Mattioli Woods plc

Interim Report 2022/23

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

Delivering great client outcomes

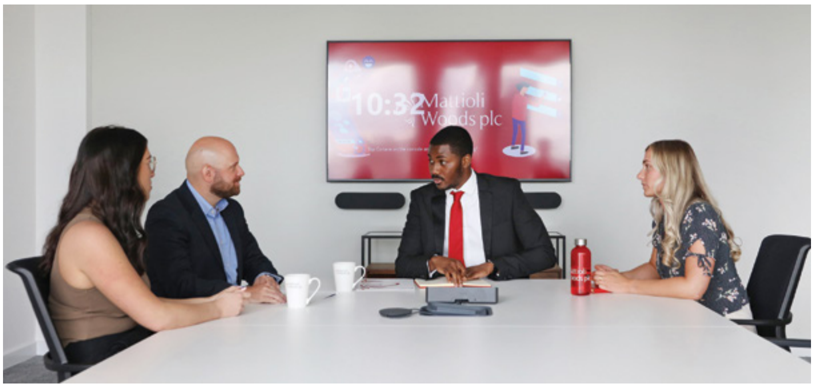
Clients continue to need long-term advice and strategies more than ever before. We provide quality solutions, maintaining our focus on client service and continuing to adapt our business model to the changing market.

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 £14.6bn as at 30 November 2022.

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 benefits services are particularly suitable for medium-sized to larger corporates.

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 and manage their affairs responsibly, balancing this with our objective to ensure the long-term sustainability and growth of our business.

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

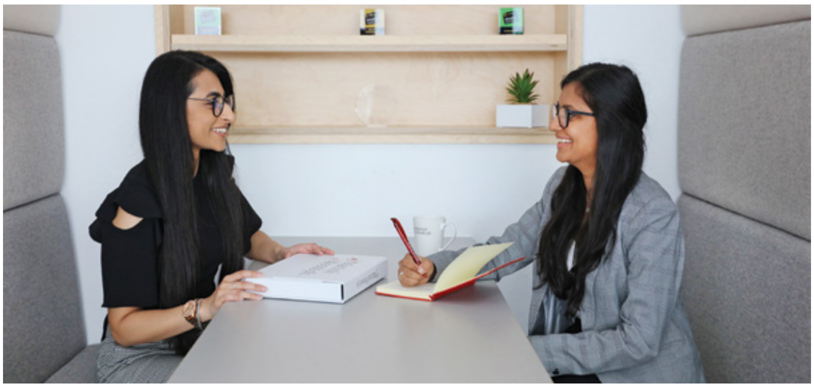


Our purpose

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

Our mission

To provide the best wealth management and employee benefit outcomes for our clients.



Our culture

Our culture is based on professionalism, putting clients first and adopting a collegiate approach. Retaining the integrity, expertise and passion of our people continues to be a priority coupled with a strong compliance culture focused on delivering positive customer outcomes.

02

Highlights

Resilient trading performance against a challenging macroeconomic and geopolitical backdrop.

04

Interim business review

Proactively balancing securing good financial outcomes for our clients with ensuring the long-term growth and sustainability of our business, remaining true to our purpose of putting clients first.

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

Highlights

Mattioli Woods in numbers

Financial highlights

for six months ended 30 November 2022

Revenue

£54.9m

+10.0%

1H22: £49.9m

- Resilient trading performance against challenging macroeconomic and geopolitical backdrop;
- Positive performance in pension advice and administration, employee benefits, property management and private equity management operating segments.

Adjusted EBITDA[3]

£15.0m

-5.1%

1H22: £15.8m

Due to:
- Change in revenue mix and market impact on revenues linked to asset values;
- Annualisation of employee benefit structure changes made in prior year and strategic investment to develop capacity.

Adjusted EBITDA margin[4]

27.3%

1H22: 31.6%

Organic revenue growth

2.2%

1H22: +10.0%

With increased new business pipeline, despite 2% fall in total client assets of the Group and its associate[1] to £14.6bn at the period end.

Profit before tax

£4.8m

+45.5%

1H22: £3.3m

Revenue contribution from acquisitions completed since 1 January 2021

£20.2m

1H22: £19.4m

Basic EPS

5.9p

+68.6%

1H22: 3.5p

Recurring revenues[2]

89.6%

1H22: 87.7% of total revenue

Adjusted EPS[5]

21.2p

1H22: 23.8p

Operating profit before financing

£4.6m

+ 62.7%

1H22: £2.8m

Interim dividend

8.8p

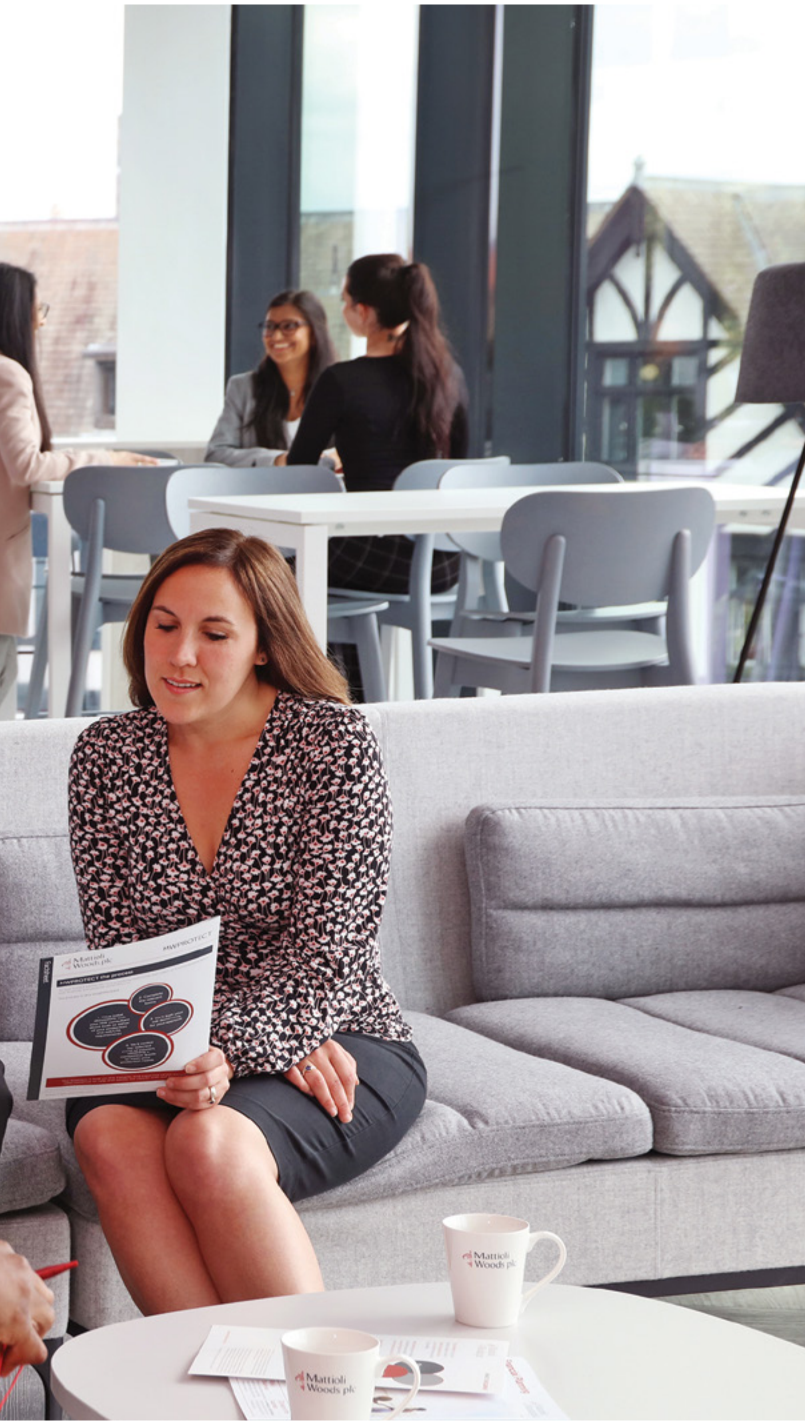
+6.0%

1H22: 8.3p

Strong financial position with cash at 30 November 2022

£38.3m

31 May 22: £53.9m



Operational highlights and recent developments

- Diversifying revenue mix through integrated model with 36% (1H22 restated: 38%) fee-based revenues[6], uncorrelated and therefore less sensitive to market performance;
- Gross discretionary Assets under Management ("AuM")[7] of £4.9bn, a 4% decrease in the period, with gross inflows of £314.1m (1H22: £384.8m) and net inflows 0.8% of opening AuM;
- Recent acquisitions continue to integrate well, strengthened by realised revenue synergies from cross-selling, with a strong and value accretive pipeline of new acquisition opportunities;
- Progressed digital client experience with launch of MWise online investment platform;
- Continued focus on managing costs, achieving intra-group synergies and improving profit margin in-line with stated medium-term goals; and
- 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;
- Group remains well positioned for the year ahead with a strong platform and integrated model enabling multiple client engagement points to facilitate growth; and
- Continued focus on new business generation, advancing key strategic initiatives and improved operational efficiency complemented by strategic acquisitions.

1 Includes £924.0m (31 May 2022: £1,100.5m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £74.9m (31 May 2022: £93.6m) of Mattioli Woods' client investment and £12.6m (31 May 2022: £14.8m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

2 Annual pension advice 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, contingent consideration treated as remuneration and including share of profit from associates (net of tax).

4 Adjusted EBITDA divided by revenue.

5 Adjusted profit after tax used to derive adjusted EPS is calculated as adjusted profit before tax less income tax at the blended standard rate of 20.0% (1H22: 19.0%).

6 Revenue for the six months ended 30 November 2022 was split 36% (1H22 restated: 38%) fixed, initial or time-based fees and 64% (1H22 restated: 62%) ad valorem fees based on the value of assets under management, advice and administration.

7 Includes £1,011.5m (31 May 2022: £1,208.9m) 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.

Well positioned to secure further growth

> During the period, we proactively balanced securing good financial outcomes for our clients with ensuring the long-term growth and sustainability of our business, remaining true to our purpose of putting clients first.

Ian Mattioli MBE
Chief Executive Officer

David Kiddie
Independent Non-Executive Chair

The first six months of this financial year saw the Group deliver a resilient trading performance against the challenging macroeconomic and geopolitical backdrop that persisted throughout calendar year 2022. During the period, we proactively balanced securing good financial outcomes for our clients with ensuring the long-term growth and sustainability of our business, remaining true to our purpose of putting clients first. We are pleased to report further progress towards our strategic medium-term goals, achieving continued revenue growth in the first half of this financial year.

Revenue of £54.9m was 10% higher than the equivalent period last year (1H22: £49.9m) driven by positive performances in our pensions advice and administration, employee benefits, property management and private equity management operating segments. The Group benefits from a high level of recurring revenue with more than a third being fee-based, rather than linked to the value of assets under management, administration or advice[8], giving our business a revenue profile that is less sensitive to market performance.

The success of our new business initiatives and the strength of existing client referrals resulted in organic revenue growth of over 2%, despite a 2% fall in the value of total client assets. In support of organic growth trends, a combination of clients' demand for advice and proactive communications by advisers in such uncertain times resulted in an increase in advisory time, as well as the value of new clients on-boarded in the first half more than 10% higher than the equivalent period last year.

The eight acquisitions completed since 1 January 2021, including our two largest acquisitions to date, Maven and Ludlow, contributed £20.2m (1H22: £19.4m) of revenue in the period.

