



12 September 2023

Mattioli Woods plc

("Mattioli Woods", "the Company" or "the Group")

Final results

Mattioli Woods plc (AIM: MTW.L), the specialist wealth and asset management business, is pleased to report its final results for the year ended 31 May 2023.

Mattioli Woods is creating a responsibly integrated, full-service wealth management group, growing organically through its distribution network of 138 core consultants and investment management offering, and through the acquisition and integration of complementary businesses, with the aim of enhancing the Group's client proposition while delivering strong shareholder returns.

Financial highlights

- Total client assets of the Group and its associate ^[1] rose 2.7% to £15.3bn (2022: £14.9bn);
- Revenue increased 2.8% to £111.2m (2022: £108.2m) driven by combination of:
 - Continued organic revenue growth of 3.7% to £75.7m (2022: £72.9m) partially offset by the market impact on ad valorem, placement and performance fees;
 - Positive contribution from acquisitions up 0.7% to £35.5m (2022: £35.3m);
 - Increased total value of new client wins up 14.6% reflecting business development initiatives;
 - Improved new client lead generation with increased new business pipeline up 16.2% versus prior year;
- Recurring revenues ^{[2][3]} represent 90.9% (2022: 86.8%) of total revenue, reflecting quality of organic growth underpinned by long-term client relationships;
- Adjusted EBITDA ^[4] increased 1.8% to £33.2m (2022: £32.6m);
- Adjusted EBITDA margin ^[5] of 29.8% (2022: 30.1%);
- Adjusted EPS³ ^[6] of 47.8p (2022: 48.3p) with organic growth offset by impact of new shares issuances for acquisitions in 4Q23;
- Proposed final dividend of 18.0p (2022: 17.8p), giving a total dividend up 2.7% to 26.8p (2022: 26.1p), keeping in-line with the Board's commitment to a progressive dividend policy;
- Strong cash position, with £45.1m of cash at 31 May 2023.

Operational highlights and recent developments

- Diversified revenue mix with 37% (2022: 35% restated) fixed, initial or time-based fees uncorrelated to market performance;
- Gross discretionary AuM ^[7] of £4.8bn (2022: £5.1bn), with net inflows of over £68.1m in the year;
- Increased number of core consultants in the year to 138 (2022:133);
- Acquisition of Doherty Pension & Investment Consultancy Limited ("Doherty") and 50.1% stake in White Mortgages Limited ("White");
- Recently acquired businesses including Maven Capital Partners LLP ("Maven"), Ludlow Wealth Management Group Limited ("Ludlow"), Richings Financial Management Limited, Doherty and White delivering organic growth, revenue synergies, product diversification and integrating well;
- Implementation of Xplan CRM and operating system progressing in line with plan to deliver improved operational efficiency and enhanced client service.

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 including synergies with acquired businesses, advancing key strategic initiatives and improved operational efficiency complemented by strategic acquisitions.

Governance changes

- Appointment of Michael Wright as Deputy Chief Executive Officer to lead and support the delivery of certain strategic goals alongside the Executive team while retaining his current responsibilities; and
- As part of our long-term strategic planning, David Kiddie stepping down as Non-Executive Chair at the next Annual General Meeting ("AGM") to take on a consultancy role with the Group given his extensive career in investment management to support the continued development and structure of the Group's investment proposition required for the next phase of growth.
- Anne Gunther currently our experienced senior independent, non-executive director becomes Group Non-Executive Chair, subject to regulatory approvals.

1 Includes £829.2m (2022: £1,100.5m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £73.0m (2022: £93.6m) of Mattioli Woods' client investment and £11.7m (2022: £14.8m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM VCT plc.

2 Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual management charges adjusted for Private Investor Club initial fees.

3 This is an alternative performance measure ("APM") the Group reports to assist stakeholders in assessing performance alongside the Group's results on a statutory basis. APMs 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. Supporting calculations for APMs and reconciliations between APMs and their IFRS equivalents are set out in the alternative performance measure workings section of the Annual Report. See 'Alternative Performance Measures' section for further details of APMs.

4 Calculated as earnings before interest, taxation, depreciation, amortisation, acquisition-related costs, platform project costs, contingent consideration treated as remuneration and including share of profit from associates (net of tax).

5 Adjusted EBITDA divided by revenue.

6 Adjusted profit after tax used to derive adjusted EPS is calculated as adjusted profit before tax as defined above less income tax at the blended standard rate of 20% (2022: 19%).

7 Includes £913.9m (31 May 2022: £1,208.9m) of funds under management by Amati Global Investors Limited, including Mattioli Woods' client investment and crossholdings between TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and Amati AIM VCT plc.

Commenting on the results, Ian Mattioli MBE, Chief Executive Officer, said:

"The last few years have been complex for our clients. This has reinforced our commitment to putting clients first and developing our service offering. We are building a business that is sustainable and ethical, but resilient over the long term, and I am pleased to report this approach has delivered revenue growth of 2.8% to £111.2m, reflecting the combined impact of organic growth of 3.7% and the revenue contribution of recent acquisitions being partially offset by the market impact on ad valorem, placement and performance fees. Adjusted EBITDA was up 1.8% to £33.2m and adjusted EBITDA margin was 29.8% with the positive impact of the change in revenue mix following the acquisitions made during the current and prior year being partially offset by inflationary increases in administrative expenditure.

"Basic EPS was up 79.9% to 14.9p and adjusted EPS of 47.8p was down (0.9%). The Board is pleased to propose a final dividend of 18.0p per share. This makes a proposed total dividend for the year of 26.8p a year-on-year increase of 2.7%, demonstrating our desire to deliver value to shareholders and confidence in the outlook for our business.

"We expect the current macroeconomic conditions and recent legislative changes to drive continued demand for high quality advice as we expand capacity within our adviser training academy to train a greater number of advisers each year, seeking to capitalise on the current 'advice gap' and drive strong organic growth in our financial planning and specialist pension consultancy businesses.

"We are progressing our other strategic initiatives, including the roll-out of our new, Group-wide client relationship management system Xplan. We are confident in the resilience of our business model and excited by the opportunity to accelerate growth and make meaningful progress towards our strategic goals. While inflationary cost pressures and investment in our strategic initiatives may impact margins in the short term, we are confident that we will continue to deliver attractive, long-term sustainable shareholder returns.

"Our focus remains on delivering great client outcomes. We have continued to develop our client proposition, reviewing the range of investment management options we offer and identifying opportunities to enhance the proposition and realise revenue synergies across the Group. The implementation of Consumer Duty regulations brings a welcome focus to the value that clients derive from the various services we offer and accords with our principles of integrity and professionalism.

"Previously acquired businesses are integrating well, with synergies being realised and additional cross-sell opportunities targeted for the new financial year.

"There continues to be a high level of M&A activity in the wealth and asset management sector and we were pleased to complete the acquisition of Doherty and our investment in White during the year. We have a strong pipeline of bolt-on acquisition opportunities to assess, as well as potentially more substantial opportunities in the longer term. We plan to build on our track record of successful acquisitions by continuing to assess and progress opportunities that meet our strict criteria.

"Our Executive team continues to bring new ideas to drive further growth and generate sustainable shareholder returns. We were pleased to announce the appointment of Michael Wright as Deputy Chief Executive Officer to lead and support the delivery of certain strategic goals alongside his current responsibilities. I wish to thank David Kiddie for serving a 3-

year term as Non-Executive Director and more recently as Non-Executive Chair as he steps down from this role at the next AGM as part of our long-term strategic planning. We are pleased to retain David's services in a consultancy role with the Group given his expertise and extensive career background in investment management. His insight will be invaluable to support the continued development and structure of the Group's investment proposition required to deliver our next phase of growth.

"Over 31 years since founding the Company, I continue to be thankful and humbled by the enduring culture of professionalism, positive mindset and commitment that our entire team continues to show when managing our clients' affairs throughout another complex year. I look forward to the future with confidence".

- Ends -

For further information please contact:

Mattioli Woods plc

Ian Mattioli MBE, Chief Executive Officer
Ravi Tara, Chief Financial Officer
Michael Wright, Deputy Chief Executive Officer

Tel: +44 (0) 116 240 8700
www.mattioliwoods.com

Canaccord Genuity Limited (Nominated Advisor and Joint Broker)

Emma Gabriel
Harry Pardoe

Tel: +44 (0) 20 7523 8000
www.canaccordgenuity.com

Singer Capital Markets (Joint Broker)

Tom Salvesen
Just in McKeegan
Alaina Wong

Tel: +44 (0) 20 7496 3000
www.singercm.com

Media enquiries:

Camarco

Julia Tilley
Alex Campbell

Tel: +44 (0) 20 3757 4998
www.camarco.co.uk

Equity Development Limited

Matt Evans

Tel: +44 (0) 20 7065 2690
www.equitydevelopment.co.uk

Analyst presentation

There will be an analyst presentation to discuss Mattioli Woods' full year results at 09:30am today at Canaccord Genuity Limited, 88 Wood Street, London, EC2V 7QR. This will also be held as a webinar and those analysts wishing to attend through either channel are asked to contact Camarco on +44 (0) 20 3757 4998 or at mtwplc@camarco.co.uk.

Investor presentation

There will be an investor presentation to discuss Mattioli Woods' full year results at 12.30pm Friday 15 September 2023.

The presentation is open to all existing and potential shareholders for which registration is free.

Questions can be submitted in advance to info@equitydevelopment.com in addition to during the presentation and, if possible, will be addressed by the presenters at the end of the webinar.

To attend the event please register [here](#). A recording will be available shortly after the webinar on www.equitydevelopment.co.uk

Strategic Report

Our vision and approach

Our business model

Mattioli Woods is a diversified wealth and asset management business. Our core proposition integrates asset management and financial planning to serve a market predominantly consisting of mass affluent individuals, controlling directors and owner-managed businesses, professionals, executives, families and retirees. We plan to continue to

expand our reach to new client demographics as we continue developing both our advice and investment propositions.

Our vision

We strive to deliver exceptional outcomes for our clients' wealth and asset management needs in a responsible way, achieving continued growth across our core pillars of advice, investment and administration, specifically through:

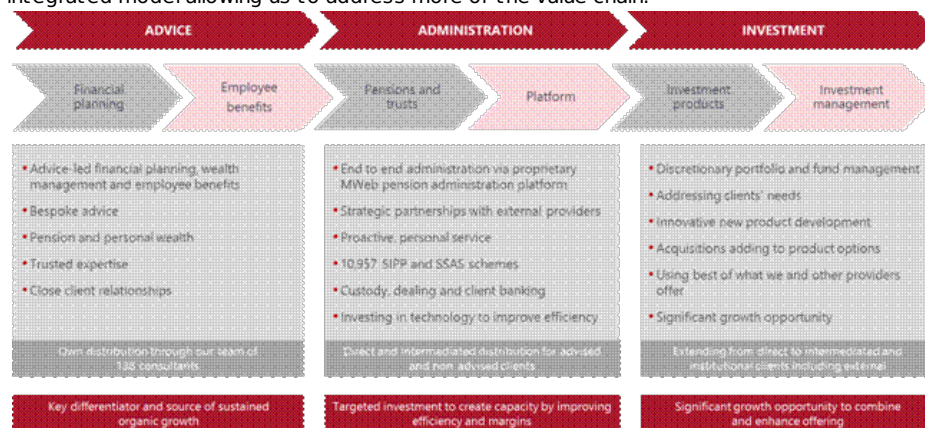
- 1 New client wins and greater integration across the value-chain for existing clients;
- 2 Enhancing the Group's investment proposition;
- 3 Investing in developing the Group's digital platform and client portal;
- 4 Simplifying administration processes and improving productivity; and
- 5 Accelerating growth through strategic acquisitions.

Our medium-term financial goals are for the Group to deliver:

- £300m Revenue
- £30bn Total client assets
- £100m EBITDA

We will continue to put our clients and their needs at the core of everything we do, with the objective of growing and preserving their assets, while giving them control and understanding of their overall financial position. At the same time, we aim to grow our business, both organically and through acquisition, to deliver strong, sustainable shareholder returns over the long-term.

Our focus on holistic planning, providing high levels of personal service and maintaining close multi-generational relationships with our clients has also been a key attribute of each of the financial planning businesses acquired in recent years. We plan to continue developing complementary services around our core specialisms, blending advice and investment management with specialist product provision to progress as a modern financial services business aligned to our clients' needs. We believe this will allow us to deliver great client outcomes while keeping clients' costs low, with our integrated model allowing us to address more of the value chain.



As we expand our client proposition to deliver our medium-term goals, the Board is reviewing the Group's operating structure and segmental reporting. In future years we intend to report the Group's results under three operating segments: financial planning and advice, investment management, and administration. The Group's current operating segments comprise the following:

Wealth and asset management

Our wealth and asset management business comprises four operating segments: pensions consultancy and administration, investment management, private equity asset management and property management. We provide services to individuals, families and institutions, embracing all aspects of financial planning and investment, including specialist pensions and estate planning, personal and trust investment, and fund management.

Pension consultancy and administration

Mattioli Woods is a leader in the provision of Self Invested Personal Pension ("SIPP") and Small Self-Administered Pension Scheme ("SSAS") arrangements, which are often central to our clients' life planning strategies. We have an established reputation for technical excellence, widely acknowledged within our industry. We maintain our technical edge through our in-depth understanding of UK pension legislation, which translates into meaningful advice given to clients by our consultancy team.

To support our advised and non-advised clients, we specialise in the provision of proactive and personalised pension administration, which differentiates us from our competitors. Our 11,000 SIPP and SSAS clients are supported by our proprietary MWeb pensions administration platform, into which additional investment is planned to further enhance our client experience and deliver operational efficiencies. MWeb will sit alongside the Xplan wealth management

administration platform currently being installed across the Group.

Investment management

The provision of bespoke investment advice sits at the heart of our investment proposition. The Group's investment services include discretionary portfolio management and in meeting our clients' needs we use third-parties' investment funds, but where we have a particular expertise we look to meet those needs in-house. This client-driven approach has led to the development of our internal investment management function and a range of products designed to meet our clients' needs, including direct UK equity management and a range of multi-asset funds.

In response to client demand, we launched the Mattioli Woods Responsible Equity Fund and Mattioli Woods Property Securities Fund, which are complemented by the alternative asset investments managed by the Group's subsidiaries, Maven Capital Partners UK LLP ("Maven") and Custodian Capital Limited ("Custodian Capital"), and the funds managed by our associate company Amati Global Investors Limited.

These offerings provide clients and third parties with access to a suite of public and private investment opportunities. We have well-developed plans to strengthen and expand upon these offerings to enhance our investment proposition, drive further organic growth and realise synergies with acquired businesses.

Private equity asset management

Maven is a leading private equity and alternative asset manager, providing a range of venture capital trusts ("VCT"), regional funds, and property and private equity investment opportunities, which expand the Group's investment options. Maven adds scale, geographies and new opportunities for Mattioli Woods clients and the ability to offer the Group's existing services to Maven's clients.

Post-acquisition, we have delivered both revenue and cost synergies with a number of joint deals taking place, including the launch and funding of the Milestone Fund, which facilitates investment into private equity investments with over £5m invested by Mattioli Woods clients. The integration of the Mattioli Woods and Maven property teams creates additional investment opportunities, with several deals already launched and a further pipeline of joint deals to be launched to meet client demand in the coming year.

Property management

Custodian Capital facilitates direct property ownership on behalf of pension schemes and private clients and is the external discretionary fund manager of Custodian Property Income REIT ("CREIT"), a UK real estate investment trust listed on the Main Market of the London Stock Exchange. We believe investment in good quality properties with high grade tenants typically provides stable returns over the long term and our property team draws on many years of commercial property investment experience.

Employee benefits

The Group's advice offering also includes our employee benefits business. We assist our corporate clients with employee engagement, with the aim of improving recruitment, retention and workplace morale. Our services include consultancy in areas such as: defined contribution (DC) and defined benefit (DB) pension schemes, workplace savings, healthcare, international benefit solutions and risk benefits, in addition to the design, implementation and administration of these schemes.

The Group also offers total reward and flexible benefit systems, assisting clients to deliver these to their employees, together with advice, guidance and financial education. The importance of employee benefits is increasing as corporate clients look for new ways to engage, retain, reward and incentivise their workforces. Changes in legislation combined with increased utilisation of flexible working arrangements are increasing the demand for our financial education and wealth management services to be delivered through the workplace.

Our integrated business model allows our clients to benefit from the range of services Mattioli Woods provides across advice, investment and administration to better meet their needs and offer improved client outcomes. The Group enjoys strong client retention through its provision of a broad range of services throughout the client lifecycle, which in turn drives organic growth as long-term, multi-generational relationships expand over time and new clients are attracted to our diverse proposition.

Strategic Report

Chair's statement

I am pleased to report a resilient performance and successful year for the Mattioli Woods Group. Revenue increased by 2.8% to £111.2m (2022: £108.2m), through a combination of organic revenue growth of 3.7% partially offset by the

market impact on ad valorem, placement and performance fees in light of the complex market backdrop throughout the period, and the positive impact of recent acquisitions which grew by 0.7% in what will be my last year as Non-Executive Chair to Mattioli Woods before taking up a consultancy role to support the development and structure of the Group's investment proposition. Adjusted EBITDA was up 1.8% to £33.2m (2022: £32.6m).

The acquisitions of Doherty Pension & Investment Consultancy Limited and the majority stake in White Mortgages Limited, together with those businesses acquired in the prior year contributed £35.5m (2022: £35.3m) in revenue. The Group's organic revenue ^[8] growth was driven by increased levels of new business partially offsetting the impact of negative market movements reflecting the complex market backdrop on the value of clients' assets during the year and the placement and performance fees generated by Maven.

The Group's profit before tax ("PBT") was up 48.4% to £11.9m (2022: £8.0m). Excluding the impact of acquisition-related costs, platform project costs and contingent consideration on acquisitions recognised as remuneration, adjusted PBT increased by 3.8% to £30.6m (2022: £29.5m).

The Board is committed to a progressive dividend policy while maintaining an appropriate level of cover to protect the Group's financial position and balance the interests of all stakeholders. Accordingly, the Board is pleased to propose an increased final dividend of 18.0p per share (2022: 17.8p), making a proposed total dividend for the year of 26.8p, up 2.7% (2022: 26.1p).

