and continued cost management resulted in adjusted EBITDA up 77% to £15.8m (1H21: £8.9m). Profit before tax of £3.3m (1H21 restated: £4.2m) was down 23% driven by increased acquisition-related costs of £2.6m (1H21: £0.1m), while adjusted profit before tax was up 96% to £14.1m (1H21 restated: £7.2m) after adding back acquisition-related costs, amortisation of acquired intangible assets of £3.3m (1H21: £1.3m) and deferred consideration on acquisitions recognised as an expense under IFRS 3 of £4.6m (1H21: £nil).

We remain dedicated to our culture of putting clients first, developing our service offering and building a business that is sustainable over the long-term. Our focus remains on our clients' wellbeing and the preservation of their wealth. We took positive and decisive action to protect our clients and staff, and to ensure all our core business areas have remained operational throughout the pandemic, balancing the needs of our existing clients while creating the capacity to deal with increased levels of new business. Our investment in technology has enabled our employees to work remotely and meet with clients through alternative channels to the traditional face-to-face meetings. The wellbeing of all our staff remains a key focus with a range of workshops, educational and social forums alongside a dedicated team of support staff.

10 Revenue for the six months ended 30 November 2021 was split 48% (1H21: 54%) fixed, initial or time-based fees and 52% (1H21: 46%) ad valorem fees based on the value of assets under management, advice and administration.

As in prior years, we anticipate that certain revenue and operating costs will be more heavily weighted towards the second half, including those associated with planned recruitment activity, marketing, and increased regulatory, compliance and professional service costs. We continue to review our remuneration structures with changes implemented during 1H22 or planned for the second half of the year, including revisions to the incentivisation of fee-generating consultants and paying discretionary bonuses to other staff. In recognising the current cost of living increases on our team, we initiated a special salary review for which most staff, excluding executives and senior management, received an additional 2% salary increase effective from 1 December 2021. The impact of these changes is not expected to be material in the current financial year and will be mitigated through continued cost management and the delivery of further operational efficiencies.

Our managed funds continue to deliver on their investment objectives, with a combined value of £5.1bn, up 55% on the equivalent prior period end. This includes more than £0.7bn managed by Maven, and £1.3bn managed by the Group's associate company, Amati Global Investors ("Amati"). The Amati team gained further recognition with the Amati AIM VCT being named winner of the VCT AIM Quoted Category at Investment Week's Investment Company of the Year Awards 2021.

We believe the benefits of operating a responsibly integrated business allows us to secure great client outcomes, controlling clients' costs while delivering strong, sustainable shareholder returns over the long-term. In meeting our clients' investment needs we generally use third-parties' funds, but where we have a particular expertise and a more appropriate investment product, we look to meet those needs in-house. This has led to the innovative development of our Private Investors Club and Custodian REIT plc ("Custodian REIT"), and the new Mattioli Woods Responsible Equity ("MW REF") and Property Securities ("MW PSF") Funds launched during the period.

We achieved aggregate net inflows (before market movements) of £267.0m (1H21: £90.3m). Gross discretionary assets under management increased to £5.1bn (31 May 2021: £4.1bn) at the period end, with the value of assets held within our DPM service increasing by 29.9% to £2.5bn (31 May 2021: £2.1bn), of which £127.5m or 5.1% (31 May 2021: £136.9m or 7.0%) is invested within funds managed by the Group and its associates.

New business generated by our growing consultancy team continues to develop at pace. A total of 515 (1H21: 316) new SIPP, SSAS and personal clients with assets totalling £87m (1H21: £79m) chose to use Mattioli Woods during the period reflecting the success of new business initiatives and strength of existing client referrals.

These initiatives are also supporting our pipeline of enquiries with 589 (1H21: 580) opportunities with new business assets totalling £145m (1H21: £169m). Total client assets under management, administration and advice by the Group and its associate reached a new record of £15.1bn at the period end (31 May 2021: £10.6bn).

We believe the benefits of our responsibly integrated model, including the opportunity to secure economies of scale such as lower fund manager and platform charges, will allow us to improve client outcomes and reduce clients' total expense ratios ("TERs") over time without compromising on our service. Covid-19 has accelerated consumer awareness and adoption of technology, with on-demand portfolio visibility now considered a standard. We have partnered with Tiller Group Limited ("Tiller") to develop a streamlined digital investment solution for our discretionary investment management service and anticipate the launch of this service in the second half of the year. We plan further investment in the development of our bespoke MWeb platform and digital client interface, which we believe will attract a new client demographic as well as simplifying existing processes and improving operational efficiency.

In June 2021, we raised £112m of new equity to fund the acquisitions of both Maven and Ludlow which completed in July 2021 and September 2021 respectively, plus a pipeline of smaller bolt-on deals including the acquisition of Richings Financial Management ("Richings"). The acquisition of Maven for up to £100m (including deferred consideration), added scale through the addition of £0.8bn of assets under management ("AuM") to the Group, as well as enhancing the investment proposition and product range for both existing and prospective clients through its range of VCTs, regional funds and MIPs private equity and property deals. The acquisition of Ludlow for up to £43.5m (including deferred consideration), adds a financial planning business with over £1.6bn of assets under advice ("AuA"), giving us critical mass in the north west of England and extending distribution of the Group's services to existing and new clients. The acquisition of Richings in August 2021 added further financial planning and wealth management expertise and approximately £70m of AuA to the Group. Together, these acquisitions give the Group enhanced distribution, product development capability and scale.

Market overview

Growth in the UK retail savings and investment market has accelerated during the Covid-19 pandemic. It remains dominated by pension schemes but is evolving as a result of societal, economic, regulatory and technological changes with investment options covering environmental, social and governance ("ESG") and responsible investment becoming key focuses. In addition, macroeconomic changes brought about by Covid-19, several years of low interest rates and reductions in dividends are creating challenges for people seeking to generate income, while preserving and growing their capital. This provides an opportunity for greater engagement with those individuals seeking the advice and financial planning solutions the Group provides.

Recent FCA consultation papers have proposed a requirement for non-workplace pensions ("NWP") providers to offer ready-made investment solutions or 'default options' designed to take away the need to engage with the underlying investments, to consumers. Proposals also include sending 'cash warnings' to consumers with potentially inappropriate levels of cash in their NWP. We anticipate these proposals will create new growth opportunities within our core pensions business.

There has been a growing awareness of the gap between the level of current UK savings and that which is necessary to provide a reasonable standard of living in retirement. In addition, individuals who have generated substantial personal and family wealth are increasingly seeking solutions that help them fulfil their personal ambitions, and for financial planning advice to succeed wealth across multi-generations. We believe these factors will continue to drive demand for the holistic planning and expert advice we provide.

While we saw a predicted increase in client activity and inflows into our bespoke investment services during the period, we remain conscious that the political and macroeconomic situation could further impact markets and consumer confidence or raise unexpected challenges.

Recent economic data suggests inflationary pressures will be a key feature of the short and medium term which could lead to increased financial and liquidity pressures for individuals and households as wage increases fail to keep pace with inflation. Our business faces similar challenges with wage and cost inflation partially offset by our ability to review pricing arrangements with our clients and realisation of operational efficiencies and economies of scale.

As the demand for high-quality, personalised advice and the potential market for our products and services continues to grow, so do the costs of regulation. As a Group we remained focused on delivering high-quality service, underpinned by strong compliance and in the last financial year, we reported significant increases in Financial Services Compensation Scheme ("FSCS") levies to £1.3m, which we expect to increase to £1.5m for the current financial year.

The Financial Conduct Authority ("FCA") has been proactive in its response to Covid-19, with a focus on firms' operational and financial resilience, including the preservation of client assets and money. The regulator expects firms to take reasonable steps to ensure they continue to meet the challenges the pandemic poses to customers and staff, particularly through their business continuity plans.

We remain confident we have the right structures in place to ensure continued operational resilience of our business and the ability to balance the needs of our existing clients with creating the capacity to deal with increased new business levels.

As regulators focus on protecting consumers, legislation is becoming increasingly stringent and the level of public scrutiny on conduct and cost is increasing, with clients able to view the cost of the services they receive following the introduction of the Markets in Financial Instruments Directive II ("MiFID II") and subsequent additional requirements.

The need to comply with changing regulation, including the new Investment Firms Prudential Regime ("IFPR") which became effective on 1 January 2022 and applies to all UK investment firms authorised under MiFID, means we continue to invest in our people, technology and infrastructure to meet the requirements and build upon our track record to date.

Clients continue to need long-term advice and strategies more than ever before. We will continue to provide quality solutions, maintaining our focus on client service and continuing to adapt our business model to the changing market. Integrating asset management and financial planning builds upon our established reputation for delivering sound advice and consistent investment performance, while providing value for clients.

"We will continue to provide quality solutions, maintaining our focus on client service and continuing to adapt our business model to the changing market. Integrating asset management and financial planning builds upon our established reputation for delivering sound advice and consistent investment performance, while providing value for clients."

Assets under management, administration and advice

Total client assets were £15.1bn as at 30 November 2021 (31 May 2021: £12.1bn) as shown in Table 1.

The £3.0bn or 24.4% increase in total client assets during the period is analysed as:

- The acquisitions of Maven, Ludlow and Richings increased personal wealth and other assets under management and advice by £2.6bn, accounting for 88.1% of the total increase in the period;
- A £150.2m (1H21: £93.5m) increase in SIPP and SSAS funds under trusteeship, with a 0.4% decrease (1H21: 1.85% increase) in the number of schemes being administered at the period end, comprising a 1.0% (1H21: 5.9%) increase in the number of direct[14] schemes to 6,980 (31 May 2021: 6,831) offset by a 2.8% decrease (1H21: 3.9% decrease) in the number of schemes the Group operates on an administration-only basis to 4,043 (31 May 2021: 4,304). In recent years, we have been appointed to operate or wind-up several SIPP portfolios following the failure of their previous operators, with the lower number of schemes due in part to the transfer of certain members of these distressed portfolios to alternative arrangements;
- A £35.4m increase (1H21: £214.2m increase) in the value of assets held in corporate pension schemes advised by our employee benefits business. Revenues in our employee benefits business are not linked to the value of client assets in the way that certain of our wealth management revenue streams;
- A £2,005.2m (1H21: £203.4m) increase in personal wealth and other assets under management and advice, primarily driven by the £1,860.2m added on the acquisitions of Ludlow and Richings in the period. The 111 (1H21: 112) new personal clients won during the period partially offset some natural client attrition, resulting in a 1.6% (1H21: 0.4%) decrease in the number of personal clients[15] excluding the 3,585 added by Maven, Ludlow and Richings, increasing the total number of personal clients to 10,708 (1H21: 6,585) at the period end;
- A £22.6m (1H21: £172.6m) increase in Amati's funds under management (excluding Mattioli Woods' client investment), with the growth in the Strategic Metals Fund to £49.2m (31 May 2021: £25.1m), and IHT portfolio service to £50.1m (31 May 2021: £42.8m) being offset by funds under management in the Amati UK Smaller Companies Fund falling to £965.0m (31 May 2021: £980.9m) at 30 November 2021; and
- The addition of £744.5m assets under management on the acquisition of Maven.

Amati continues to perform strongly following Mattioli Woods' 49% investment which recently marked the fifth anniversary of the association, seeing gross funds under management[16] increase from circa £120m to £1,330.5m (31 May 2021: £1,308.1m) at the period end. The Group's share of its profits for the period increased to £0.9m (1H21: £0.4m) illustrating how the transaction structure has incentivised Amati's management to grow the business.

Trading results

The Group has developed a broader wealth management proposition in recent years, grown from its strong pensions advisory and administration expertise, serving the market sector predominantly comprising mass affluent and high-net-worth individuals including controlling directors and owner-managers, professionals, executives and retirees.

In recent years, the economies of scale associated with the Group's investment operations, together with a continuing focus on improving operational efficiency within the consultancy and administration teams has driven a steady improvement in EBITDA and operating margin, resulting in achievement of our previously stated medium-term margin goal. We expect that this, combined with further organic growth and the positive contribution from recent acquisitions, will result in the achievement of all three of our previously stated strategic goals to have £15bn total client assets, £100m+ revenue and 20%+ operating margin, representing a significant milestone for our business as we continue into our next phase of growth.

Table 1

Assets under management, administration and advice[11]	SIPP and SSAS[12] £m	Employee benefits £m	Personal wealth and other assets £m	Sub-total £m	Amati[13] £m	Private equity mgt £m	Total £m
At 1 June 2021	6,741.1	1,452.1	2,734.2	10,927.4	1,196.1	–	12,123.5
Maven Capital Partners	–	–	–	–	–	744.5	744.5
Ludlow Wealth Management	–	–	1,768.6	1,768.6	–	–	1,768.6
Richings Financial Management	–	–	91.5	91.5	–	–	91.5
Net inflows/(outflows), including market movements	150.2	35.4	145.1	330.7	22.6	–	353.3
At 30 November 2021	6,891.3	1,487.5	4,739.4	13,118.2	1,218.7	744.5	15,081.4

11 Certain pension scheme assets, including clients' own commercial properties, are only subject to a statutory valuation at a benefit crystallisation event.

12 Value of funds under trusteeship in SIPP and SSAS schemes administered by Mattioli Woods and its subsidiaries.

13 Includes £1,218.7m (31 May 2021: £1,196.0m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £95.4m (31 May 2021: £94.8m) of Mattioli Woods' client investment and £16.5m (31 May 2021: £17.2m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

14 SIPP and SSAS schemes where the Group acts as pension consultant and administrator.

15 Includes personal wealth clients with SIPP and SSAS schemes operated by third-parties.

16 Includes £95.4m (31 May 2021: £94.8m) of Mattioli Woods' client investment and £16.5m (31 May 2021: £17.2m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

Revenue
Group revenue of £49.9m (1H21: £29.5m) was up 69.1% with organic revenue growth of +11.1% (1H21: (9.6%)) boosted by a full six months' contribution from the acquisitions of Hurley Partners, Montagu, Pole Arnold and Caledonia Asset Management in the prior year plus five months' of Maven and three months' of Ludlow and Richings, with total revenue from recent acquisitions totalling £19.4m (1H21: £2.0m).