8 Revenue for the six months ended 30 November 2022 was split 36% (1H22 restated: 38%) fixed, initial or time-based fees and 64% (1H22 restated: 62%) ad valorem fees based on the value of assets under management, advice and administration.

We realised revenue and cost synergies including joint-fund raising on two deals with our Maven Private Equity segment generating £0.6m in initial fees, clients of the Ludlow business have invested over £56m in the Group's Discretionary Portfolio Management ("DPM") proposition. In the period we streamlined administration and support processes to realise cost synergies in line with the acquisition plan through merging support functions and combining the Group office estate. The positive contributions of recent acquisitions, organic growth and continued cost management were offset by the impact of market movement on ad valorem revenues, resulting in adjusted EBITDA of £15.0m (1H22: £15.8m) falling by 5.1%. Profit before tax was up 45.5% to £4.8m (1H22: £3.3m) due to reduced deferred consideration payments recognised as remuneration expense under IFRS 3 of £3.9m (1H22: £4.6m) and lower acquisition-related costs of £0.5m (1H22: £2.6m), while adjusted profit before tax of £13.5m was down 4.3% (1H22: £14.1m) after adding back acquisition-related costs, deferred consideration recognised as an expense and amortisation of acquired intangible assets of £3.9m (1H22: £3.3m).

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 continue to balance the needs of our existing clients while creating the capacity to deal with increased new business levels. Our investment in technology allows our employees to combine an in-office presence with remote working, whilst we have seen an increasing number of face-to-face client meetings alongside the continued use of alternative channels which have enabled greater contact with all our clients. The wellbeing of all our staff remains a key focus with a range of workshops, educational and social forums being promoted by our dedicated wellbeing support team.

We continue to review our remuneration structures to ensure they remain competitive, with changes to the remuneration of fee-generating consultants implemented in the last financial year and discretionary bonuses being paid to other staff.

As in prior years, we anticipate that certain revenue will be more heavily weighted towards the second half due to end of tax year advice, the launch of new products and a higher proportion of client year-ends. Strategic expenditure planned for the second half includes further IT infrastructure investment, recruitment activity and marketing.

Our managed funds experienced some pressure on asset values, like many others in the sector, but our multi-asset funds continue to offer high levels of diversification as we seek to manage volatility in difficult investment markets. Our discretionary managed funds performed in line with their benchmarks and represented a combined value of £4.9bn at the period end, including more than £1.0bn 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 2022.

We believe the benefits of operating a responsibly integrated business allows us to secure great client outcomes whilst controlling clients' costs through economies of scale such as lower fund manager and platform charges, managing clients' total expense ratios ("TERs") over time while maintaining our service levels. In meeting our clients' investment needs we generally use third parties' funds, but where we have a particular expertise and opportunity to develop 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 ("PIC"), Custodian Property Income REIT plc ("Custodian REIT"), the Mattioli Woods Responsible Equity ("REF") and Property Securities ("PSF") Funds.

Despite the industry wide trend of net outflows over the period, we achieved modest aggregate net inflows (before market movements) of £38.1m (1H22: £267.0m) in to our gross discretionary assets under management which were down 4% and totalled £4.9bn (31 May 2022: £5.1bn) at the period end. The value of assets held within our DPM service remained at £2.5bn (31 May 2022: £2.5bn), of which £139.7m or 5.6% (31 May 2022: £127.5m or 5.1%) is invested within funds managed by the Group and its associates.

Our growing consultancy team continues to generate new business. A total of 490 new clients (1H22: 587) chose to use Mattioli Woods during the period reflecting the success of new business initiatives and strength of existing client referrals, of which 406 (1H22: 515) were new SIPP, SSAS and personal clients with assets totalling £91m (1H22: £87m).

These initiatives are also supporting our enquiry pipeline of 606 (1H22: 589) new business opportunities with assets totalling £194m (1H22: £145m). Total client assets under management, administration and advice by the Group and its associate were £14.6bn at the period end (31 May 2022: £14.9bn).

The Group's strong, integrated business model facilitates multiple engagement points in providing a holistic service to our clients. From the total client asset base of £14.6bn, the Group is able to generate multiple revenue streams to facilitate future revenue growth through our financial planning advice, pensions administration, employee benefits, discretionary and premium investment segments to an equivalent total client asset base of £22.5bn.

Consumer awareness and adoption of technology has accelerated in recent years, with on-demand portfolio visibility now considered a standard. We developed our online digital investment platform, MWise, which is now live and provides an additional distribution channel for our discretionary investment management service for new and existing clients. We are progressing our other strategic initiatives, including the development of our proprietary MWeb pension administration platform and the implementation of new third-party financial planning and wealth management software, which will simplify existing processes and deliver improved operational efficiency in future years. These initiatives are in-line with our historic guidance on estimated additional technology spend of circa. £2m per annum.

Market overview

The UK retail savings and investment market has demonstrated considerable growth in recent years. It remains dominated by pension schemes but is evolving as a result of societal, economic, regulatory and technological changes. More than a decade of low interest rates, which is now reversing, and evolving client preferences, including environmental, social and governance ("ESG") and responsible investing considerations, have created challenges for people seeking to generate income while preserving and growing their capital.

At the same time, the COVID-19 pandemic and subsequent events have created an uncertain market backdrop that has heightened awareness of the gap between the current level of UK savings and that which is necessary to provide a reasonable standard of living in adverse circumstances or during retirement. It has also served to highlight the general under-provision in the level of protection policies established to ensure that individuals, their families and their dependents are sheltered from the impact of adverse life events.

Interim business review continued

Employers continue to withdraw from defined benefit pension schemes, requiring individuals to be self-reliant in planning for their own long-term needs. 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.

Recent economic data suggests inflationary pressures will continue to 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, continued management of all direct and administrative expenditure and realisation of operational efficiencies and economies of scale.

Regulation

The Financial Conduct Authority ("FCA") set out its priorities and long-term expectations for the wealth management and advice industry during the period. The regulator is focused on firms' operational and financial resilience, including the preservation of client assets and money, and it 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 the continued operation of our business in the most adverse of circumstances and are able to balance the needs of our existing clients with creating the capacity to deal with new business.

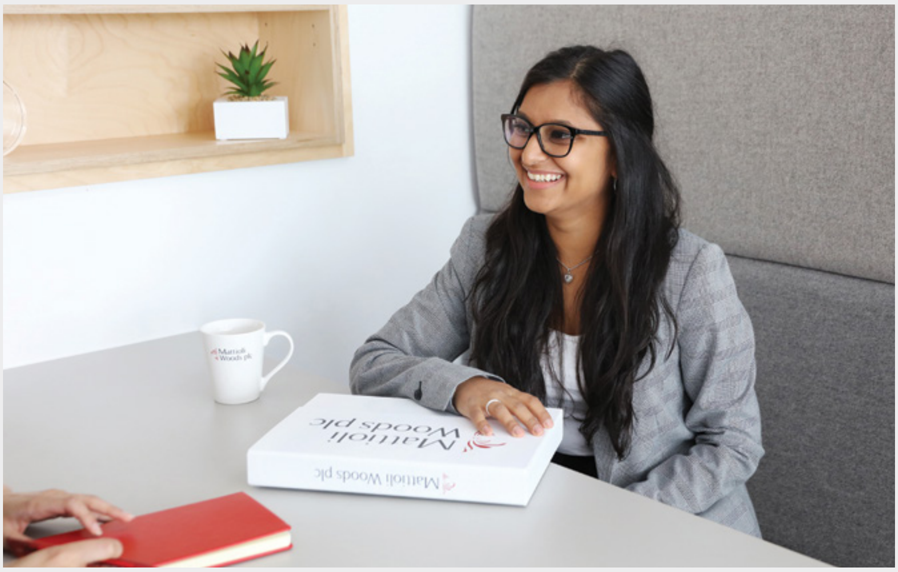
This has been expanded by the introduction of a new principle, the Consumer Duty, whereby "a firm must act to deliver good outcomes for retail customers". These requirements are intended to ensure our clients clearly understand the products and services they are paying for, why these are appropriate for them and that we are cognisant of the cost and value of products and services we recommend. All the new requirements accord with our principles of integrity, professionalism and a client-focused culture.

As the regulator focuses on protecting consumers, legislation is becoming increasingly stringent and the level of public scrutiny on conduct and cost is increasing, with clients able to understand the cost of the services they receive more easily following the introduction of the Markets in Financial Instruments Directive II ("MiFID II").

The recent FCA consultation paper for a new core investment advice regime to allow firms to provide mass-market consumers with simplified advice on investing into mainstream products, is one we are supportive of and will carry out an in-depth assessment of the opportunities that this may present for the Group in providing simplified advice to new clients when the policy statement is made in Spring 2023.

The introduction of the Investment Firm Prudential Regime ("IFPR") for UK investment firms authorised under UK MiFID brought significant changes, including UK investment firms now being subject to liquidity requirements across the board, a new methodology for calculating capital requirements, plus new remuneration and disclosure requirements. The Group continues to remain well capitalised under the new regime.

Clients need long-term advice 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 to build upon our established reputation for delivering sound advice and consistent investment performance, whilst providing value for clients.



"The Group's strong, integrated business model facilitates multiple engagement points in providing a holistic service to our clients."

Assets under management, administration and advice

Total client assets were £14.6bn as at 30 November 2022 (31 May 2022: £14.9bn). See Table 1 below.

The £301.1m or 2.0% decrease in total client assets during the period is analysed as:

- A £89.2m decrease (1H22: £150.2m increase) in SIPP and SSAS funds under trusteeship, with a 0.6% decrease (1H22: 0.4% decrease) in the number of schemes being administered at the period end, comprising a 0.3% (1H22: 1.0%) increase in the number of direct[12] schemes to 7,120 (31 May 2022: 7,098) offset by a 2.3% (1H22: 2.8%) decrease in the number of schemes the Group operates on an administration-only basis to 3,894 (31 May 2022: 3,986). 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 £19.2m decrease (1H22: £35.4m 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 streams of our wealth management revenue are linked;
- A £29.0m decrease (1H22: £2,005.2m increase) in personal wealth and other assets under management and advice. The prior year's increase was driven by the acquisitions of Ludlow and Richings in the period. The 206 (1H22: 2,971) new personal clients won during the period partially offset some natural client attrition, resulting in a 0.2% (1H22: 62.6% increase driven by acquisitions) decrease in the number of personal clients[13]. The total number of personal clients at the period end to 10,682 (1H22: 10,708);
- A £176.5m decrease (1H22: £22.6m increase) in Amati's funds under management (excluding Mattioli Woods' client investment), with falls in the value of the Amati UK Smaller Companies Fund to £666.3m (31 May 2022: £840.3m), the Amati AIM VCT to £213.7m (31 May 2022: £238.0m) and the Strategic Metals Fund to £75.1m (31 May 2022: £77.6m), being partially offset by assets in the IHT portfolio service increasing to £52.1m (31 May 2022: £51.8m); and
- A £12.7m increase in Maven's assets under management to £779.6m, as explained under 'Segmental review' below.

Trading results

The Group has developed a broader wealth management proposition in recent years, grown from its strong pensions advisory and administration expertise, with financial planning advice at the core.

We continue to build towards our strategic goals to grow the Group's operations to £300m revenues, £30bn total client assets and £100m EBITDA. We anticipate a continued focus on growing our adviser and client base, realising further cross sell opportunities from our acquired businesses to date and future strategic acquisitions.

To deliver this, we continue to invest in our people and our systems with the aim of improving client outcomes, increasing operational efficiency and increasing our capacity for organic growth, whilst driving a steady improvement in earnings, operating margin and shareholder returns.