Our focus remains on delivering great client outcomes. We have continued to develop our client proposition, reviewing the range of investment management options we offer and identifying opportunities to enhance the proposition and realise revenue synergies across the Group. The implementation of Consumer Duty regulations brings a welcome focus to the value that clients derive from the various services we offer and accord with our principles of integrity, professionalism and having a client-focused culture providing a platform for continued growth.

We are also mindful of our social impact and continue to support our stakeholders and the communities in which we operate through a number of commercial and charitable arrangements including with our national charity partner, British Heart Foundation.

⁸ Total revenues excluding revenue growth from businesses acquired in the last 24 months.

Our strategy

Our strategy is to achieve sustainable levels of growth that both enhances shareholder value and broadens or deepens our expertise and services to better serve our clients.

There continues to be a high level of M&A activity in the wealth and asset management sector, and we were pleased to complete the acquisition of Doherty's and our holding in White Mortgages during the year. The Group has completed 35 acquisitions since the Initial Public Offering ("IPO") and maintains a strong pipeline of further acquisition opportunities. We are focused on transactions that deliver positive shareholder returns and extend the Group's existing client proposition or add to our distribution capacity and scale. A key feature of the last year has been the development of relationships between our recently acquired businesses, with Mattioli Woods and Ludlow advisory clients participating in new investment opportunities promoted by our Maven team, with more planned for the future. We will seek to build on our track record of successfully combining businesses that share the same culture and ethos of putting clients first, alongside continued organic growth. Recent increases in interest rates have increased the cost of capital for all, including for non-listed consolidators, which has the potential to increase the competitiveness of acquisitions for the Group.

Our people

I am privileged to be part of a team that continually impresses me with their high levels of dedication when dealing with our clients' affairs. I would personally like to thank all our staff for their continued professionalism, commitment and focus on delivering high levels of service to our clients in the complex time in which we operate and during my time as Non-Executive Director and Chair. The culture we have established throughout our 32 years of serving our clients is totally aligned with the new consumer duty regulations introduced during the year, which sets higher and clearer standards of consumer protection across financial services and requires firms to put their customers' needs first.

We remain committed to investing in and developing our staff to build the expertise and capacity to deliver sustainable growth over the long term. Our culture is based on knowledge, professionalism and diversity, putting clients first and adopting a team-based, collegiate approach. Retaining the commitment, integrity, expertise and passion of our people is vital to our success and remains a priority of the Board.

Governance and the Board

We reviewed our governance framework at the beginning of the year, putting in place a structure that will better enable us to meet the diverse needs of our clients and other stakeholders and support our continued growth. Further details of

these structural changes, which are designed to enable appropriate decision-making authority within the advice, administration and investment pillars of our business are detailed in the Governance Report.

The Company operates with a balanced Board, which we believe represents the right governance structure for the business. We strive for high standards in our corporate governance and disclosure and have adopted the Quoted Company Alliance ("QCA") Corporate Governance Code to facilitate this. The Board remains committed to developing the corporate governance and management structures of the Group to ensure they continue to meet the changing needs of the business.

During the year, the Board conducted a review of its effectiveness which was led by an external third-party. This review identified the strength and skills diversity of the Board and recommended that development plans be established for all Board members including on-going training for new and existing members.

Shareholders

During the year we have engaged with our shareholders through traditional face-to-face meetings and via virtual channels including webinars and group meetings. We are fortunate to have a group of supportive institutional shareholders with a significant investment in the Company and welcome the opportunity to talk to all our shareholders. We will continue to maintain a regular and constructive dialogue with our shareholders, while seeking to further broaden our shareholder base.

Outlook

The Board is pleased by the Group's performance in the year. We expect the current macroeconomic conditions and recent legislative changes to drive continued demand for high quality advice. We are expanding capacity within our adviser training academy to train a greater number of advisers each year, seeking to capitalise on the current 'advice gap' and drive strong organic growth in our financial planning and specialist pension consultancy businesses. In the last year we have grown our core consultant numbers from 133 to 138.

Notwithstanding the recent decline in inflation, the Board will continue to take a rigorous and proactive approach to managing costs while continuing to invest in our people, to create capacity or improve efficiency to support the long-term growth of the Group.

The increase in interest rates over the last year may lead to additional saving rather than increased investment inflows for some clients, and we have introduced a new pension banking proposition to offer our clients better interest rates.

We are also progressing our strategic initiatives, including the roll-out of our new, Group-wide client relationship management system Xplan. We are confident in the resilience of our business model and excited by the opportunity to accelerate growth and make meaningful progress towards our strategic goals. While inflationary cost pressures and investment in our strategic initiatives may impact margins in the short term, we are confident that we will continue to deliver attractive, long-term sustainable shareholder returns.

David Kiddie

Independent Non-Executive Chair
12 September 2023

Strategic report

Chief Executive's review

Introduction

The last few years have been complex for our clients. This has reinforced our commitment to putting clients first and developing our service offering, including nurturing our growing adviser network. We are building a business that is sustainable and ethical, but resilient over the long term, and I am pleased to report this approach has delivered both revenue and profit growth for the last financial year.

Revenue grew 2.8% to £111.2m (2022: £108.2m), reflecting the combined impact of organic growth of 3.7% and the revenue contribution of recent acquisitions being partially offset by the market impact on ad valorem, placement and performance fees.

The positive new business momentum generated in the first half of the year continued into the second half, despite the uncertain market backdrop. A total of 1,084 (2022: 1,233) new SIPP, SSAS and personal clients with assets totalling £244m (2022: £213m) chose to use Mattioli Woods during the year, representing 14.6% growth in the value of client assets won, which we anticipate will drive increased ad valorem fees over the medium-term.

Operating profit before financing grew 57.5% to £11.5m (2022: £7.3m) and profit before tax was up 48.8% to £11.9m

(2022: £8.0m). Adjusted profit before tax of £29.9m was up 1.4%, primarily driven by organic revenue growth and continued close cost management. The profit growth achieved in our core business was partially offset by a reduced £1.0m (2022: £1.6m) share of profit from our 49% associate Amati, which had £0.8bn (2022: £1.1bn) of assets under management ("AuM") at the year-end. The performance of the AIM market has remained challenging, but Amati's investment performance continues to be recognised, with the Amati AIM VCT winning the VCT AIM Quoted Category at Investment Week's Investment Company of the Year Awards 2022.

Adjusted EBITDA was up 1.8% to £33.2m (2022: £32.6m) and adjusted EBITDA margin was 29.8% (2022: 30.1%) with the positive impact of the change in revenue mix following the acquisitions made during the current and prior year being partially offset by inflationary increases in administrative expenditure.

We continue working to realise the economies of scale and operational efficiencies our responsibly integrated model offers, while at the same time seeking ways to reduce clients' costs. As previously announced, despite some short-term impact to margins, the investment we are making in our platform infrastructure, including a Group-wide client relationship management system, will improve our client proposition while allowing us to realise operational efficiencies.

Our success has been based upon the delivery of quality advice, growing our clients' assets and enhancing their financial outcomes. We enjoy strong, intergenerational client retention and expect to see sustained client demand for advice over the last 12 months driven by the uncertainties caused by the current macroeconomic conditions and recent legislative changes. Navigating these headwinds becomes ever more complex and we are focused on delivering positive investment performance across both portfolios and funds. During the year we reviewed the range of investment management options we offer clients, identifying opportunities to realise revenue synergies across the Group while reducing clients' costs.

Gross discretionary AuM by the Group and its associate at the year-end were £4.8bn (2022: £5.1bn) with aggregate net inflows (before market movements) of £68.1m (2022: £341.4m) offset by negative market movements of (£442.6m) (2022: (£223.4m)), which included a (£90.0m) decrease (2022: £119.6m increase) in the value of properties held within CREIT to £437.6m.

Market overview

Mattioli Woods operates within the UK's financial services industry, which is subject to the effects of movements in financial markets, economic conditions and regulatory changes. Our markets remain fragmented and competitive, serviced by a wide range of suppliers offering diverse services to both individual and corporate clients.

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. Sharp increases in the cost of living and evolving client preferences, including environmental, social and governance ("ESG") and responsible investing considerations, have created opportunities and challenges for people seeking to generate income while preserving and growing their capital.

The majority of defined benefit pension schemes have either closed to new members or to new accrual, requiring individuals to be self-reliant in planning for their own long-term needs against a backdrop of increases to state pension age, with further reviews planned. Individuals who have generated substantial personal and family wealth are increasingly seeking solutions that help them fulfil their personal ambitions.

We believe these current market dynamics and pending changes will continue driving demand and need for the holistic planning and expert advice we provide.

Regulation

The implementation of the Consumer Duty regulations brings a welcome focus to the value our clients derive from the services we offer. These requirements are intended to ensure consumers understand what products and services they are paying for, why these are appropriate for them and that providers are cognisant of the cost and value of the products and services they provide. All the new requirements accord with our principles of integrity, professionalism and having a client-focused culture.

As our teams have assessed our client proposition through the prism of the Consumer Duty regulations, this has afforded the opportunity to reflect on all aspects of our responsibly integrated business model and to affirm our belief that we deliver valued services to our clients, that we have systems and controls in place to identify any areas of potential harm, allowing appropriate action to be taken where necessary. We have also been able to reflect on some areas where action can be taken to garner further efficiencies which will serve to improve our client service delivery. These are principles that have remained at the core since the business was founded over 30 years ago.

The Financial Conduct Authority ("FCA") set out its expectations for the wealth management and advice industry in April this year, where the focus remains on firms' operational and financial resilience. Following the FCA's recent decision to pause its plans to create a simplified advice regime in the face of limited industry support, the regulator's attention is now on reviewing the boundary between guidance and advice. This review is intended to ensure consumers get the help

they need, at the time they need it and at a cost which is affordable to them. We strongly support these aims, given the importance of advice to our clients.

Changes to the pension and tax regime

The Chancellor's March 2023 budget announced a range of reforms to pensions tax relief to encourage workers over 50 to extend their working lives, including increasing the annual allowance to £60,000, removing the Lifetime Allowance charge and freezing lump sum limits. While another UK general election within the next 18 months creates uncertainty around the future direction of pension reforms and UK tax rates, there are many financial planning opportunities for our clients to consider now, with any future changes in the tax regime expected to create further demand for our advisory services.

The recent launch of the Mansion House reforms, an agreement supported by the Chancellor and the Lord Mayor with the UK's nine largest defined contribution pension providers to commit five percent of assets in their funds to unlisted equities by 2030, could unlock £75 billion of investment for high growth businesses, creating new opportunities and deal flow within both our Maven and Amati businesses.

Outlook

Investment markets are likely to remain volatile for some time, and while we saw some improvement in market sentiment during the last quarter of the financial year, we expect flows to remain subdued while market conditions remain challenging. We continue working to drive greater efficiency in our business, as well as pursuing key initiatives to drive an acceleration in flows once market conditions normalise, including the migration of existing assets under advice to AuM as recently acquired business engage with the Group's expanded investment proposition.

We will maintain our focus on client service and continue to adapt our business model to our clients' needs and the changing market, integrating asset management and financial planning to build upon our established brand, which is recognised for delivering holistic advice and bespoke asset or investment management options.

Our services

Our core pension and wealth management offering serves a wide demographic cross-section including affluent families and the higher end of the market, including controlling directors and owner-managed businesses, professionals, executives, and retirees.

We intend to extend our reach to new client demographics as we develop both our investment and service offerings. The Group's revenue mix changed as follows during the year, principally as a result of recent acquisitions:

- 45.7% investment and asset management (2022: 46.6%);
- 20.7% private equity asset management (2022: 24.2%);
- 21.3% pension consultancy and administration (2022: 18.2%);
- 6.2% property management (2022: 5.8%); and
- 6.1% employee benefits (2022: 5.2%).

We aim to operate a seamless structure to achieve continued growth across our core pillars of advice, investment and administration while delivering exceptional client outcomes, specifically through:

- New client wins and greater integration across the value-chain for existing clients;
- Enhancing the Group's investment proposition;
- Further investment in developing the Group's digital platform and client portal;
- Simplifying administration processes and improving productivity; and
- Accelerating growth through strategic acquisitions.

Assets under management, administration and advice

Unlike many wealth managers, more than one third of the Group's revenues are fee-based, rather than being linked to the value of assets under management, administration or advice^[9], giving our business a resilient revenue profile that is less sensitive to market performance. The total client assets of the Group and its associate of £15.3bn at 31 May 2023 (2022: £14.9bn) with over £11.4bn in advisory assets and summarised as follows:

| Assets under management, administration and advice ^[10] | SIPP and SSAS ^[11] | Employee benefits | Personal wealth and other assets | Sub-total | Amati ^[12] | Maven | Total |
|--|-------------------------------|-------------------|----------------------------------|-----------|-----------------------|-------|-------|
| | £m | £m | £m | £m | £m | £m | £m |

| | | | | | | | |
|----------------|---------|---------|---------|----------|---------|-------|----------|
| At 1 June 2022 | 6,913.3 | 1,452.8 | 4,670.4 | 13,036.4 | 1,100.5 | 766.9 | 14,903.9 |
|----------------|---------|---------|---------|----------|---------|-------|----------|

| | | | | | | | |
|--|---------|---------|---------|----------|---------|-------|----------|
| Acquisition during the year | - | - | 631.7 | 631.7 | - | - | 631.7 |
| Net inflows/(outflows), including market movements | (59.3) | 187.1 | (130.7) | (2.9) | (271.3) | 50.9 | (223.3) |
| At 31 May 2023 | 6,854.0 | 1,639.9 | 5,171.4 | 13,665.3 | 829.2 | 817.8 | 15,312.3 |

The movement in total client assets is analysed as follows:

- A (£59.3m) decrease (2022: £172.2m increase) in SIPP and SSAS assets under administration driven by a 1.1% decrease (2022: 0.1% increase) in the number of schemes being administered at the year-end, comprising a 1.0% increase (2022: 2.7%) in the number of direct ^[13] schemes to 7,172 (2022: 7,098) and a planned (5.0%) (2022: (4.2%)) decrease in the number of schemes the Group operates on an administration-only basis to 3,785 (2022: 3,986). Some years ago, the Group was 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 more appropriate arrangements;
- A £187.1m increase (2022: £0.6m) in the value of assets held in corporate pension schemes advised by our employee benefits business following a number of new client wins and renewals in the year. These revenues are not linked to the value of client assets in the way that certain of our wealth management revenue streams are, although market performance and economic uncertainty can impact clients' ability to increase investment in their schemes. Our corporate client portfolio remains well diversified by sector and geographically;
- A £501.0m increase (2022: £1,936.3m) in personal wealth and other assets under management and advice, with the acquisition of Doherty Pension & Investment Consultancy Limited adding £631.7m of client assets. The 376 (2022: 511) new personal clients ^[14] won during the year was partially offset by some natural client attrition, with the addition of acquired clients resulting in a 13.5% increase (2022: 44.5% increase) in the total number of personal clients ^[15] to 11,925 (2022: 10,506);
- A (£271.3m) decrease (2022: (£95.6m)) in Amati's funds under management (excluding Mattioli Woods' client investments), primarily due to market falls reducing the value of funds within the TB Amati UK Smaller Companies Fund to £586.0m (2022: £840.3m), partially offset by positive growth in the TB Amati Strategic Metals Fund to £87.1m (2022: £77.6m) and the TB Amati Strategic Innovation Fund to £5.9m (2022: £1.1m) at the year-end; and
- A £50.9m increase to £817.9m in the value of assets managed by Maven. Growth was mainly driven by £26.8m of new investment into the Maven VCTs, additional commitments from existing regional fund mandates and new tender wins. This was complemented by an increase in the value of private equity investments through mix of valuation increases and net inflows, highlighting the quality of Maven's investment portfolio and further supporting the acquisition rationale.

9 Revenue for the year ended 31 May 2023 was split 37% (2022: 35% restated) fixed, initial or time-based fees and 64% (2022: 52%) ad valorem fees based on the value of assets under management, advice and administration.

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

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

[12] Assets under management of £829.2m (2022: £1,100.5m) excludes £73.0m (2022: £93.6m) of Mattioli Woods' client investment included within SIPP and SSAS, employee benefits and personal wealth and other assets and excludes £11.7m (2022: £14.8m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM VCT plc.

13 SIPP and SSAS schemes where the Group acts as pension consultant and administrator. SIPP and SSAS schemes administered by SSAS Solutions reclassified as direct during the year.

14 New personal clients includes from acquired businesses.

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

Key performance indicators

The Directors consider the key performance indicators ("KPIs") for the Group are as follows:

| Strategy/objective | Performance indicator | Further explanation and figures |
|--|---|--|
| Organic growth and growth by acquisition | Revenue - total income (excluding VAT) from all revenue streams. | See 'Our business model' and 'Revenue' |
| Operating efficiency | Adjusted EBITDA margin - profit generated from the Group's operating activities before financing income or costs, taxation, depreciation, amortisation, impairment, gains on bargain purchases, deferred consideration recognised as remuneration and acquisition-related costs, platform project costs, including share of profit from associates (net of tax), divided by revenue. | See 'Profitability and earnings per share' |

| Strategy/objective | Performance indicator | Further explanation and figures |
|---|---|---|
| Shareholder value and financial performance | Adjusted Earnings Per Share ("EPS") - total comprehensive income for the year, net of taxation, attributable to equity holders of the Company, adjusted to add back acquisition-related costs, acquisition-related finance costs, platform project costs, the amortisation of acquired intangible assets, gains on bargain purchases and deferred consideration recognised as remuneration divided by the weighted average number of ordinary shares in issue. | See 'Profitability and earnings per share'. |
| Growth in the value of assets under management, administration and advice | Assets under management, administration and advice - the value of all client assets the business gives advice upon, manages or administers. | See 'Assets under management, administration and advice'. |
| Excellent client service and retention | Client attrition - the number of direct SSAS and SIPP schemes lost as a result of death, annuity purchase, external transfer or cancellation as a percentage of average scheme numbers during the period. | See 'Segmental review'. |
| Financial stability | Debtors' days - this is the average number of days' sales outstanding in trade receivables at any time. | See 'Cash flow'. |
| Financial stability | Surplus on regulatory capital requirement - this is the aggregate surplus on the total regulatory capital requirement of the Group. | See 'Regulatory capital'. |

Alternative performance measures

The Group has identified certain measures that it believes will assist in the understanding of the performance of the business. Recurring revenues, organic revenues, adjusted EBITDA, adjusted profit before tax ("adjusted PBT"), adjusted profit after tax ("adjusted PAT"), adjusted EPS and adjusted cash generated from operations 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.