Employee benefits expense
The major component of the Group's operating costs is our employee benefits expense of £27.1m (1H21: £15.2m) representing 54.2% of revenue (1H21: 51.7%). The realisation of operational efficiencies and securing economies of scale, in part through the integration of acquired businesses and clients, are key elements of our aim to reduce clients' TERs. We planned and delivered increased average consultant and client relationship manager caseloads during the period where the majority of our team continued to work remotely. This was achieved partly through the migration of acquired pension portfolios onto our bespoke MWeb administration platform, reaping some of the benefits of our historic investment in technology which facilitated increased automation of client administration, and a seamless transition to remote working for our employees supported by a small core office-based team.

A key element of the year-on-year increase relates to the impact of recent acquisitions, with employee benefits expenses increasing as a percentage of revenue following the introduction of revised remuneration arrangements for fee-generating consultants and increased staff bonus accruals. A series of profitable exits in the first half saw Maven earn £2.7m of VCT and Maven Investor Partners performance fees, with the share of performance fees payable to the Maven team offsetting lower than expected staff costs due to a number of planned recruitment roles remaining unfilled at the period end.

The impact of recent acquisitions, together with the planned recruitment of client relationship managers, consultants, IT developers, compliance and support staff, resulted in the Group's total headcount increasing to 832 (1H21: 642) at 30 November 2021.

The number of fee-generating consultants increased to 183 (1H21: 131) at the period end driven primarily by the impact of acquisitions. We continue to invest in our people and training across the Group, with the aim of delivering further operational efficiencies by simplifying our processes and creating capacity for future growth. We invested a further £1.0m in our strategic technology partner, Tiller, increasing the Group's shareholding from 4.0% to 9.9%, as we continue to develop our digital investment platform.

Other administrative expenses
Other administrative expenses increased by 88.5% to £9.9m (1H21: £5.3m) driven by the impact of business acquisitions plus increased professional, insurance and compliance costs being offset by savings resulting from reduced marketing activity, staff travel and office occupancy.

We continue to assess strategic opportunities to grow the Group through both smaller bolt-on acquisitions and more substantial opportunities, provided they meet our strict investment criteria and due diligence procedures. During the period we progressed a more substantial project with a partner operating in a similar market but were unable to conclude a transaction of sufficient benefit to the Group's stakeholders. Professional service costs of £1.4m were incurred during the period on this project, with total costs expected to be c.£2.0m.

Other administrative expenses in the first half included acquisition-related costs for Maven, Richings and Ludlow. These costs relate to corporate actions rather than underlying trading performance and are therefore excluded from alternative performance measures shown in this report.

Share based payments
Share based payment costs of £0.6m (1H21: £0.7m) were marginally lower than the prior year due to fewer new options being awarded under the Mattioli Woods 2010 Long Term Incentive Plan ("the LTIP") during the period.

"We remain confident we have the right structures in place to ensure continued operational resilience of our business and the ability to balance the needs of our existing clients with creating the capacity to deal with increased new business levels."

Net finance costs

The Group maintained a positive net cash position throughout the period, with net finance costs of £0.4m (1H21 restated: £0.1m) reflecting increased notional finance charges from the unwinding of discounts on deferred consideration payable of £0.4m (1H21 restated: £0.1m).

Taxation

The effective rate of taxation on profit on ordinary activities was 48.0% (1H21 restated: 25.3%), above the standard rate of tax of 19.0% (1H21: 19.0%), primarily due to certain contingent consideration arrangements on acquisitions now accounted for as remuneration and other acquisition-related expenses being non-deductible for tax purposes.

The net deferred taxation liability carried forward at 30 November 2021 increased to £28.1m (1H21: £5.6m) as a result of recent acquisition activity increasing the value of intangible assets recognised, with the liability further increased following the revaluation of deferred tax balances at 31 May 2021 at the increased standard rate of tax of 25.0% which will be effective from 6 April 2023.

Restatement of acquisition accounting

As disclosed in our Annual Report for the year ended 31 May 2021, the accounting treatment for acquisitions with contingent consideration payable under certain circumstances has been retrospectively corrected. In the case of five acquisitions completed in prior periods, contingent consideration is now recognised as remuneration in the income statement, accrued over the contingent consideration period.

Accordingly, we restated our prior period accounts, as shown in the comparative numbers within the financial statements. Further details are provided in our Annual Report for the year ended 31 May 2021 and in Note 2. Further, this revised accounting treatment does not have an impact on underlying performance.

Alternative performance measures

The Group has identified certain measures it believes will assist in the understanding of the performance of the business. Recurring revenues, adjusted EBITDA, adjusted EBITDA margin, adjusted profit before tax ("adjusted PBT"), adjusted profit after tax ("adjusted PAT") and adjusted EPS are non-GAAP alternative performance measures, considered by the Board to provide additional insight into business performance compared with reporting the Group's results on a statutory basis only.

These alternative performance measures may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. However, the Board considers them to be important measures for assessing underlying performance, used widely within the business and by research analysts covering the Company.

Supporting calculations for alternative performance measures and reconciliations between alternative performance measures and their IFRS equivalents are set out in Note 18.

Profitability and earnings per share

Profit before tax of £3.3m (1H21 restated: £4.2m) was down 22.8%, with adjusted profit before tax up 95.9% to £14.1m (1H21 restated: £7.2m), driven by increased revenues together with additional efficiencies and cost savings realised. The adjusted profit before tax measure also includes adjustments made for acquisition-related costs of £2.6m (1H21: £0.1m), amortisation charges on acquired intangible assets of £3.3m (1H21: £1.3m) and the recognition of contingent consideration as an expense under IFRS 3 of £4.6m (1H21: £nil). Operating profit before financing of £2.8m (1H21 restated: £3.9m) was down 26.7% whereas adjusted EBITDA, adjusted for acquisition-related costs and contingent consideration recognised as an expense, was up 76.9% to £15.8m (1H21 restated: £8.9m), with adjusted EBITDA margin of 31.6% (1H21 restated: 30.2%). We expect additional expenditure on planned recruitment, IT investment, staff bonuses, marketing and regulatory and compliance costs in the second half of the year.

The Board considers adjusted EBITDA to be a relevant measure for investors who want to understand the underlying profitability of the Group, adjusting for items that are non-cash or affect comparability between periods as seen in Table 2.

Table 2

	1H22 £m	1H21 Restated £m
Statutory operating profit before financing	**2.8**	3.9
Amortisation of acquired intangibles	**3.3**	1.3
Amortisation of software	**0.2**	0.1
Depreciation	**1.4**	1.5
EBITDA	**7.7**	6.8
Share of profit from associates, net of tax	**0.9**	0.4
Acquisition-related costs	**2.6**	0.1
Deferred consideration as remuneration	**4.6**	1.5
Adjusted EBITDA[17]	**15.8**	8.9

17 Figures in table may not add due to rounding.

Adjusted PBT, adjusted PAT and adjusted EPS are additional measures the Board considers to be relevant for investors who want to understand the underlying earnings of the Group, excluding items that are non-cash or affect comparability between periods as seen in Table 3.

Client portfolios acquired through business combinations are recognised as intangible assets. The amortisation charge for the period of £3.3m (1H21: £1.3m) associated with these intangible assets has been excluded from adjusted PAT and adjusted EPS because the Board reviews the performance of the business before these charges, which are non-cash and do not apply evenly to all business units.

Adjusted EPS increased by 13.3% to 23.8p (1H21 restated: 21.0p), while basic EPS of 3.5p (1H21 restated: 11.4p) reduced by 69.3%. EPS was negatively impacted by a higher effective tax rate of 48.0% (1H21 restated: 25.3%), and the issue of 128,425 (1H21: 266,908) shares under the Company's share plans. There were 5,325,705 shares (1H21: 842,666) issued as consideration for acquisitions during the period, and 16,969,697 shares (1H21: nil) shares issued as part of a placing. Diluted EPS was 3.5p (1H21 restated: 11.3p).

Dividends

The Board is pleased to announce an increased interim dividend of 8.3p per share (1H21: 7.5p) up 10.7%, demonstrating our desire to deliver value to shareholders and confidence in the financial outlook for our business. The Board remains committed to growing the dividend, while maintaining an appropriate level of dividend cover. The interim dividend will be paid on 25 March 2022 to shareholders on the register at the close of business on 18 February 2022, having an ex-dividend date of 17 February 2022.

The Company offers its UK and Channel Islands' resident shareholders the option to invest their dividends in a Dividend Reinvestment Plan ("DRIP"). The DRIP is administered by the Company's registrar, Link Group ("Link"), which uses cash dividend payments to which participants in the DRIP are entitled to purchase shares in the market, which means the Company does not need to issue new shares and avoids diluting existing shareholdings.

For the DRIP to apply to the interim dividend for the six months ended 30 November 2021, shareholders' instructions must be received by Link by close of business on 4 March 2022.

Cash flow

Cash balances at 30 November 2021 totalled £44.3m (1H21: £18.2m). Cash generated from operations was £4.5m or 58.4% of EBITDA (1H21 restated: £6.6m or 97.1%), driven by an increase in the Group's working capital requirement[19] of £8.4m (1H21 restated: £2.5m) comprising:

- £3.4m (1H21: £1.9m) decrease in trade and other payables primarily due to:
  - £2.5m (1H21: £1.8m) decrease in accruals and deferred income including £0.1m decrease in accrued bonuses (£5.5m paid offset by £5.4m accrued), £0.4m increase of acquisition-related costs accrued, £1.0m decrease from property insurance renewal premiums invoiced in the period, £1.1m from other decreases on payment of accrued balances and £0.6m decrease in deferred income on fees issued annually in advance to certain clients;
  - £1.3m (1H21: £0.2m) decrease in social security and other taxes outstanding, of which £0.9m relates to acquired liabilities of Maven and Ludlow settled post-acquisition; and
  - £0.2m increase (1H21: £0.2m) in trade payables; plus
- £1.7m increase (1H21: £0.4m decrease) in trade and other receivables, primarily due to:
  - £0.8m of performance fees invoiced before the end of the period;
  - £0.5m increase in property management fees invoiced to Custodian REIT and other property syndicates in November 2021; and
  - £0.4m increases in other invoiced revenues compared to prior year; plus
- £3.3m (1H21 restated: £1.0m) decrease in provisions, primarily due to:
  - £3.5m of contingent consideration recognised as an expense paid in the period; and
  - £0.2m increase across other provisions, including increases in the provisions for client claims and employers' NIC on share options.

Table 3

	Profit 1H22 £m	EPS 1H22 pps	Profit 1H21 Restated £m	EPS 1H21 Restated pps
Statutory profit before tax	3.3		4.2	
Income tax expense	(1.6)		(1.1)	
Statutory profit after tax / Basic EPS	1.7	3.5	3.2	11.4
Statutory profit before tax	3.3		4.2	
Amortisation of acquired intangibles	3.3		1.3	
Acquisition-related costs	2.6		0.1	
Acquisition-related notional finance costs	0.4		0.0	
Deferred consideration as remuneration	4.6		1.5	
Adjusted PBT	14.1		7.2	
Income tax expense at standard rate	(2.7)		(1.4)	
Adjusted PAT / Adjusted EPS[18]	11.5	23.8	5.8	21.0

18 Figures in table may not add due to rounding.

19 Working capital defined as trade and other receivables less trade and other payables and financial liabilities and provisions.

Adjusted cash generated from operations[20], which excludes items related to the Group's acquisition activities, increased by 48% to £11.0m (1H21 restated: £7.4m), representing 69.6% of Adjusted EBITDA (1H21 restated: 83.1%).

Net cash outflows from investing activities increased to £66.2m (1H21 restated: £9.4m) with £64.0m (1H21: £8.4m) of initial consideration paid on acquisitions completed in the period. Investing activities also included £1.1m (1H21: £nil) of other investments, including an increased stake in the Group's technology partner Tiller.

Net cash from financing activities resulted in an £85.6m inflow (1H21: £3.8m outflow), with proceeds from the issue of share capital of £109.0m (1H21: £0.3m) following the placing of new Ordinary Shares in June 2021. This inflow was partially offset by the repayment of Ludlow's borrowings post-acquisition of £15.9m (1H21: £nil) and dividends paid of £6.8m (1H21: £3.5m) driven by the increased number of shares in issue following the placing and the dividend per share paid increasing in line with the Group's progressive dividend policy.

Regulatory capital

The Group's regulatory capital requirement has increased in recent years. In addition, the Group's capital resources are reduced when it makes acquisitions due to the requirement for intangible assets arising on acquisition to be deducted from Tier 1 Capital.

In January 2022, the introduction of the Investment Firm Prudential Regime ("IFPR") removed reliefs on the deduction of deferred tax assets and significant investments in financial services entities in the calculation of the Group's Core Equity Tier 1 ("CET1") Capital. If the IFPR had been in force at 30 November 2021 the Group's CET1 Capital would have been reduced by £4.8m.

The Group continues to enjoy significant headroom of £29.5m at 30 November 2021 on its regulatory capital requirement of £17.6m, with completion of the fundraise in June 2021 enabling us to pursue further acquisition opportunities.

Segmental review

The mix of income derived from the Group's five key revenue streams changed during the period, summarised as follows:

- 46.9% investment and asset management (1H21: 51.7%);
- 19.9% pension consultancy and administration (1H21: 30.7%);
- 21.8% private equity management (1H21: nil);
- 6.0% property management (1H21: 8.4%); and
- 5.4% employee benefits (1H21: 9.2%).

We aim to operate a seamless structure, allowing us to cover all aspects of wealth management and employee benefits.

Investment and asset management

Investment and asset management revenues generated from advising clients on both pension and personal investments increased 53.6% to £23.4m (1H21: £15.3m).