Revenue

The Company delivered another period of organic revenue growth of 2.2% (1H22: 10.0%) despite challenging trading conditions. Total Group revenue of £54.9m (1H22: £49.9m) was boosted by a full six months' contribution from the acquisitions of Maven, Ludlow and Richings, with total revenue from acquisitions completed since 1 January 2021 totalling £20.2m (1H22: £19.4m).

Table 1

Assets under management, administration and advice[9]	SIPP and SSAS[10] £m	Employee benefits £m	Personal wealth and other assets £m	Sub-total £m	Amati[11] £m	Private equity mgt £m	Total £m
At 1 June 2022	6,913.3	1,452.8	4,670.4	13,036.5	1,100.5	766.9	14,903.9
Net inflows/(outflows), including market movements	(89.2)	(19.2)	(29.0)	(137.4)	(176.5)	12.7	(301.2)
At 30 November 2022	6,824.1	1,433.6	4,641.4	12,899.1	924.0	779.6	14,602.7

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

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

11 Includes £924.0m (31 May 2022: £1,100.5m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £74.9m (31 May 2022: £93.6m) of Mattioli Woods' client investment and £12.6m (31 May 2022: £14.8m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

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

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

Interim business review continued

Employee benefits expense

The major component of the Group's operating costs is employee benefits expense of £29.8m (1H22: £27.1m) representing 54.3% of revenue (1H22: 54.2%) and we continue to actively manage staff related expenditure. The realisation of operational efficiencies and securing economies of scale, in part through synergies driven by the integration of acquired businesses and clients, are key elements of our aim to maintain margin and enhance future earnings. The further development of our proprietary MWeb pension administration platform and the implementation of new third-party financial planning and wealth management software, will deliver improved operational efficiency in future years and lead to increased automation of client administration across the Group and create capacity within the existing staff base.

An increase in average consultant and client relationship manager caseloads 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, as well as through the integration and streamlining of other processes across the Group.

The planned recruitment of consultants, client relationship managers, IT developers and support staff resulted in the Group's total headcount increasing to 877 (1H22: 832) at 30 November 2022. The financial impact of the increased headcount was partially offset by a reduction in the quantum of variable remuneration payable to the Maven team, with the level of deal-specific performance and exit fees achieved in the equivalent period last year not repeated this year due to the wider market factors.

The number of fee-generating consultants increased to 184 (1H22: 183) at the period end. We continue to invest in our people and training programmes across the Group to ensure we create the capacity for future growth.

Other administrative expenses

Other administrative expenses increased by 3% to £10.2m (1H22: £9.9m), with the impact of recognising a full six months' costs on recent acquisitions, plus increased marketing and IT costs, being partially offset by reduced professional and regulatory costs and savings from reduced office occupancy across the Group estate.

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 number of opportunities, incurring acquisition-related costs of £0.5m (1H22: £2.6m).

Share-based payments

Share-based payment costs of £0.9m (1H22: £0.6m) were higher than the equivalent period last year due to new options awarded under the Mattioli Woods 2021 Long Term Incentive Plan ("the LTIP") during the period and the impact of updated performance and vesting assumptions.

Net finance costs

The Group maintained a positive net cash position throughout the period, with net finance costs of £0.4m (1H22: £0.4m) reflecting notional finance charges from the unwinding of discounts on deferred consideration payable of £0.5m (1H22: £0.4m).

Taxation

The effective rate of taxation on profit on ordinary activities was 36.6% (1H22: 48.0%), above the blended standard rate of tax of 20.0% (1H22: 19.0%), primarily due to certain contingent consideration arrangements on acquisitions 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 2022 reduced to £26.2m (1H22: £28.1m) as a result of the continuing amortisation of intangible assets arising from acquisitions in the prior periods.

Table 2

	1H23 £m	1H22 £m
Statutory operating profit before financing	**4.6**	2.8
Amortisation of acquired intangibles	**3.9**	3.3
Amortisation of software	**0.3**	0.2
Depreciation	**1.2**	1.4
EBITDA	**10.0**	7.7
Share of profit from associates, net of tax	**0.6**	0.9
Acquisition-related costs	**0.5**	2.6
Deferred consideration as remuneration	**3.9**	4.6
Adjusted EBITDA[14]	**15.0**	15.8

14 Figures in table may not add due to rounding.

"The Board is pleased to announce an increased interim dividend of 8.8p per share up 6.0%, demonstrating our desire to deliver value to shareholders and confidence in the financial outlook for our business."

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 earnings per share ("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 19.

Profitability and earnings per share

Operating profit before financing was up 64.3% to £4.6m (1H22: £2.8m), with the positive impact of increased revenue, lower acquisition-related costs of £0.5m (1H22: £2.6m) and contingent consideration recognised as an expense falling to £3.9m (1H22: £4.6m) being partially offset by a full period of overheads associated with those businesses acquired in 1H22 and increased investment in our people and IT. Adjusted EBITDA, adding-back acquisition-related costs and contingent consideration recognised as an expense and including the Group's share of profit from associates of £0.6m (1H22: £0.9m), was down 5.1%, with adjusted EBITDA margin of 27.3% (1H22: 31.6%).

Profit before tax of £4.8m (1H22: £3.3m) was up 45.5%, with adjusted profit before tax of £13.5m (1H22: £14.1m) down 4.3%. The adjusted profit before tax measure includes adjustments made for acquisition-related costs, the recognition of contingent consideration as an expense under IFRS 3, amortisation charges on acquired intangible assets of £3.9m (1H22: £3.3m) and acquisition-related notional interest charges of £0.5m (1H22: £0.4m).

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.

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 £3.9m (1H22: £3.3m) 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.

Basic EPS increased by 68.6% to 5.9p (1H22: 3.5p), while adjusted EPS of 21.2p (1H22: 23.8p) reduced by 10.9%. EPS was negatively impacted by a high effective tax rate of 36.6% (1H22: 48.0%), and the issue of 190,743 (1H22: 128,425) shares under the Company's share plans. The prior period also included 5,325,705 shares issued as consideration for acquisitions during 1H22, and 16,969,697 shares issued as part of a placing. Diluted EPS was 5.9p (1H22: 3.5p).

Dividends

The Board is pleased to announce an increased interim dividend of 8.8p per share (1H22: 8.3p) up 6.0%, 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 24 March 2023 to shareholders on the register at the close of business on 17 February 2023, with an ex-dividend date of 16 February 2023.

Table 3

	Profit 1H23 £m	EPS 1H23 pps	Profit 1H22 £m	EPS 1H22 pps
Statutory profit before tax	4.8		3.3	
Income tax expense	(1.7)		(1.6)	
Statutory profit after tax / Basic EPS	3.0	5.9	1.7	3.5
Statutory profit before tax	4.8		3.3	
Amortisation of acquired intangibles	3.9		3.3	
Acquisition-related costs	0.5		2.6	
Acquisition-related notional finance costs	0.5		0.4	
Deferred consideration as remuneration	3.9		4.6	
Adjusted PBT	13.5		14.1	
Income tax expense at blended standard rate	(2.7)		(2.7)	
Adjusted PAT / Adjusted EPS[15]	10.8	21.2	11.5	23.8

15 Figures in table may not add due to rounding.

The Company offers its UK, Channel Islands and Isle of Man 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 2022, shareholders' instructions must be received by Link by the close of business on 3 March 2023.

Cash flow

Cash balances at 30 November 2022 totalled £38.3m (1H22: £44.3m). Adjusted cash generated from operations[16], which excludes cashflows related to the Group's acquisition activities was £7.2m (1H22: £11.0m), representing 47.8% of Adjusted EBITDA (1H22: 69.6%). Cash generated from operations was (£1.5m) or (15%) of EBITDA (1H22: £4.5m or 58.4%), driven by an increase in the Group's working capital requirement[17] of £16.6m (1H22: £8.4m) comprising:

- £9.8m (1H22: £3.4m) decrease in trade and other payables primarily due to:
  - £8.9m (1H22: £2.5m) decrease in accruals and deferred income including £6.1m decrease in accrued bonuses (£10.2m paid offset by £4.1m accrued), £1.0m decrease from property insurance renewal premiums invoiced and paid in the period, £1.4m from other decreases on payment of accrued balances and £0.4m decrease in deferred income on fees issued annually in advance to certain clients;
  - £0.1m (1H22: £1.3m) decrease in social security and other taxes outstanding; and
  - £0.8m decrease (1H22: £0.2m increase) in trade and other payables including £0.2m payment of deferred consideration and £0.6m from catch up in settlement of trade creditors; plus
- £2.1m decrease (1H22: £1.7m increase) in trade and other receivables, primarily due to;
  - £3.2m increase in property management fees and insurance premiums invoiced to Custodian REIT and other property syndicates before November 2022; and
  - £1.1m decrease in other invoiced revenues compared to prior year; plus
- £8.9m (1H22: £3.3m) decrease in provisions, primarily due to:
  - £8.5m of contingent consideration recognised as remuneration paid in the period; and
  - £0.4m decrease across other provisions, including provisions for dilapidations charges and employers' NIC on share options.

Net cash outflows from investing activities reduced to £2.4m (1H22: £66.2m) with £nil (1H22: £64.0m) of initial consideration paid on acquisitions completed in the period and £1.6m (1H22: £0.6m) of contingent deferred consideration paid on acquisitions completed in prior periods. Investment in other investments reduced to £0.2m (1H22: £1.1m), with the prior period including an increased stake in the Group's technology partner Tiller.

Net cash from financing activities resulted in a £9.3m outflow (1H22: £85.6m inflow), with proceeds from the issue of share capital reducing to £0.4m (1H22: £109.0m) following the placing of new ordinary shares in the prior year in June 2021. This inflow was offset by the repayment of Ludlow's borrowings post-acquisition of £nil (1H22: £15.9m) and dividends paid of £9.1m (1H22: £6.8m) driven by the increased number of shares in issue and the dividend per share paid increasing in line with the Group's progressive dividend policy.

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

17 Working capital defined as trade and other receivables less trade and other payables.

Regulatory capital

The Group and Company continue to enjoy significant headroom on their regulatory capital and liquidity requirements.

The Group's regulatory capital requirements have increased as a result of further growth and diversification of its activities. In addition, the Group's capital resources are reduced when it makes acquisitions due to the requirement for intangible assets arising on consolidation in the Group's accounts, or investments in subsidiaries in the Company's accounts, to be deducted from Common Equity Tier 1 ("CET1") Capital.

In January 2022, following the introduction of the Investment Firm Prudential Regime ("IFPR"), the value of the Group's CET1 Capital was reduced due to the removal of reliefs on the deduction of deferred tax assets and significant investments in financial services entities that were available under the previous regime. The FCA has approved the Company applying the Group Capital Test, which allows investment firms relief from some of the prudential consolidation requirements. This is a more straightforward capital treatment where the Company is simply required to hold enough regulatory capital to support its own capital requirements and its capital investment in its subsidiaries.

At 30 November 2022 the Company had significant headroom of £26.3m on its regulatory capital requirement of £14.9m, a 176% surplus, giving the Board the flexibility to pursue further acquisition opportunities.

Segmental review

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

- 45.2% investment and asset management (1H22: 46.9%);
- 19.9% pension advice and administration (1H22: 19.9%);
- 22.9% private equity management (1H22: 21.8%);
- 6.3% property management (1H22: 6.0%); and
- 5.7% employee benefits (1H22: 5.4%).

Changes in revenue mix driven by changing market conditions can impact margins from period to period.

Investment and asset management

Investment and asset management revenues generated from advising clients on both pension and personal investments increased 6.0% to £24.8m (1H22: £23.4m).