Accounting standards require the contingent consideration payable on certain acquisitions to be recognised as an expense in the income statement rather than as a capital payment. On certain acquisitions, the Board has included employment-related conditions for the payment of contingent consideration to protect shareholder value. While the Board accepts this is the required treatment for its reported results, adjusted measures of the Group's profitability, including adjusted EBITDA, adjusted PBT, adjusted PAT and adjusted EPS, have been amended to add-back items including £1.5m of acquisition-related costs and £6.9m of contingent consideration recognised as remuneration.

The Board has also included technology-related costs as an add-back given the specific investment currently being and planned to be made over the coming two years to migrate to a Group wide administration platform. These costs are specific to the migration project and are expected to reduce post-completion.

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 the alternative performance measure workings section of the Annual Report.

Financial performance and future developments

Revenue

Group revenue was up 2.8% to £111.2m (2022: £108.2m), reflecting organic growth of 3.7% (2022: 10.0%) and new business wins, partially offset by the market impact on the value of client assets, placement and performance fees of acquisitions.

Revenue grew across most business segments, with growth in investment and asset management revenues driven by the contribution from recent acquisitions. This, together with the addition of private equity management fees from Maven, increased revenues linked to the value of clients' assets to 63% (2022: 65%) of total revenues.

Employee benefits expense

As in previous years, the major component of the Group's operating costs is our employee benefits expense of £60.8m (2022: £59.6m) representing 54.7% of revenue (2022: 55.0%), with the increase including discretionary staff bonuses totalling £4.7m (2022: £4.6m) and deferred consideration presented as remuneration £6.9m (2022: £9.7m).

The Group's total headcount increased to 896 (2022: 847) as at 31 May 2023, with retention of the experienced teams at each of the acquired businesses and net positive recruitment of consultants and support staff adding 49 staff. The number of core consultants increased to 138 (2022: 133) and we plan to continue this growth by increasing the size of the Mattioli Woods training academy to recruit, train and develop new consultants as well as experienced consultants to expand our distribution network.

We continue to invest in building capacity across our IT, administration and compliance teams, with further investment in training across all parts of the Group.

Other administrative expenses

Other administrative expenses decreased to £18.2m (2022: £19.8m), with £1.5m (2022: £3.7m) of costs incurred on prospective or completed acquisitions during the year and £0.9m invested in development of our new client relationship management system. Other overheads, including professional costs and software licence costs were impacted by inflationary cost increases. Management takes a rigorous and proactive approach to managing costs while continuing to invest in our people, technology and infrastructure to generate improved operational efficiency.

Share-based payments

Share-based payments costs of £2.0m (2022: £1.7m) represent the cost of options expected to vest under the Company's long-term incentive plans and the cost of matching shares awarded to employees under the Company's Share Incentive Plan.

Net finance costs

The Group maintained a positive net cash position throughout the year, with increased net finance costs of £0.6m (2022: £0.9m) reflecting credit interest of £1.1m (2022: £0.08m) offset by £1.0m (2022: £0.9m) of non-cash notional finance charges on the unwinding of discounts on long-term provisions and £0.2m (2022: £0.1m) of interest on the lease liabilities recognised under International Financial Reporting Standards ("IFRS") 16.

Taxation

The effective rate of taxation on reported profit on ordinary activities was 35.4% (2022: 49.1%), above the standard rate of tax of 25% (2022: 19.0%). This is primarily due to consideration on acquisitions accounted for as remuneration and acquisition-related fees being non-deductible for tax purposes, together with certain expenses associated with sponsorship and other business development activities.

The net deferred taxation liability carried forward at 31 May 2023 was £28.1m (2022: £26.7m).

Profitability and earnings per share

Profit before tax was up 48.4% to £11.9m (2022: £8.0m), with adjusted profit before tax up 3.7% to £30.6m (2022: £29.5m). The increased revenues were partially offset by the impact on employee benefits expense of pay awards, recruitment and the impact of businesses acquired during the last two years and increased discretionary staff bonuses, professional fees and IT costs. These changes translated into an increase in operating profit before financing of 57.5% to £11.5m (2022: £7.3m) and adjusted EBITDA up 1.8% to £33.2m (2022: £32.6m), with adjusted EBITDA margin of 29.8% (2022: 30.1%).

We continue to focus on delivering great client outcomes and addressing their evolving needs. The implementation of a Group-wide client relationship management system will lead to improved operational efficiency such as increased client caseloads within our consultancy and administration teams and create additional business capacity in future periods. We are focused on streamlining and automating our administration processes through initiatives such as the adoption of electronic signatures, creating a scalable operating model and making Mattioli Woods easier to do business with. Over time, we anticipate these changes will deliver improved margins and cost savings for both us and our clients.

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 explained in the alternative performance measures section, as follows:

| | £m | <i>£m</i> |
|---|-------------|-----------|
| Statutory operating profit before financing | 11.5 | 7.3 |
| Amortisation and impairment of acquired intangibles | 8.5 | 7.2 |
| Amortisation of software | 0.5 | 0.3 |
| Depreciation | 2.5 | 2.8 |
| EBITDA^[16] | 23.0 | 17.6 |
| Share of associate profits (net of tax) | 1.0 | 1.6 |
| Acquisition-related costs | 1.5 | 3.7 |
| Deferred consideration as remuneration | 6.9 | 9.7 |
| Technology-related costs | 0.9 | - |
| Adjusted EBITDA | 33.2 | 32.6 |

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 follows:

| | Profit 2023 £m | EPS 2023 pps | <i>Profit 2022 £m</i> | <i>EPS 2022 pps</i> |
|---|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Statutory profit before tax | 11.9 | 23.2 | 8.0 | 16.2 |
| Income tax expense | (4.2) | (8.2) | (3.9) | (7.8) |
| Other comprehensive income | (0.0) | (0.0) | 0.0 | 0.0 |
| Total comprehensive income/Basic EPS | 7.7 | 14.9 | 4.1 | 8.3 |
| Statutory profit before tax | 11.9 | 23.2 | 8.0 | 16.2 |
| Amortisation of acquired intangibles | 7.9 | 15.4 | 7.2 | 14.6 |
| Acquisition-related costs | 1.5 | 2.9 | 3.7 | 7.5 |
| Acquisition-related notional finance cost | 1.0 | 1.9 | 0.9 | 1.8 |
| Contingent consideration as remuneration | 6.9 | 13.4 | 9.7 | 19.6 |
| Platform project costs | 0.9 | 1.7 | 0.0 | 0.0 |
| Impairment of other investment | 0.7 | 1.3 | 0.0 | 0.0 |
| Adjusted PBT | 30.6 | 59.8 | 29.5 | 59.6 |
| Income tax expense at standard rate | (6.1) | (12.0) | (5.6) | (11.3) |
| Adjusted PAT/Adjusted EPS^[17] | 24.5 | 47.8 | 23.9 | 48.3 |

As explained in Note 17, client portfolios and brand names acquired through business combinations are recognised as intangible assets. The amortisation charge for the year of £7.9m (2022: £7.2m) associated with these intangible assets has been excluded from adjusted PAT and adjusted EPS because the Board reviews the performance of the business before these charges, which are non-cash and do not apply evenly to all business units.

Adjusted EPS^[18] of 47.8p (2022: 48.3p) was down (0.9%) and basic EPS was up 79.9% to 14.9p (2022: 8.3p), driven by the positive impact of organic growth, cost management and recent acquisitions. This includes an addback for other investment impairment which is considered as outside of normal trading. EPS was also impacted by a lower effective tax rate of 35.4% (2022: 48.8%) and the issue of 290,151 (2022: 489,788) shares under the Company's share plans. During the year, 325,998 (2022: 5,325,705) shares were issued as consideration for acquisitions. Diluted EPS was 14.5p (2022: 8.1p).

[16] Earnings before interest, taxation, depreciation, amortisation and impairment.

[17] Figures in table may not add due to rounding.

Dividends

The Board is pleased to recommend a final dividend of 18.0p per share (2022: 17.8p). This makes a proposed total dividend for the year of 26.8p (2022: 26.1p) a year-on-year increase of 2.7% (2022: 24.3%), demonstrating our desire to deliver value to shareholders and confidence in the outlook for our business.

The Board remains committed to a progressive dividend policy, while maintaining an appropriate level of dividend cover.

If approved, the final dividend will be paid on 3 November 2023 to shareholders on the register at the close of business on 22 September 2023, with an ex-dividend date of 21 September 2023.

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 proposed final dividend for the year ended 31 May 2023, shareholders' instructions must be received by Link by close of business on 13 October 2023.

[1]8 Before acquisition-related costs, amortisation and impairment of acquired intangibles, gain on bargain purchase, deferred consideration as remuneration and acquisition-related finance costs.

Cash flow

Cash balances at 31 May 2023 totalled £45.1m (2022: £53.9m). Cash generated from operations was £36.7m or 160% of EBITDA (2022: £19.6m or 111%), including a decrease in the Group's working capital requirement^[19] of £4.8m (2022: (£8.9m) increase), comprising:

- A £1.0m increase (2022: £1.8m increase) in trade and other payables, primarily due to:
 - £2.8m increase arising from the deferred tax liability from the acquisition of client portfolios in Doherty
 - (£2.0m) reduction in other payables relating to the payment of a balance of initial consideration payable for acquisitions in 2022; and
 - £0.2m increase across other balances within trade and other payables.
- A £1.2m increase (2022: £5.3m increase) in trade and other receivables, primarily due to:
 - (£3.5m) decrease in trade receivables due to the unwinding of invoices raised in subsidiaries Custodian Capital and Maven at year-end May 22;
 - £3.6m increase in prepayments and accrued income due to banking interest, block policy insurance, performance fee recognition and timing of premises payments; and
 - £0.9m increase in other receivables.
- A £4.9m increase in provisions during the year (2022: (£5.4m) reduction), primarily due to:
 - £5.4m increase in provisions for contingent remuneration following the previous acquisition of Maven, Doherty; and
 - (£0.5m) decrease across other provision balances, including increases to provisions for client claims.

Adjusted cash generated from operations^[20], which excludes items that are incurred as a result of the Group's acquisition activities, increased by 55% to £48.1m (2022: £31.1m), representing 145% of Adjusted EBITDA (2022: 95%).

Outstanding trade receivables increased to 26 days (2022: 37 days), with credit management continuing to be an area of focus, as well as moving from fee invoicing to deduction of income from client's holdings with platform providers where the opportunity arises. Outstanding trade payables increased to 22 days (2022: 15 days).

Net cash outflows from investing activities decreased to £28.6m (2022: £65.3m) with £26.1m (2022: £64.0m) of initial consideration paid on acquisitions completed in the period net of cash acquired.

Net cash from financing activities resulted in a £13.8m outflow (2022: £81.0m inflow), with proceeds from the issue of share capital of £0.9m (2022: £109.4m) to fund acquisitions made in the year. This outflow primarily relates to dividends paid of £13.6m (2022: £11.0m) driven by the increased number of shares in issue following acquisitions made during the year and the dividend per share paid increasing in line with the Group's progressive dividend policy.

[1]9 Working capital defined as trade and other receivables less trade and other payables.

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

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 is 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 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 31 May 2023 the Company had headroom of £11.1m on its regulatory capital requirement of £14.9m, a 75% surplus, giving the Board the flexibility to pursue further acquisition opportunities.

Segmental review

Investment and asset management

The Group's gross discretionary assets, including the multi-asset funds that sit at the heart of our DPM service, Custodian Property Income REIT, the Mattioli Woods Property Securities and Responsible Equity funds, the funds managed by Maven and the Group's associate company, Amati, totalled £4.8bn (2022: £5.1bn) at the year-end, with movements during the year as follows:

| Assets under management | DPM £m | Custodian REIT £m | MTW PSF [211] £m | MTW REF [221] £m | Amati £m | Maven £m | Gross AuM £m | Cross- holdings £m | Net AuM £m |
|-------------------------|----------------|-------------------------|---------------------------|---------------------------|--------------|--------------|--------------------|--------------------------|------------------|
| At 1 June 2022 | 2,527.5 | 527.6 | 62.2 | 7.2 | 1,208.9 | 771.1 | 5,104.6 | (169.7) | 4,934.9 |
| Acquisitions | - | - | - | - | - | - | - | - | - |
| Inflows | 248.6 | - | 25.7 | 2.6 | 220.5 | 92.1 | 589.6 | - | 589.6 |
| Outflows | (207.4) | - | (1.8) | (0.1) | (259.0) | (53.3) | (521.6) | 8.6 | (513.0) |
| Market movements | (83.6) | (90.0) | (17.7) | (0.1) | (256.5) | 25.4 | (422.5) | - | (422.5) |
| At 31 May 2023 | 2,485.1 | 437.6 | 68.4 | 9.6 | 913.9 | 835.3 | 4,750.1 | (161.1) | 4,588.9 |

Crossholdings comprises holdings in DPM [23], in Amati funds [24] and in other non-DPM crossholdings.

21 Mattioli Woods Property Securities Fund

22 Mattioli Woods Responsible Equities Fund

23 Comprises £12.0m (2022: £13.5m) in Custodian REIT, £66.3m (2022: £60.5m) in MW PSF and £55.2m (2022: £70.3m) in Amati funds.

24 Crossholdings between Multi-Asset Fund ("MAF"): TB Amati Smaller Companies Fund and the Amati AIM VCT plc £11.7m (2022: £16.4m) and non-MAF cross holdings £15.9m (2022: £8.9m).

Investment and asset management revenues generated from the Group's investment services, which include advising clients on both pension and personal investments, our DPM service and management of multi-asset and other specialist funds, increased 0.6% to £50.8m (2022: £50.4m). Fees for services provided by the Group's subsidiary Custodian Capital to Custodian Property Income REIT are included in the 'Property management' segment, with fees generated by the Group's subsidiary Maven included in the 'Private equity asset management' segment.

Income from initial and ongoing portfolio management charges decreased to £25.0m (2022: £26.4m), with lower gross inflows into our DPM service of £248.6m (2022: £482.8m) and the negative market impact on asset values during the year.

Annual management charges on the Mattioli Woods individual structured plans increased to £0.6m (2022: £0.4m) following the release of eight individual plans during the year, attracting investment totalling £31.8m. The prior year also included revenues for the Mattioli Woods Structured Products Fund which was wound down during the period.

Adviser charges based on gross assets under advice of £4.2bn (2022: £3.5bn) increased to £22.6m (2022: £20.9m), driven by new business wins, existing client inflows and the revenue contribution from the acquisition of Doherty during the year, which added assets under advice of £0.6bn.

Total assets under management and advice support the quality of earnings through an increase in recurring revenues, the proportion of the Group's total revenues which are recurring increased to 90.9% (2022: 86.8%) due to the organic growth with pensions consultancy and advice, the launch of two (2022: nil) private investor club and private syndicate investments during the year totalling £8.4m (2022: £nil) and the market impact on placement and performance fees with Maven during the year. As with other wealth and asset management firms, these income streams are linked to the value of funds under management and advice. Therefore they are affected by the performance of financial markets, with the negative impact of market movements on the value of client assets offset by the impact of acquisitions and positive net inflows during the year.

Pension consultancy and administration

Pension consultancy and administration revenues were up 20.3% to £23.7m (2022: £19.7m), with a total of 10,957 (2022: 11,084) SIPP and SSAS schemes administered by the Group, following a 1.0% increase in the number of advised pensions being offset by an expected (5.0%) reduction in the number of schemes operated on an administration-only basis.

Direct ^[25] pension consultancy and administration fees increased 24.8% to £20.1m (2022: £16.1m) driven by increased client activity during the year. Retirement planning remains central to many of our clients' wealth management strategies and the number of direct schemes increased to 7,172 (2022: 7,098), with 406 new schemes gained in the year (2022: 448). Our focus remains on the quality of new business, with the value of a new scheme averaging £0.3m (2022: £0.3m). We continue to enjoy strong client retention, with a slight reduction in the external loss rate ^[26] to 2.3% (2022 restated: 2.6%) and the overall attrition rate ^[27] remaining flat at 4.0% (2022 restated: 4.0%) driven by a changing mix of new clients as we continue to attract clients who we anticipate taking multiple service lines and increased product mix into their portfolios over the coming years, and integrate acquired portfolios.

The number of SSAS and SIPP schemes the Group operates on an administration-only basis fell to 3,785 (2022: 3,986) at the year-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, with a 5.0% fall in scheme numbers however, third-party administration fees increased by 2.8% to £3.7m (2022: £3.6m) following alignment of fee structures across various portfolios.

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

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

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

The Group's banking revenue was £1.5m (2022: £0.05m) driven by a consecutive increase to the Bank of England's base rate from a historic low of 0.1% in the prior year to 4.5% at 31 May 2023. The Group's banking revenue is expected to increase as a result of further base rate increases following the year end and our introduction of a new pension banking proposition offering clients better interest rates and the Group an enhanced banking margin.

Segment margin increased to 32.0% (2022: 20.0%) driven by increased client activity, banking margin and new business wins with the prior year reflecting the impact of amended revenue share arrangements for our consultancy team as previously disclosed.

Due to the broader market shift away from accumulation and steady savings, we anticipate there will be some natural outflows from our clients' SIPP and SSAS schemes, particularly as the 'baby boom' generation reaches retirement. However, we expect any such decumulation to have a positive impact on the Group's results over this medium-term horizon, with our multi-generational approach, linking our strength in the provision of advice around the cascading of wealth down through the generations, inheritance tax and other planning.

Private equity asset management

Revenue in the year was £23.1m or 20.7% of Group revenue. Recurring revenues of £18.6m were supplemented by £4.5m of non-recurring, but repeatable revenues primarily generated from fund, VCT and investor partner performance and exit fees, highlighting the quality of Maven's investment team and product proposition.

During the year, we continued the integration of Maven's investment proposition across the Group, delivering a number of co-investment opportunities to qualifying Mattioli Woods, Ludlow and Maven clients. We also launched the Maven Milestone Fund, which enables pension clients to invest in forthcoming private equity opportunities, with the Group's advisory clients contributing £5.3m or 95.7% of the fund raise. Maven completed a further co-investment deal with a value of £5.1m with the Group's advisory client contributing £2.4m of the fund raise during the year and has a healthy pipeline of new co-investment opportunities to launch in the current year.