The Group's gross discretionary AuM, including the multi-asset funds which now sit at the heart of our DPM service, Custodian REIT, Individual Structured Products ("MW ISPs") and the funds managed by Maven and our associate company, Amati, increased by 25.3% to £5.1bn (31 May 2021: £4.1bn) as shown in Table 4.

Income from both initial and ongoing portfolio management charges increased to £13.8m (1H21: £10.3m) with £417.5m (1H21: £72.4m) of inflows into our DPM service during the period.

Fees for services provided by Custodian Capital to Custodian REIT are included in the 'property management' segment. Annual management charges on the MW SPF fell to £0.1m (1H21: £0.6m) due to the closure of the fund during the period.

The new MW PSF and MW REF both launched in August 2021 with net inflows of £31.0m and £5.4m in the period.

Table 4

Assets under management	DPM £m	Custodian REIT £m	MW SPF £m	MW PSF £m	MW REF £m	Amati £m	Maven £m	**Gross AuM £m**	Cross-holdings in DPM[21] £m	Cross-holdings in Amati funds[22] £m	**Net AuM £m**
At 1 June 2021	2,143.1	408.0	197.5	–	–	1,308.1	–	**4,056.6**	(144.0)	(17.2)	**3,895.4**
Acquisitions	–	–	–	–	–	–	747.9	**747.9**	–	–	**747.9**
Inflows	417.5	20.3	–	31.0	5.4	102.2	3.6	**579.9**	–	–	**579.9**
Outflows	(100.7)	–	(195.1)	(0.0)	(0.2)	(13.8)	(3.1)	**(312.9)**	16.5	0.8	**(295.6)**
Market movements	63.2	17.6	(2.3)	0.0	(0.1)	(66.0)	–	**12.4**	–	–	**12.4**
At 30 November 2021	2,523.0	445.9	–	31.0	5.1	1,330.5	748.4	5,083.9	(127.5)	(16.4)	4,940.0

20 Cash generated from operations before acquisition-related costs paid and contingent remuneration paid.

21 Comprises £15.1m (31 May 2021: £26.6m) invested in Custodian REIT, £nil (31 May 2021: £44.0m) in MW SPF, £31.2m (31 May 2021: £nil) in MW PSF and £72.0m (31 May 2021: £73.3m) in Amati funds.

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

Adviser charges based on gross assets under advice of £3.7bn (1H21: £2.3bn) increased to £9.5m (1H21: £4.3m), with the higher revenue margin from acquisitions partially offset by us continuing to reduce clients' charges and TERs, particularly on those assets invested in Custodian REIT, the MW PSF, MW REF and Amati funds.

Growth in total assets under management and advice continues to underpin the quality of earnings with the proportion of the Group's total revenues which are recurring being 93.5% (1H21: 94.3%) across all segments. Notwithstanding our fee-based advisory model, as with other firms, these income streams are linked to the value of funds under management and advice and are therefore affected by the performance of financial markets.

Pension consultancy and administration

Pension consultancy and administration revenues increased 8.5% to £9.9m (1H21: £9.1m), of which 7.2% was organic growth, with the total number of SIPP and SSAS schemes administered by the Group decreasing 0.8% to 11,023 (1H21: 11,135), with a 2.3% reduction in the number of schemes operated on an administration-only basis.

Direct[23] pension consultancy and administration fees increased by 11.8% to £8.1m (1H21: £7.2m). Retirement planning remains central to many of our clients' wealth management strategies and the number of direct schemes increased to 6,980 (1H21: 6,831), with 209 new schemes gained in the first half of the year (1H21: 170). Our focus remains on the quality of new business, with the value of a new scheme averaging £0.3m (1H21: £0.3m). We also enjoy strong client retention, with an external loss rate[24] of only 1.1% (1H21: 1.1%) and an overall attrition rate[25] of 1.8% (1H21: 1.9%).

The number of active SSAS and SIPP schemes the Group operates on an administration-only basis decreased to 4,043 (1H21: 4,304) at the period end. In prior years the Group has been appointed to administer a number of SIPPs following the previous operators' failure. Work continues in connection with schemes previously administered by Stadia Trustees Limited, HD Administrators, Pilgrim Trustees Services Limited and The Freedom SIPP Limited, but due to a lower level of transactional activity and the payment of compensation from the FSCS direct to individuals, rather than their pension schemes, third party administration fees of £1.7m (1H21: £1.8m) fell by 4.9%.

The Group's banking revenue was £0.02m (1H21: £0.02m), with the Bank of England maintaining base rate of 0.1% since March 2020. Recently announced base rate increases provide an opportunity to increase the Group's banking revenue with clients' cash balances being higher than in prior periods.

Segment margin improved to 28.8% (1H21: 25.2%) with new business, fee-based and transactional activity ahead of the same period in the prior year, supported by operational efficiencies and savings realised through continued cost management.

We anticipate continued regulatory scrutiny of the pension market, with certain other SIPP and SSAS operators having been in the spotlight due to issues arising with DB transfers and esoteric and non-standard investments. However, the market opportunity continues to be strong, with SIPP and SSAS arrangements still benefitting from the introduction of the pension freedoms and being favoured as a way of allowing individuals to have greater access, control, flexibility and responsibility over their pension savings. SIPPs are increasingly the pension vehicle of choice for the mass affluent and having been appointed to administer SIPPs previously operated by a number of failed operators in recent years we anticipate there may be similar opportunities over the next few years.

We like to see our clients withdrawing funds to enjoy in their retirement. Following the introduction of pension freedoms, we anticipate there will be some natural outflows from our clients' SIPP and SSAS schemes, particularly as the 'baby boomer' generation reaches retirement. We expect any such decumulation to have a positive impact on the Group's results, linking-in with the provision of advice around the cascading of wealth through the generations, inheritance tax and other planning.

23 SIPP and SSAS schemes where Mattioli Woods acts as pension consultant and administrator.

24 Direct schemes lost to an alternative provider as a percentage of average scheme numbers during the period.

25 Direct schemes lost as a result of death, annuity purchase, external transfer or cancellation as a percentage of average scheme numbers during the period.

Private equity management

Private equity management represents a new business segment for the Group following the acquisition of Maven during the period. Maven AuM totalled £748.4m at the period end with revenues recognised during the period of £10.8m augmented by performance fees on exits from VCT and MIP deals being ahead of the acquisition plan financials, together with increased arrangement and monitoring fees on both VCT and MIP deals.

We have already realised a number of cross-sell revenue synergies, including our first co-investment between qualifying Mattioli Woods and Maven clients which was over subscribed, and we plan to launch further such opportunities in the second half.

Property management

Property management revenues increased by 21.9% to £3.0m (1H21: £2.5m), with Custodian Capital's assets under management and administration increasing to £551.5m (1H21: £479.6m) at the period end following the increase in market values. Most of our property management revenues are derived from the services provided by Custodian Capital to Custodian REIT, which currently offers a fully covered dividend yield of 5.1%[26] coupled with the potential for capital growth from a balanced portfolio of real estate assets.

In addition, Custodian Capital continues to facilitate direct property ownership on behalf of pension schemes and private clients and also manages our "Private Investors Club", which offers alternative investment opportunities to suitable clients by way of private investor syndicates. As previously announced we decided to pause new opportunities being offered to clients during the last financial year due to the impact of Covid-19 on risk appetites. However, there continues to be strong client interest in this initiative with new opportunities planned for launch in the second half. No new syndicates were launched (1H21: one) or funds invested (1H21: £2.5m) during the period.

Employee benefits

Employee benefits revenues remained in line with the prior year at £2.7m (1H21: £2.7m) with new client growth of 6.7% achieved in the period to 785 (1H21: 736) clients. New client wins are spread across a number of sectors ensuring our portfolio of corporate clients remains stable and well diversified.

Employers are increasingly encouraging staff wellbeing and retirement savings, which we expect to drive sustained growth in the UK employee benefits market, and we believe the Government's emphasis on workplace advice represents an opportunity for us to realise synergies between our employee benefits and wealth management businesses.

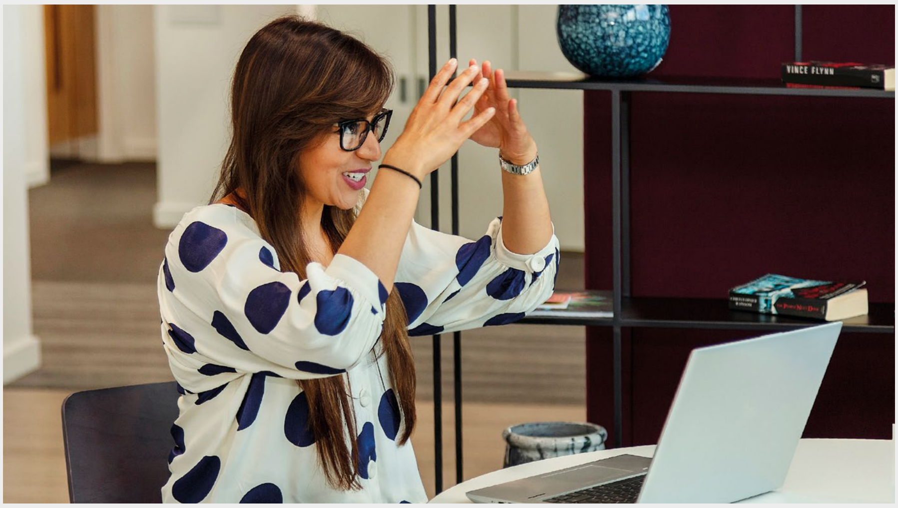
Acquisitions

We have invested over £237m in targeted acquisitions since our admission to AIM in 2005 bringing 32 businesses or client portfolios into the Group, developing considerable expertise and a strong track record in the execution and subsequent integration of such transactions.

The Maven, Ludlow and Richings businesses acquired in the period, in addition to those businesses acquired in the prior financial year, are integrating well, with all contributing positively to the Group's trading results since acquisition, increasing earnings and enhancing value.

Consolidation within the wealth management, pensions administration, asset management and financial planning sectors is expected to continue, and we are seeing many more opportunities arising from retirement sales. Our pipeline of strategic opportunities remains strong and of as high a quality as we have seen for several years. We expect to continue to assess and progress bolt-on opportunities in the nearer term as well as more substantial opportunities in the medium to longer-term, with all potential transactions required to meet our strict investment criteria and due diligence procedures.

26 Source: Numis Securities Limited, Investment Companies Datasheet dated 17 January 2022.



Strategic vision and goals

Our strategic vision for continued growth is focused on:

- New client wins and greater integration across the value-chain for existing clients;
- Enhancing our investment proposition;
- Owning and broadening distribution;
- Simplifying administration processes, improving productivity and margin;
- Supporting growth with investment in digital platforms;
- Accelerating growth through strategic acquisitions; and
- Incentivising, rewarding and retaining our key people.

Our new strategic goals are to grow the Group's operations towards:

- £300m revenue;
- £30bn of total client assets; and
- £100m EBITDA.

Resources

The Group aims to safeguard the assets that give it competitive advantage, including its reputation for quality and proactive advice, its technical competency and its people. This has been evident through our close relationships with our clients, where our primary focus has been to ensure the health and subsequent management of their financial needs. This also includes our employees and our commitment to provide a safe place to work, whether in the office or at home, and to wellbeing support throughout the period.

Our core values provide a framework for integrity, leading to responsible and ethical business practices. Structures for accountability from our administration and consultancy teams through to senior management and the Group's Board are clearly defined. The proper operation of the supporting processes and controls are regularly reviewed by the Audit Committee and the Risk and Compliance Committee and take into account ethical considerations, including procedures for 'whistle-blowing'.

Our people

We again extend our thanks and appreciation to all our staff for their continued commitment, enthusiasm and professionalism in dealing with our clients' affairs during the first half of this financial year and for continuing to operate in an agile manner in new and evolving environments. This includes the acquisitions and integration of Maven, Ludlow, Richings and the acquisitions announced in the prior year, where the majority were transacted almost entirely in a remote working environment. Our culture is based on professionalism, putting clients first and adopting an ethical and collegiate approach. Retaining the integrity, expertise and passion of our staff remains a priority of the Board and at the heart of our success. We are committed to developing our people and maintaining the capacity to deliver sustainable growth.

We enjoy a strong team spirit and facilitate employee equity ownership through the Mattioli Woods plc Share Incentive Plan ("the Plan") and other share schemes. At the end of the period 64% (1H21: 65%) of eligible staff had invested in the Plan and we continue to encourage broader staff participation.

In May 2019 the Mattioli Woods Employee Benefit Trust ("the Trust") commenced making market purchases of the Company's shares. The Trust holds shares for the benefit of the Group's employees and, in particular, to satisfy the vesting of awards made under the Company's various share schemes. The acquisition of shares by the Trust helps to avoid dilution of shareholders, by reducing the need for the Company to issue new shares, and remains important to the Board, which plans to recommence monthly share purchases by the Trust in the second half of the financial year.

"Our core values provide a framework for integrity, leading to responsible and ethical business practices."

Our Board

We made a number of changes to our PLC Board composition in the prior year to ensure we continue to have a diverse and balanced Board. In October 2021 we announced the decision to appoint David Kiddie to the role of Non-Executive Chairman, succeeding Joanne Lake, effective from the conclusion of a managed handover period and receipt of regulatory approval. Following this appointment, the Company will continue to have a balanced Board which we believe represents the right governance structure for the Company.

The Board is committed to regular reviews of our corporate governance structures, making changes as deemed appropriate to support the Group's growth. Key focus areas under consideration include strategic and commercial growth, integration of acquisitions and delivery of revenue and cost synergies, oversight and compliance, risk management, and retaining and attracting people talent through increased levels of employee engagement.

Shareholders

During the period we have engaged with shareholders through various channels, including company-hosted events, webinars, virtual group meetings and one-to-one meetings. We are fortunate to have a number of supportive institutional shareholders with a significant investment in the Group, including those new investors added to the register on the completion of our £112m fundraise in June 2021. We welcome opportunities to talk to all our shareholders, large and small and we will continue to maintain a regular and constructive dialogue with them, while seeking to broaden our shareholder base.