The Group's gross discretionary AuM, including the multi-asset funds which 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, totalled £4.9bn (31 May 2022: £5.1bn), a decrease of 4.5% as seen on Table 4.

Our investment and asset management business, like many others in the sector experienced some pressure on asset values which continued after the period end and which impacts revenues linked to asset values. Income from both initial and ongoing portfolio management charges was £13.3m (1H22: £13.8m) with £131.5m (1H22: £417.5m) 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.

The MW Property Securities Fund ("MW PSF") and Responsible Equity Fund ("MW REF") continue to grow with net inflows of £18.8m and £1.3m respectively in the period.

Adviser charges based on gross assets under advice of £3.6bn (1H22: £3.7bn) increased to £11.2m (1H22: £9.5m), with the higher revenue margin from acquisitions partially offset by the impact of lower asset values and market movements. We continue to focus on seeking 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 Group's quality of earnings with the proportion of total revenues which are recurring being 89.6% (1H22 restated: 87.7%) 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.

Table 4

Assets under management	DPM £m	Custodian REIT £m	MW PSF £m	MW REF £m	Amati £m	Maven £m	**Gross AuM £m**	Cross-holdings in DPM[18] £m	Cross-holdings in Amati funds[19] £m	**Net AuM £m**
At 1 June 2022	2,527.5	527.6	62.2	7.2	1,208.9	771.1	**5,104.5**	(153.2)	(16.4)	**4,934.9**
Acquisitions	–	–	–	–	–	–	**–**	–	–	**–**
Inflows	131.5	–	19.1	1.3	116.6	45.5	**314.0**	13.5	3.8	**331.3**
Outflows	(82.4)	–	(0.4)	-	(148.5)	(44.7)	**(276.0)**	–	–	**(276.0)**
Market movements	(75.3)	(26.2)	(15.8)	(0.1)	(165.5)	16.3	**(266.6)**	–	–	**(266.6)**
At 30 November 2022	2,501.3	501.4	65.1	8.4	1,011.5	788.2	**4,875.9**	(139.7)	(12.6)	**4,723.6**

18 Comprises £12.5m (31 May 2022: £13.5m) invested in Custodian REIT, £64.8m (31 May 2022: £60.5m) in MW Property Securities Fund and £55.5m (31 May 2022: £70.3m) in Amati funds.

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

Pension advice and administration

Pension advice and administration revenues increased 10.8% to £10.9m (1H22: £9.9m) as a result of the strong demand for advice, whilst the total number of SIPP and SSAS schemes administered by the Group decreased 0.6% to 11,014 (31 May 22: 11,084) due to the continued wind-down of a number of SIPP schemes operated on an administration-only basis.

Direct[20] pension advice and administration fees increased 13.1% to £9.2m (1H22: £8.1m). Retirement planning remains central to many of our clients' wealth management strategies and the number of direct schemes increased to 7,120 (31 May 22: 7,098), with 186 new schemes gained in the first half of the year (1H22: 209). We have maintained a high quality of new business, with the value of new schemes averaging £0.3m (1H22: £0.3m), and we continue to enjoy strong client retention, with an external loss rate[21] of 1.3% (1H22: 1.1%) and an overall attrition rate[22] of 2.2% (1H22: 1.8%).

Third-party administration fees were £1.7m (1H22: £1.7m). The number of active SSAS and SIPP schemes the Group operates on an administration-only basis decreased by 2.3% to 3,894 (31 May 22: 3,986) 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.

The Group's banking revenue was £0.05m (1H22: £0.02m), with the Bank of England increasing the base rate from 1.0% to 3.0% at the period end. The recent base rate increases and our planned introduction of pooled client banking will provide an opportunity to enhance clients' rates and increase the Group's banking revenue at a time when clients' cash balances are higher than in prior periods due to the wider market uncertainty.

Segment margin was 23.7% (1H22: 28.8%) with increased new business, fee-based and transactional activity being offset by the impact of changes to consultants' remuneration.

Regulatory and client scrutiny of the pension market continues, with certain other SIPP and SSAS operators having been in the spotlight due to issues arising with non-standard investments. However, the market opportunity is 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.

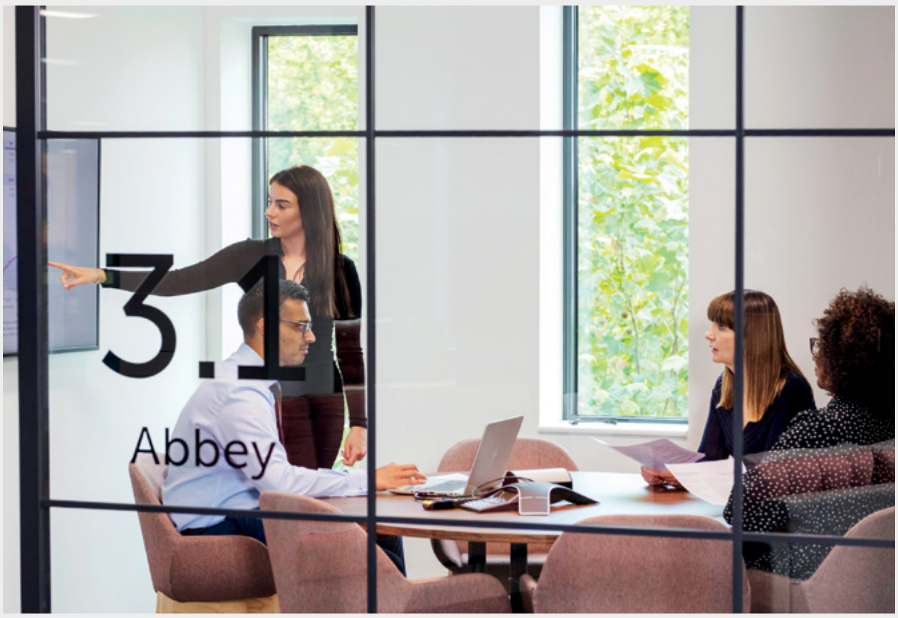
We take pride in seeing our clients withdrawing funds to enjoy in their retirement. We anticipate there will be some natural outflows from our clients' SIPP and SSAS schemes, particularly as the 'baby boomer' generation reaches retirement, but expect any such decumulation to have a positive impact on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

Private equity management

Maven enjoyed a healthy level of new deal flow across all segments of the business, leading to increased transaction-based revenues and deal arrangement fees, coupled with performance and exit fees on the successful realisation of a number of Maven Investor Partner and VCT investments. Maven's AuM totalled £788.2m (31 May 22: £771.1m) at the period end, with revenues recognised during the period up by 15.3% to £12.6m (1H22: £10.8m).

The Group realised a number of cross-sell revenue synergies, with the Maven Investor Partner business completing its first two property transactions with the Mattioli Woods PIC, generating £0.6m initial fees and embedding significant future performance fee potential. Product expansion continues with Maven launching new offers for its client VCTs during the period. The Maven public sector fund business also secured a new and enlarged extended contract with existing clients, and we anticipate there will be a number of interesting new tender opportunities across the UK during 2023.

Maven continue to enjoy a strong deal pipeline, although we are seeing timelines for transactions including new fundraises starting to extend, in line with industry peers.



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

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

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

The Maven managed funds along with the PIC and Amati collectively represent the Group's premium investment offering with a broad base of AuM totalling £1.9bn.

Property management

Property management revenues increased by 14.0% to £3.4m (1H22: £3.0m), with Custodian Capital's assets under management and administration increasing to £590.6m (1H22: £551.5m) at the period end following an increase in commercial property market values. The majority of property management revenues are derived from the services provided by Custodian Capital to Custodian Property Income REIT, which currently offers a fully covered dividend yield of 6.0%[23] 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 manages our "Private Investors Club", which offers alternative investment opportunities to suitable clients by way of private investor syndicates. Two new syndicates were launched (1H22: nil) attracting £7.6m (1H22: £nil) of investment during the period, following the decision to pause the launch of new opportunities in the prior year. There continues to be strong client interest in this initiative with several new opportunities planned for launch in the second half.

Employee benefits

Employee benefits revenues grew 16.0% against the prior year to £3.1m (1H22: £2.7m), with the Group having 782 corporate clients (31 May 2022: 783) at the period end. New client wins were spread across a number of sectors, ensuring the client portfolio remains well diversified.

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

Acquisitions

We have invested £239m in targeted acquisitions since our admission to AIM in 2005 bringing 33 businesses or client portfolios into the Group, and developing considerable expertise and a strong track record in the execution and subsequent integration of such transactions.

Of the nine acquisitions the Group has made since July 2020, all have delivered earnings to support the full payment of any contingent consideration. Each business is integrating well and contributing positively to the Group's trading results.

Consolidation within the wealth management, pensions administration, asset management and financial planning sectors continues apace, and we maintain a strong pipeline of new acquisition opportunities. We will continue to assess the pipeline with a disciplined approach, with any potential transaction required to meet our strict investment criteria.

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.

Our core values provide a framework for integrity, leading to responsible and ethical business practices. Structures for accountability from our administration and advice 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 Group Risk and Compliance Committee and take into account ethical considerations, including procedures for 'whistle-blowing'.

23 Source: Numis Securities Limited, Investment Companies Datasheet dated 9 January 2023.

"Our culture has and will be based on putting clients first, professionalism and adopting an ethical and collegiate approach."

Interim business review continued

Our people

We extend our thanks and gratitude 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 throughout. Our culture has and will be based on putting clients first, professionalism 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 investing in and developing our people to create and maintain 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 61% (1H22: 64%) 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.

Our Board

We remain committed to having a diverse and balanced Board which we believe represents the right governance structure for the Company. The Board continues to review its composition to ensure it has the right experience and expertise to create long-term shareholder value and recently completed an annual effectiveness review that was led by an independent, third party business. The Board embraces diversity in all forms and is considering a number of future changes to ensure compliance with regulatory and stakeholder guidance.

The Board is also committed to regular reviews of the Group's corporate governance structures, making changes as appropriate to support the Group's growth. Key areas under consideration include strategic and commercial growth, diversification of the Group's investment proposition, 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 engaged with shareholders through various channels, including company-hosted events, webinars, virtual group meetings and one-to-one meetings in addition to traditional face-to-face meetings. We are fortunate to have a number of supportive institutional shareholders with a significant investment in the Group, including those who have supported the Group for several years and those investors added to the register more recently. We welcome opportunities to talk to all our shareholders, large and small, and we will continue to create and maintain a regular and constructive dialogue with them, while seeking to broaden our shareholder base.