The quality of Maven revenue is underpinned by high recurring revenues of 80.3% (2022: 67.3%) in on-going management fees alongside deal arrangement and performance and exit fees. The deal track record of high-quality performance delivered £50.9m or 6.6% increase in AuM through a combination of net inflows, new tender wins and positive performance despite the market complexities over the last year, noting that several of the private equity investments are linked to markets such as FTSE AIM.

Property management

Property management revenues were £6.8m (2022: £6.3m), despite Custodian Capital's assets under management and administration falling to £529.8m (2022: £618.1m) at 31 May 2023. The decrease in Custodian Capital's AuM was primarily driven by Custodian Property Income REIT's portfolio experiencing an 11.8% like-for-like decline in valuations during the year of £91.6m (2022: increase of £94.0m) compared to a 17.0% market decrease. Since the year end, valuations appear to have largely stabilised and we have seen some optimism returning to real estate markets following a period of economic turbulence when property pricing reacted promptly to the new interest rate environment and to punishing refurbishment/build cost inflation.

Recurring annual management charges represented 88.7% (2022: 98.5%) of property management revenues, the

majority of which are derived from Custodian Capital's services to CREIT, with the reduction versus the prior year driven by falls in the fund's net asset value during the period.

In addition, Custodian Capital continues to facilitate direct property ownership on behalf of pension schemes and private clients and manages our Private Investors Club alternative investments, which have been provided to suitable clients by way of private investor syndicates. We are in the process of merging the Private Investors Club with Maven Investor Partners ("MIP"), with a number of new opportunities in the pipeline.

Employee benefits

Employee benefits revenues were up 17.5% to £6.7m (2022: £5.7m), with positive market conditions driven in part by the continued post-pandemic recovery coupled with new client wins and increased uptake of strategic benefits consultancy projects from existing clients. The division's strong operating performance was supported by robust client retention and an accretion in premiums for risk and healthcare cover.

Increasingly, employers are encouraging staff wellbeing and retirement savings as part of their benefits packages and we expect greater emphasis on these as the adoption of flexible working becomes more commonplace, providing opportunities for further growth over the coming years.

Acquisitions

We have developed considerable expertise and a strong track record in the execution and subsequent integration of acquisitions. At the year-end, we had invested over £254m since our admission to AIM in 2005, bringing 35 businesses or client portfolios into the Group.

Previously acquired businesses are integrating well, with combined revenue and cost synergies being £1.3m for the full year, with additional cross-sell opportunities targeted for the new financial year.

There continues to be a high level of M&A activity in the wealth and asset management sector and we were pleased to complete the acquisition of Doherty's and our investment in White Mortgages during the year. We have a strong pipeline of bolt-on acquisition opportunities to assess, as well as potentially more substantial opportunities in the longer term. We plan to build on our track record of successful acquisitions by continuing to assess and progress opportunities that meet our strict criteria.

Relationships

The Group's performance and shareholder value are influenced by other stakeholders, principally our clients, suppliers, employees, regulators, the Government and our strategic partners. Our approach to all these parties is founded on the principle of open and honest dialogue, based on a mutual understanding of needs and objectives.

Relationships with our clients are managed on an individual basis through our client relationship managers and consultants. Employees have individual performance development reviews and employee forums also provide a communication route between employees and management. Mattioli Woods also participates in trade associations and industry groups, which give us access to client and supplier groups and decision-makers in the Government and other regulatory bodies. Mattioli Woods is a member of the Association of Member-directed Pension Schemes, Quoted Companies Alliance and World Broker Network.

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.

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

Our people

Over 31 years since founding the Company, I continue to be thankful and humbled for the enduring culture of professionalism, positive mindset and commitment that our entire team continues to show when managing our clients' affairs throughout another complex year.

Our Executive team continues to bring new ideas to drive further growth and generate sustainable shareholder returns. Following the year end, the Board was pleased to announce the appointment of Michael Wright as Deputy Chief Executive Officer. In this new role, Michael will lead and support the delivery of certain strategic goals alongside the

Executive team, while retaining his current responsibilities.

The Board recognises the importance of good communication and will seek to ensure the strong client-centric behaviours embedded within the business are preserved. The benefit of changes made to our governance structure in the prior year are now being realised. Outside of board meetings, the Non-Executive Directors have held a number of meetings with employees and shareholders to share experiences more directly.

Total headcount at 31 May 2023 had increased to 896 (2022: 847), primarily as a result of recent acquisitions and the recruitment of consultants and support staff. We remain committed to investing in the training and professional development of our people to create capacity to deliver further growth. We continue to 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 year, 59% of eligible staff had invested in the Plan (2022: 65%) and we continue to encourage broader staff participation.

The Mattioli Woods Employee Benefit Trust ("the Trust") held 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 shares held by the Trust were sold in the final quarter of the year with proceeds set aside to be utilised for the benefit of staff who are experiencing financial hardship or other issues in their lives, or to provide financial benefit to staff members as deemed appropriate by the Executive Directors.

Forward-looking statements

The Strategic Report is prepared for the members of Mattioli Woods and should not be relied upon by any other party for any other purpose. Where the report contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. Consequently, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risks underlying such forward-looking statements and information. The Group undertakes no obligation to update these forward-looking statements.

Principal risks and uncertainties

The Board is ultimately responsible for risk management and regularly considers the most significant and emerging threats to the Group's strategy, as well as establishing and maintaining the Group's systems of internal control and risk management and reviewing the effectiveness of those systems. The Board and senior management are actively involved in a regular risk assessment process as part of our risk management framework, supported by the requirements of the [Investment Firm Prudential Regime](#) ("IFPR") internal capital and risk assessment ("ICARA") process. The ICARA assesses the principal risks facing the Group. Stress tests include consideration of the impact of a number of severe but plausible events that could impact the business. The ICARA also takes account of the availability and likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks.

Day-to-day, our risk assessment process considers both the impact and likelihood of risk events that could materialise and affect the delivery of the Group's strategic goals. Risk owners regularly review and update where needed the controls in place to mitigate the impact of the risks, with independent review and challenge given by the Risk Management team. Throughout the Group, all employees have a responsibility for managing risk and adhering to our control framework.

There are a number of potential risks that could hinder the implementation of the Group's strategy and have a material impact on its long-term performance. These arise from internal or external events, acts or omissions that could pose a threat to the Group. The principal risks identified as having a potential material impact on the Group are detailed below, together with the principal means of mitigation. The risk factors mentioned do not purport to be exhaustive as there may be additional risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse effect on the business:

Industry risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|-----------|-------------|--------------------|--------|--------|----------------|
|-----------|-------------|--------------------|--------|--------|----------------|

Industry risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|--|--|---|--------|--------|----------------|
| Changes in investment markets and poor investment performance | Financial markets globally have experienced many challenges in the last year and investment market volatility has increased as a result. The war in Ukraine has continued to have a knock-on effect on markets and will continue while the conflict is resolved. This volatility may adversely affect trading and/or the value of the Group's assets under management, administration and advice, from which we derive revenues. | <ul style="list-style-type: none"> · Majority of clients' funds held within registered pension schemes or ISAs, where clients are less likely to withdraw funds and lose tax benefits, due to the longer-term nature of financial planning. · Broad range of investment solutions enables clients to shelter from market volatility through diversification, while continuing to generate revenues for the Group. · Market volatility is closely monitored by the Asset Allocation teams, as delegated by the Asset Management Committee, and includes monthly assessment of what is changing in markets and the economic environment globally; regular risk analysis, including a sentiment survey of the individual members of the Multi-Asset team considering their own analysis of external analysts' reports on a rolling basis. There are also regular reviews of liquidity. Further, performance is considered every month, in detail, including attribution and contribution analysis. Reports are then discussed by the Investment Committee every two months. | High | Medium | No change |
| Compliance with environmental, social and governance ("ESG") standards | Failure to meet future ESG reporting requirements, the Group not being recognised as an ESG responsible business or ESG products offered not meeting target market requirements could result in: <ul style="list-style-type: none"> · Regulatory censure; · Loss of client or shareholder confidence; and · Clients looking elsewhere for ESG focused products. | <ul style="list-style-type: none"> · Internal action plan in place to deliver short, medium, and longer-term initiatives. · The Mattioli Woods Responsible Equity Fund, geared to the principles of ESG, valued at £9.64m at 31.05.2023. · ESG holds a central consideration within the product governance framework of the Group. · Internal Executive ESG Committee established. · Dedicated ESG role filled during the period. · Continuing to explore positive actions, harnessing technology and solutions across the business to reduce our environmental footprint and make a positive contribution towards our ESG-related goals. | High | High | No change |

Industry risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|-------------------------------------|--|---|--------|--------|----------------|
| Climate change - physical impacts | <p>Impacts from the increasing severity and frequency of extreme climate events, and longer-term progressive shifts in the climate might include:</p> <ul style="list-style-type: none"> · Business interruption as a result of damage to infrastructure or loss of services; · Costs of improving resilience and adaptation; and · Lower productivity, income and profits. | <ul style="list-style-type: none"> · The Group occupies resilient buildings that can withstand damage from storms, strong winds and flooding. · Disaster Recovery ("DR") and Business Continuity Planning ("BCP") are in place to continue business as usual. · We support flexible working and work from home options, which have been tested as part of our continuity plans and contribute positively to our goal of being a paperless business where possible. | High | Medium | No change |
| Climate change - transition impacts | <p>Transition impacts relate to the process of adjusting to a low-carbon economy. Transition risks can occur when moving towards a less polluting, greener economy.</p> <p>Transitions such as the UK ban on the sale of fossil-fuel-powered cars from 2040 could mean big shifts in asset values, higher costs of doing business, business disruptions or lower productivity, income and profits.</p> | <ul style="list-style-type: none"> · DR/BCP in place to continue business as usual. · Plans in place to reduce negative impact of our activities through initiatives such as moving towards paperless offices and transitioning towards an all-electric car fleet. | High | Medium | No change |

Industry risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|--|---|--|--------|-------------|----------------|
| Changing markets and increased competition | The Group operates in a highly competitive environment with evolving characteristics and trends. | <ul style="list-style-type: none"> The Group seeks to maintain strong working relationships with clients underpinned by high levels of service, quality products and a continued focus on product development and innovation. Consolidating market position is enhancing the Group's competitive advantage. Control over scalable and flexible bespoke pension administration platform. Experienced management team with a strong track record. Loyal customer base and strong client retention. Broad service offering gives diversified revenue streams. Our investment in people, cloud-based technology and infrastructure provides an operating model that includes home working for the majority of staff and specific shift rotations for our people carrying out essential tasks. Harnessing efficiencies through our continued assessment of the changes to working patterns and methods. | High | High | No change |
| Regulatory risk | The Group may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations. | <ul style="list-style-type: none"> Embraced the principles and rules within the new Consumer Duty, which are fully aligned to culture and ethos of the business. Strong compliance culture, with appropriate oversight and reporting supported by training. External professional advisers are engaged to review and advise upon control environment. Business model and culture embraces FCA principles, including treating customers fairly. Decision to withdraw from providing advice on safeguarded pensions. Financial strength provides comfort should there be a need to increase capital resource requirements. | Medium | Medium/High | No change |

Operational risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|----------------------------------|--|--|--------|--------|----------------|
| Damage to the Group's reputation | There is a risk of reputational damage as a result of employee misconduct, failure to manage inside information or conflicts of interest, fraud, improper practice, poor client service or advice. | <ul style="list-style-type: none"> Strong compliance culture with a focus on positive customer outcomes. High level of internal controls, including checks on new staff. Well-trained staff who ensure the interests of clients are met in the services provided. | Medium | High | No change |

Operational risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|---|--|--|--------|--------|----------------|
| Errors, breakdown or security breaches in respect of the Group's software or information technology systems | Serious or prolonged breaches, errors or breakdowns in the Group's software or information technology systems could negatively impact customer confidence. It could also breach contracts with customers and data protection laws, rendering us liable to disciplinary action by governmental and regulatory authorities, as well as to claims by our clients. | <ul style="list-style-type: none"> · Ongoing reviews and testing of data security, including penetration testing and 'phishing' exercises. · IT performance, scalability and security are deemed top priorities by the Board, with additional controls introduced during the year. · Further investment in the experienced in-house team of IT professionals and established name suppliers. · Ongoing audits of secure remote working, information security and operational resilience undertaken in light of more flexible working practices. | High | High | No change |
| Business continuity and operational resilience | In addition to the failure of IT systems, there is a risk of disruption to the business as a result of power failure, fire, flood, acts of terrorism, relocation problems and failure of external suppliers. | <ul style="list-style-type: none"> · Implementation of ICARA, backed up by a robust assessment of known risks and risks that emerge by the Operational Risk and Compliance Committee, which draws membership from across the business, embeds a culture of risk awareness to ensure early detection and implementation of mitigating steps. · Periodic review and approval of BCP, considering best practice methodologies. · Periodic review and approval of DRP and disaster recovery teams (including IT support) on call to deal with major incidents at short notice. Business impact analysis has been conducted by department. · Loss of revenue is covered by business interruption insurance (subject to certain limits and exclusions). · All Group operations can move to 'working from home' at short notice, with little or no interruption to day-to-day business operations. · Ongoing assessment of external suppliers' performance. | Medium | Medium | No change |

Operational risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|--------------------|---|---|--------|--------|----------------|
| Fraud risk | There is a risk an employee or third-party defrauds either the Group or a client. | <ul style="list-style-type: none"> · The Group ensures the control environment mitigates against the misappropriation of client assets, with additional controls being introduced to safeguard client assets. · The Group does not hold client money. · Strong corporate controls require dual signatures or online approvals for all payments. Operational committees' approval for all expenditure above £10,000 but less than £100,000, Executive Committee approval for all expenditure greater than £100,000 and Board approval for all expenditure greater than £250,000. · Assessment of fraud risk every six months discussed with the Audit Committee, Risk and Compliance Committee and external auditors. · Clients have view-only access to information. · Ongoing review of risk of fraud due to external attack on the Group's IT systems, including audit of secure remote working, information security and operational resilience undertaken on an ongoing basis. · All staff are required to complete structured training on information security, cybercrime, fighting fraud and anti-money laundering each year. | High | Medium | No change |
| Key personnel risk | The loss of, or inability to recruit, key personnel could have a material adverse effect on the Group's business, results of operations or financial condition. | <ul style="list-style-type: none"> · Succession and talent planning is a key consideration throughout the Group. · Success of the Group should attract high calibre candidates. · Share-based schemes in operation to incentivise staff and encourage retention. · Recruitment programmes in place to attract appropriate new staff. · Cross functional acquisition team brought into acquisition projects at an early stage. · Ensuring the health and wellbeing of our people remains a priority, with various support mechanisms in place and operating well. The way our people work has changed, with the adoption of training, talent and resource management and leadership in a remote environment. | Low | Medium | No change |

Operational risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|---|--|--|---------------|---------------|-----------------------|
| Litigation or claims made against the Group | Risk of liability related to litigation from clients or third parties and assurance that a claim or claims will not be covered by insurance or, if covered, will exceed the limits of available insurance coverage, or that any insurer will become insolvent and will not meet its obligations to provide the Group with cover. | <ul style="list-style-type: none"> · Appropriate levels of Professional Indemnity insurance cover regularly reviewed with the Group's advisers. · Comprehensive internal review procedures, including compliance sign-off, for advice and marketing materials. · Maintenance of three charging models; time cost, fixed and asset based, which are aligned to specific service propositions and agreed with clients. · Restricted status for our consultants to enable the recommendation of our own products and others in the market. | High | Medium | No change |
| Reliance on third parties or outsourcing risk | Any regulatory breach or service failure on the part of an outsourced service provider could expose the Group to the risk of regulatory sanctions and reputational damage. | <ul style="list-style-type: none"> · Due diligence is part of the selection process for key suppliers, including assurance on their controls over shared data. · Key contracts with third parties handling sensitive data are escalated for review and approval. · Service level agreements in place with key suppliers. · Ongoing review of relationships and concentration of risk with key business partners. · Review of outsourcing is a key area of focus in the internal audit plan. · Our operational risk assessment considers the impact of disruptions on critical business functions, with the BCP updated to include a range of scenarios, informed in part by our experience through the pandemic. | High | High | No change |
| SIPP administration for non-advised clients ("third-party SIPP administration") | Risk that through the provision of SIPP administration services to clients with no adviser or a third-party adviser, we facilitate the client acting with no or bad advice. | <ul style="list-style-type: none"> · The Group recognises the duty of care owed to these clients. · Evidence of the suitability of advice where pension investments are out of the ordinary (e.g. ensuring the client is a sophisticated investor). · Credentials of third-party advisers are checked against the FCA register. | High | Low | No change |
| Strategic risk | Risk that management will pursue inappropriate strategies or implement the Group's strategy ineffectively. | <ul style="list-style-type: none"> · Experienced management team with successful track record to date. · Management has demonstrated a thorough understanding of the market and monitors this through regular meetings with clients. · Ongoing debate and counsel provided by a strong team of Non-Executive Board members. | Low | Low | No change |

Operational risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|--------------------------------------|---|---|--------|--------|----------------|
| Conduct risk | The risk that we fail our clients through the flawed design or mis-selling of our products or services, or poor business conduct results in client outcomes that do not meet their needs and circumstances. | <ul style="list-style-type: none"> Only appropriately authorised consultants can provide advice. Robust training and competence scheme in place. Operation of 'three lines of defence' model, including internal and external reviews to monitor suitability of advice being given to clients. Compliance oversight by a dedicated team covering; conduct, product, complaints and technical. Non-standard investments require review and approval by the Group's Non-Standard Investment team. Professional Indemnity ("PI") insurance in place. | Medium | Medium | No change |
| Conduct risk (acquisitions) | The risk that acquired clients have been failed by the acquired business through the flawed design or mis-selling of products or services, or poor business conduct resulting in outcomes that do not meet their needs and circumstances. | <ul style="list-style-type: none"> Due diligence process used to identify and assess risk in acquired client portfolios. Run-off PI insurance cover and specific indemnities provided by the sellers of acquired businesses to mitigate the Group's risk exposure. Active dialog with the FCA, especially where we identify specific risks associated with the target business. Inclusion of warranties and indemnity clauses in purchase agreements. | High | Low | No change |
| Information security (or cyber) risk | The risk that the security controls over our IT systems are compromised by internal or external influences, resulting in unauthorised access to our client or corporate confidential data. | <ul style="list-style-type: none"> External security provider scans for intrusion threats across our network 24/7. Electronic data is protected by user access controls. Data privacy training provided to all staff. Robust firewalls and patches maintained to prevent unauthorised access to IT systems, including utilisation of third-party providers to protect corporate networks. Electronic data is protected by user access controls. Data privacy training is provided across the Group. Compliance with the Data Protection Act and registration with the Information Commissioner's Office. Two step verification of any client instruction received by email or post. Audit of secure remote working, information security and operational resilience ongoing. | High | High | No change |