Outlook

The first half of the financial year has seen the Group thrive, and we plan to build on this positive momentum, advancing our key strategic initiatives: new business generation, growth through the integration of strategic acquisitions, developing new products and services, reviewing our processes and investing in technology to deliver an improved digital client interface and further operational efficiencies. Our trading outlook for the year remains in line with management's expectations and we believe the Group is well-positioned to grow, both organically and by acquisition. We are committed to delivering our ambitious growth strategy and in doing so create a business that remains responsibly integrated for the benefit of our clients and well-positioned to deliver sustainable shareholder returns.

Joanne Lake
Non-Executive Chairman

Ian Mattioli MBE
Chief Executive Officer

7 February 2022

"The first half of the financial year has seen the Group thrive, and we plan to build on this positive momentum."

Independent auditor's review report to the members of Mattioli Woods plc

Introduction

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 November 2021 which comprises the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of financial position, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and associated Notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in Note 2, the annual financial statements of the Group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review 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 for use in the United Kingdom. A review of interim financial information consists of making inquiries, 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.

Conclusion

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 November 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the AIM Rules of the London Stock Exchange.

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.

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

7 February 2022

Interim condensed consolidated statement of comprehensive income

	Note	Unaudited Six months ended 30 Nov 2021 £000	Restated Unaudited Six months ended 30 Nov 2020 £000	Audited Year ended 31 May 2021 £000
Revenue	5	**49,936**	29,531	62,615
Employee benefits expense		**(27,059)**	(15,168)	(34,141)
Other administrative expenses		**(9,936)**	(5,269)	(13,332)
Share based payments	13	**(566)**	(718)	(1,475)
Amortisation and impairment	11	**(3,444)**	(1,432)	(3,078)
Depreciation	9,10	**(1,415)**	(1,529)	(2,772)
Impairment (loss)/gain on financial assets		**(39)**	18	(25)
Loss on disposal of property, plant and equipment		**(2)**	(23)	(46)
Gain on bargain purchase	2	**–**	–	288
Deferred consideration as remuneration	2	**(4,643)**	(1,546)	(3,803)
Operating profit before financing		**2,832**	3,864	4,231
Finance revenue		**22**	20	34
Finance costs		**(461)**	(108)	(258)
Net finance cost		**(439)**	(88)	(224)
Share of profit from associate, net of tax	12	**862**	442	1,141
Profit before tax		**3,255**	4,218	5,148
Income tax expense	8	**(1,563)**	(1,067)	(3,757)
Profit for the period		**1,692**	3,151	1,391
Other comprehensive income for the period, net of tax		**–**	6	28
Total comprehensive income for the period, net of tax		**1,692**	3,157	1,419
Attributable to:				
Equity holders of the parent		**1,692**	3,157	1,419
Earnings per ordinary share:				
Basic (pence)	6	**3.5**	11.4	5.1
Diluted (pence)	6	**3.5**	11.3	5.0
Proposed dividend per share (pence)	7	**8.3**	7.5	21.0

Details of the restatement to comparative financial information are disclosed in Note 2.

The operating profit before financing for each period arises from the Group's continuing operations.

Interim condensed consolidated statement of financial position

	Note	Unaudited 30 Nov 2021 £000	Restated Unaudited 30 Nov 2020 £000	Audited 31 May 2021 £000
Assets				
Property, plant and equipment	9	**14,333**	15,039	14,340
Right of use assets	10	**3,908**	2,479	2,180
Intangible assets	11	**201,904**	52,404	60,468
Deferred tax asset	8	**1,146**	745	951
Investment in associate	12	**4,903**	4,170	4,295
Other investments		**5,541**	–	500
Total non-current assets		**231,735**	74,837	82,734
Trade and other receivables		**26,488**	18,331	19,197
Income tax receivable	8	**–**	16	30
Finance lease receivable		**273**	307	290
Investments		**26**	26	26
Cash and short-term deposits		**44,298**	18,153	21,888
Total current assets		**71,085**	36,833	41,431
Total assets		**302,820**	111,670	124,165
Equity				
Issued capital		**507**	280	283
Share premium		**142,798**	33,330	33,834
Merger reserve		**57,225**	16,552	17,458
Equity – share based payments		**3,761**	3,162	3,559
Capital redemption reserve		**2,000**	2,000	2,000
Own shares		**(597)**	(597)	(597)
Retained earnings		**24,782**	33,283	29,550
Total equity attributable to equity holders of the parent		**230,476**	88,010	86,087
Non-current liabilities				
Deferred tax liability	8	**28,215**	6,350	9,442
Lease liability		**3,223**	2,077	1,680
Financial liabilities and provisions	15	**8,138**	1,148	1,545
Total non-current liabilities		**39,576**	9,575	12,667
Current liabilities				
Trade and other payables		**19,895**	8,458	15,515
Income tax payable	8	**1,055**	–	–
Lease liability		**1,174**	921	905
Financial liabilities and provisions	15	**10,644**	4,706	8,991
Total current liabilities		**32,768**	14,085	25,411
Total liabilities		**72,344**	23,660	38,078
Total equities and liabilities		**302,820**	111,670	124,165

Details of the restatement to comparative financial information are disclosed in Note 2.

Registered number: 03140521

Interim condensed consolidated statement of changes in equity

	Note	Issued capital £000	Share premium £000	Merger reserve £000	Equity – share based payments £000	Capital redemption reserve £000	Own shares £000	Retained earnings (restated) £000	Total equity £000
As at 31 May 2020 – Audited restated		**269**	**32,891**	**10,639**	**3,848**	**2,000**	**(597)**	**32,460**	**81,510**
Total comprehensive income for period									
Profit for the period		–	–	–	–	–	–	3,151	3,151
Other comprehensive income		–	–	–	–	–	–	6	6
Total comprehensive income for period		–	–	–	–	–	–	3,157	3,157
Transactions with owners of the Company, recognised directly in equity									
Issue of share capital		11	439	5,913	–	–	–	–	6,363
Share based payment transactions	13	–	–	–	527	–	–	–	527
Deferred tax recognised in equity		–	–	–	(30)	–	–	–	(30)
Current tax taken to equity		–	–	–	30	–	–	–	30
Reserves transfer		–	–	–	(1,213)	–	–	1,213	–
Dividends	7	–	–	–	–	–	–	(3,547)	(3,547)
As at 30 November 2020 – Unaudited restated		**280**	**33,330**	**16,552**	**3,162**	**2,000**	**(597)**	**33,283**	**88,010**
Total comprehensive income for period									
Profit for the period		–	–	–	–	–	–	(1,760)	(1,760)
Other comprehensive income		–	–	–	–	–	–	22	22
Total comprehensive income for period		–	–	–	–	–	–	(1,738)	(1,738)
Transactions with owners of the Company, recognised directly in equity									
Issue of share capital		3	504	906	–	–	–	–	1,413
Share based payment transactions	13	–	–	–	553	–	–	–	553
Deferred tax recognised in equity		–	–	–	(16)	–	–	(32)	(48)
Current tax taken to equity		–	–	–	1	–	–	–	1
Reserves transfer		–	–	–	(141)	–	–	141	–
Dividends	7	–	–	–	–	–	–	(2,104)	(2,104)
As at 31 May 2021 – Audited		**283**	**33,834**	**17,458**	**3,559**	**2,000**	**(597)**	**29,550**	**86,087**

Details of the restatement to comparative financial information are disclosed in Note 2.

Interim condensed consolidated statement of changes in equity continued

	Note	Issued capital £000	Share premium £000	Merger reserve £000	Equity – share based payments £000	Capital redemption reserve £000	Own shares £000	Retained earnings £000	Total equity £000
As at 31 May 2021 – Audited		**283**	**33,834**	**17,458**	**3,559**	**2,000**	**(597)**	**29,550**	**86,087**
Total comprehensive income for period									
Profit for the period		–	–	–	–	–	–	1,692	1,692
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for period		–	–	–	–	–	–	1,692	1,692
Transactions with owners of the Company, recognised directly in equity									
Issue of share capital		224	108,964	39,767	–	–	–	–	148,955
Share based payment transactions	13	–	–	–	367	–	–	–	367
Deferred tax recognised in equity		–	–	–	167	–	–	–	167
Current tax taken to equity		–	–	–	25	–	–	–	25
Reserves transfer		–	–	–	(357)	–	–	357	–
Dividends	7	–	–	–	–	–	–	(6,818)	(6,818)
As at 30 November 2021 – Unaudited		**507**	**142,798**	**57,225**	**3,761**	**2,000**	**(597)**	**24,782**	**230,476**

Interim condensed consolidated statement of cash flows

	Note	Unaudited Six months ended 30 Nov 2021 £000	Restated Unaudited Six months ended 30 Nov 2020 £000	Audited Year ended 31 May 2021 £000
Operating activities				
Profit for the period		**1,692**	3,151	1,391
Adjustments for:				
Depreciation	9,10	**1,415**	1,529	2,772
Amortisation and impairment	11	**3,444**	1,432	3,078
Gain on bargain purchase	2	**–**	–	(288)
Deferred consideration as remuneration	2	**4,643**	1,546	3,803
Investment income		**(22)**	(20)	(34)
Interest expense		**461**	108	258
Share of profit from associate		**(862)**	(442)	(1,141)
Loss on disposal of property, plant and equipment		**2**	23	46
Gain on revaluation of other investments		**(39)**	–	–
Equity-settled share based payments	13	**566**	718	1,475
Income tax expense		**1,563**	1,067	3,757
Cash flows from operating activities before changes in working capital and provisions		**12,863**	9,112	15,117
(Increase)/decrease in trade and other receivables		**(1,695)**	360	996
(Decrease)/increase in trade and other payables		**(3,385)**	(1,926)	4,962
Decrease in provisions		**(3,330)**	(952)	(713)
Cash generated from operations		**4,453**	6,594	20,362
Interest paid		**(4)**	–	(2)
Income taxes paid		**(1,418)**	(1,172)	(2,543)
Net cash inflows from operating activities		**3,031**	5,422	17,817
Investing activities				
Proceeds from sale of property, plant and equipment		**10**	57	169
Purchase of property, plant and equipment	9	**(313)**	(178)	(419)
Purchase of software	11	**(165)**	(209)	(391)
Contingent consideration paid on acquisition of subsidiaries		**(606)**	(700)	(1,111)
Acquisition of subsidiaries		**(72,894)**	(10,665)	(17,736)
Cash received on acquisition of subsidiaries		**8,868**	2,271	4,750
Dividends received from associate	12	**245**	–	588
Investment in other equity holdings		**(1,132)**	–	(500)
Interest received		**16**	18	19
Proceeds from disposal of other investments		**–**	4	8
Loans advanced to investment syndicates		**(284)**	(30)	(1,108)
Loan repayments from investment syndicates		**17**	35	20
Net cash from investing activities		**(66,238)**	(9,397)	(15,711)
Financing activities				
Proceeds from the issue of share capital		**108,980**	252	551
Dividends paid	7	**(6,818)**	(3,547)	(5,651)
Repayment of borrowings		**(15,945)**	–	–
Payment of lease liabilities		**(600)**	(536)	(1,077)
Net cash from financing activities		**85,617**	(3,831)	(6,177)
Net increase/(decrease) in cash and cash equivalents		**22,410**	(7,806)	(4,071)
Cash and cash equivalents at start of period		**21,888**	25,959	25,959
Cash and cash equivalents at end of period		**44,298**	18,153	21,888

Details of the restatement to comparative financial information are disclosed in Note 2.

Notes to the interim condensed consolidated financial statements

1. Corporate information

Mattioli Woods plc ("the Company") is a public limited company incorporated and domiciled in England and Wales, whose shares are publicly traded on the AIM market of the London Stock Exchange. The nature of the Group's operations and its principal activities are set out in the Corporate Statement and in Note 5.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The interim condensed consolidated financial statements comprise the Company and its subsidiaries ("the Group"). The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 7 February 2022.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 May 2021, which were prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB (together "IFRS"), and in accordance with the requirements of the Companies Act applicable to companies reporting under IFRS.

The information relating to the six months ended 30 November 2021 and the six months ended 30 November 2020 is unaudited and does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 May 2021 have been reported on by its auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified and did not draw attention to any matters by way of emphasis or contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim condensed consolidated financial statements have been reviewed by the auditor and their report to the Board of Mattioli Woods plc is included within this interim report.

2.2 Restatement of comparative financial information

Accounting for contingent deferred consideration on acquisitions

Following a review carried out in FY21 a decision was made to change the accounting treatment for acquisitions with contingent earn out consideration payable under certain circumstances. As a result of the review, we have restated comparative financial information to reflect a revised allocation of contingent consideration on certain business combinations between acquisition costs and non-underlying remuneration, to ensure compliance with IFRS 3.

We have reviewed the legal documentation and acquisition accounting for every acquisition made by the Group since the adoption of IFRS 3, which for the Group is the period commencing 1 June 2010, and the following six were found to contain clauses where rights to contingent consideration are forfeited on termination of employment:

- TCF Global Independent Financial Services Limited acquired in August 2011;
- Thoroughbred Wealth Management Limited acquired in July 2013;
- Boyd Coughlan Limited acquired in June 2015;
- Taylor Patterson Group Limited acquired in September 2015;
- SSAS Solutions (UK) Ltd acquired in March 2019; and
- Hurley Partners Limited acquired in July 2020.

In these cases, we have treated the contingent consideration payable to those management sellers as remuneration, in line with IFRS 3. Further details are documented in our 2021 Annual Report.