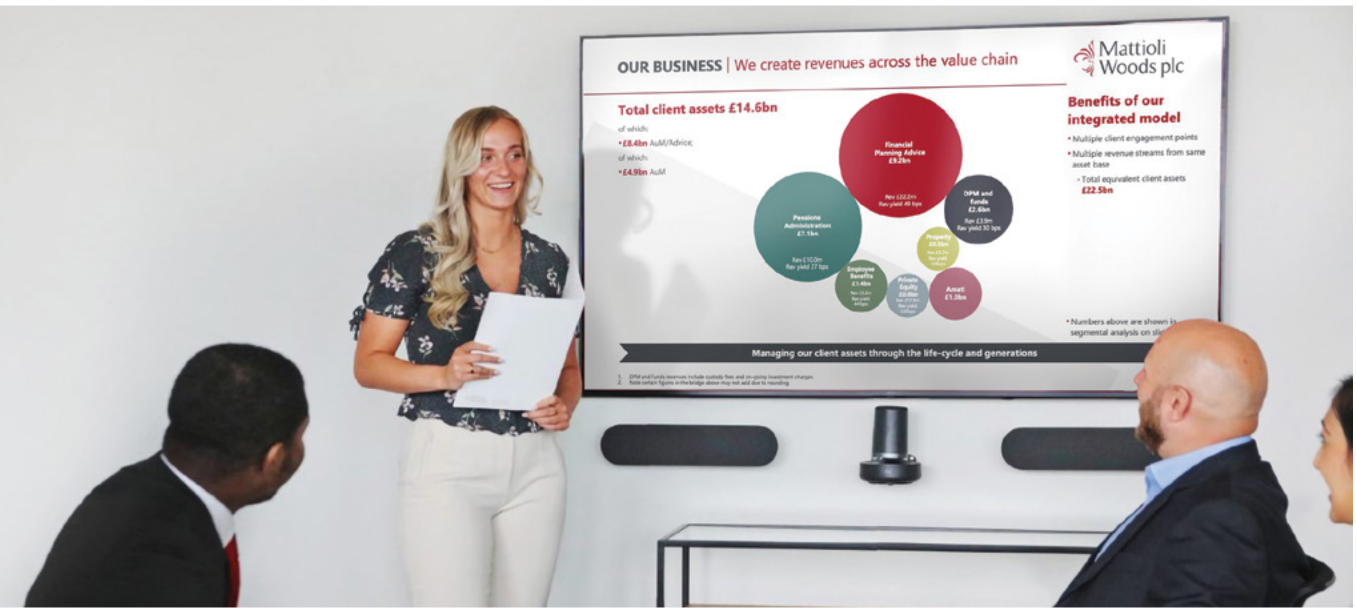
Outlook

The first half of the financial year has seen the Group deliver a resilient trading performance against a complex macroeconomic and geopolitical backdrop. We plan to build on this position, advancing our key strategic initiatives: new business generation, investing in our in-house training programmes, 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 secure further growth to the benefit of all our stakeholders, supporting sustainable shareholder returns.

David Kiddie
Non-Executive Chair

Ian Mattioli MBE
Chief Executive Officer

6 February 2023



The most enjoyable part of my job is spending time with my clients. I have looked after many of them for over 10 years and they really are part of the family.

April Ritchie
Consultant, Scotland

Independent review report to Mattioli Woods plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2022 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.

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 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the AIM Rules of the London Stock Exchange.

Basis of conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with UK adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting'.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

In preparing the half-yearly financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. Our work has been undertaken so that we might state to the Company those matters we are required to state to them 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.

Moore Kingston Smith LLP
London

6 February 2023

Interim condensed consolidated statement of comprehensive income for the six months ended 30 November 2022

	Note	Unaudited Six months ended 30 Nov 2022 £000	Unaudited Six months ended 30 Nov 2021 £000	Audited Year ended 31 May 2022 £000
Revenue	5	**54,913**	49,936	108,226
Employee benefits expense		**(29,813)**	(27,059)	(59,571)
Other administrative expenses		**(10,202)**	(9,936)	(19,803)
Share-based payments	14	**(856)**	(566)	(1,729)
Amortisation and impairment	11	**(4,279)**	(3,444)	(7,546)
Depreciation	9,10	**(1,216)**	(1,415)	(2,762)
Impairment loss on financial assets		**(75)**	(39)	(258)
Profit on disposal of fixed asset investments		**–**	–	406
(Loss)/profit on disposal of property, plant and equipment		**(10)**	(2)	3
Deferred consideration presented as remuneration	16	**(3,850)**	(4,643)	(9,664)
Operating profit before financing		**4,612**	2,832	7,302
Finance revenue		**175**	22	79
Finance costs		**(566)**	(461)	(1,006)
Net finance cost		**(391)**	(439)	(927)
Share of profit from associate, net of tax	12	**564**	862	1,614
Profit before tax		**4,785**	3,255	7,989
Income tax expense	8	**(1,749)**	(1,563)	(3,870)
Profit for the period		**3,036**	1,692	4,119
Other comprehensive loss for the period, net of tax		**(24)**	–	(19)
Total comprehensive income for the period, net of tax		**3,012**	1,692	4,100
Attributable to:				
Equity holders of the parent		**3,012**	1,692	4,100
Earnings per ordinary share:				
Basic (pence)	6	**5.9**	3.5	8.3
Diluted (pence)	6	**5.9**	3.5	8.3
Proposed dividend per share (pence)	7	**8.8**	8.3	26.1

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

Interim condensed consolidated statement of financial position as at 30 November 2022

	Note	Unaudited 30 Nov 2022 £000	Unaudited 30 Nov 2021 £000	Audited 31 May 2022 £000
Assets				
Property, plant and equipment	9	**13,877**	14,333	14,126
Right of use assets	10	**2,857**	3,908	3,322
Intangible assets	11	**195,288**	201,904	199,325
Deferred tax asset	8	**697**	1,146	776
Investment in associate	12	**4,693**	4,903	4,165
Other investments	12	**5,380**	5,541	5,509
Total non-current assets		**222,792**	231,735	227,223
Trade and other receivables		**26,578**	26,488	28,446
Finance lease receivable		**318**	273	354
Investments	12	**250**	26	253
Cash and short-term deposits		**38,324**	44,298	53,912
Total current assets		**65,470**	71,085	82,965
Total assets		**288,262**	302,820	310,188
Equity				
Issued capital		**512**	507	510
Share premium		**144,029**	142,798	143,373
Merger reserve		**57,225**	57,225	57,225
Equity – share-based payments		**3,018**	3,761	2,804
Capital redemption reserve		**2,000**	2,000	2,000
Own shares		**(597)**	(597)	(597)
Retained earnings		**19,085**	24,782	24,784
Total equity attributable to equity holders of the parent		**225,272**	230,476	230,099
Non-current liabilities				
Deferred tax liability	8	**26,862**	28,215	27,474
Lease liability		**2,655**	3,223	2,772
Provisions	16	**1,175**	8,138	8,611
Total non-current liabilities		**30,692**	39,576	38,857
Current liabilities				
Trade and other payables		**15,485**	19,895	25,055
Income tax payable	8	**1,636**	1,055	1,953
Lease liability		**607**	1,174	985
Provisions	16	**14,570**	10,644	13,239
Total current liabilities		**32,298**	32,768	41,232
Total liabilities		**62,990**	72,344	80,089
Total equities and liabilities		**288,262**	302,820	310,188

Registered number: 03140521

Interim condensed consolidated statement of changes in equity for the six months ended 30 November 2022

	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**
Profit for the period		–	–	–	–	–	–	1,692	1,692
Share of other comprehensive income from associates		–	–	–	–	–	–	–	–
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	14	–	–	–	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**
Profit for the period		–	–	–	–	–	–	2,427	2,427
Share of other comprehensive income from associates		–	–	–	–	–	–	(19)	(19)
Total comprehensive income for period		–	–	–	–	–	–	2,408	2,408
Transactions with owners of the Company, recognised directly in equity									
Issue of share capital		3	575	–	–	–	–	–	578
Share-based payment transactions	14	–	–	–	925	–	–	–	925
Deferred tax recognised in equity		–	–	–	(180)	–	–	–	(180)
Current tax taken to equity		–	–	–	116	–	–	–	116
Reserves transfer		–	–	–	(1,818)	–	–	1,818	–
Dividends	7	–	–	–	–	–	–	(4,223)	(4,223)
As at 31 May 2022 – Audited		**510**	**143,373**	**57,225**	**2,804**	**2,000**	**(597)**	**24,784**	**230,099**
Profit for the period		–	–	–	–	–	–	3,036	3,036
Share of other comprehensive income from associates		–	–	–	–	–	–	(24)	(24)
Total comprehensive income for period		–	–	–	–	–	–	3,012	3,012
Transactions with owners of the Company, recognised directly in equity									
Issue of share capital		2	656	–	–	–	–	–	658
Share-based payment transactions	14	–	–	–	630	–	–	–	630
Deferred tax recognised in equity		–	–	–	(41)	–	–	–	(41)
Current tax taken to equity		–	–	–	8	–	–	–	8
Reserves transfer		–	–	–	(383)	–	–	383	–
Dividends	7	–	–	–	–	–	–	(9,094)	(9,094)
As at 30 November 2022 – Unaudited		**512**	**144,029**	**57,225**	**3,018**	**2,000**	**(597)**	**19,085**	**225,272**

Interim condensed consolidated statement of cash flows for the six months ended 30 November 2022

	Note	Unaudited Six months ended 30 Nov 2022 £000	Unaudited Six months ended 30 Nov 2021 £000	Audited Year ended 31 May 2022 £000
Operating activities				
Profit for the period		**3,012**	1,692	4,119
Adjustments for:				
Depreciation	9,10	**1,216**	1,415	2,762
Amortisation and impairment	11	**4,279**	3,444	7,546
Deferred consideration as remuneration	16	**3,850**	4,643	9,664
Finance revenue		**(175)**	(22)	(79)
Finance costs		**566**	461	1,006
Share of profit from associate		**(564)**	(862)	(1,614)
Loss/(profit) on disposal of property, plant and equipment		**10**	2	(3)
Profit on disposal of fixed asset investments		**–**	–	(406)
Loss/(gain) on revaluation of other investments		**260**	(39)	(32)
Equity-settled share-based payments	14	**856**	566	1,729
Income tax expense		**1,749**	1,563	3,870
Cash flows from operating activities before changes in working capital and provisions		**15,059**	12,863	28,562
Decrease/(increase) in trade and other receivables		**2,095**	(1,695)	(5,251)
(Decrease)/increase in trade and other payables		**(9,778)**	(3,385)	1,771
Decrease in provisions		**(8,898)**	(3,330)	(5,441)
Cash generated from operations		**(1,522)**	4,453	19,641
Interest paid		**(1)**	(4)	(6)
Income taxes paid		**(2,370)**	(1,418)	(3,258)
Net cash inflows from operating activities		**(3,893)**	3,031	16,377
Investing activities				
Proceeds from sale of property, plant and equipment		**92**	10	116
Purchase of property, plant and equipment	9	**(554)**	(313)	(1,001)
Purchase of software	11	**(288)**	(165)	(427)
Purchase of client portfolio		**46**	–	(660)
Contingent consideration paid on acquisition of subsidiaries		**(1,555)**	(606)	(1,554)
Acquisition of subsidiaries		**–**	(72,894)	(72,894)
Cash received on acquisition of subsidiaries		**–**	8,868	8,868
Dividends received from associate	12	**–**	245	1,715
Investment in other equity holdings		**(195)**	(1,132)	(1,574)
Interest received		**167**	16	34
Proceeds from disposal of other investments		**67**	–	686
Loans advanced to investment syndicates		**(594)**	(284)	(3)
Loan repayments from investment syndicates		**400**	17	1,348
Net cash from investing activities		**(2,414)**	(66,238)	(65,346)
Financing activities				
Proceeds from the issue of share capital		**432**	108,980	109,277
Dividends paid	7	**(9,094)**	(6,818)	(11,041)
Repayment of borrowings		**–**	(15,945)	(15,945)
Payment of lease liabilities		**(619)**	(600)	(1,298)
Net cash from financing activities		**(9,281)**	85,617	80,993
Net (decrease)/increase in cash and cash equivalents		**(15,588)**	22,410	32,024
Cash and cash equivalents at start of period		**53,912**	21,888	21,888
Cash and cash equivalents at end of period		**38,324**	44,298	53,912

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 UK-adopted 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 6 February 2023.

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 2022, which were prepared in accordance with UK-adopted International Accounting Standards 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 2022 and the six months ended 30 November 2021 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 2022 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 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.