Financial risks

| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
|----------------------|--------------------------------------|---|--------|--------|----------------|
| Counterparty default | That the counterparty to a financial | <ul style="list-style-type: none"> The Group trades only with recognised, creditworthy third | Medium | Medium | No change |

| Financial risks | obligation will default on repayments. | parties. | | | |
|--------------------|---|--|--------|--------|----------------|
| Risk type | Description | Mitigating factors | Chance | Impact | Change in risk |
| | | <ul style="list-style-type: none"> Customers who wish to trade on credit terms are subject to standard credit procedures. All receivables are reviewed on an ongoing basis for risk of non-collection and any doubtful balances are provided against. | | | |
| Bank default | The risk that a bank could fail. | <ul style="list-style-type: none"> We only use banks with strong credit ratings within stated risk tolerance limits. Client deposits spread across multiple banks. Regular review and challenge of treasury policy by management. | Medium | High | No change |
| Concentration risk | A component of credit risk, arising from a lack of diversity in business activities or geographical risk. | <ul style="list-style-type: none"> The client base is broad, without significant exposure to any individual client or group of clients. Broad service offering gives diversified revenue streams. | Medium | Medium | No change |
| Cost inflation | The risk that increases in the price of goods and services erode the Group's profits. | <ul style="list-style-type: none"> The Group manages a significant amount of discretionary spend in areas such as marketing and IT development, which can be re-phased or postponed to mitigate the impact of rising prices. The Group has sought to realise operational efficiencies and controlled wage inflation through the use of one-off awards to mitigate the impact of wage inflation. | High | Medium | New risk |
| Interest rate risk | <p>The risk the Group will sustain losses from adverse movements in interest bearing assets.</p> <p>In addition, Central Bank interest rate increases are increasingly being used in an attempt to counter inflation, which in turn may encourage clients to leave available funds in cash.</p> | <ul style="list-style-type: none"> The Group maintains a strong balance sheet and currently has no interest-bearing debt. Exposure to movements in interest bearing assets is monitored to ensure the Group is optimising its interest earning potential within accepted liquidity and credit constraints. Good relationships with key banking partners. Access to competitive interest rates due to scale of our business. The Group has proven its ability to withstand challenging market conditions, with any reduction in traditional investment-related revenues typically offset by additional consultancy fees generated as a result of clients proactively seeking advice, or fees on new investment products created in response to client demand for higher-yielding investments. Increasing interest rates provide an opportunity to improve client rates on pension scheme bank accounts, while generating an increased banking income for the Group. | Medium | Medium | New risk |

Emerging risks, including legislative and regulatory change, have the potential to impact the Group and its strategy. The Board, Audit Committee and Risk and Compliance Committee continue to monitor emerging risks and threats to the financial services sector including, for example, the increased number of attempted cyber and phishing attacks, regulatory change, climate change and scenarios potentially arising from political and economic developments, including implications from ongoing world conflicts, and change in political leadership. We intend to continue to focus on operational resilience and enhancing the control environment over the next 12 months.

Section 172 statement

The Directors consider that in conducting the business of the Company over the course of the year they have complied with Section 172 (1) of the Companies Act 2006 ("the Act") by fulfilling their duty to promote the success of the Company and act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Engaging with stakeholders

The continued success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders who share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

To fulfil their duties, the senior management team, the Directors of each subsidiary company and the Directors of the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions they take, with a long-term view in mind and with the highest standards of conduct, in line with Group policies. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

Reports are regularly made to the Board by the senior management team about the strategy, performance and key decisions taken, which provides assurance that proper consideration is given to stakeholder interests in decision-making, and the Board uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

The Group's governance structure allows the Board and the senior management team to have due regard to the impact of decisions on the following matters specified in Section 172 (1) of the Act:

| Section 172 factor | Approach taken |
|---|---|
| (a) Consequences of any decision in the long term | <p>The business model and strategy of the Company is set out within the Strategic Report. Any deviation from or amendment to that strategy is subject to Board and, if necessary, shareholder approval.</p> <p>At least annually, the Board considers a budget for the delivery of its strategic objectives based on a three-year forecast model. The senior management team reports non-financial and financial key performance indicators to the Board each month, including but not limited to the measures set out in the 'Key performance indicators' section of the Strategic Report, which are used to assess the outcome of decisions made.</p> <p>The Board's commitment to keeping in mind the long-term consequences of its decisions underlie its focus on risk, including risks to the long-term success of the business, leading to the conclusion that during the current period of heightened political and market uncertainty both in the UK and globally, a conservative level of cash resources should be maintained such that the payment of dividends to shareholders and variable remuneration to employees are balanced.</p> <p>The strategy of the Group is focused on positive client outcomes that can deliver sustainable shareholder returns over the long term and as such, the long term is firmly within the sights of the Board when all material decisions are made.</p> |
| (b) Interests of employees | <p>The Group is committed to developing our people and maintaining the capacity to deliver sustainable growth. How the Directors have regard to the interests of the individuals responsible for delivery of its products and services is set out in the 'Our people' sections of the Strategic Report and 'Employees' section of the Directors' Report.</p> <p>Employees are represented on the Board by Martin Reason.</p> |
| (c) Fostering business | How the business manages relationships with suppliers, clients and |

| Section 172 factor | Approach taken |
|---|--|
| relationships with suppliers, customers and others | <p>The approach taken is set out in the 'Relationships' section of the Strategic Report. Suppliers and other counterparties are typically professional firms such as banks, investment houses, platform providers, accounting firms and legal firms with which the senior management team often has a longstanding relationship.</p> <p>Where material counterparties are new to the business, checks, including anti-money laundering checks, are conducted prior to transacting any business to ensure that no reputational or legal issues would arise from engaging with that counterparty. The Company also periodically reviews the compliance of all material counterparties with relevant laws and regulations such as the Modern Slavery Act 2015. The Company pays suppliers in accordance with pre-agreed terms.</p> <p>Due to the Group's focus on holistic planning and providing high levels of personal service while maintaining close client relationships, it has open lines of communication with clients and can understand and resolve any issues promptly.</p> |
| (d) Impact of operations on the community and the environment | <p>The interaction of the Company with the wider community is explained in the 'Relationships' and 'Corporate Social Responsibility' sections of the Strategic Report.</p> <p>The Group's impact on the environment is limited due to the nature of the Group's business operations as set out in the 'Environmental performance and strategy' section of the Strategic Report and 'Environmental' section of the Directors' Report. However, the Board is committed to limiting the impact of the business on the environment where possible.</p> <p>The Board takes overall responsibility for the Company's impact on the local communities in which we operate and the environment. The Company's approach to sustainability, preventing bribery, money laundering, slavery and human trafficking is disclosed in the 'Corporate Social Responsibility' section of the Strategic Report.</p> |
| (e) Maintaining high standards of business conduct | <p>The Board believes that the ability of the Company to conduct its business and finance activities depends in part on the reputation of the Board and senior management team. The risk of falling short of the high standards expected and thereby risking its business reputation is included in the Board's review of the Company's risk register, which is conducted periodically.</p> <p>The Board is responsible to shareholders for the proper management of the Group and how the Board discharges its duties is set out in the Corporate Governance Report.</p> <p>The principal risks and uncertainties facing the business are set out in that section of the Strategic Report.</p> |

| Section 172 factor | Approach taken |
|---------------------------|-----------------------|
|---------------------------|-----------------------|

| | |
|-----------------------------------|--|
| (f) Acting fairly between members | <p>The Company's shareholders are a very important stakeholder group. The Board oversees a formal investor relations programme which involves the Directors and senior management team engaging routinely with the Company's shareholders. The programme is managed by the Company's brokers and the Board receives prompt feedback from both its brokers and its financial public relations adviser on the outcomes of meetings.</p> <p>The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws. The Independent Non-Executive Chair of the Company and other Non-Executive Directors make themselves available for meetings as appropriate and all attend the Company's Annual General Meeting ("AGM").</p> <p>The investor relations programme is designed to promote formal engagement with investors and is typically conducted after each half-yearly results announcement. The Group also has open lines of communication with existing investors who may request meetings and with potential new investors on an ad hoc basis throughout the year, including where prompted by Company announcements. For the last two years the Directors have also engaged with retail shareholders through the Investor Meet Company platform, a communication channel endorsed by the QCA. We increased our engagement with retail investors with publication of specific retail-focused research on the Group starting for the year ended 31 May 2022. Shareholder presentations are made available on the Company's website. The Company has a single class of shares in issue with all members of the Company having equal rights.</p> |
|-----------------------------------|--|

Methods used by the Board

The main methods used by the Directors to perform their duties include:

- Board strategy days to review all aspects of the Group's business model and strategy and assess the long-term sustainable success of the Group and its impact on key stakeholders. An Executive team strategy day was held during the year, with a Board strategy day and a number of other strategy days and sessions planned to take place in the current year;
- The Board meets regularly throughout the year as well as on an ad hoc basis, as required by time critical business needs, such as acquisitions. Board members regularly meet with members of the senior management team;
- The Board is responsible for the Company's ESG activities set out in the Strategic Report. Iain McKenzie is appointed as the designated executive with responsibility for ESG;
- The Board's risk management procedures set out in the Corporate Governance Report identify the potential consequences of decisions in the short, medium and long term so mitigation plans can be put in place to prevent, reduce or eliminate risks to the Company and wider stakeholders;
- The Board sets the Company's purpose, values and strategy, detailed in the 'Our approach' and 'Strategy' sections of the Strategic Report, and the senior management team ensures they align with its culture;
- The Board carries out direct shareholder engagement via the AGM and Directors attend shareholder meetings on an ad hoc basis;
- External assurance is received through internal and external audits and reports from brokers and advisers; and
- Specific training for existing Directors and induction for new Directors is as set out in the Corporate Governance Report.

Principal decisions in the year

Mattioli Woods comprises a number of operating segments, through which the Executive team engages with each segment's unique stakeholders as well as other businesses in the Group. The governance framework in place during the year delegated day-to-day operational authority to a number of sub-committees covering all parts of the business including but not limited to advice, administration, investment management, operations, change management, risk and

compliance, acquisition activity and integration management, all subject to a list of matters reserved for decision by the Executive Committee or the full Board only, up to defined levels of cost and impact.

The Board has a formal schedule of matters specifically reserved to it for decision, including strategic planning, business acquisitions and disposals, authorisation of major capital expenditure and material contractual arrangements, setting policies for the conduct of business and approval of budgets and financial statements.

The principal non-routine decisions taken by the Board during the year were:

- The Board considered the strategic rationale for all acquisitions, the associated risks and the performance impact on the Group. Acquisitions during the year including Doherty Pension and Investment Consultancy Limited and the majority stake in White Mortgages Limited are further detailed in Note 3 to the financial statements;
- The review and decision not to progress with a number of other potential acquisitions during the year;
- Approval to sell shares held in the Employee Benefits Trust during the year with proceeds to be used for the benefit of staff;
- Each year the Board conducts a review of its effectiveness which was led by an external third-party during the year. The external facilitator recommended that development plans be established for all Board members including on-going training for new and existing members to ensure legislative and regulatory changes are communicated across all roles;
- The appointment of Michael Wright as Deputy Chief Executive Officer. The Board considered that Michael's extensive experience and dedication made him the ideal candidate for this pivotal role; and
- Determination of dividend. The Board recommends a final dividend of 18.0p per share (2022: 17.8p). This decision was taken in conjunction with a review of returns to all key stakeholders, including staff in the form of salary awards and bonus payments.

Due to the nature of these decisions, a variety of stakeholders had to be considered as part of the Board's discussions. Each decision was announced at the time, so that all stakeholders were aware of the decisions.

Stakeholders

The Directors are aware there are a number of other stakeholders, in addition to shareholders, who will be affected by the actions of the Group. The below table outlines how we consider these stakeholders and how we engage with them:

| Stakeholder | Why we engage | How we engage | How we responded |
|--------------|---|---|---|
| Our clients | Clients are the central focus of our business. By engaging with them, we are able to gain a better understanding of their needs and ensure that we can provide them with bespoke solutions to address their financial goals and to provide better client outcomes. | We engage with our clients in a variety of ways, driven by their requirements and preferences, including: <ul style="list-style-type: none"> • regular meetings with consultants and investment managers; • the use of video technology to enable virtual engagement with clients alongside face-to-face meetings; • virtual seminars held for clients and introducers; • investment updates and quarterly statements; • regular market bulletins both in printed and electronic form; and • client portals, where investment management clients can view details of their investments. | Our clients' desire to have easier on-boarding and better access to information about their financial affairs resulted in the Board supporting the Group's investment in a new digital, self-investment platform, alongside our in-house client portal. ESG has become an important topic for our clients for several years and the launch of The Mattioli Woods Responsible Equity Fund reflects this alongside opportunities from Maven. |
| Employees | Our people are the key to our success, and we want them to be successful individually and as a team. The Board recognises the firm's culture and corporate values underpin the effective delivery of its strategy. Our aim is to continue to attract, retain, develop and motivate the right people for our current and future business needs. | We have a comprehensive internal communication programme to engage with and listen to our people, including: <ul style="list-style-type: none"> • the CEO and other members of the senior management team frequently leading staff forums ranging from all staff video conferences to small group discussions; • Martin Reason was appointed as the designated Non-Executive Director with responsibility for engagement with the workforce; and • we undertake regular employee engagement surveys working closely with an external provider to provide an interactive feedback experience, the results of which are closely monitored with the Board and senior management team considering what actions need to be taken in response. | There remains an increased focus on health and wellbeing, in addition to development opportunities, pay, benefits and flexible working arrangements. This focus on our staff enabled the successful transition and continued adoption of flexible working practices. We continue to strengthen our wellbeing capabilities, increasing the number of staff focused on this including creation of an internal team of mental health first aiders. This also extends to an increased number of options available to staff via our flex-benefits platform. |
| Shareholders | As owners of the Group, we rely on our shareholders' support. Their opinions are important to us and | We engage with our shareholders through the following activities: <ul style="list-style-type: none"> • regular meetings with our investors throughout the year to discuss delivery of our strategy, current performance | We have provided regular updates on company performance throughout the year, with dividends increased and paid during the year. |

| Stakeholder | Why we engage | How we engage | How we responded |
|------------------------------|--|--|---|
| | We seek to provide them a better understanding of our business. In addition, we have obligations as an AIM-listed company to provide information to our shareholders. | We engage with the business through our Executive and Non-Executive Directors; and <ul style="list-style-type: none"> the provision of detailed financial reports and presentations on the business at the half-year and full year. | We have responded to long-term, committed shareholders. The highly successful share placing to fund the acquisition of Maven, Ludlow and a pipeline of smaller bolt-ons reflects the strong relationships we have built with our shareholders. |
| Suppliers | We recognise the importance of our various suppliers in delivering services to clients and ensure we have shared values. | We engage with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis. | Key areas of focus have included innovation, enhancing our client propositions, cyber security, health and safety and sustainability. |
| Communities | We seek both to support our community and to reduce our impact on the environment as much as possible. We recognise the responsibility we have to wider society and other key stakeholders. We believe that demanding high levels of corporate responsibility is the right thing to do. | We engage with the communities in which we operate to build trust and understand the local issues that are important to them. We seek our people's input on how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations at an individual office level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is considered with such considerations as energy providers and the use of and disposal of paper and plastic. | We continued to support a number of national and local charities during the year including our national charity, British Heart Foundation. In addition we supported over 102 local charities as selected by our staff members across the UK, donating £0.2m during the year. We continue to support local charities in the communities in which we operate, as well as through continuation of our consultancy training programme with intake across the country and an increased recruitment of apprentices into the Group. |
| The Government and regulator | We seek to build positive relationships with the Government and our regulator who provide key oversight of how we run our business and we believe our clients' best interests are served by our working constructively with them. | We engage with the Government and our regulator through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Mattioli Woods is a member of the Association of Member-directed Pension Schemes and the Quoted Companies Alliance. Key areas of focus are compliance with laws and regulations, health and safety and ESG. The Board is updated on legal and regulatory developments and takes these into account when considering future actions. | We held regular meetings with our regulators during the year and continue to have a proactive and transparent relationship with them. We ensured our payment terms with all suppliers were fair and in compliance with payment practices. We regularly assess our key suppliers for conformance to the Modern Slavery Act and conducted a risk assessment of our supply chain. Our modern slavery statement is reviewed and updated by the Board annually. |

Further information on the ways in which the Board engages with stakeholders is set out in the Corporate Governance Report and the Strategic Report.

Environmental, social and governance performance and strategy

As a Group, we take our environmental, social and governance commitments seriously, and have formed a dedicated Board Environmental, Social and Governance Committee, together with investing in our people and capabilities in these important areas.

Due to the Group's activities, Mattioli Woods impacts the local and global environment, and it is committed to monitoring the environmental performance of its assets and using this information to develop robust strategies to minimise its environmental impact where possible. The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the Government's policy on streamlined energy and carbon reporting (SERC), requiring disclosure of the environmental performance of the Group's assets through calculating the Group's greenhouse gas ("GHG") emissions and subsequently, setting strategies to minimise these emissions. The following information summarises the Group's environmental performance over the year.

Methodology

GHG emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption data has been collated and converted into CO2 equivalent ("CO2e") using the UK Government 2021 and 2022 Conversion Factors for Company Reporting to calculate emissions from corresponding activity data. To collect consumption data, the Group

has reviewed utility invoicing and its staff expense software to track business mileage in Group-owned vehicles and employee-owned vehicles. All the Group's GHG emissions are attributable to the United Kingdom, as 100% of the Group's occur within the United Kingdom. Data disclosed relates to our financial reporting period, which is 1 June 2022 to 31 May 2023, as well as the comparative previous year in 2021 to 2022, presented as 2023 and 2022 respectively. We have calculated energy intensity and emissions intensity using the total floor area which is considered to best represent the scale of the business compared to using alternative measures such as headcount, as the majority of energy usage is from buildings.