The impact of the restatement on the comparative financial statements of the Group is as follows:

Group Statement of Financial Position	Unaudited 30 Nov 2020 As reported £000	Restatement £000	Restated Unaudited 30 Nov 2020 £000
Assets			
Intangible assets	69,113	(16,709)	**52,404**
Total assets	128,379	(16,709)	**111,670**
Liabilities			
Provisions	11,093	(5,239)	**5,854**
Total liabilities	28,899	(5,239)	**23,660**
Equity			
Retained earnings	44,753	(11,470)	**33,283**
Total equity	99,480	(11,470)	**88,010**
Total equity and liabilities	128,379	(16,709)	**111,670**

Group Statement of Comprehensive Income	Unaudited 30 Nov 2020 As reported £000	Restatement £000	Restated Unaudited 30 Nov 2020 £000
Deferred consideration as remuneration	–	(1,546)	**(1,546)**
Operating profit before financing	5,410	(1,546)	**3,864**
Finance costs	(300)	192	**(108)**
Profit before tax	5,572	(1,354)	**4,218**
Profit for the year	4,505	(1,354)	**3,151**

2.3 Going concern

The Directors have, at the time of approving the interim condensed consolidated financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence. In forming this view, the Directors have considered the Company's and the Group's prospects for a period of at least 12 months from the date of approval. Thus, they continue to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements.

2.4 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 May 2021.

Standards not affecting the financial statements

The following new and revised standards and interpretations have been adopted in the current period:

Standard or interpretation	Periods commencing on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 'Interest rate benchmark return'	1 January 2021
Amendments to IFRS 16 'Covid-19 related rent concessions'	1 January 2021

Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements or give rise to additional disclosures.

2. Basis of preparation and accounting policies continued

2.4 Significant accounting policies continued

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations will be effective for future annual and interim periods and, therefore, have not been applied in preparing these interim condensed consolidated financial statements. At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

Standard or interpretation	Periods commencing on or after
IFRS 17 'Insurance contracts'	1 January 2023
Amendments to IAS 12 'Deferred Tax related to assets and liabilities arising from a single transaction'	1 January 2023
Amendments to IAS 1 and IFRS PS2 'Definition of accounting estimates'	1 January 2023
Annual improvements to IFRS 2018-2020	1 January 2022

The Directors do not expect the adoption of these standards and interpretations listed above to have a material impact on the annual financial statements or the interim condensed consolidated financial statements of the Group in future periods.

Financial statements for the year ending 31 May 2022

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements will be consistent with those to be followed in the preparation of the Group's annual financial statements for the year ending 31 May 2022, except for the adoption of new standards and interpretations not yet issued.

2.5 Basis of consolidation

The interim condensed consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 30 November each year.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2.6 Critical accounting judgements and sources of estimation uncertainty

The Group has reviewed the judgements and estimates that affect its accounting policies and amounts reported in its financial statements. Although these are unchanged from those reported in the Group's financial statements for the year ended 31 May 2021, we have disclosed the sensitivities to the key areas impacted by the acquisitions completed in the six months to 30 November 2021 due to their significance to the interim results reported.

Critical accounting judgements

Contingent payments to selling shareholders arising from a business combination

Contingent consideration payable to employees or selling shareholders arising on business combination is assessed as to whether it should be classified as part of acquisition costs or remuneration for post-acquisition services, using the criteria as defined in IFRS 3 Business Combinations to identify the appropriate treatment. Where contingent consideration payable to employees or selling shareholders is treated as acquisition costs, its fair value at acquisition forms part of the intangible assets arising on acquisition. Where it is treated as remuneration, it is recognised as an expense over the period over which the contingent consideration is earned.

Two acquisitions were completed in the six months ended 30 November 2021 which include contingent consideration classified as remuneration. If these had been classified as part of acquisition cost, overhead expenses would be lower by £2,057,000, finance costs would be higher by £775,000, therefore profit before tax would be higher by £1,282,000. In addition, goodwill would be higher by £14,718,000 and provisions would be higher by £15,494,000.

Sources of significant estimation uncertainty

Acquisitions and business combinations

When an acquisition arises, the Group is required under IFRS 3 to determine the Purchase Price Allocation ("PPA"). The PPA requires companies to report the fair value of assets and liabilities acquired and it establishes useful lives for identified assets. The identification and the valuation of the assets and liabilities acquired involves estimation and judgement when determining whether the recognition criteria are met. The classification of deferred contingent consideration payable as either purchase consideration or remuneration is an area of judgement and estimate.

Subjectivity is also involved in the PPA with the estimation of the future values of brands, technology, customer relationships and goodwill. The fair value of separately identifiable intangible assets acquired during the period was £79.1m (1H21: £11.6m), with the key assumptions used to calculate these fair values being those around the estimated useful lives of the acquired customer relationships, the estimated future cash flows expected to arise from these relationships and the appropriate discount rate to be used to discount these cash flows to their present value.

The sensitivity of the fair value of customer relationships acquired during the year to changes in the key assumptions is as follows:

Acquisition of Maven Capital Partners UK LLP	Base assumption	Change in assumption	Increase / (decrease) in fair value £000
Estimated useful life	7-20 years	-5 years	(7,182)
Growth rate	0.0%-2.0%	to 0.0%	(3,071)
Discount rate	10.5%-13.0%	+1.0%	(3,460)

Acquisition of Ludlow Wealth Management Group	Base assumption	Change in assumption	Increase/(decrease) in fair value £000
Estimated useful life	10-20 years	-5 years	(3,111)
Growth rate	2.4%	to 0.0%	(4,145)
Discount rate	10.5%	+1.0%	(1,325)

Other areas of focus

The Group also notes the following other areas of estimation uncertainty, which are not considered areas of significant estimation uncertainty:

Contingent consideration and contingent remuneration payable on acquisitions
Whether contingent consideration is classified as acquisition cost or remuneration, provisions for contingent consideration and contingent remuneration require an assessment of the future values expected to be paid out.

Using forecasts approved by the Board covering the period of contingency, provisions for consideration and remuneration are recognised based on the maximum expected value expected to fall due. A material change to the carrying value would only occur if the acquired business fell significantly short of the target earnings, or if termination of employment of a management seller results in forfeiture of rights to future contingent payments. The carrying amount of contingent consideration provided for at 30 November 2021 was £9.5m (1H21 restated: £1.2m) and contingent remuneration provided for at 30 November 2021 was £5.1m (1H21 restated: £1.7m).

The key assumption used in determining the value of these provisions is the forecast financial performance as applied in the terms of the contingent consideration arrangement. For all acquisitions that have completed their contingent payment period, contingent consideration has been paid in full.

Impairment of intangible assets
Management has determined that an updated intangible asset impairment review as at 30 November 2021 is not required. The key assumptions inherent in the impairment review performed at 31 May 2021 have been reviewed to ensure they remain appropriate. The key reasons management determine an impairment update is not required is as follows:

- Financial performance and outlook remain in line with the forecasts used in the 31 May 2021 impairment assessment;
- WACC discount rate has increased +0.3% but the impact on the value in use is not material;
- Intangible assets from May 21 have been amortised for six months, reducing their value and increasing headroom;
- Intangible assets arising from FY22 acquisitions are supported by acquired cash flows; and
- No other indicators of impairment have been identified.

Sensitivities remain in line with those disclosed in the Annual Report for the year ended 31 May 2021. No impairment has been made during the period (1H21: £nil) based upon the Directors' review.

Recoverability of accrued time costs and disbursements
The nature of the accounting estimate remains unchanged, and the sensitivity in the valuation of accrued time costs and disbursements remains in line with sensitivities disclosed in the Annual Report for the year ended 31 May 2021.

Provisions
The nature of the accounting estimate remains unchanged, and the sensitivity in the valuation of accrued time costs and disbursements remains in line with sensitivities disclosed in the Annual Report for the year ended 31 May 2021.

3. Business combinations

The Group completed three (1H21: one) acquisitions during the period. Transaction costs of £2.6m (1H21: £0.1m) incurred during the period to 30 November 2021 have been expensed and are included in administrative expenses in the consolidated statement of comprehensive income and operating cash flows in the consolidated statement of cash flows in the period in which they were incurred.

Acquisition of Maven Capital Partners UK LLP

On 30 June 2021 the Company completed the acquisition of 100% of the membership interests in Maven Capital Partners UK LLP ("Maven") for an aggregate maximum consideration of up to £100.0m (including, subject to certain conditions being satisfied, up to £20.0m of deferred consideration), comprised of a combination of cash and new Ordinary Shares.

Maven is one of the UK's leading private equity and alternative asset managers, providing funding options to UK SMEs, and offering investment opportunities in VCTs, private equity and property. The owner-led business comprises 12 partners, with a regionally based team of 91 investment executives and support professionals. Maven operates across 10 offices in Glasgow, Edinburgh, Manchester, Birmingham, London, Newcastle, Bristol, Nottingham, Durham and Reading.

Maven and its indirect subsidiary company Maven Property Investments Limited ("MPIL") are authorised and regulated by the FCA as Alternative Investment Fund Managers ("AIFMs"). Maven Capital Investments Limited ("MCIL"), a direct subsidiary of Maven, is an investment holding company with co-investment commitments into a number of regional funds. MCIL also generates management fees from property deals. MPIL is a subsidiary of MCIL and is the regulated manager for property deals and generates monitoring and accounting fees from those transactions.

Maven manages approximately £772m in AuM, comprising:

- Four evergreen VCTs, listed on the London Stock Exchange, providing growth capital for UK based younger companies;
- Seven regional funds, providing equity and debt growth capital for SMEs in specific UK regions;
- An MBO fund, supporting management buyouts in the UK smaller and lower mid-market;
- MIP, funding individual private equity and property deals, on a deal by deal basis:
  - Equity capital for smaller MBO transactions of later stage SMEs across the UK;
  - Equity capital for the development of hotels, purpose-built student accommodation, offices, residential construction and strategic land transactions.

Maven primarily generates revenue from management fees and general partner's priority share which are annual management charges generated on the VCTs, regional funds, MBO fund and MIP deals.

Performance fees may be generated on the VCT funds based on increases in net asset value and are structured as carried interest for MIP deals.

Other income is generated from director and monitoring fees, third party administration and investment income.

The provisional fair values of the assets and liabilities of Maven as at the date of acquisition are set out in the table below:

	Provisional fair value recognised on acquisition £000	Provisional fair value adjustments £000	Previous carrying value £000
Property, plant and equipment	333	–	333
Right of use assets	1,972	1,972	–
Intangible assets – Client portfolio	54,483	54,483	–
Intangible assets – Brand	1,951	1,951	–
Investments	3,909	–	3,909
Trade and other receivables	4,548	–	4,548
Cash at bank	4,648	–	4,648
Assets	71,844	58,406	13,438
Trade and other payables	(6,146)	26	(6,172)
Lease liabilities	(1,998)	(1,998)	–
Provisions	(266)	–	(266)
Deferred tax liability	(13,851)	(13,851)	–
Liabilities	(22,261)	(15,823)	(6,438)
Total identifiable net assets at fair value	49,583		
Goodwill	39,787		
Total acquisition cost	89,370		
Analysed as follows:			
Initial cash consideration	50,000		
Net shares in Mattioli Woods	33,773		
Net asset excess	5,000		
Contingent deferred consideration	800		
Discounting of contingent deferred consideration	(203)		
Total acquisition cost	89,370		
Cash outflow on acquisition:			
Cash paid	50,000		
Cash acquired	(4,648)		
Net asset excess	5,000		
Acquisition costs	1,669		
Net cash outflow	52,021		

In addition to the acquisition cost, management sellers will receive remuneration of up to £19.2m over a four year earn out to 30 June 2025, subject to the achievement of certain performance conditions including the financial performance of Maven meeting financial targets.

3. Business combinations continued

Acquisition of Richings Financial Management

On 26 August 2021 the Company completed the acquisition of 100% of the share capital of Richings Financial Management Ltd ("Richings") for an initial consideration of £0.9m and potential further consideration of up to £0.9m dependent on the attainment of specified performance targets in the two years after completion.

Founded in 1991, Richings is an established financial planning and wealth management business, working with over 270 private client families with approximately £70m of assets under advice. Richings is based in Iver and employs an experienced team of four staff, all of whom will remain with Mattioli Woods following completion.

In the year ended 30 April 2021, Richings generated revenues of £0.66m with a profit before taxation of £0.34m. At 30 April 2021 Richings' gross assets were £0.35m and net assets were £0.26m. The acquisition is expected to be earnings-enhancing in the first full year of ownership.

The total consideration comprises:

- An initial consideration of £0.9m cash on a cash-free, debt-free basis (subject to adjustment for the value of net assets acquired); and
- Contingent consideration of up to £0.9m payable in cash on the first and second anniversaries of completion, subject to certain profit targets being met.

The provisional fair values of the assets and liabilities of Richings Financial Management Ltd as at the date of acquisition are set out in the table below:

	Provisional fair value recognised on acquisition £000	Provisional fair value adjustments £000	Previous carrying value £000
Property, plant and equipment	10	–	10
Intangible assets – Client portfolio	1,325	1,325	–
Trade and other receivables	74	–	74
Cash at bank	405	–	405
Assets	1,814	1,325	489
Trade and other payables	(130)	–	(130)
Deferred tax liability	(331)	(331)	–
Liabilities	(461)	(331)	(130)
Total identifiable net assets at fair value	1,353		
Goodwill	214		
Total acquisition cost	1,567		
Analysed as follows:			
Initial cash consideration	900		
Net asset excess	292		
Contingent deferred consideration	441		
Discounting of contingent deferred consideration	(66)		
Total acquisition cost	1,567		
Cash outflow on acquisition:			
Cash paid	900		
Cash acquired	(405)		
Net asset excess	292		
Acquisition costs	91		
Net cash outflow	878		

In addition to the acquisition cost, management sellers will receive remuneration of up to £459,000 over a two year earn out to 26 August 2023, subject to the achievement of certain performance conditions including the financial performance of Maven meeting financial targets.