2.3 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 2022.

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
Annual improvements to IFRS 2018-2020	1 January 2022
Amendments to IAS 37 'Cost of fulfilling a contract'	1 January 2022
Amendments to IAS 16 'Proceeds before intended use'	1 January 2022
Amendments to IFRS 3 'Reference to the conceptual framework'	1 January 2022
Annual improvements to IFRS 2018-2020	1 January 2022

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.

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 (including amendments to IFRS 17)	1 January 2023
Amendments to IAS 1 'Classification of liabilities as current or non-current'	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 'Disclosure of accounting policies'	1 January 2023
Amendments to IAS 1 and IFRS PS2 'Definition of accounting estimates'	1 January 2023

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.

Notes to the interim condensed consolidated financial statements continued

2. Basis of preparation and accounting policies continued

2.3 Significant accounting policies continued

Financial statements for the year ending 31 May 2023

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 2023, except for the adoption of new standards and interpretations not yet issued.

2.4 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.

2.5 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 2022, we have disclosed the sensitivities to the key areas applicable to the six months to 30 November 2022 due to their significance to the interim results reported.

Critical accounting judgements

Disclosure is required of judgements made by the Board in applying the accounting policies that have a significant effect on the financial statements. In the opinion of the Board, no new critical accounting judgements were made during the period.

Sources of significant estimation uncertainty

Impairment of intangible assets

The Group reviews whether its intangible assets are impaired on an annual basis, or more frequently if indicators of impairment as defined by IAS 36 – Impairment of assets are identified.

At November 2022 the Directors identified indicators of potential impairment arising from external factors including the reduction in the value of clients assets, the reduction in value of Mattioli Woods' share price and increase in interest rates, and the impact on the financial performance of the Group. An updated estimation of the fair value less cost to sell and the value in use of intangible assets has been prepared to review whether intangible assets are impaired.

For the purposes of impairment testing, acquired client portfolios, brands, software, goodwill and right of use assets are allocated to the group of cash-generating units ("CGUs") that are expected to benefit from the business combination.

Value in use calculations are utilised to calculate recoverable amounts of a CGU. Value in use is calculated as the net present value of the projected pre-tax cash flows of the CGU in which the client portfolio is contained. The net present value of cash flows is calculated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, based on the Group's pre-tax Weighted Average Cost of Capital ("WACC"). The Group has applied a WACC of 12.6% (31 May 2022: 9.8%) to each of its operating segments.

The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and expenses during the period covered by the calculations. Changes to revenue and costs are based upon management's expectation. Forecast cashflows are derived from the forecast for the two and a half years to 31 May 2025, extrapolated for a further two years assuming medium-term growth of 5.0% (31 May 2022: 5.0%), thereafter extrapolating these cash flows using a long-term growth rate of 2.0% (31 May 2022: 2.0%), which management considers conservative against industry average long-term growth rates.

The carrying amount at 30 November 2022 of client portfolios was £108.2m (31 May 2022: £112.2m) and brands was £1.8m (31 May 2022: £1.9m). No impairment provisions have been made during the period (1H22: £nil) based upon the Directors' review.

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill has been allocated. In assessing value in use, the estimated future cash flows expected to arise from the CGU are discounted to their present value using a pre-tax discount rate of 12.6% (31 May 2022: 9.8%), reflecting current market assessments of the time value of money and the risks specific to that asset, based on the Group's WACC.

The carrying amount of goodwill at 30 November 2022 was £83.5m (31 May 2022: £83.5m). No impairment provisions have been made during the period (1H22: £nil) based upon the Directors' review.

The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the period covered by the calculations, based upon management's expectation, and discount rates. Sensitivities to key assumptions are disclosed in Note 13.

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 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 2022 was £8.2m (1H22: £9.5m) and contingent remuneration provided for at 30 November 2022 was £3.1m (1H22: £5.1m).

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.

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 2022.

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 2022.

3. Business combinations

The Group completed nil (1H22: three) acquisitions during the period. Acquisition-related costs of £0.5m (1H22: £2.6m) incurred during the period to 30 November 2022 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.

Acquisitions completed during the prior period

On 30 June 2021 the Company completed the acquisition of 100% of the membership interests in Maven Capital Partners UK LLP ("Maven"), 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.

On 26 August 2021 the Company completed the acquisition of 100% of the share capital of Richings Financial Management Ltd ("Richings"), an established financial planning and wealth management business based in Iver.

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"), a provider of investment, financial planning and pension advice in the North-West of England.

Further details of each of the acquisitions completed in the prior year can be found in the Annual Report and Accounts for the year ended 31 May 2022.

Notes to the interim condensed consolidated financial statements continued

3. Business combinations continued

Acquisitions completed during the prior period continued

The fair values of the assets and liabilities of each of the prior year acquisitions as at the date of acquisition are set out in the table below:

	Maven £000	Richings £000	Ludlow Wealth Management £000	Total £000
Fair value recognised on acquisition:				
Property, plant and equipment	333	10	179	522
Right of use assets	1,972	–	263	2,235
Intangible assets – Goodwill	–	–	1,317	1,317
Intangible assets – Client portfolio	54,483	1,325	21,337	77,145
Intangible assets – Brand	1,951	–	–	1,951
Investments	3,909	–	–	3,909
Trade and other receivables	4,548	74	682	5,304
Cash at bank	4,648	405	3,815	8,868
Assets	71,844	1,814	27,593	101,251
Trade and other payables	(6,146)	(130)	(1,785)	(8,061)
Loans and other borrowings	–	–	(15,945)	(15,945)
Lease liabilities	(1,998)	–	(253)	(2,251)
Provisions	(266)	–	(124)	(390)
Deferred tax liability	(13,851)	(331)	(5,238)	(19,240)
Liabilities	(22,261)	(461)	(23,345)	(46,067)
Total identifiable net assets at fair value	49,583	1,353	4,248	55,184
Goodwill	39,787	214	24,302	64,303
Acquisition cost	89,370	1,567	28,550	119,487
Analysed as follows:				
Initial cash consideration	50,000	900	16,701	67,601
Net asset excess	5,000	292	–	5,292
Net shares in Mattioli Woods	33,773	–	6,047	39,820
Contingent deferred consideration	800	441	7,407	8,648
Discounting of contingent deferred consideration	(203)	(66)	(1,605)	(1,874)
Acquisition cost	89,370	1,567	28,550	119,487
Cash outflow on acquisition:				
Cash paid	50,000	900	16,701	67,601
Net asset excess	5,000	292	–	5,292
Cash acquired	(4,648)	(405)	(3,815)	(8,868)
Acquisition-related costs	1,669	91	1,012	2,772
Net cash outflow	52,021	878	13,898	66,797

In addition to the acquisition cost, management sellers of Maven 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.

In addition to the acquisition cost, management sellers of Richings 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.

See Note 18 for further details of commitments and contingencies.

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 advice 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 investment activity from pension schemes and personal investors 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 and timing of delivery of significant new investment opportunities for clients.

5. Segment information

The Group's operating segments comprise the following:

- Pension advice and administration – Fees earned 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 asset management – Income generated where Maven Capital Partners manages VCTs and other investments, including fund management, administration, establishment, exit and performance fees in respect of the investments for which it is manager;
- 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 offering 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 2022 and 2021, and the year ended 31 May 2022 respectively:

Unaudited **Six months ended 30 Nov 2022**	Investment and asset management £000	Private equity management £000	Pension advice and administration £000	Property management £000	Employee benefits £000	Total segments £000	Corporate costs £000	Consolidated £000
Revenue								
External customers	**24,832**	**12,565**	**10,909**	**3,444**	**3,163**	**54,913**	**–**	**54,913**
Results								
Segment profit before tax	**4,542**	**3,300**	**2,582**	**1,074**	**484**	**11,982**	**(7,197)**	**4,785**

Unaudited Six months ended 30 Nov 2021	Investment and asset management £000	Private equity management £000	Pension advice 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

Audited Year ended 31 May 2022	Investment and asset management £000	Private equity management £000	Pension advice and administration £000	Property management £000	Employee benefits £000	Total segments £000	Corporate costs £000	Consolidated £000
Revenue								
External customers	50,425	26,153	19,718	6,273	5,657	108,226	–	108,226
Results								
Segment profit before tax	12,889	7,220	3,918	1,541	760	26,328	(18,339)	7,989

5. Segment information continued

The following table presents segment assets of the Group's operating segments as at 30 November 2022 and 2021, and at 31 May 2022 respectively:

	Unaudited 30 Nov 2022 £000	Unaudited 30 Nov 2021 £000	Audited 31 May 2022 £000
Investment and asset management	**87,888**	95,406	94,206
Private equity management	**99,784**	103,440	102,502
Pension advice and administration	**24,139**	23,720	23,803
Property management	**2,893**	3,659	4,889
Employee benefits	**5,419**	5,754	5,552
Total segment assets	**220,123**	231,979	230,952
Property, plant and equipment	**13,877**	14,333	14,126
Right of use assets	**2,857**	3,908	3,322
Intangible assets	**1,711**	1,665	1,761
Deferred tax asset	**697**	1,146	776
Investment in associate	**4,693**	–	–
Finance lease receivable	**318**	273	354
Prepayments and other receivables	**5,662**	5,192	4,985
Investments	**–**	26	–
Cash and short-term deposits	**38,324**	44,298	53,912
Corporate assets	**68,139**	70,841	79,236
Total assets	**288,262**	302,820	310,188

Segment operating assets exclude property, plant and equipment, right of use assets, certain items of computer software, certain investments, prepayments and other receivables, finance lease receivable, current and deferred tax asset balances and cash balances, as these assets are considered corporate in nature and are not allocated to a specific operating segment.

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 profit	Unaudited 30 Nov 2022 £000	Unaudited 30 Nov 2021 £000	Audited 31 May 2022 £000
Total segment profit before tax	**11,982**	13,051	26,328
Deferred consideration as remuneration	**(3,850)**	(4,643)	(9,664)
Depreciation	**(1,216)**	(1,415)	(2,762)
Acquisition-related costs	**(462)**	(2,598)	(3,408)
Irrecoverable VAT	**(743)**	(723)	(1,431)
Professional indemnity insurance	**(717)**	(650)	(1,397)
Finance costs	**(566)**	(461)	(1,006)
Amortisation and impairment	**(338)**	(166)	(331)
Bank charges	**(27)**	(22)	(36)
Loss on disposal of assets	**(10)**	(2)	3
Foreign exchange losses	**(7)**	–	–
Finance income	**175**	22	79
Share of profit from associate, net of tax	**564**	862	1,614
Group profit before tax	**4,785**	3,255	7,989

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 (1H22: 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 2022 £000	Unaudited Six months ended 30 Nov 2021 £000	Audited Year ended 31 May 2022 £000
Net profit and diluted net profit attributable to equity holders of the Company	**4,435**	1,591	4,100
Weighted average number of ordinary shares:	**000s**	000s	000s
Issued ordinary shares at start period	**51,036**	28,251	28,251
Effect of shares issued during the year ended 31 May 2022	**–**	19,937	21,142
Effect of shares issued during the current period	**22**	–	–
Basic weighted average number of shares	**51,058**	48,188	49,393
Effect of dilutive options at the statement of financial position date	**139**	372	81
Diluted weighted average number of shares	**51,197**	48,560	49,474

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 2.77% 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 2022 the conditions attaching to 1,280,000 options granted under the LTIP are not satisfied. If the conditions had been satisfied, diluted earnings per share would have been 5.7 pence per share (1H22: 3.5 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 blended 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 25,759 ordinary shares under the Mattioli Woods plc Share Incentive Plan; and
- The issue of nil ordinary shares to satisfy the exercise of options under the LTIP.