In 2023, the Group instructed a new consultancy to prepare its SECR statement, which has resulted in a change to the methodology. This has improved data estimations to provide a more accurate and complete overview of the company's environmental impact. This includes estimating and gap filling instances where data was either partially or entirely unavailable, which was not completed in previous years. Further details on the estimation methodology and application is provided within the 'Assumptions and estimations' section. As part of the data collection, a materiality assessment was applied to determine which indicators were relevant to the Group. We have assessed each indicator in terms of its impact on the Group and its perceived importance to stakeholders. Further details on immaterial and excluded emissions are provided in the 'Reporting boundaries and limitations' section.

Sustainability is a key priority for Mattioli Woods and we are working towards putting in place an environmental vision and strategy, including the development and implementation of key performance indicators and long-term targets for Scope 1 and 2 emissions. No electricity or gas consumption is currently directly from renewables. This strategy will also involve setting a plan of building and car fleet optimisation opportunities.

Reporting boundaries and limitations

The GHG sources that constitute our operational boundary for the reporting period are:

- Scope 1: Natural gas combustion within boilers, gas oil combustion within generators and road fuel combustion within owned vehicles.
- Scope 2: Purchased electricity consumption for our own use.
- Scope 3: Fuel consumption from employee-owned cars for business use.

Business travel from third party operators, where the company is not responsible for purchasing fuels, has been excluded within this reporting, as it is considered immaterial and sufficient data to estimate this is not available. Fugitive emissions from refrigerant gases from office air conditioning are considered immaterial and have been excluded. The company leases the overwhelming majority of its buildings and therefore does not have responsibility for air conditioning systems, and no major leaks are known to have occurred in its owned buildings. Water consumption and waste generation are also considered immaterial and have been excluded from reporting. Sufficient collection processes and data quality are unavailable to support accurate reporting against these measures, and the impact of these sources is significantly lower than that of energy consumption.

Assumptions and estimations

Actual data from supplier invoices was prioritised for reporting however, in instances where this was not available partially or entirely, consumption data was estimated. While instances where no data was available at a building continue to be estimated, data completeness has been reviewed in 2023 to ensure there is full coverage over the reporting period. This has resulted in 48% of the 1,758,388 kWh of energy consumption from the operation of buildings being estimated.

The estimation method applied in each case was chosen based on the number of months in the reporting period for which actual data was available for each asset. When three or more months of consumption data was available, the missing months were gap filled based on the average consumption per month for the asset. When less than three months of actual data was available the Better Buildings Partnership ("BBP") 2020 Real Estate Environmental Benchmark ("REEB") intensities were used to estimate the annual consumption from the floor area.

During this reporting period, the Group continued to lease three assets which were vacant. When no consumption data was available, the average intensity of the vacant assets that did have invoice data was used to estimate the gaps. As quantities of fuel were unavailable for business travel, mileage data was used to convert business travel into both GHG emissions and energy consumption equivalent (kWh).

Performance

The table below shows absolute performance of our Scope 1, 2 and 3 emissions for the year, which represents the Group's third year of reporting under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018:

| GHG emissions (tCO₂e) | 2023 | 2022 | Change |
|---|-------------|-------------|---------------|
| Fuel consumption (gas office heating) (kWh) | | | 31% |

| | | | | | |
|--|--|------------------|----------------|-------------|------------|
| Scope 1 | Associated GHG (tCO ₂ e) | 644,578 | 493,090 | 31% | |
| | Fuel consumption (company vehicles) (miles) | 426,995 | 197,643 | 116% | |
| | Fuel consumption (company vehicles) (MWh) | 347 | 260 | 34% | |
| | Associated GHG (tCO ₂ e) | 86 | 45 | 92% | |
| Scope 2 | Electricity consumption (office and company car electricity) (kWh) | 1,113,917 | 796,319 | 40% | |
| | Associated GHG (tCO ₂ e) | 215 | 169 | 27% | |
| Total Scope 1 & 2 emissions | | 420 | 304 | 38% | |
| Scope 3 | Fuel consumption (own cars for business use) (miles) | 142,488 | 78,765 | 81% | |
| | Fuel consumption (own cars for business use) (MWh) | 159 | 104 | 53% | |
| | Associated GHG (tCO ₂ e) | 40 | 22 | 92% | |
| | Total Scope 3 emissions | 40 | 22 | 92% | |
| | Gross Scope 1, 2 and 3 emissions | | 460 | 326 | 41% |
| | Total floor area (sqft) | | 120,106 | 105,675 | 14% |
| Scope 1 & 2 emissions intensity (tCO ₂ e/sqft/yr) | | 0.0035 | 0.0029 | 20% | |
| Scope 3 emissions intensity (tCO ₂ e/sqft/yr) | | 0.00034 | 0.0002 | 68% | |

Corporate social responsibility

Our commitment to operating responsibly

At Mattioli Woods we continue to work through the challenges placed in part by the ongoing level of market uncertainty. Our dedicated team has allowed us to rise to these challenges and continue making a positive contribution to our stakeholders - our clients, shareholders, staff, suppliers and chosen charity partners alike. We believe this is responsible business in action. In 2023, our Risk and Compliance Committee reviewed where the Group currently stands and has developed a strategy defining how we will prioritise and accelerate environmental, social and governance ("ESG") workstreams in the business. This included the appointment of dedicated roles and creation of an internal Executive ESG Committee to oversee and manage these workstreams.

Our approach to achieving good governance comes from a passion to ensure we do the right things for our clients, and this is embedded in the culture of the Mattioli Woods team, where staff are encouraged to thrive and develop in their roles and the business in turn supports them in their own career development. We have recently introduced a talent programme across the business and our record of growing our own and promoting from within adds to the sense of teamwork which underpins everything we do, a prime example being the appointment of Michael Wright, who joined the business as a graduate in 2004, as Deputy CEO this year.

Sustainability

The Group continues to grow, and we recognise that we have a responsibility to support our profitable expansion by operating in a sustainable manner. As we continue to operate in a complex marketplace, we have demonstrated we can deliver great client outcomes in different and sustainable ways, with staff continuing to work flexibly throughout the year. This will inform our thinking as to how we can deliver strong and sustainable shareholder returns, including investing in new technology to facilitate sustainable growth over the longer term. We consider our ability to address ESG risks and Consumer Duty requirements for the business and consider how these could affect our stakeholders. Incorporating climate risks into our risk management framework enables us to effectively foresee potential climate related challenges. Additionally, this framework serves as a tool to evaluate risks and respond to possible weaknesses and hazards. By conducting scenario analysis, we aim to guarantee that our financial and strategic choices consider a diverse array of potential climate conditions and concerns.

Our environmental footprint has grown through the acquisitions completed in the last two years. We plan to consolidate our footprint as integration of acquired businesses continues, ensuring that wherever possible, we minimise any negative impacts in this area. The modern design and construction methods used in our Leicester office means we are harnessing the latest technology to support our environmental aims and, while this is a major contributor in itself, we recognise that smaller changes to how we do things can make incremental contributions on our journey to net zero. These include reducing the amount of paper we use through the adoption of technology, including an on-line portal to deliver client valuations, supporting our move to a paperless environment. In addition, our consultancy team is making increasing use of hybrid and efficient fuel technology in the vehicles they use. Alongside these commitments, we are committed to our journey to Net-Zero and our long-term vision now reflects our climate objectives to reach this goal. It is important to Mattioli Woods to ensure that the timescale we commit to reach our Net Zero goal is realistic and considers relevant information including accurate data collection and third-party advice. As we embark on this journey towards Net-Zero, we remain dedicated to transparency and accountability. We will keep our stakeholders informed of our progress through regular updates and reports, ensuring that our commitment to Net-Zero is tangible and measurable. We also recognise, while we may not have directly incorporated Biodiversity considerations into our previous initiatives, we are dedicated to driving positive change in this area. We believe that our role extends beyond financial transactions and encompasses a responsibility to contribute to the well-being of our planet and the communities that we are part of.

In 2023, we hired a full time ESG Partner who works to support the Group's Environmental Social and Governance Strategy. Our partner is committed to integrating sustainable and responsible practices into the company's operations. With an in-depth understanding of ESG factors and their implications, they have been hired to ensure that the business upholds the highest standards of sustainability. Alongside their work, they have also organised and created an ESG Engagement team which includes 20 members of staff from all office locations and departments to ensure the whole Group are included in decision making and suggestions regarding ESG and sustainable practices. The ESG Partner is also working towards disclosing our mandatory Task Force on Climate-related Financial Disclosure (TCFD) report in June 2024. Mattioli Woods knows that this TCFD disclosure is important for us to action because it helps us to assess and disclose our climate related risks and opportunities. It is also necessary for Mattioli Woods to comply with evolving regulatory requirements, meet investor's expectations and ensure that reputational expectations are maintained. We know that by committing to these requirements will position us for long-term sustainability and success in a rapidly changing world focused on addressing climate change.

The Mattioli Woods Responsible Equities Fund continues to perform well and our proprietary ESGi process seeks to score our underlying investments on the ESG risk they pose. This forms a key element of our investment research process across our product range. We are continuing to explore how we can offer our clients access to additional bespoke 'ESG responsible' investment propositions.

TCFD Integration

In recognition of the increasing significance of climate-related risks and opportunities to our business operations and stakeholders, the Group has worked to integrate the recommendations of TCFD into our annual report and broader business strategies. This is a journey Mattioli Woods is beginning and we are committed to being transparent with investors and stakeholders in our build up to producing the initial report in 2024.

Ahead of producing our TCFD report in 2024 and as part of our Net-Zero plans, we are continuing to work on specific targets and creating measurable performance indicators, such as:

1. *Our ESG Task Force*
2. *Educating Employees*
3. *Engaging with Suppliers:*
4. *Development of regular Reporting and Monitoring*
- 5 . *Stakeholder Engagement:* Engage with clients, shareholders, and other stakeholders to communicate the company's commitment to Net Zero and gather feedback and suggestions for improvement
- 6 . *Continuous Improvement:* Continually assess and reassess strategies and practices to identify areas for improvement. Stay up-to-date with evolving ESG trends and best practices, adjusting the Net Zero plan accordingly.

Other key principles that we are focussed on maintaining and developing include:

- **Board Commitment:** we have the full support of our Board and Executive teams. They have been key in ensuring the importance of challenging, assessing and addressing climate-related topics, as well as continuing to implement strong social and governance policies throughout the business. In 2023 we released our ESG policy which outlines our approach, goals and targets, reporting framework, and our roles and responsibilities. The policy was created alongside a new Executive ESG Committee which was also formed during the year. The committee ensures that ESG, particularly climate related topics, are considered across relevant business decisions.
- **Continuous Learning and Capacity:** As we mature and continue to develop our understanding of TCFD, we plan to provide training sessions and have partnered with industry experts to provide insights and knowledge, ensuring that our team is well-equipped to embed TCFD principles across the Group. Examples include utilising third party experts to run targeted workshops including Net-Zero in the future which initially to our senior leadership team and the ESG committee.
- **Risk Management:** Our integration of climate risks into our risk management framework allows us to appropriately anticipate climate risks. Alongside this, we use the framework to assess risk and act on potential vulnerabilities and threats. Through scenario testing, we plan to ensure that both our financial and strategic decisions account for a range of possible future climate states and issues.
- **Data-Driven Decision Making:** Data forms the foundation upon which our disclosures are built, serving as a guide for our strategic initiatives. We are committed to continue to invest in data collection methodologies, collaborative partnerships, working with third-party entities, and the implementation of management tools throughout the business.
- **Opportunities:** In addition to assessing risks, we are equally focused on identifying and leveraging climate-related opportunities that align with our business ethos. Our proprietary ESGi process seeks to score our underlying investments on the ESG risk they pose. This forms a key element of our investment research process across our product range.

For clients who wish to access our multi-asset strategies but have concerns with particular companies or industries, we have a range of Ethical multi-asset portfolios. We offer 9 risk-rated model portfolios, with criteria around 11

ethically contentious areas.

The impacts of these risks and opportunities are integrated into our business model and strategy, driving initiatives such as our Responsible Equity Fund, which seeks to invest in companies that promote the positive development of our world, in areas such as clean energy, improved nutrition, sustainable agriculture and inclusive and equitable education.

- **Resilience** Through scenario testing as part of our operational resilience programme of work, we ensure that both our financial and strategic decisions account for a range of possible future climate states and issues.

To help us achieve our goals, we are establishing targets and KPIs, to ensure that we stay on course. Examples include the ESG Scorecard which is distributed quarterly and reports and monitors base level sustainability metrics such as paper usage throughout the business, water usage and our Scope 1,2 and 3 emissions percentage change.

- **Third-party Verification:** we have enlisted a third-party company, to assist with validating and reporting on our commitment alongside aiding our journey to our TCFD disclosure in June 2024.
- **A Pledge for Improvement:** Acknowledging the dynamic and constantly shifting nature of the climate discourse, we hold steadfast in our commitment to an ongoing journey of refinement and enhancement. At the core of this unwavering dedication lies a structured framework of iterative processes that form the backbone of our continuous improvement plan.

We have established a robust system of feedback loops which act as channels for insights from our stakeholders. We also use internal reviews as a method of improving.

- **Facilitating Change:** As we embed TCFD recommendations within Mattioli Woods, we also champion their broader adoption within our industry. We understand that collective action is crucial to navigating the challenges posed by climate change. Our own Responsible Equity fund scores our underlying investments on the ESG risks that they pose for our clients.

Our alignment with TCFD guidelines is a reflection of our commitment to the long-term sustainability of Mattioli Woods and the communities in which we operate.

Charities and communities

Making a difference within our local communities matters to us and we continue to have a high level of engagement in this area. Each year we sponsor businesses, sports and community awards. Over our history, our business has benefited from winning numerous awards and we feel it is right to help other businesses reap the rewards of such accolades. In addition, we sponsor a variety of local clubs, business and sports related events across the country.

In 2022 we announced British Heart Foundation ("BHF") as our national charity partner for the next two years, a charity that embodies the values and culture of the Group and who we support nationally, helping their mission to raise awareness of how to keep hearts healthy through lifestyle changes.

Every year, the Group's associate company Amati has a commitment to donate 10% of its profits to good causes. We engaged our staff to suggest charities and causes they felt deserving of a donation enabling the Group to support numerous charities throughout the UK, including those that are local to where our staff live. Total charitable donations by the Group and its employees (through payroll giving) were £0.2m (2022: £0.2m) for the year.

We have also been able to offer work experience placements and summer internships to provide individuals with experience in financial services, some of which have resulted in permanent employment.

We recognise our tax contributions also play an important role for the communities in which we operate, with the Group's total tax contribution summarised as follows:

| | 2023 | 2022 |
|--|---------------|--------|
| Total tax contribution | £000 | £000 |
| Corporation tax | 4,379 | 5,098 |
| <i>Other taxes borne</i> | | |
| Employer's National Insurance Contributions | 6,074 | 5,563 |
| Apprenticeship levy | 254 | 221 |
| Business rates | 584 | 614 |
| Irrecoverable input VAT | 1,152 | 1,495 |
| Insurance premium tax | 104 | 127 |
| Stamp Duty Land Tax and Stamp Duty Reserve Tax | 121 | 663 |
| <i>Taxes collected</i> | | |
| Income tax deducted under PAYE | 12,789 | 12,421 |

| | | |
|---|---------------|--------|
| Employees' National Insurance Contributions | 2,923 | 2,675 |
| Output VAT | 5,075 | 5,394 |
| Total | 33,456 | 34,271 |

Developing our people

The Group understands the importance of supporting and building the future for the next generation. We are proud of the positive relationships we have built with various schools, colleges and universities where we have supported with interview and CV skills, attended recruitment fairs and posted vacancies, allowing students to apply for roles within Mattioli Woods. We will continue with this programme, allowing more students leaving education to join Mattioli Woods on trainee and development programmes.

We continue to create opportunities for new recruits and greater emphasis is being put on our trainee consultant programme which is an 18-month programme for those aspiring to be successful advisers. We plan to significantly increase the number of applicants accepted by the Group as we encourage new talent to begin and develop their careers with us, many of whom will be direct applicants to the programme.

We have also continued to operate our 26-week plan to foster small groups of trainee advisers in a classroom style learning setting, for two days a week, and have successfully delivered these remotely. Each week themed topics, including topics such as tax, pensions and investments, aims to get trainees who have been with the Company for 18 months and completed their level 4 qualification to the point where they are able to develop financial plans.

Trainees work alongside successful consultants in administrative roles and attend consultant-led client meetings. This has been a successful scheme for Mattioli Woods and will continue to be rolled out for new groups of employees who demonstrate the potential to move into consultant roles at the firm.

Mattioli Woods' graduate and apprenticeship schemes have been running for a number of years and, together with the trainee consultant programme, highlight the firm's motivation to 'grow our own', and we plan to increase the number of applicants accepted by the Group as we encourage new talent to begin and develop their careers with us.

The Group also operates graduate and apprenticeship schemes in other teams including Finance, HR and Change Management, where on the job learning is supported by study toward an externally recognised qualification.

Progression and retention are important to Mattioli Woods. More than ever we are passionate about retaining our valued employees, hence the development of a robust appraisal, and recent succession and development plan being embedded within the Group. In addition, all job opportunities are made available internally before being published externally and in all cases, we follow a fair and consistent process. In 2023, a total of 44 (2022: 54) internal moves successfully took place.

We have refined our development training and mentoring programmes, which incorporate mentoring, coaching, a buddy system, work-based learning and, in some roles, with exams and course work. We continuously ensure our training and development standards are high, which has resulted in many successful promotions. A recent HR leadership academy was launched for new and existing leaders in the business, where training takes place in cohorts three times a year. We continue to work with training providers to support learning and knowledge building across the Group.

We understand recognition is important and operate with a transparent approach to promotions. We review pay processes and base pay on fairness and on performance measures. We continue to regularly review and invest in improvements, including new technology and benchmarking to ensure remuneration is aligned across the Group.

Equal opportunities employer including diversity and inclusion

We are committed to promoting equality of opportunity for all employees and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit.

At Mattioli Woods, we wish to ensure our employees can achieve their potential and therefore, we encourage promotions and to progress from within. We aim to ensure that no job applicant suffers discrimination because of any of the protected characteristics. Our recruitment procedures are reviewed regularly to ensure individuals are treated on the basis of their relevant merits and abilities. Job selection criteria are regularly reviewed to ensure they are relevant to the job and are not disproportionate.