Acquisition of Ludlow Wealth Management

On 3 September 2021 the Company completed the acquisition of 100% of the issued share capital of LWMG Topco Limited (the holding company of Ludlow Wealth Management Group Ltd) ("Ludlow Wealth Management"), for an aggregate consideration and other deferred payments of up to £43.5m on a cash-free, debt-free basis as at the agreed 'locked box' balance sheet date of 30 September 2020. The amount payable in respect of the Ludlow Wealth Management acquisition includes, subject to the satisfaction of certain performance conditions following completion of the Ludlow Wealth Management acquisition, up to £6.4m of deferred consideration and up to £1.0m of bonuses payable to non-shareholder employees. In addition, in accordance with the locked box adjustment mechanism, in respect of the period commencing on the locked box date of 30 September 2020 and ending on the date of completion of the Ludlow Wealth Management acquisition, the Company will pay to the sellers of Ludlow Wealth Management an amount in respect of the estimated cash profits of Ludlow Wealth Management during such post-locked box date period calculated at a daily rate of £6,173.24 for the total number of days during such period. The consideration for the Ludlow Wealth Management acquisition will be satisfied by a combination of cash and new Ordinary Shares.

Established in 1993, Ludlow Wealth Management is one of the largest providers of investment, financial planning and pension advice in the North-West of England. Ludlow Wealth Management has 61 employees, including 22 advisers operating from offices in Fylde, Preston, Burnley, Liverpool and Southport.

Ludlow Wealth Management manages £1,622m of AuA as at 31 March 2021 for 3,371 clients, with an average of £74m AuA per adviser and an average client size of £0.48m AuA. Ludlow Wealth Management has delivered growth, organically and by acquisition, completing 16 acquisitions in the last 12 years, adding £588m of AuA and £2.4m of recurring revenue. Ludlow Wealth Management currently outsources investment management.

In the year ended 30 September 2020, Ludlow Wealth Management generated revenue of £9.4m, of which 91% was recurring. Adjusted EBITDA for the period was approximately £3.3m (adding back monitoring and directors' fees incurred to oversee private equity investment in business), with an associated adjusted EBITDA margin of 35% and a high cash conversion. As at 30 September 2020, Ludlow Wealth Management had gross assets of £16.8m and net liabilities of £0.5m (including net debt of £13.7m). Ludlow Wealth Management has maintained momentum despite adverse market conditions and management expects material profit growth for the year ending 30 September 2021.

The total consideration comprises:

- An initial consideration of £36.1m, calculated on a cash-free, debt-free basis as at the agreed locked box balance sheet date of 30 September 2020, and which will be satisfied as follows:
  - an aggregate amount of £30.3m will be payable in cash on Ludlow Wealth Management completion in respect of consideration for the acquisition of Ludlow Wealth Management and repayment of indebtedness and borrowings of Ludlow Wealth Management; and
  - £5.8m will be satisfied by the issue of new Ordinary Shares to certain individual sellers who are members of the Ludlow Wealth Management management team; and, in addition
  - in accordance with the locked box adjustment mechanism, in respect of the period commencing on the locked box date of 30 September 2020 and ending on the date of completion of the Ludlow Wealth Management acquisition, the Company has agreed to pay to the sellers of Ludlow Wealth Management an amount in respect of the estimated cash profits of Ludlow Wealth Management during such post-locked box date period calculated at a daily rate of £6,173.24 for the total number of days during such period; and
- Deferred consideration, subject to the satisfaction of certain performance conditions, up to £6.4m and up to £1.0m of bonuses payable to non-shareholder employees of Ludlow Wealth Management, in each case, payable in cash and calculated on the basis of (a) the amount of the adjusted EBITDA of Ludlow Wealth Management for the 12 months ending 30 September 2023 multiplied by 8.25; less (b) the amount of the Initial Ludlow Wealth Management Consideration; and less (c) the aggregate value of all consideration paid or payable by Mattioli Woods in respect of any eligible acquisition of any company or business that is integrated into Ludlow Wealth Management and which completes between Ludlow Wealth Management Completion and 30 September 2023.

Ludlow Wealth Management's experienced management team have been retained by Mattioli Woods following the Ludlow Wealth Management acquisition, which is expected to be earnings-enhancing in the first full year of ownership. In addition, the Company expects to realise revenue and cost synergies from first full year onwards, including investment in Mattioli Woods' discretionary portfolio management service and alternative investment strategies by certain of Ludlow Wealth Management's clients.

3. Business combinations continued

The provisional fair values of the assets and liabilities of Ludlow Wealth Management as at the date of acquisition are set out in the table below:

	Provisional fair value recognised on acquisition £000	Provisional fair value adjustments £000	Previous carrying value £000
Property, plant and equipment	179	–	179
Right of use assets	263	263	–
Intangible assets – Goodwill	1,317	(8,261)	9,578
Intangible assets – Client portfolio	21,337	18,148	3,189
Trade and other receivables	682	(11)	693
Cash at bank	3,815	–	3,815
Assets	27,593	10,139	17,454
Trade and other payables	(1,785)	–	(1,785)
Loans and other borrowings	(15,945)	–	(15,945)
Lease liabilities	(253)	(253)	–
Provisions	(124)	–	(124)
Deferred tax liability	(5,238)	(5,196)	(42)
Liabilities	(23,345)	(5,449)	(17,896)
Total identifiable net assets at fair value	4,248		
Goodwill	24,302		
Total acquisition cost	28,550		
Analysed as follows:			
Initial cash consideration	16,701		
Net shares in Mattioli Woods	6,047		
Contingent consideration	7,407		
Discounting of contingent consideration	(1,605)		
Total acquisition cost	28,550		
Cash outflow on acquisition:			
Cash paid	16,701		
Cash acquired	(3,815)		
Acquisition costs	1,012		
Net cash outflow	13,898		

Loans and other borrowings of £15.9m were settled in full following the completion of the acquisition of Ludlow Wealth Management.

4. Seasonality of operations

Historically, revenues in the second half-year have been typically higher than in the first half. Time or activity-based pension consultancy and administration fees are impacted by SSAS scheme year ends being linked to the sponsoring company's year end, which is often in December or March, coupled with there typically being increased activity on SSAS and SIPP schemes prior to the end of the fiscal year on 5 April.

Despite further diversification of the Group's wealth management and employee benefits revenue streams, the Directors believe there is still some seasonality of operations, although a substantial element of the Group's revenues are now geared to the prevailing economic and market conditions.

5. Segment information

The Group's operating segments comprise the following:

- Pension consultancy and administration – Fees earned by Mattioli Woods for setting up and administering pension schemes. Additional fees are generated from consultancy services provided for special one-off activities and the provision of bespoke scheme banking arrangements;
- Private equity management – Income generated where Maven Capital Partners UK LLP and its subsidiaries manage VCT and other investment funds on behalf of clients;
- Investment and asset management – Income generated from the management and placing of investments on behalf of clients;
- Property management – Income generated where Custodian Capital manages private investor syndicates, facilitates direct commercial property investments on behalf of clients or acts as the external discretionary manager for Custodian REIT plc; and
- Employee benefits – Income generated from corporate clients for consultancy and administration of employee benefits offerings including group personal pensions and other insurance products.

Each segment represents a revenue stream subject to risks and returns that are different to other operating segments, although each operating segment's products and services are offered to broadly the same market. The Group operates exclusively within the United Kingdom.

Operating segments

The operating segments defined above all utilise the same intangible assets, property, plant and equipment and the segments have been financed as a whole, rather than individually. The Group's operating segments are managed together as one business. Accordingly, certain costs are not allocated across the individual operating segments, as they are managed on a group basis. Segment profit or loss reflects the measure of segment performance reviewed by the Board of Directors (the Chief Operating Decision Maker).

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 November 2021 and 2020, and the year ended 31 May 2021 respectively:

Unaudited **Six months ended 30 Nov 2021**	Investment and asset management £000	Private equity management £000	Pension consultancy and administration £000	Property management £000	Employee benefits £000	Total segments £000	Corporate costs £000	Consolidated £000
Revenue								
External customers	**23,440**	**10,903**	**9,846**	**3,021**	**2,726**	**49,936**	**–**	**49,936**
Results								
Segment profit before tax	**7,070**	**1,901**	**2,838**	**843**	**399**	**13,051**	**(9,796)**	**3,255**

Unaudited Six months ended 30 Nov 2020	Investment and asset management £000	Private equity management £000	Pension consultancy and administration £000	Property management £000	Employee benefits £000	Total segments £000	Corporate costs £000	Consolidated £000
Revenue								
External customers	15,257	–	9,076	2,477	2,721	29,531	–	29,531
Results								
Segment profit before tax (restated)	4,126	–	2,292	536	268	7,222	(3,004)	4,218

Audited Year ended 31 May 2021	Investment and asset management £000	Private equity management £000	Pension consultancy and administration £000	Property management £000	Employee benefits £000	Total segments £000	Corporate costs £000	Consolidated £000
Revenue								
External customers	33,370	–	18,807	4,910	5,528	62,615	–	62,615
Results								
Segment profit before tax	8,054	–	5,787	605	755	15,201	(10,053)	5,148

5. Segment information continued

The following table presents segment assets of the Group's operating segments as at 30 November 2021 and 2020, and at 31 May 2021 respectively:

	Unaudited 30 Nov 2021 £000	Restated Unaudited 30 Nov 2020 £000	Audited 31 May 2021 £000
Investment and asset management	**95,406**	36,541	46,042
Private equity management	**103,440**	–	–
Pension consultancy and administration	**23,720**	25,929	24,096
Property management	**3,659**	2,721	2,189
Employee benefits	**5,754**	5,943	5,511
Total segment assets	**231,979**	71,134	77,838
Corporate assets	**70,841**	40,537	46,327
Total assets	**302,820**	111,671	124,165

Segment operating assets exclude property, plant and equipment, certain items of computer software, investments, current and deferred tax balances and cash balances, as these assets are considered corporate in nature and are not allocated to a specific operating segment.

Reconciliation of assets	Unaudited 30 Nov 2021 £000	Restated Unaudited 30 Nov 2020 £000	Audited 31 May 2021 £000
Segment assets	**231,979**	71,134	54,045
Property, plant and equipment	**14,333**	15,038	14,340
Right of use assets	**3,908**	2,479	2,180
Intangible assets	**1,665**	1,641	1,666
Deferred tax asset	**1,146**	745	951
Finance lease receivable	**273**	307	290
Investments	**26**	26	26
Prepayments and other receivables	**5,192**	2,132	4,956
Income tax receivable	**–**	16	30
Cash and short-term deposits	**44,298**	18,153	21,888
Total assets	**302,820**	111,671	124,165

Acquired intangibles and amortisation thereon relate to a specific transaction and are allocated between individual operating segments based on the headcount or revenue mix of the cash generating units at the time of acquisition. The subsequent delivery of services to acquired clients may be across a number or all operating segments, comprising different operating segments to those the acquired intangibles have been allocated to.

Liabilities have not been allocated between individual operating segments, as they cannot be allocated on anything other than an arbitrary basis.

Corporate costs

Certain administrative expenses including acquisition costs, amortisation of software, depreciation of property, plant and equipment, irrecoverable VAT, legal and professional fees and professional indemnity insurance are not allocated between segments that are managed on a unified basis and utilise the same intangible and tangible assets.

Finance income and expenses, gains and losses on the disposal of assets, taxes, intangible assets and certain other assets and liabilities are not allocated to individual segments as they are managed on a group basis. Undertakings of our associate entity are distinct from the operating activities of the Group and therefore the Group's share of associate's profits is managed on a group basis.

Reconciliation of assets	Unaudited 30 Nov 2021 £000	Restated Unaudited 30 Nov 2020 £000	Audited 31 May 2021 £000
Total segment profit before tax	**13,051**	7,222	15,201
Deferred consideration as remuneration	**(4,643)**	(1,546)	(3,803)
Acquisition-related costs	**(2,598)**	(118)	(2,595)
Depreciation	**(1,415)**	(862)	(2,772)
Irrecoverable VAT	**(723)**	(321)	(981)
Professional indemnity insurance	**(650)**	(313)	(706)
Finance costs	**(461)**	(108)	(258)
Amortisation and impairment	**(166)**	(147)	(304)
Bank charges	**(22)**	(25)	(48)
Loss on disposal of assets	**(2)**	(23)	(46)
Foreign exchange losses	**–**	(3)	(3)
Gain on bargain purchase	**–**	–	288
Finance income	**22**	20	34
Share of profit from associate, net of tax	**862**	442	1,141
Group profit before tax	**3,255**	4,218	5,148

6. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the year, excluding own shares of 76,578 (1H21: 76,578).

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would be issued on the conversion of all the dilutive potential Ordinary Shares into Ordinary Shares.

The income and share data used in the basic and diluted earnings per share computations is as follows:

	Unaudited Six months ended 30 Nov 2021 £000	Restated Unaudited Six months ended 30 Nov 2020 £000	Audited Year ended 31 May 2021 £000
Net profit and diluted net profit attributable to equity holders of the Company	**1,591**	3,157	1,419
Weighted average number of Ordinary Shares:	**000s**	000s	000s
Issued Ordinary Shares at start of period	**28,251**	26,940	26,940
Effect of shares issued during the year ended 31 May 2021	**–**	756	996
Effect of shares issued during the current period	**19,937**	90	90
Basic weighted average number of shares	**48,188**	27,786	28,026
Effect of dilutive options at the statement of financial position date	**372**	220	216
Diluted weighted average number of shares	**48,560**	28,006	28,242

The Company has granted options under the Mattioli Woods 2010 Long Term Incentive Plan ("the LTIP") to certain of its senior managers and Directors to acquire (in aggregate) up to 3.36% of its issued share capital. Under IAS 33 'Earnings Per Share', contingently issuable Ordinary Shares are treated as outstanding and included in the calculation of diluted earnings per share if the conditions (the events triggering the vesting of the option) are satisfied. At 30 November 2021 the conditions attaching to 702,238 options granted under the LTIP are not satisfied. If the conditions had been satisfied, diluted earnings per share would have been 3.5 pence per share (1H21 restated: 11.0 pence per share).

Adjusted earnings per share amounts are calculated by adding back amortisation and impairment of acquired intangibles, changes in the fair value of derivative financial assets and acquisition-related costs to the profit before tax of the Company ('adjusted profit before tax') less income tax at the standard rate of corporation tax for the period ('adjusted profit after tax') and dividing adjusted profit after tax by the weighted average number of Ordinary Shares outstanding during the period.