7. Dividends paid and proposed

	Unaudited Six months ended 30 Nov 2022 £000	Unaudited Six months ended 30 Nov 2021 £000	Audited Year ended 31 May 2022 £000
Paid during the period:			
Equity dividends on ordinary shares:			
– Final dividend for 2022: 17.8p (2021: 13.5p)	**9,094**	6,818	6,818
– Interim dividend for 2022: 8.3p (2021: 7.3p)	**–**	–	4,223
Dividends paid	**9,094**	6,818	11,041
Proposed for approval:			
Equity dividends on ordinary shares:			
– Interim dividend for 2023: 8.8p (2022: 8.3p)	**4,505**	4,219	–
– Final dividend for 2022: 17.8p (2021: 13.5p)	**–**	–	9,079
Dividends proposed	**4,505**	4,219	9,079

The interim dividend was approved on 6 February 2023.

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 component 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 2022 of £0.6m (1H22: £0.7m) are due to temporary differences on the amortisation of client portfolios and depreciation on fixed assets during the period.

The total deferred tax asset derecognised in the consolidated statement of changes in equity for the six months ended 30 November 2022 was £0.04m (1H22: recognised £0.17m).

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 2022 was calculated based on an effective income tax rate of 36.6% (1H22: 48.0%), as compared to the blended standard rate of UK corporation tax at the reporting date of 20.0% (1H22: 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 in to 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 2022	10,780	2,780	5,248	1,787	20,595
Additions	–	227	29	298	554
Disposals	–	(25)	(5)	(219)	(249)
At 30 November 2022	**10,780**	**2,982**	**5,272**	**1,866**	**20,900**
Depreciation:					
At 1 June 2022	871	1,753	3,158	687	6,469
Charged for the period	179	214	170	138	701
On disposals	–	(20)	(2)	(125)	(147)
At 30 November 2022	**1,050**	**1,947**	**3,326**	**700**	**7,023**
Carrying amount:					
At 30 November 2022	**9,730**	**1,035**	**1,946**	**1,166**	**13,877**
At 30 November 2021	9,982	1,077	2,331	943	14,333
At 31 May 2022	9,909	1,027	2,090	1,100	14,126

10. Right of use assets

	Properties £000	Computer and office equipment £000	Total £000
Gross carrying amount:			
At 1 June 2022	5,663	717	6,380
Changes in value	50	–	50
At 30 November 2022	**5,713**	**717**	**6,430**
Depreciation:			
At 1 June 2022	2,403	655	3,058
Charged for the period	453	62	515
At 30 November 2022	**2,856**	**717**	**3,573**
Carrying amount:			
At 30 November 2022	**2,857**	**–**	**2,857**
At 30 November 2021	3,730	178	3,908
At 31 May 2022	3,260	62	3,322

11. Intangible assets

	Internally generated software £000	Software £000	Client portfolios £000	Brand £000	Goodwill £000	Total £000
Gross carrying amount:						
At 1 June 2022	2,559	1,931	135,954	1,951	83,516	225,911
Additions	–	288	–	–	–	288
Arising on acquisition	–	–	(46)	–	–	(46)
Disposals	–	(449)	–	–	–	(449)
At 30 November 2022	**2,559**	**1,770**	**135,908**	**1,951**	**83,516**	**225,704**
Amortisation and impairment:						
At 1 June 2022	1,290	1,438	23,769	89	–	26,586
Amortisation for the period	–	339	3,891	49	–	4,279
On disposals	–	(449)	–	–	–	(449)
At 30 November 2022	**1,290**	**1,328**	**27,660**	**138**	**–**	**30,416**
Carrying amount:						
At 30 November 2022	**1,269**	**442**	**108,248**	**1,813**	**83,516**	**195,288**
At 30 November 2021	1,118	547	114,812	1,911	83,516	201,904
At 31 May 2022	1,269	493	112,185	1,862	83,516	199,325

12. Investments

Investment in Associate

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

	Unaudited Six months ended 30 Nov 2022 £000	Unaudited Six months ended 30 Nov 2021 £000	Audited Year ended 31 May 2022 £000
Investment in associate:			
At start of period	**4,165**	4,295	4,295
Share of profit for the period	**585**	886	1,672
Amortisation of fair value intangibles	**(34)**	(33)	(68)
Share of other comprehensive loss	**(23)**	–	(19)
Dividends received	**–**	(245)	(1,715)
At end of period	**4,693**	4,903	4,165
Share of profit from associate in statement of comprehensive income:			
Share of profit for the period	**585**	886	1,672
Amortisation of fair value intangible assets	**(34)**	(34)	(68)
Elimination of transactions with associate	**13**	10	10
	564	862	1,614

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 2022, and revenue and profit for the six months then ended, are as follows:

Name	Country of incorporation	Assets £000	Liabilities £000	Revenue £000	Profit £000	Interest held
Amati Global Investors Limited	Scotland	8,927	4,319	5,321	1,193	49%
Group's share of profit					585	

The net assets of Amati as at 1 June 2022 were £3,462,000. At 30 November 2022 the net assets of Amati were £4,608,000 following payment of dividends of £nil and other increases in net assets of £1,146,000, increasing the Group's interest in the associate by £562,000 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.

Other Fixed Asset Investments

	£000
At 1 June 2022	5,762
Additions	195
Disposals	(67)
Revaluation	(260)
At 30 November 2022	**5,630**
Listed investments 2022	2,730
Unlisted investments 2022	2,900
At 30 November 2022	**5,630**
Current 2022	250
Non-current 2022	5,380
At 30 November 2022	**5,630**

13. Impairment of intangible assets

Goodwill and client portfolio intangible assets arising on acquisitions are allocated to the cash-generating units comprising the acquired businesses. Allocation to cash-generating units is based on headcount or revenues at the date of acquisition. Where the Group reorganises its operating and reporting structures in a way that changes the composition of one or more cash-generating units to which goodwill and client portfolio assets have been allocated, the goodwill and client portfolio assets are reallocated to the units affected.

The cash-generating units comprise the same groups of assets as the four operating segments, which represent the smallest individual groups of assets generating cash flows. Goodwill and client portfolio assets have been allocated between the Group's operating segments for impairment testing, as follows:

Group	Pension advice and admin £000	Investment and asset management £000	Private equity asset management £000	Property management £000	Employee benefits £000	Total £000
At 1 June 2021	15,358	37,588	–	792	5,064	58,802
Arising on acquisitions	–	48,494	96,221	–	–	144,715
Additions	–	1,261	–	–	–	1,261
Amortisation during the year	(948)	(2,684)	(3,107)	(80)	(396)	(7,215)
At 31 May 2022	14,410	84,659	93,114	712	4,668	197,563
Additions	–	(46)	–	–	–	(46)
Amortisation during the year	(475)	(1,543)	(1,693)	(30)	(199)	(3,940)
At 30 November 2022	**13,935**	**83,070**	**91,421**	**682**	**4,469**	**193,577**
Goodwill	5,489	37,414	39,787	188	638	83,516
Client portfolios	8,446	45,656	49,821	494	3,831	108,248
Brand	–	–	1,813	–	–	1,813
At 30 November 2022	**13,935**	**83,070**	**91,421**	**682**	**4,469**	**193,577**

The determination of whether goodwill and client portfolio assets are impaired requires an assessment of the fair value less cost to sell and estimation of the value in use of the operating segments to which the assets have been allocated. We have assessed both the value in use of the operating segments, and fair value less costs to sell, based on the enterprise value of the Group at the year-end date, and determined that the value in use is higher than the enterprise value.

In assessing value in use, the estimated future cash flows of each operating segment are discounted to their present value using a pre-tax discount rate of 12.6% (31 May 2022: 9.8%), reflecting current market assessments of the time value of money and the risks specific to these assets, based on the Group's WACC. The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the period covered by the calculations, based upon management's expectation. The estimated cash flows for each segment are derived from the forecast for the two and a half years to 31 May 2025, extrapolated for a further two years assuming medium-term growth of 5.0% (31 May 2022: 5.0%) and a long-term growth rate of 2.0% (31 May 2022: 2.0%), which management considers conservative against actual average long-term growth rates.

13. Impairment of intangible assets continued

The value in use calculated at 30 November 2022 was £381.0m (31 May 2022: £548.7m). Comparing this to the net asset value of the operating segments identified above, the Directors believe the value of goodwill is not impaired at 30 November 2022. This accounting treatment resulted in an impairment loss of £nil (1H22: £nil).

Discount rate sensitivity of +1.0% represents a plausible variance in discount rate as a result of a range of judgements used in following the capital asset pricing model to determine an appropriate weighted average cost of capital for the Group. Growth rate sensitivities are set at a level to either minimise or altogether remove the impact of assumed growth in pre-tax cashflows derived from each operating segment.

The sensitivity of the value in use calculated at 30 November 2022 to changes in the key assumptions is as follows:

Assumption	Base assumption	Change in assumption	Increase/(decrease) in value in use £m
Discount rate	12.6%	+1.0%	(33.7)
Years 1-3 cashflows	Var.	−5.0%	(17.1)
Medium-term growth rate	5.0%	−5.0%	(29.0)
Long-term growth rate	2.0%	−2.0%	(57.9)

Under the sensitivity to long-term growth rate, the private equity management cash-generating unit would report an impairment of £4.6m.

The private equity management cash-generating unit was created on the Group's acquisition of Maven in June 2021. Since acquisition, the cash-generating unit has performed in line with expectation, but the increase in discount rate to 30 November 2022 reduced the headroom over the carrying value of intangible assets assigned to the cash-generating unit.

The headroom between carrying value and recoverable amount for the private equity management cash-generating unit was calculated at £12.1m (31 May 2022: £22.1m). The threshold beyond which each sensitivity would give rise to an impairment charge is as follows:

Assumption	Base assumption	Change in assumption giving rise to an impairment charge	Revised assumption giving rise to an impairment charge
Discount rate	12.6%	+10.4%	23.0%
Years 1-3 cashflows	Var.	−18.4%	Var.
Medium-term growth rate	5.0%	−7.4%	−2.4%
Long-term growth rate	2.0%	−1.4%	0.6%

14. Share-based payments

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 2022 Equity-settled £000	Unaudited 30 Nov 2021 Equity-settled £000	Audited 31 May 2022 Equity-settled £000
Long-Term Incentive Plan	**756**	411	1,414
Share Incentive Plan	**100**	155	315
Total	**856**	566	1,729

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.