We are an equal opportunities employer and understand that talent is not directed by ethnicity, race, gender/gender identity, sexual orientation, religion, age, disability, pregnancy, maternity, background or social class.

We seek to be the employer of choice where we offer training and development programmes which will encourage employees to retain employment at Mattioli Woods. We attract and employ diverse candidates through various sources:

- Structured training programmes for those wanting a career in financial services, which is open to internal and external applicants;
- Mattioli Woods invests time in apprenticeships while training on the job, feeding into growing the talent and succession pool;
- We attend university and colleges, talking through the employment opportunities at Mattioli Woods. During FY23, we recruited 21 college and university leavers; and
- The Company currently has a total of 73 employees in a developmental role of which 28 identify as female and 45 as male.

Our vision is to have a respectful and supportive workplace that enables us to attract and retain a diverse and inclusive workforce that represents our clients and the communities across the country. We believe we can achieve this by attracting, retaining and developing a talented workforce, and recruiting candidates who believe in our vision and culture.

The principles of non-discrimination and equality of opportunity also apply to the way in which employees treat clients, customers, suppliers, shareholders and all other stakeholders.

We are extremely committed to our culture and continuously making conscious decisions to improve. We listen to our employees to include them in the positive changes that are made. This year saw the introduction of the Employee Engagement Group, a forum allowing our employees to have a voice in changes they would like to see, and better our two-way communication in creating a positive culture. Our long-term aim is to be an all-inclusive employer, enabling flexibility that works for both males and females. Our wellbeing programme, which is continuously improving with new initiatives, allows all employees to confidently seek support if and when required, ensuring our valued employees feel safe whether it be at work or in their personal life. Being an even more inclusive employer is our aim.

Modern slavery

Mattioli Woods welcomed the introduction of the Modern Slavery Act 2015 and recognises it has a responsibility to take a robust approach and commitment to preventing modern slavery and human trafficking in all its activities, and in our supply chains.

To enable us to assess whether a particular activity is at high risk of facilitating modern slavery or human trafficking:

- Mattioli Woods holds a register of all its operations, regularly reviewing this in the context of its supply chain and business operations; and
- There are no high-risk activities identified which relate to modern slavery or human trafficking. The Group operates in the UK in financial services and does not source products or services from higher risk regions.

To understand and respond to potential modern slavery and human trafficking risks, our employees are given training while our suppliers are also made aware of our expectations. A copy of our Modern Slavery and Human Trafficking Statement can be found on our website.

We also review our salaries on an annual basis to ensure our employees are not paid below the national minimum wage. We are an established partner with Living Wage Foundation, priding ourselves on ensuring all our employees are paid above the national minimum wage. We provide a package of benefits to all employees, including pension auto-enrolment, income protection and health care, irrespective of the employee's role in the Group.

In September 2022, all employees' benefits were reviewed with some of the benefits being enhanced. In addition, there is an annual salary review which can result in the grant of a pay award, as well as a discretionary bonus.

Anti-bribery policy

We value our reputation for ethical behaviour and upholding the utmost integrity and we comply with the FCA's clients' best interests' rule. We understand that in addition to the criminality of bribery and corruption, any such crime would also have an adverse effect on our reputation and integrity.

Mattioli Woods has a zero-tolerance approach to bribery and corruption and we ensure all of our employees and suppliers are adequately trained as to limit our exposure to bribery by:

- Setting out clear anti-bribery and corruption policies;
- Providing mandatory training to all employees;
- Encouraging our employees to be vigilant and report any suspected cases of bribery in accordance with the specified procedures; and
- Escalating and investigating instances of suspected bribery and assisting the police or other appropriate authorities in their investigations.

Gender pay gap reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires all employers with 250 or more employees in the UK to publish details of their gender pay gap. Its aim is to achieve greater transparency about gender pay difference. The analysis is based on data as at 5 April of each year and shows the differences in the average pay between men and women. We issued the latest Gender Pay Gap report in April 2023 which is readily available on our website. The next report will be issued in 2024.

Approval

The Strategic Report contains certain forward-looking statements which are made by the Directors in good faith based on the information available to them at the time of their approval of this Annual Report. Statements contained within the Strategic Report should be treated with some caution due to the inherent uncertainties (including but not limited to those arising from economic, regulatory and business risk factors) underlying any such forward-looking statements. The Strategic Report has been prepared by Mattioli Woods to provide information to its shareholders and should not be relied upon for any other purpose.

The above disclosures from financial highlights to this point constitute the Strategic Report, which has been approved by the Board of Directors and signed on its behalf by:

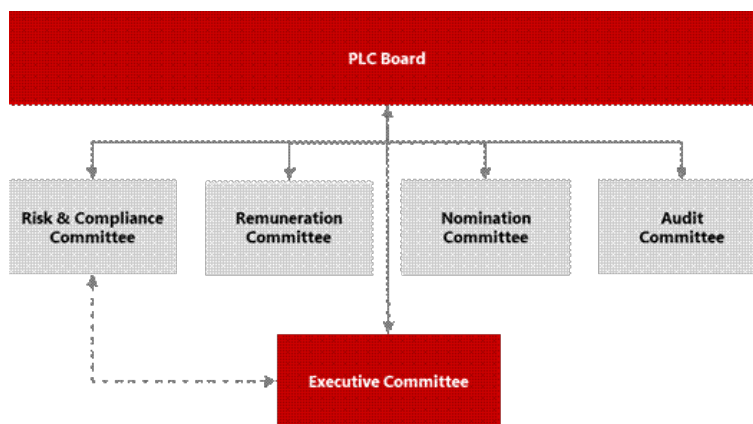
Ian Mattioli MBE
Chief Executive Officer
12 September 2023

Governance overview

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. We recognise the need to ensure an effective governance framework is in place to give all our stakeholders confidence that the business is effectively run, ensuring good outcomes for our clients and looking after the interests of the Group's shareholders and other stakeholders.

Board structure

The Board has established a sub-committee structure comprising Risk and Compliance, Audit, Remuneration and Nomination Committees. During the financial year ended 31 May 2023 the Group undertook an internal review of the effectiveness of the Board, its sub-committees and the senior management framework. We continued the implementation of a revised governance structure designed to improve execution of strategy, corporate governance and risk management frameworks as determined by the Board, as well as bringing together a senior executive team with responsibility for operational oversight of all key areas in the Group, illustrated as follows:



The executive and senior management team is structured by a primary Executive Committee, which is supported by a structured number of commercial and operational committees across the Group.

The Group's investment and asset management business is managed through the Investment and Asset Management Committee, which ensures risk and investment controls are applied consistently throughout the Group, across all our various products and services.

Each operating subsidiary is managed by its own board, which reports to the relevant commercial and operational committee, with clear line of sight to the Executive Committee. We believe this is the optimal management structure to secure continued growth.

Corporate governance code

The Board has adopted the Quoted Companies Alliance ("QCA") revised Corporate Governance Code ("QCA Code"), which requires the Group to apply 10 principles focused on the pursuit of medium to long-term value for shareholders and also to publish certain related disclosures.

Corporate governance principles applicable to the Group

The 10 QCA Code corporate governance principles, which apply to the Group, are:

- 1 Establish a strategy and business model which promotes long-term value for shareholders.
- 2 Seek to understand and meet shareholder needs and expectations.
- 3 Consider wider stakeholder and social responsibilities and their implications for long-term success.
- 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation.
- 5 Maintain the Board as a well-functioning, balanced team led by the Chair.
- 6 Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities.
- 7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
- 8 Promote a corporate culture that is based on ethical values and behaviours.
- 9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.
- 10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

Application of the QCA Code and required disclosures

The QCA Code requires us to apply the principles set out above and to publish certain related disclosures in our Annual Report, on our website, or a combination of the two. We have followed the QCA Code's recommendations and have provided disclosure relating to relevant principles in a corporate governance statement on our website and summarise our compliance with the following principles in this Annual Report.

Strategy and business model - QCA Principle One

The Group's strategy and business model is described in our Strategic Report.

Understand and meet shareholder needs and expectations - QCA Principle Two

The Group remains committed to listening and communicating openly with its shareholders to ensure its strategy, business model and performance are clearly understood. Receiving analyst and investor feedback, and in turn providing an understanding of our business, is a key part of driving our business forward successfully. The principal methods of communication with investors remain the Annual Report and financial statements, the Interim Report, the Annual General Meeting ("AGM"), regulatory announcements and the results roadshow.

Stakeholder and social responsibilities - QCA Principle Three

Mattioli Woods believes its main stakeholders are its clients, employees, suppliers and relevant statutory authorities. To understand the needs and expectations of stakeholders, the Group encourages regular feedback from clients and employees through individual engagement, surveys and webinars. Mattioli Woods is also an active member of local business forums such as the Leicestershire Business Voice and professional networks to promote the local economy and contribute to regional growth.

Effective risk management - QCA Principle Four

The Group embeds risk management throughout the organisation and this is described in our Corporate Governance Report.

Board balance and skills - QCA Principles Five and Six

The Board, led by the Chair, has the necessary skills and knowledge to discharge their duties and responsibilities effectively, setting clear expectations and ensuring stringent measures for corporate governance standards are met, particularly in relation to executive remuneration, risk, compliance and audit. The Executive and Non-Executive Directors' skill sets are complementary, and together provide a blend of broad commercial, operational, investment, legal, and financial expertise, such that all decision making at Board level is robust and mindful of the fiduciary responsibilities that need to be discharged to all shareholders.

In addition, the Directors are aware of the importance of keeping abreast of the industry's current activities and industry

conferences, webinars and events throughout the year to keep their skills, contacts and knowledge current and simultaneously engage with the regulator, other operators and service providers to the financial services industry.

Board effectiveness - QCA Principle Seven

The Board completed a self-evaluation during the financial year ended 31 May 2023 and will continue this annually. The criteria against which the Board collectively and individually will be assessed includes Board composition, roles and responsibilities, meetings and administration, Board committees, Board discussions, Board relationships and stewardships, monitoring and evaluation, strategy and internal control.

The aim of the Board evaluation is to review the effectiveness of the Board's performance and assess its strengths as well as areas for development. The Board has considered the Company's approach to succession planning and will work with the Nomination Committee on the Board evaluation process. The Executive Management team and, at a more junior level, senior departmental managers address progression of employees through annual appraisals and competency reviews. The Group's structured 'Financial Assess' training programme further assists key managers with training and learning opportunities which is complemented by the recent launch of a talent and succession framework that is being adopted and trained out to managers across the Group.

Ethical culture - QCA Principle Eight

The Group's client centric and ethical culture are discussed in the Chair's statement in the Chief Executive's ("CEO") review, and the business model is described in our Strategic Report.

Governance structures and communication with stakeholders - QCA Principles Nine and Ten

The governance structures and committees utilised across the Group are discussed in the Corporate Governance Report. Details of interactions with stakeholders are shown in the Section 172 Report. In addition, the Directors' Remuneration Report is shown.

Board of Directors

The Board is considered to be balanced and diverse, with plans to further enhance these aspects being developed.

The Board currently comprises four executive Directors and four independent Non-Executive Directors, including the Chair. The Company has a balanced Board, which we believe represents the right governance structure for the business having previously been independent for several years with majority Independent Non-Executive Directors. The current Board includes a Senior Independent Director in addition to the other Non-Executive Directors. The Board also considers diversity of the Group senior management team, excluding the PLC Board, which currently comprises 42% female and 58% male membership, with consideration to be given to the other protected characteristics in the short term.

The Nominations Committee leads on the succession plan for all Board members as seen in the appointment of Michael Wright as Deputy Chief Executive Officer ("Deputy CEO").

A short biography of each Director is set out below.

David Kiddie - Independent Non-Executive Chair and Chair of the Nomination Committee

Appointed to the Board: 2021
Tenure at Mattioli Woods: 3 years

Brings to the Board:

- Significant experience and expertise in asset management and investment oversight
- Strategic planning and leadership
- Focus on governance, oversight and regulatory environment

Previous roles:

- Chief Executive UK and Head of Institutional Business, BNP Paribas Investment Partners
- Chief Investment Officer, AMP Capital Investors, ABN AMRO Asset Management and Rothschild Asset Management
- Head of Equities, Baring Asset Management
- Group Executive, Perpetual Investments (Australia)

Accreditations:

- BA Hons Economics, University of Kent

External appointments:

- Non-Executive Director of Marlborough Investment Management Ltd

Ian Mattioli MBE - Chief Executive Officer

Co-founded Mattioli Woods in 1991
Tenure at Mattioli Woods: 32 years

Brings to the Board:

- 35+ years' experience in financial services, wealth management and property businesses
- Co-founded Mattioli Woods, with Bob Woods, in 1991
- Vision and strategy
- Development of investment proposition
- Founder of Custodian REIT plc

Accreditations:

- Awarded an MBE for services to business and the community in 2017
- LSE AIM Entrepreneur of the Year Award, 2008
- CEO of the Year Award, City of London Wealth Management Awards, 2018
- Awarded Honorary Degree (Doctorate of Laws), University of Leicester, 2022
- Appointed High Sheriff of Leicestershire for 2021-22

External appointments:

- Non-independent Director of Custodian Property Income REIT plc
- Non-Executive Chair of Kanabo Group plc

Ravi Tara - Chief Financial Officer

Appointed to the Board: 2021
Tenure at Mattioli Woods: 4 years

Brings to the Board:

- Strategic planning and value creation
- Financial management and oversight of operations
- Investor relations management
- Operational efficiency and improvement
- Mergers and acquisitions and integration experience
- Inspiring leadership and development of teams
- Change management

Previous roles:

- Capita plc
- Weetabix Food Company
- JP Morgan
- Barclays Capital
- PwC

Accreditations:

- Chartered Accountant
- Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW")
- A member of the ICAEW's Corporate Finance Faculty
- BSc Hons Accounting and Finance, London School of Economics

Michael Wright - Deputy Chief Executive Officer

Appointed to the Board: 2021
Tenure at Mattioli Woods: 19 years

Brings to the Board:

- Over 18 years' experience in financial services
- Experienced adviser, assisting controlling directors, owner-managers and affluent individuals
- Inspiring leadership and operational management
- Acquisition and integration expertise
- Change and efficiency management

Accreditations:

- Diploma in Financial Planning
- LLB Law Degree, University of Leicester

External appointments:

- Vice-President of Gresley Male Voice Choir

Iain McKenzie - Chief Operating Officer

Appointed to the Board: 2021

Tenure at Mattioli Woods: 5 years

Brings to the Board:

- People and change management
- Operational and process efficiency
- Understanding of business functions and risk management
- Strategic planning and project management
- Data analysis and performance metrics
- Organisational and leadership abilities

Previous roles:

- Business consultancy - Consultant, Iain McKenzie Limited
- Senior management - Sports and Facility Management, Leicester City Council

Accreditations:

- BA Design Management, De Montfort University, Leicester

External appointments:

- Director of Leicestershire Business Voice

Anne Gunther - Senior Independent Director and Chair of the Audit Committee

Appointed to the Board: 2016

Tenure at Mattioli Woods: 7 years

Brings to the Board:

- 40+ years' experience in retail financial services
- Wide executive experience from lending to wealth management
- FTSE 100 IPO experience
- Mergers and acquisitions experience

Previous roles:

- Managing Director - Direct, Lloyds TSB
- Chief Executive, Standard Life Bank
- Chief Executive, Standard Life Healthcare
- Member of group executive, Standard Life
- Founding Director, Standard Life Wealth
- Chair, Warwick Business School

Accreditations:

- Honorary doctorate, Edinburgh University
- Chartered Banker
- MBA, Warwick Business School
- BSc Hons Physics, Nottingham University

External appointments:

- Non-Executive Director of The West Bromwich Building Society

Edward Knapp - Non-Executive Director and Chair of the Risk and Compliance Committee

Appointed to the Board: 2021

Tenure at Mattioli Woods: 3 years

Brings to the Board:

- Significant commercial and strategic insight and transformation expertise
- Digital, technology and IT development within financial services
- Risk and compliance oversight and control
- Asset management and advisory expertise

Previous roles:

- Managing Director and Global Head of Business Management, Technology, HSBC
- Chief Operating Officer and Global Head of Business Management, Risk, Barclays
- Senior Adviser, McKinsey & Company

Accreditations:

- BA Mathematics, Balliol College, University of Oxford

External appointments:

- Non-Executive Director of F&C Investment Trust Plc
- Senior Adviser to Board of Perenna Group Limited
- Member of UK Endorsement Board
- Director of Asia House

Martin Reason - Non-Executive Director and Chair of the Remuneration Committee

Appointed to the Board: 2021

Tenure at Mattioli Woods: 3 years

Brings to the Board:

- Development of strategic plan focusing on client outcomes and marketing
- Risk management and controls
- Process design and operational efficiency
- Remuneration and people strategies
- Treasury management

Previous roles:

- Chief Executive Officer, Melton Mowbray Building Society
- Managing Director, Merrill Lynch HSBC
- Senior manager, HSBC/Midland Bank
- Managing Director, Pakawaste Group

Accreditations:

- High performance leadership diploma, Cranfield School of Management
- BSc Hons Banking and Finance

External appointments:

- Chair of Sitigrid Ltd

Time commitments of Board members

The Group embraces the benefits that are brought by a Board from a range of business backgrounds and who are actively involved in other businesses. The Board also recognises its members must be able to dedicate sufficient time to the Company. The Board has considered the time commitments of each Director and is comfortable that each has sufficient available capacity to carry out the required duties for Mattioli Woods:

- David Kiddie's time commitment from his other Directorships averages three working days per month;
- Ian Mattioli's time commitment from his roles as Non-Executive Chair of Kanabo Group plc and Non-Executive Director of Custodian REIT plc average two and one and a half working days per month respectively;
- Michael Wright's time commitment from other Directorships averages one day per quarter;
- Iain McKenzie's time commitment from other Directorships averages two days per month;
- Anne Gunther's time commitment from her other Directorships averages four and a half working days per month;
- Edward Knapp's time commitment from his other Directorships averages four working days per month; and
- Martin Reason's time commitments from his other Directorship averages four days per month respectively.