Since the reporting date and the date of completion of these financial statements the following transactions have taken place involving Ordinary Shares or potential Ordinary Shares:

- The issue of 200,516 Ordinary Shares to satisfy the exercise of options under the LTIP; and
- The issue of 16,646 Ordinary Shares under the Mattioli Woods plc Share Incentive Plan.

7. Dividends paid and proposed

	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000	Audited Year ended 31 May 2021 £000
Paid during the period:			
Equity dividends on Ordinary Shares:			
– Final dividend for 2021: 13.5p (2020: 12.7p)	**6,818**	3,547	3,547
– Interim dividend for 2021: 7.3p (2020: 7.3p)	**–**	–	2,103
Dividends paid	**6,818**	3,547	5,650
Proposed for approval:			
Equity dividends on Ordinary Shares:			
– Interim dividend for 2022: 8.3p (2020: 7.5p)	**4,219**	2,103	–
– Final dividend for 2021: 13.5p (2019: 12.7p)	**–**	–	6,818
Dividends proposed	**4,219**	2,103	6,818

The interim dividend was approved on 7 February 2022.

8. Income tax

Current tax

Current tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Any amounts paid in excess of amounts owed would be classified as a current asset.

Deferred income tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, with deferred tax assets and liabilities recognised at the rate of corporation tax enacted or substantively enacted at the reporting date.

The primary components of the Group's recognised deferred tax assets include temporary differences related to share based payments, provisions and other items.

The primary components of the Group's deferred tax liabilities include temporary differences related to intangible assets and property, plant and equipment.

The recognition of deferred tax in the consolidated statement of comprehensive income arises from the origination and the reversal of temporary differences and the effects of changes in tax rates. The primary components of the deferred tax credit for the six months ended 30 November 2021 of £0.7m (1H21: £0.2m) are due to temporary differences on the amortisation of client portfolios and depreciation on fixed assets during the period.

The total deferred tax asset recognised in the consolidated statement of changes in equity for the six months ended 30 November 2021 was £0.17m (1H21: £0.03m).

Changes to the future expected UK corporation tax rates were enacted as part of The Finance (No. 2) Act 2021 which received Royal Assent on 10 June 2021, in which the Government announced that the corporation tax main rate will remain at 19% for the years starting 1 April 2021 and 2022 before increasing to 25% for the year starting 1 April 2023 and thereafter. Deferred taxation assets and liabilities have been remeasured at the blended average rates at which they are expected to unwind.

Reconciliation of effective tax rates

The income tax expense for the six months ended 30 November 2021 was calculated based on an effective income tax rate of 48.0% (1H21 restated: 25.3%), as compared to the standard rate of UK corporation tax at the reporting date of 19.0% (1H21: 19.0%). Differences between the effective income tax rate and statutory rate include, but are not limited to, significant non-deductible expenses from contingent consideration arrangements accounted for as remuneration and non-deductible acquisition-related expenses. In addition, certain expenses associated with sponsorship and other business development activities were not deductible for tax purposes.

Impact of future tax changes

On 10 June 2021 The Finance (No. 2) Act 2021 received Royal Assent, enacting proposals that were announced in the 2021 budget. The main rate of corporation tax will remain at 19% for the years starting 1 April 2021 and 2022 before increasing to 25% for the year starting 1 April 2023 and thereafter.

Deferred taxation assets and liabilities were revalued in the year ended 31 May 2021, taking into account the forthcoming increase in corporation tax rates.

9. Property, plant and equipment

	Land and buildings £000	Computer and office equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Gross carrying amount:					
At 1 June 2021	10,780	2,107	4,972	1,471	19,330
Additions	–	104	10	199	313
Arising on acquisition	–	426	95	–	521
Disposals	–	–	–	(32)	(32)
At 30 November 2021	**10,780**	**2,637**	**5,077**	**1,638**	**20,132**
Depreciation:					
At 1 June 2021	672	1,392	2,327	599	4,990
Charged for the period	126	168	419	116	829
On disposals	–	–	–	(20)	(20)
At 30 November 2021	**798**	**1,560**	**2,746**	**695**	**5,799**
Carrying amount:					
At 30 November 2021	**9,982**	**1,077**	**2,331**	**943**	**14,333**
At 30 November 2020	10,233	733	3,130	943	15,039
At 31 May 2021	10,108	714	2,646	872	14,340

10. Right of use assets

	Properties £000	Computer and office equipment £000	Total £000
Gross carrying amount:			
At 1 June 2021	3,384	717	4,101
Additions	78	–	78
Arising on acquisition	2,236	–	2,236
Disposals	–	–	–
At 30 November 2021	**5,698**	**717**	**6,415**
Depreciation:			
At 1 June 2021	1,499	422	1,921
Charged for the period	469	117	586
On disposals	–	–	–
At 30 November 2021	**1,968**	**539**	**2,507**
Carrying amount:			
At 30 November 2021	**3,730**	**178**	**3,908**
At 30 November 2020	2,068	411	2,479
At 31 May 2021	1,885	295	2,180

11. Intangible assets

	Internally generated software £000	Software £000	Client portfolios £000	Brand £000	Goodwill Restated £000	Other £000	Total £000
Gross carrying amount:							
At 1 June 2021	2,132	1,931	57,549	–	17,896	35	79,543
Additions	165	–	–	–	–	–	165
Arising on acquisition	–	–	77,144	1,951	65,620	–	144,715
Disposals	–	–	–	–	–	(35)	(35)
At 30 November 2021	**2,297**	**1,931**	**134,693**	**1,951**	**83,516**	**–**	**224,388**
Amortisation and impairment:							
At 1 June 2021	1,071	1,326	16,643	–	–	35	19,075
Amortisation for the period	108	58	3,238	40	–	–	3,444
On disposals	–	–	–	–	–	(35)	(35)
At 30 November 2021	**1,179**	**1,384**	**19,881**	**40**	**–**	**–**	**22,484**
Carrying amount:							
At 30 November 2021	**1,118**	**547**	**114,812**	**1,911**	**83,516**	**–**	**201,904**
At 30 November 2020 – Restated	983	659	35,697	–	15,065	–	52,404
At 31 May 2021	1,061	605	40,906	–	17,896	–	60,468

12. Investment in associate

The movement in the Group's investment in associate is as follows:

	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000	Audited Year ended 31 May 2021 £000
Investment in associate:			
At 1 June	**4,295**	3,732	3,732
Share of profit for the period	**886**	466	1,191
Amortisation of fair value intangibles	**(33)**	(34)	(68)
Share of other comprehensive income	**–**	6	28
Dividends received	**(245)**	–	(588)
At end of period	**4,903**	4,170	4,295
Share of profit from associates in statement of comprehensive income:			
Share of profit for the period	**886**	466	1,191
Amortisation of fair value intangible assets	**(34)**	(34)	(68)
Elimination of transactions with associate	**10**	10	18
	862	442	1,141

Other comprehensive income represents the Group's share of movements in Amati's revaluation reserve recognised directly in equity.

The results of Amati from the beginning of the period and its aggregated assets and liabilities as at 30 November 2021 are as follows:

Name	Country of incorporation	Assets £000	Liabilities £000	Revenue £000	Profit £000	Interest held
Amati Global Investors Limited	Scotland	9,994	(5,096)	6,978	1,809	49%
Group's share of profit					886	

The net assets of Amati as at 1 June 2021 were £3,589,000. At 30 November 2021 the net assets of Amati were £4,898,000 following payment of dividends of £500,000 and other increases in net assets of £1,809,000, increasing the Group's interest in the associate by £886,000 during the period, comprising Mattioli Woods' share of Amati's profit after tax, recognised in the statement of comprehensive income and Mattioli Woods' share of the movement in Amati's revaluation reserve recognised directly in equity.

13. Share based payments

Long Term Incentive Plan

During the period, Mattioli Woods granted awards to the Company's Executive Directors and certain senior employees under the LTIP. Conditional share awards ("Equity-settled") grant participating employees a conditional right to become entitled to options with an exercise price of 1 pence over Ordinary Shares in the Company. Movements in the LTIP scheme during the period were as follows:

Number of options	**Unaudited 30 Nov 2021 Equity-settled No.**	Unaudited 30 Nov 2020 Equity-settled No.	Audited 31 May 2021 Equity-settled No.
Outstanding at start of period	**933,809**	889,504	889,504
Granted during the period	**–**	255,800	255,800
Exercised during the period	**(61,604)**	(203,515)	(207,295)
Forfeited during the period	**–**	–	(4,200)
Outstanding at end of period	**872,205**	941,789	933,809
Exercisable at end of period	**372,605**	239,551	235,571

The LTIP awards are subject to the achievement of corporate profitability targets measured over a three to five year performance period and will vest following publication of the Group's audited results for the final performance year.

The amounts shown below represent the maximum opportunity for the participants in the LTIP:

Date of grant	Exercise price	At 1 June 2021 No.	Granted during the period No.	Forfeited during the period No.	Exercised during the period No.	**At 30 Nov 2021 No.**
15 October 2015	£0.01	39,864	–	–	(39,554)	**310**
6 September 2016	£0.01	120,172	–	–	(300)	**119,872**
5 September 2017	£0.01	75,535	–	–	(3,350)	**72,185**
6 September 2018	£0.01	198,638	–	–	(18,400)	**180,238**
4 September 2019 – Tranche A	£0.01	108,000	–	–	–	**108,000**
4 September 2019 – Tranche B	£0.01	139,800	–	–	–	**139,800**
1 June 2020 – Tranche A	£0.01	137,550	–	–	–	**137,550**
1 June 2020 – Tranche B	£0.01	114,250	–	–	–	**114,250**
		933,809	–	–	(61,604)	**872,205**

Share Incentive Plan

The Company operates the Mattioli Woods plc Share Incentive Plan ("the SIP"). Participants in the SIP are entitled to purchase, at market value, up to a prescribed number of new 1p Ordinary Shares in the Company each year for which they will receive a like for like conditional 'matching share', subject to their continued employment for the three years following award of the matching share. These Ordinary Shares rank pari passu with existing issued Ordinary Shares of the Company.

A total of 66,821 (1H21: 63,393) new Ordinary Shares were issued to the 386 (1H21: 368) employees who participated in the SIP during the period. At 30 November 2021 731,269 (1H21: 654,775) shares were held in the SIP on their behalf, of which 149,564 (1H21: 131,412) conditional matching shares were not yet vested. There were 326 (1H21: nil) forfeited shares not allocated to any specific employee.

Share based payment expense

The amounts recognised in the statement of comprehensive income in respect of share based payments were as follows:

	Unaudited 30 Nov 2021 Equity-settled £000	Unaudited 30 Nov 2020 Equity-settled £000	Audited 31 May 2021 Equity-settled £000
LTIP	**411**	564	1,149
SIP	**155**	154	326
Total	**566**	718	1,475

The share based payment expense in respect of the LTIP for the six months ended 30 November 2021 includes the impact of the modification of the performance period of the 4 September 2020 Tranche B LTIP awards.

Valuation assumptions

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black Scholes Merton model, taking into account the terms and conditions upon which the options were granted. There were no equity-settled share options granted during the period.

14. Financial instruments

The table below analyses the Group's financial instruments measured at fair value into a fair value hierarchy based on the valuation technique used to determine the fair value:

	Carrying amount as at 30 Nov 2021 £000	Quoted prices in active markets for identical instruments Level 1 £000	Significant other observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000
Financial liabilities				
Contingent consideration	9,508	–	–	9,508
At 30 November 2021	**9,508**	**–**	**–**	**9,508**

The fair value of cash and short-term deposits, accounts receivable and accounts payable approximate their carrying values due to their short-term nature.

15. Provisions

Group	Contingent consideration £000	Contingent remuneration £000	Client claims £000	Dilapidations £000	Clawbacks £000	Employers' NIC on share options £000	FSCS levy £000	Total £000
At 31 May 2021	2,881	3,991	2,360	521	60	614	109	10,536
Arising during period	97	4,643	284	–	–	211	–	5,235
Arising on acquisitions	6,774	–	–	325	65	–	–	7,164
Used during period	(606)	(3,514)	(163)	(13)	(11)	(72)	–	(4,379)
Unwinding of discount	362	–	–	13	–	–	–	375
Unused amounts reversed	–	–	(40)	–	–	–	(109)	(149)
At 30 Nov 2021	**9,508**	**5,120**	**2,441**	**846**	**114**	**753**	**–**	**18,782**
Current	2,099	5,120	2,441	356	55	573	–	10,644
Non-current	7,409	–	–	490	59	180	–	8,138
At 30 Nov 2021	**9,508**	**5,120**	**2,441**	**846**	**114**	**753**	**–**	**18,782**

Contingent consideration

The Group has entered into certain acquisition agreements that provide for contingent consideration to be paid. Details of these agreements and the basis of calculation of the net present value of the contingent consideration are summarised in Note 3. The Group estimates that the net present value of the financial liability payable within the next 12 months is £2.1m (1H21 restated: £0.6m) and the Group expects to settle the non-current balance of £7.4m (1H21 restated: £0.6m) within the next four years.

Contingent remuneration

Certain business acquisitions made by the Group include arrangements for remuneration payable to selling shareholders which is contingent upon certain performance conditions including the financial performance of the acquired business in meeting financial targets and links to continuing employment of management sellers. Details of these agreements and the basis of calculation of the net present value of the contingent remuneration are summarised in Note 17. The Group estimates remuneration payable within the next 12 months is £5.1m (1H21 restated: £1.7m).

Client claims

A provision is recognised for the estimated potential liability when the Group becomes aware of a possible client claim. The value of the provision recognised is determined based on the nature of the potential liability, the Group's historic experience and any insurance recovery expected. No discount rate is applied to the projected cash flows due to their short-term nature.