Long-Term Incentive Plan

During the period, Mattioli Woods granted awards to the Company's Executive Directors and certain senior employees under the Long-Term Incentive Plan ("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:

LTIP awards	Unaudited 30 Nov 2022 Equity-settled No.	Unaudited 30 Nov 2021 Equity-settled No.	Audited 31 May 2022 Equity-settled No.
Outstanding at start of period	**1,051,127**	933,809	933,809
Granted during the period	**450,000**	–	488,000
Exercised during the period	**(81,668)**	(61,604)	(353,182)
Forfeited during the period	**(300)**	–	(17,500)
Outstanding at end of period	**1,419,159**	872,205	1,051,127
Exercisable at end of period	**139,159**	372,605	81,027

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 2022 No.	Granted during the period No.	Forfeited during the period No.	Exercised during the period No.	At 30 Nov 2022 No.
15 October 2015	£0.01	310	–	–	(310)	–
6 September 2016	£0.01	35,659	–	–	(558)	**35,101**
5 September 2017	£0.01	9,358	–	–	(300)	**9,058**
6 September 2018	£0.01	35,700	–	–	(500)	**35,200**
4 September 2019 – Tranche A	£0.01	98,000	–	–	–	**98,000**
4 September 2019 – Tranche B	£0.01	139,800	–	–	(80,000)	**59,800**
1 June 2020 – Tranche A	£0.01	132,550	–	–	–	**132,550**
1 June 2020 – Tranche B	£0.01	111,750	–	–	–	**111,750**
24 December 2021 – Tranche A	£0.01	144,400	–	–	–	**144,400**
24 December 2021 – Tranche B	£0.01	343,600	–	(300)	–	**343,300**
26 October 2022 – Tranche A	£0.01	–	230,500	–	–	**230,500**
26 October 2022 – Tranche B	£0.01	–	219,500	–	–	**219,500**
		1,051,127	450,000	(300)	(81,668)	**1,419,159**

The weighted average share price at the date of exercise for share options exercised during the period was £6.56 (31 May 2022: £8.43). For the share options outstanding at 30 November 2022, the weighted average exercise price ("WAEP") was £0.01 (31 May 2022: £0.01), and the weighted average remaining contractual life is 2.56 years (31 May 2022: 2.20 years).

As a result of the exercise of 81,668 share options during the year, the cumulative cost recognised in equity-share based payment reserve in respect of these options was transferred to retained earnings, increasing retained earnings by £383,000.

Income tax and employee's National Insurance contributions payable by the participant on exercise of a share option are borne by the participant, employers National Insurance contributions payable on exercise are borne by the Company and provided for over the vesting period (Note 16).

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. The following table lists the inputs to the model used to estimate the fair value of options granted during the period ended 30 November 2022:

	Tranche A	Tranche B
Date of grant	26 October 2022	26 October 2022
Share price at date of grant	£5.90	£5.90
Option exercise price	£0.01	£0.01
Expected life of option (years)	6.5	4.5
Expected share price volatility (%)	25.0	25.0
Dividend yield (%)	4.75	4.75
Risk-free interest rate (%)	3.68	3.61

The expected volatility assumption is based on statistical analysis of the historical volatility of the Company's share price.

Notes to the interim condensed consolidated financial statements continued

14. Share-based payments continued

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 106,075 (1H22: 66,821) new ordinary shares were issued to the 473 (1H22: 386) employees who participated in the SIP during the period. At 30 November 2022 853,456 (1H22: 731,269) shares were held in the SIP on their behalf, of which 193,721 (1H22: 149,564) conditional matching shares were not yet vested, and there were 1,295 (1H22: 326) forfeited shares not allocated to any specific employee.

15. 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 2022 £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 assets				
Fixed asset investments at fair value through profit or loss (Note 12)	4,130	2,730	–	1,400
Fixed asset investments at fair value through other comprehensive income (Note 12)	1,500	–	–	1,500
At 30 November 2022	**5,630**	**2,730**	**–**	**2,900**
Financial liabilities				
Contingent consideration (Note 16)	8,165	–	–	8,165
At 30 November 2022	**8,165**	**–**	**–**	**8,165**

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

16. Provisions

Group	Contingent consideration £000	Contingent remuneration £000	Client claims £000	Dilapidations £000	Clawbacks £000	Employers' NIC on share options £000	Total £000
At 31 May 2022	9,284	7,750	3,265	793	82	676	21,850
Arising during period	–	3,850	352	–	44	(80)	4,166
Used during period	(1,555)	(8,543)	(72)	(70)	(3)	(82)	(10,325)
Unwinding of discount	482	–	–	17	–	–	499
Unused amounts reversed	(46)	–	(296)	(103)	–	–	(445)
At 30 November 2022	**8,165**	**3,057**	**3,249**	**637**	**123**	**514**	**15,745**
Current	7,853	3,057	3,249	85	123	203	14,570
Non-current	312	–	–	552	–	311	1,175
At 30 November 2022	**8,165**	**3,057**	**3,249**	**637**	**123**	**514**	**15,745**

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 £7.9m (1H22: £2.1m) and the Group expects to settle the non-current balance of £0.3m (1H22: £7.4m) 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 18. The Group estimates remuneration payable within the next 12 months is £3.1m (1H22: £5.1m).

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.

17. 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.

During the six months ended 30 November 2022 the Group received revenues of £2.3m (1H22: £2.2m) in respect of annual management charges, administration and marketing fees from Custodian REIT. Custodian REIT owed the Group £13,256 (1H22: £1,169,000) at 30 November 2022.

Amati Global Investors Limited

The Company holds 49% of the issued share capital of Amati Global Investors Limited ("Amati"). Two of the Company's senior management team are appointed to the Board of Amati; Ian Mattioli is Deputy Chair, 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 2022 the Group received rent of £30,413 (1H22: £24,000) from Amati as lessee, £7,500 (1H22: £5,000) from the recharge of other property related costs and consultancy fees of £20,000 (1H22: £20,000) in the period.

K3 Capital Group Plc

The Company's Chief Executive Officer, Ian Mattioli, is a Non-Executive Chairman of K3 Capital Group Plc, a multi-disciplinary group of professional services firms. During the six months ended 30 November 2022 the Group paid fees of £Nil (2022: £26,927) to a subsidiary of K3 Capital Group Plc in respect of R&D tax credit consultancy fees.

Gateley (Holdings) plc

The Company's former 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 £22,663 (1H22: £20,394) 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 six (1H22: eight) other executives, accrued total compensation of £1.9m for the six months ended 30 November 2022 (1H22: £2.1m). Total remuneration is included in 'employee benefits expense' and analysed as follows:

	Unaudited Six months ended 30 Nov 2022 £000	Unaudited Six months ended 30 Nov 2021 £000	Audited Year ended 31 May 2022 £000
Wages and salaries	**1,546**	1,841	4,567
Social security costs	**272**	234	914
Pension	**25**	20	127
Benefits in kind	**20**	23	23
	1,863	2,118	5,631

In addition, the cost of share-based payments disclosed separately in the statement of comprehensive income was £0.4m (1H22: £0.2m).

17. Related party transactions continued

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.

18. 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 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 ended 30 November 2022 remuneration costs of £750,000 (1H22: £750,000) have been recognised in the statement of comprehensive income, and provision of £1,000,000 (1H22: £1,000,000) is recognised in Note 16. Based on management's latest forecasts we anticipate that a further remuneration costs of £500,000, 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 Capital Partners UK LLP ("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 ended 30 November 2022 remuneration costs of £2,400,000 (1H22: £2,000,000) have been recognised in the statement of comprehensive income, and provision of £2,000,000 (1H22: £2,000,000) is recognised in Note 16. Based on management's latest forecasts we anticipate that a further remuneration costs of £12,400,000, 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 Financial Management Limited ("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 ended 30 November 2022 remuneration costs of £115,000 (1H22: £57,000) have been recognised in the statement of comprehensive income, and provision of £57,000 (1H22: £57,000) is recognised in Note 16. Based on management's latest forecasts we anticipate that a further remuneration costs of £172,000, 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 2022, the Group had £nil capital commitments (1H22: £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.

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.

19. 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	1H23 £000	1H22 £000
At a point in time:		
Investment and asset management	**1,704**	1,708
Private equity management	**3,151**	3,280
Pension advice and administration	**258**	618
Property management	**192**	2
Employee benefits	**425**	526
Non-recurring revenue	**5,730**	6,134
Over time:		
Investment and asset management	**23,128**	21,733
Private equity management	**9,414**	7,622
Pension advice and administration	**10,651**	9,228
Property management	**3,252**	3,019
Employee benefits	**2,738**	2,200
Recurring revenue	**49,183**	43,802
Total revenue	**54,913**	49,936
Recurring revenue	**89.6%**	87.7%

Organic revenues

A measure of revenue excluding revenue from businesses acquired in the current or prior year.

	1H23 £000	1H22 £000
Total revenue	**54,913**	49,936
Revenue from acquisitions in the prior year	**(18,456)**	(13,955)
Revenue from acquisitions in the current year	**–**	–
Organic revenue	**36,457**	35,981

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 and acquisition-related costs, share of profit from associates (net of tax) and contingent consideration recognised as remuneration.

	1H23 £000	1H22 £000
Statutory operating profit before financing	**4,612**	2,832
Amortisation of acquired intangibles	**3,940**	3,278
Amortisation of software	**339**	166
Depreciation	**1,216**	1,416
EBITDA	**10,107**	7,692
Share of profit from associates, net of tax	**564**	862
Acquisition-related costs	**462**	2,598
Deferred consideration as remuneration	**3,850**	4,643
Adjusted EBITDA	**14,983**	15,795

19. 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 and acquisition-related costs, contingent consideration recognised as remuneration and acquisition-related notional interest charges.

	1H23 £000	1H22 £000
Statutory profit before tax	4,785	3,255
Amortisation of acquired intangibles	3,940	3,278
Acquisition-related costs	462	2,598
Acquisition-related notional interest charges	482	362
Deferred consideration as remuneration	3,850	4,643
Adjusted PBT	13,519	14,136

Adjusted PAT

A measure of profitability, net of taxation, based on Adjusted PBT and deducting tax at the blended standard rate of 20.0% (1H22: 19.0%).

	1H23 £000	1H22 £000
Adjusted PBT	13,519	14,136
Income tax expense at blended standard rate of 20.0% (1H22: 19.0%)	(2,704)	(2,686)
Adjusted PAT	10,815	11,450

Adjusted EPS

A measure of total comprehensive income for the year, net of taxation, attributable to equity holders of the Company, adjusted to add back amortisation of acquired intangibles and acquisition-related costs, contingent consideration recognised as remuneration and acquisition-related notional interest charges, divided by the weighted average number of ordinary shares in issue.

	1H23 £000	1H22 £000
Adjusted PAT	10,815	11,450
Basic weighted average number of shares (see Note 6)	51,058	48,188
Adjusted EPS	21.2p	23.8p

Adjusted cash generated from operations

A measure of operating cashflows, excluding items that are incurred as a result of the Group's acquisition activities, calculated as statutory cash generated from operations excluding contingent remuneration paid on acquisition of subsidiaries, and acquisition-related costs paid.

Group	1H23 £000	1H22 £000
Statutory cash generated from operations	(1,522)	4,453
Contingent remuneration paid on acquisition of subsidiaries (see Note 16)	8,543	3,514
Acquisition costs paid	137	3,040
Adjusted cash generated from operations	7,158	11,007

Company information

Directors:	**David Kiddie**	Non-Executive Chair
	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
	Edward Knapp	Non-Executive Director
	Martin Reason	Non-Executive Director

Company Secretary: Maven Capital Partners UK LLP

Registered office:
1 New Walk Place
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LE1 6RU

Registered number: 03140521

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:
Moore Kingston Smith LLP
9 Appold St
London
EC2A 2AP

Solicitors:

Walker Morris LLP	DWF LLP
33 Wellington Street	2 Semple Street
Leeds	Edinburgh
LS1 4DL	EH3 8BL

Principal bankers:

Lloyds Bank plc	Bank of Scotland plc
1 Lochrin Square	1 Lochrin Square
92 Fountainbridge	92 Fountainbridge
Edinburgh	Edinburgh
EH3 9QA	EH3 9QA

Registrars:
Link Market Services Limited
Link Asset Services
40 Dukes Place
London
EC3A 7NH

Financial calendar

7 February 2023	Announcement of interim results for the six months ended 30 November 2022
16 February 2023	Ex-date for interim dividend on ordinary shares
17 February 2023	Record date for interim dividend on ordinary shares
24 March 2023	Payment of interim dividend on ordinary shares

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