Dilapidations

Under the terms of the leases for the Group's premises, the Group has an obligation to return the properties in a specified condition at the end of each lease term. The Group provides for the estimated fair value of the cost of any dilapidations.

Clawbacks

The Group receives certain initial commissions on indemnity terms and hence the Group provides for the expected level of clawback, based on past experience. No discount rate is applied to the projected cash flows due to their short-term nature.

FSCS levy

The arrangements put in place by the Financial Services Compensation Scheme ("FSCS") to protect depositors and investors from loss in the event of failure of financial institutions have resulted in significant levies on the industry in recent years.

There is uncertainty over the level of future supplementary FSCS levies as they depend on the ultimate cost to the FSCS of industry failures. The Group contributes to the investment intermediation levy class and accrues levy costs for future levy years when the obligation arises. A provision of £nil (1H21: £0.1m) has been made in these financial statements for FSCS interim levies expected in the year ending 31 May 2022.

16. Related party transactions

Custodian REIT plc

The Company's subsidiary, Custodian Capital, is appointed as the discretionary investment manager of Custodian REIT plc ("Custodian REIT"), a closed-ended property investment company listed on the Main Market of the London Stock Exchange.

The Company's Chief Executive Officer, Ian Mattioli, is a non-independent Non-Executive Director of Custodian REIT and the Company's former Chief Financial Officer, Nathan Imlach, was Company Secretary of Custodian REIT until he resigned from this position on 17 June 2020 to be replaced by Ed Moore, Finance Director of the Group's subsidiary Custodian Capital Limited.

During the six months ended 30 November 2021 the Group received revenues of £2.2m (1H21: £1.9m) in respect of annual management charges, administration and marketing fees from Custodian REIT. Custodian REIT owed the Group £1,169,000 (1H21: £995,000) at 30 November 2021.

Amati Global Investors Limited

On 6 February 2017 the Company purchased 49% of the issued share capital of Amati.

Two of the Company's senior management team are appointed to the Board of Amati; Ian Mattioli is Deputy Chairman and the Group's Chief Investment Officer, Simon Gibson, is a Non-Executive Director.

On 14 August 2018 the Group entered into an agreement to sublet space in its Edinburgh office to Amati for a term of five years. During the six months ended 30 November 2021 the Group received rent of £24,000 (1H21: £24,000) from Amati as lessee, £5,000 (1H21: £8,000) from the recharge of other property related costs and consultancy fees of £20,000 (1H21: £20,000) in the period.

Gateley (Holdings) Plc

The Company's Non-Executive Chairman, Joanne Lake, is a Non-Executive Director of Gateley (Holdings) Plc, which is the holding company of Gateley Plc, a provider of commercial legal services. During the period the Group received revenues of £20,394 (1H21: £19,000) in respect of the employee benefits services provided to Gateley Plc.

Key management compensation

Key management personnel receive compensation in the form of short-term employee benefits and equity compensation benefits. Key management personnel, representing the Executive Directors and eight (1H21: 24) other executives, accrued total compensation of £2.1m for the six months ended 30 November 2021 (1H21: £2.8m). Total remuneration is included in 'employee benefits expense' and analysed as follows:

	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000	Audited Year ended 31 May 2021 £000
Wages and salaries	**1,841**	2,314	3,855
Social security costs	**234**	388	405
Pension	**20**	37	42
Benefits in kind	**23**	32	101
	2,118	2,771	4,403

In addition, the cost of share based payments disclosed separately in the statement of comprehensive income was £0.2m (1H21: £0.3m).

Transactions with other related parties

Following the transfer of Mattioli Woods' property syndicate business to Custodian Capital, the legal structure of the arrangements offered to investors changed to a limited partnership structure, replacing the previous trust-based structure. Each limited partnership is constituted by its general partner and its limited partners (the investors), with the general partner being a separate limited company owned by Custodian Capital.

The general partner and the initial limited partner enter into a limited partnership agreement, which governs the operation of the partnership and sets out the rights and obligations of the investors. The general partners have appointed Custodian Capital as the operator of the partnerships pursuant to an operator agreement between the general partner and Custodian Capital.

MW Properties No 25 Limited

The Group holds a 9.40% interest in MW Properties No 25 Limited, a nominee for a property syndicate. As at 30 November 2021 the Group held an investment with a market value of £29,490 (1H21: £28,095) in the syndicate.

17. Commitments and contingencies

Remuneration of management sellers including contingencies

Certain business acquisitions made by the Group include arrangements for remuneration payable to selling shareholders which is contingent upon certain performance conditions including the financial performance of the acquired business in meeting financial targets and links to continuing employment of management sellers.

Following the acquisition of SSAS Solutions (UK) Ltd ("SSAS Solutions") on 27 March 2019, management sellers will receive remuneration of up to £1,500,000 over an extended three year earn out to 27 March 2022, subject to the achievement of certain performance conditions including the financial performance of SSAS Solutions meeting financial targets and continuing employment of management sellers. In the six months to 30 November 2021, remuneration costs of £78,000 (1H21 restated: £375,000) have been recognised in the statement of comprehensive income, and provision of £891,000 (1H21 restated: £563,000) is recognised in Note 15. Based on management's latest forecasts we anticipate that further remuneration costs of £nil will be recognised over the remaining period of contingency to 27 March 2022.

Following the acquisition of Hurley Partners Limited ("Hurley") on 31 July 2020, management sellers will receive remuneration of up to £7,028,000 over a two year earn out to 31 July 2022, subject to the achievement of certain performance conditions including the financial performance of Hurley meeting financial targets and continuing employment of management sellers. In the six months to 30 November 2021, remuneration costs of £1,757,000 (1H21 restated: £1,171,000) have been recognised in the statement of comprehensive income, and provision of £1,171,000 (1H21 restated: £1,171,000) is recognised in Note 15. Based on management's latest forecasts we anticipate that further remuneration costs of £2,343,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 31 July 2022.

Following the acquisition of Pole Arnold Financial Management Limited ("Pole Arnold") on 12 April 2021, management sellers will receive remuneration of up to £3,000,000 over a two year earn out to 12 April 2023, subject to the achievement of certain performance conditions including the financial performance of Pole Arnold meeting financial targets and continuing employment of management sellers. In the six months to 30 November 2021, remuneration costs of £750,000 (1H21 restated: £nil) have been recognised in the statement of comprehensive income, and provision of £1,000,000 (1H21 restated: £nil) is recognised in Note 15. Based on management's latest forecasts we anticipate that further remuneration costs of £2,000,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 12 April 2023.

Following the acquisition of Maven on 30 June 2021, management sellers will receive remuneration of up to £19,200,000 over a four year earn out to 30 June 2025, subject to the achievement of certain performance conditions including the financial performance of Maven meeting financial targets and continuing employment of management sellers. In the six months to 30 November 2021, remuneration costs of £2,000,000 (1H21: £nil) have been recognised in the statement of comprehensive income, and provision of £2,000,000 (1H21: £nil) is recognised in Note 15. Based on management's latest forecasts we anticipate that further remuneration costs of £17,200,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 30 June 2025.

Following the acquisition of Richings on 26 August 2021, management sellers will receive remuneration of up to £459,000 over a two year earn out to 26 August 2023, subject to the achievement of certain performance conditions including the financial performance of Richings meeting financial targets and continuing employment of management sellers. In the six months to 30 November 2021, remuneration costs of £57,000 (1H21: £nil) have been recognised in the statement of comprehensive income, and provision of £57,000 (1H21: £nil) is recognised in Note 15. Based on management's latest forecasts we anticipate that further remuneration costs of £402,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 26 August 2023.

Capital commitments

As at 30 November 2021, the Group had £nil capital commitments (1H21: £nil).

Sponsorship agreement

As part of the Group's strategy to strengthen its brand awareness the Group has a sponsorship agreement with rugby giants Leicester Tigers. The agreement includes exclusive naming rights to the 26,000 capacity Mattioli Woods Welford Road stadium including full stadium, dugout and website branding, shirt sponsorship on the Tigers' home and away shirts, corporate hospitality rights and the provision of exclusive content to Tigers fans. In October 2020 the Group entered into a new sponsorship agreement with Leicester Tigers, which commenced in October 2020 and runs to June 2025, with a total cost of £3.4m over the term of the agreement.

Client claims

The Group operates in a legal and regulatory environment that exposes it to certain litigation risks. As a result, the Group occasionally receives claims in respect of products and services provided and which arise in the ordinary course of business. The Group provides for potential losses that may arise out of these contingencies.

In-specie pension contributions

As has been widely reported in the media, HMRC has challenged all SIPP providers on whether pension contributions could be made in-specie. As a result there are a number of tax relief claims made on behalf of our clients that have been challenged and we have received or are awaiting assessment notices which are expected to amount to £0.9m (1H21: £0.9m). These assessments have been appealed and we are currently awaiting a judgment as a result of a hearing held at the First-tier tribunal on 16 December 2021.

Irrespective of the result of HMRC's appeal, the impact on the financial position of the Group is expected to be neutral, with any liability expected to be recovered from the affected clients whose tax liability it is.

Transfers from defined benefit schemes

The FCA has been conducting an industry wide review of the advice being provided on transfers from defined benefit to defined contribution schemes since October 2015 ('the Review').

As previously reported, following consideration of the increasing costs of professional indemnity insurance, additional regulatory controls and the resources we would have to dedicate to this small part of our business, we have stopped giving pension transfer advice to individuals with safeguarded or defined benefits. The impact of this decision and the Review on the Group's financial performance is not expected to be material.

18. Alternative performance measure workings

Recurring revenue

A measure of sustainable revenue, calculated as revenue earned from ongoing services as a percentage of total revenue.

Timing of revenue recognition	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000
At a point in time:		
Investment and asset management	1,708	787
Private equity management	3,280	–
Pension consultancy and administration	618	413
Property management	2	61
Employee benefits	526	413
Non-recurring revenue	6,134	1,674
Over time:		
Investment and asset management	21,733	14,470
Private equity management	7,622	–
Pension consultancy and administration	9,228	8,664
Property management	3,019	2,416
Employee benefits	2,200	2,307
Recurring revenue	43,802	27,857
Total revenue	49,936	29,531
Recurring revenue	87.7%	94.3%

Adjusted EBITDA

A measure of the underlying profitability, excluding items that are non-cash or affect comparability between periods, calculated as statutory operating profit before financing income or costs, tax, depreciation, amortisation, impairment, acquisition-related costs, contingent consideration recognised as remuneration and gain on bargain purchase, and including share of profit from associates (net of tax).

	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000
Statutory operating profit before financing	2,832	3,864
Amortisation of acquired intangibles	3,278	1,285
Amortisation of software	166	147
Depreciation	1,416	1,529
EBITDA	7,692	6,825
Share of profit from associates, net of tax	862	442
Acquisition-related costs	2,598	118
Deferred consideration as remuneration	4,643	1,546
Adjusted EBITDA	15,795	8,931

18. Alternative performance measure workings continued

Adjusted PBT

A measure of profitability before taxation, excluding items that are non-cash or affect comparability between periods, calculated as statutory profit before tax excluding amortisation of acquired intangibles, acquisition-related costs, contingent consideration recognised as remuneration, gain on bargain purchase and acquisition-related notional interest charges.

	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000
Statutory profit before tax	3,255	4,218
Amortisation of acquired intangibles	3,278	1,285
Acquisition-related costs	2,598	118
Acquisition-related notional interest charges	362	49
Deferred consideration as remuneration	4,643	1,546
Adjusted PBT	**14,136**	7,216

Adjusted PAT

A measure of profitability, net of taxation, excluding items that are non-cash or affect comparability between periods, calculated as Adjusted PBT less tax at the standard rate of corporation tax.

	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000
Adjusted PBT	14,136	7,216
Income tax expense at standard rate of 19.0% (1H21: 19.0%)	(2,686)	(1,371)
Adjusted PAT	**11,450**	5,845

Adjusted EPS

A measure of total comprehensive income for the year, net of taxation, attributable to equity holders of the Company, calculated as adjusted PAT divided by the weighted average number of Ordinary Shares in issue.

	Unaudited Six months ended 30 Nov 2021 £000	Unaudited Six months ended 30 Nov 2020 £000
Adjusted PAT	11,450	5,845
Basic weighted average number of shares (see Note 6)	48,188	27,786
Adjusted EPS	**23.8p**	21.0p

Company information

Directors:	Joanne Lake	Non-Executive Chairman
	Ian Mattioli MBE	Chief Executive Officer
	Ravi Tara	Chief Financial Officer
	Iain McKenzie	Chief Operating Officer
	Michael Wright	Group Managing Director
	Anne Gunther	Non-Executive Director
	David Kiddie	Non-Executive Director
	Edward Knapp	Non-Executive Director
	Martin Reason	Non-Executive Director

Registered office:	1 New Walk Place Leicester LE1 6RU	
Registered number:	03140521	
Company secretary:	**Petershill Secretaries Limited**	
Nominated adviser and broker:	**Canaccord Genuity Limited** 88 Wood Street London EC2V 7QR	
Joint broker:	**Singer Capital Markets Limited** 1 Bartholomew Lane London EC2N 2AX	
Auditor:	**Deloitte LLP** Four Brindley Place Birmingham B1 2HZ	
Solicitors:	**Walker Morris LLP** 33 Wellington Street Leeds LS1 4DL	**DWF LLP** 2 Lochrin Square 96 Fountainbridge Edinburgh EH3 9QA
Principal bankers:	**Lloyds Bank plc** 1 Lochrin Square 92 Fountainbridge Edinburgh EH3 9QA	**Bank of Scotland plc** 1 Lochrin Square 92 Fountainbridge Edinburgh EH3 9QA
Registrars:	**Link Market Services Limited** Link Asset Services 40 Dukes Place London EC3A 7NH	

Financial calendar

8 February 2022	Announcement of interim results for the six months ended 30 November 2021
17 February 2022	Ex-date for interim dividend on Ordinary Shares
18 February 2022	Record date for interim dividend on Ordinary Shares
25 March 2022	Payment of interim dividend on Ordinary Shares

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