Governance changes

The Board regularly reviews the suitability of the Group's governance structure and reflecting the expansion of the Mattioli Woods proposition and increased size of the Group. Shortly after year-end in July 2023, the Board announced the appointment of Michael Wright as Deputy Chief Executive Officer. In this new role, Michael will lead and support the delivery of certain strategic goals alongside the Executive team, while retaining his current responsibilities. Michael was previously appointed Group Managing Director in 2019 and has been on the Board since 2021, having joined the Group 19 years ago and holding several senior advisory roles during this time.

As part of our long-term strategic planning to support the delivery of the Group's strategic goals, David Kiddie will step down as Non-executive Chair of the Group at the next Annual General Meeting on 26 October 2023 having served a 3-year term as a Non-Executive Director ("NED"). Given his extensive career background in investment management, the Group is pleased to announce that it will retain David's expertise in a consultancy role with the Group to support the continued development and structure of the Group's investment proposition to deliver a wider range of investment outcomes for clients and support the next phase of growth.

Anne Gunther, our experienced, senior independent, non-executive director becomes Chair of the Group following the AGM subject to regulatory approval. The Group is pleased to be able to continue to draw upon her extensive knowledge from her executive career and having served as a NED with Mattioli Woods for a number of years.

Mattioli Woods is committed to diversity and inclusion across the Company and at the Board and continues to monitor and assess the balance of the Board and its effectiveness in line with a high level of commitment to governance standards.

Corporate Governance Report

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group and has a formal schedule of matters specifically reserved to it for decision. These include strategic planning, business acquisitions and disposals, authorisation of major capital expenditure and material contractual arrangements, setting policies for the conduct of business and approval of budgets and financial statements. As part of our ongoing focus on corporate governance the Board reserved matters and committee terms of reference were reviewed and updated during the year, in light of the focus on stakeholder engagement and linking a company's purpose and values to its strategy.

Other matters are delegated to the Executive Management team, supported by policies for reporting to the Board. The Company maintains appropriate insurance cover in respect of legal action against the Company's Directors, but no cover exists in the event that a Director is found to have acted fraudulently or dishonestly.

The agenda and relevant briefing papers are distributed by the Company Secretary on a timely basis, usually a week in advance of each Board meeting.

The roles of Chair and Chief Executive are distinct, as set out in writing and agreed by the Board. The Chair is responsible for the effectiveness of the Board, directing strategy and ensuring communication with shareholders. The Chief Executive is responsible for overseeing the delivery of this strategy and the day-to-day management of the Group by the Executive Management team. The Board is committed to developing the corporate governance and management structures of the Group to ensure they continue to meet the changing needs of the business.

The Non-Executive Directors are considered by the Board to be independent of management and free from any relationship which might materially interfere with the exercise of independent judgement. The Board does not consider the Non-Executive Directors' shareholdings to impinge on their independence. The Non-Executive Directors provide a strong independent element to the Board and bring experience at a senior level of business operations and strategy. Anne Gunther is the Senior Independent Director.

All Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. Any Director, on appointment and throughout their service, is entitled to receive any training they consider necessary to fulfil their responsibilities effectively including training on quoted company requirements from the Nominated Adviser, Canaccord Genuity Limited.

The Board meets regularly throughout the year as well as on an ad hoc basis, as required by time critical business needs, and is the principal forum for directing the business of the Group.

Board committees

The Board has delegated authority to four committees. The Chair of each committee provides a report of any meeting of that committee at the next Board meeting. The Chair of each committee is present at the AGM to answer questions from shareholders.

Risk and Compliance Committee

The Risk and Compliance Committee comprises Edward Knapp (Chair), Anne Gunther, David Kiddie, and Martin Reason. Committee meetings are normally attended by George Houston (Group Compliance Officer) as Compliance Oversight Function, the Chief Executive Officer, Deputy Chief Executive Officer, Chief Operating Officer, and by representatives of the external and internal auditors by way of invitation. In addition, senior managers and representatives from the internal audit, risk and compliance functions attend committee meetings as necessary.

The purpose of the Committee is to provide oversight and advice to the Board in relation to current and future risk exposure of the Company and its subsidiaries and the future risk strategy, including the determination of risk appetite and tolerance and the effectiveness of the risk management framework and (in conjunction with the Audit Committee) internal controls required to manage risk. The Committee shall also promote a risk awareness culture within the Company.

The Risk and Compliance Committee is principally responsible for monitoring identified risks and the effectiveness of

mitigating action, keeping risk assessment processes under review, reviewing the impact of key regulatory changes on the Group, assessing material breaches of risk limits and regulations as well as reviewing client complaints.

Risk management framework

The Group's risk management framework is designed to ensure risks are identified, managed and reported effectively. The Group has invested in its risk management framework to meet the requirements of key regulatory changes and the risk management framework remains subject to ongoing review.

We continue to apply a 'three lines of defence' model to support our risk management framework, with responsibility and accountability for risk management summarised as follows:

- First line: Senior management and operational business units are responsible for managing risks, by developing and maintaining effective internal controls to mitigate risk. First-line systems and controls are employed to ensure business activities are conducted in compliance with internal policies and procedures. First-line supervision teams carry out monitoring of business activities on a day-to-day basis.
- Second line: The risk, compliance and anti-money laundering functions maintain a level of independence from the first line. They are responsible for providing oversight and challenge of the first line's day-to-day management, monitoring and reporting of risks to both senior management and governing bodies.
- Third line: The internal audit function is responsible for providing independent assurance to both senior management and governing bodies as to the effectiveness of the group's governance, risk management and internal controls.

Output from first, second and third-line monitoring is reported to the managers and management information is reported to the Executive Risk and Compliance Committee and the Risk and Compliance Committee.

Risk appetite

Risk appetite is defined as both the amount and type of risk the Group is prepared to accept or retain in pursuit of our strategy. Our appetite is subject to regular review to ensure it remains aligned to our strategic goals. At least annually, the Board, Executive Risk and Compliance Committee and the Risk and Compliance Committee will formally review and approve the Group's risk appetite statement and assess whether the firm has operated in accordance with the stated risk appetite measures during the year.

Notwithstanding its continued expectations for business growth, the Board retains a relatively low overall appetite for risk, ensuring that our internal controls mitigate risk to appropriate levels.

Risk assessment process

Identified risks are tracked in a department-level risk register and used as the basis for a consolidated risk register that provides the Risk and Compliance Committee with an overview of the key risks across the organisation. The Board and senior management are actively involved in a continuous risk assessment process as part of our risk management framework, supported by the annual ICARA process which assesses the principal risks facing the Group.

Stress tests include consideration of the impact of a number of severe but plausible events that could impact the business. The work also takes account of the availability and likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks.

The Group's risk assessment process considers both the impact and likelihood of risk events which could materialise, affecting the delivery of strategic goals and annual business plans. A top-down and bottom-up approach ensures our assessment of key risks is challenged and reviewed on a regular basis throughout the year, with the Board and its committees receiving regular reports and information from senior management, operational business units and the risk oversight functions.

Activities during the year

The committee met seven times during the year, with the committee's activities during the year including:

- Review the design, implementation and effectiveness of the risk management framework at least annually;
- Oversee and challenge the Consumer Duty implementation plan by assessing the adequacy and effectiveness of the measures and procedures put in place and the actions to address any deficiencies in the Company's compliance with its obligations;
- Review and challenge of the Group's treating customers fairly ("TCF"), Consumer Duty and conduct risk policies and outcomes;
- Review and challenge of the Group's vulnerable client processes;
- Review and challenge of the Group's product governance processes;
- Advise the Board on the Company's overall risk appetite tolerance and strategy, which shall also take into consideration environmental and economic factors;
- Review the consolidated ICARA for recommendation to the Board, and on an annual basis oversee and challenge the design and execution of stress and scenario testing, ensure a robust assessment of the emerging and principal risks

facing the Company has been undertaken, that procedures are in place to identify emerging risks. To provide advice on the management and mitigation of those risks and the required capital is held by the Company to recognise the risk.

- Review of the Group's training and competence regime;
- Oversight of the implementation of Markets in Financial Instruments Directive 2 ("MiFID II"); and
- Approval of the annual regulatory monitoring plan.

Audit Committee

The Audit Committee comprises Anne Gunther (Chair), Edward Knapp and Martin Reason. Anne Gunther is a Chartered Banker and the Board is satisfied that all members of the committee have recent and relevant financial experience. The Board believes the committee is independent, with all members being Non-Executive Directors. The purpose of the Audit Committee is to assist the Board of the Company in carrying out its responsibilities relating to accounting policies, internal controls and financial reporting functions.

The key responsibilities of the Audit Committee are:

- To review the reporting of financial and other information to the shareholders of the Company and to monitor the integrity of the financial statements;
- To review the Group's accounting procedures and provide oversight of significant judgement areas;
- To review the firm's internal controls and effectiveness of the internal audit function;
- To review the effectiveness of the external audit process and the independence and objectivity of the external auditors;
- To review audit fees and proposals for future years; and
- To report to the Board on how it has discharged its responsibilities.

Committee meetings are normally attended by the Chief Executive Officer, Chief Financial Officer, Finance Director, Chief Operating Officer, Group Compliance Officer and by representatives of the external and internal auditors by way of invitation. The presence of other senior executives from the Group may be requested. The committee meets with representatives of the internal and external auditors, without management present, at least once a year.

Activities during the year

The committee met five times during the year, where it considered the significant financial and audit issues, the judgements made in connection with the financial statements and reviewed the narrative within the Annual Report and the Interim Report.

During the year the Audit Committee continued to monitor the operation of the internal audit function which has been outsourced to RSM Risk Assurance Services LLP since December 2018. In light of an ever-changing regulatory environment, outsourcing gives the Group access to greater skills externally, while having the ability to shrink or expand our internal audit activities to meet the ongoing demands of the business.

The committee also considered the tender and subsequent appointment of, and fees payable to, the external auditors and discussed with them the scope of the interim review and annual audit for the Group and subsidiaries of the Group.

Specific audit issues the committee discussed included:

- Following the appointment of a new auditor on 28 April 2022, monitoring the transition of external audit provider and subsequent effectiveness of the appointment;
- Assessment of whether each entity and the Group as a whole are going concerns, including whether forecast performance would result in an adequate level of headroom over the Group's available cash facilities;
- Review of the whether any impairment needed to be recognised in respect of the intangible assets of the Group, including the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment;
- Management's approach to estimating the recoverability of WIP, including the recovery rate applied and the length of historical data used to calculate that recovery rate;
- Provisions recognised in respect of contingent consideration payable on past business combinations and management's key assumptions and estimates applied in reaching these recognition and measurement decisions;
- Review and approval of the internal audit plan;
- Monitoring the progress of previous issues raised by internal audit, to ensure a satisfactory completion and assurance level; and
- Reviewing and stress testing the required submissions of the Internal Capital Adequacy Risk Assessment (ICARA) to ensure fulfilment of the regulatory standards.

Significant judgements and estimates

Significant critical accounting judgements and key estimates in connection with the Group's financial statements for the year ended 31 May 2023 and other matters considered by the committee included:

Goodwill and intangible assets

As set out in Note 17 to the Group financial statements, at 31 May 2023, the Group had goodwill of £97.6m (2022: £83.5m) with other intangible assets relating to client portfolios amounting in total to £106.1m (2022: £112.2m). Under IFRSs, these balances are assessed annually for impairment. Impairment testing requires the application of judgement, largely around the assumptions that are built into the calculation of the value in use of the cash generating unit being tested for impairment.

The committee considered the impairment reviews carried out by management. These reviews focused on the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment. The underlying cash flow assumptions were challenged by management and the committee, having regard to historical performance. This was supported by the challenge to the Group's budgets earlier in the year.

The main assumptions reviewed by the committee were the achievability of long-term business plans and the discount rate used as outlined in Note 19. These assumptions were subject to sensitivity analysis by management which was also reviewed by the committee.

The committee concluded that the carrying values of goodwill and intangibles included in the financial statements are appropriate.

Revenue recognition

The Group recognises accrued income in respect of time costs and disbursements incurred on clients' affairs during the accounting period, which have not been invoiced at the reporting date ("work in progress" or "WIP"). This requires an estimation of the recoverability of the time costs and disbursements incurred but not invoiced to clients. The carrying amount of accrued time costs and disbursements at 31 May 2023 was £7.1m (2022: £5.1m).

The committee considered management's approach to estimating the recoverability of WIP, including the recovery rate applied and the length of historical data used to calculate that recovery rate.

The committee concluded the valuation of accrued WIP in the financial statements is appropriate.

Acquisition accounting

Business combinations are accounted for using the purchase accounting method. This involves assessing the fair value of the assets acquired and whether any assets acquired meet the criteria for recognition as separately identifiable intangible assets. Intangible assets are measured on initial recognition at their fair value at the date of acquisition.

Client portfolios are valued by discounting their expected future cash flows over their expected useful lives, based on the Group's historical experience. Expected future cash flows are estimated based on the historical revenues and costs associated with the operation of that client portfolio. The discount rates used estimate the cost of capital, adjusted for risk.

The committee reviewed the purchase price allocations prepared by management, supported by appointed third-party experts where required, on the purchase of Doherty Pension and Investment Consultancy and majority stake in White Mortgages during the year. These reviews focused on the underlying cash flow assumptions and the discount rate used to determine the present value of the cash flows attributable to the subject intangible assets.

The committee concluded that the fair values of the identifiable assets and liabilities of these acquired businesses as at their respective dates of acquisition included in the financial statements are appropriate.

Contingent consideration payable on acquisitions

The Group has entered into certain acquisition agreements that provide for a contingent consideration to be paid. A financial instrument is recognised for all amounts management anticipates will be paid under the relevant acquisition agreement. This requires management to consider whether contingent payments should be accounted for as consideration or remuneration, make an estimate of the expected future cash flows from the acquired business and determine a suitable discount rate for the calculation of the present value of any contingent consideration payments. The carrying amount of contingent consideration provided for at 31 May 2023 was £14.3m (2022: £8.7m), and contingent consideration recognised as remuneration provided for at 31 May 2023 was £4.6m (2022: £7.8m).

The committee considered management's assessment of the amounts that will be paid under the relevant acquisition agreements. These reviews focused on the assumptions underlying the cash flows covering the contingent consideration period.

Following this review, the committee was satisfied that the judgements exercised were appropriate and that the contingent consideration payable on acquisitions was fairly stated in the financial statements.

Other liability provisioning

As detailed in Note 26, the Group recognises provisions for client claims, commission clawbacks, dilapidations, onerous contracts and other obligations that exist at the reporting date. These provisions are estimates and the actual amount and timing of future cash flows are dependent on future events.

Management reviews these provisions at each reporting date to ensure they are measured at the current best estimate of the expenditure required to settle the obligation. Any difference between the amounts previously recognised and the current estimate is recognised immediately in the statement of comprehensive income.

The committee considered and challenged the nature of the provisions, the potential outcomes, any developments relating to specific claims, and the prior history of obligations, provisions and claims in order to assess whether the provisions recorded are prudent and appropriate.

The committee discussed with management the key elements of judgement to assure themselves as to the adequacy and appropriateness of the provisions. Following this discussion, the committee was satisfied that the judgements exercised were appropriate and that the provisions were fairly stated in the financial statements.

Use of alternative performance measures

| | |
|--|---|
| <p>The Group has identified certain measures that it believes will assist in the understanding of the performance of the business. These measures are not defined under IFRS but can be used, subject to appropriate disclosure in the Annual Report and Accounts. These alternative performance measures are recurring revenue, adjusted EBITDA, adjusted profit before tax, adjusted profit after tax and adjusted earnings per share as set out in the alternative performance measure workings section of the Annual Report.</p> | <p>The committee considered the measures and felt that these alternative performance measures are those considered by management to be important comparables and key measures used within the business for assessing performance. They are not substitute for, or superior to any IFRS measures.</p> <p>The committee was also satisfied that the disclosure of the alternative performance measures was appropriate.</p> |
|--|---|

Other matters

| | |
|--|---|
| <p>In addition to the above matters, the committee assessed whether each entity and the Group as a whole are going concerns.</p> <p>The committee also reconsidered a number of other judgements made by management including: IFRS 15 'Revenue from contracts with customers', IFRS 9 'Financial instruments' and IFRS 16 'Leases'.</p> | <p>The committee considered whether the forecast financial performance would result in an adequate level of headroom over the Group's available cash facilities. The committee also discussed the key assumptions underpinning the Group's forecast financial performance with management regularly during the year and considered a range of sensitivities to those forecasts, together with the feasibility and effectiveness of mitigating factors. The committee concluded there are no material uncertainties that cast doubt about the Group's ability to continue as a going concern and the adoption of the going concern basis is appropriate.</p> <p>The committee considered management's approach, proposed disclosures, assessment of impact on the financials and the judgements made in relation to impairment allowances and the factors considered around expected credit losses on financial instruments.</p> |
|--|---|

External auditor

An analysis of fees payable to the external audit firms in respect of audit and non-audit services during the year is set out in Note 7 to the financial statements. The Company is satisfied the external auditor is independent in the discharge of their audit responsibilities, following due diligence conducted as part of the appointment process.

Internal audit

The internal audit function is responsible for providing assurance over the design and operational effectiveness of the internal controls related to the Group's key activities. Our internal audit activity is based around a strategic, risk-based approach to cyclical internal audit with consideration of the Group's key strategic priorities and risks. This approach is designed to provide assurance over key areas including; governance, risk management and controls. During the year the internal audit function engaged in a number of activities, including:

- Developing our internal audit plan based on an analysis of the Group's corporate objectives, risk profile and assurance framework, as well as other factors such as emerging issues in our sector;
- Delivering audits providing assurance over the Group's governance arrangements, client invoicing, integration management, vulnerable clients, the closure of the Structured Products Fund, regulatory returns, conflicts of interest, consumer duty readiness, financial crime (Maven) and market abuse (Maven).
- The internal audit team has also continued to provide assurance activities in respect of the CREIT and going forward,

will continue to extend coverage to Maven activities as required; and

- A forward-looking plan to provide the Group with assurance over key areas of regulatory focus into 2022/23 including: the Investment Firms Prudential Regime (IFPR), ESG, vulnerable clients, consumer duty (post-implementation) operational resilience, financial controls and external client payroll, financial promotions and strategy and financial forecasting.

As the third line of defence, the internal audit function (together with the external auditors in connection with their audit of the financial statements) continues to build risk awareness within the organisation by challenging the first and second lines of defence to continue developing and enhancing the internal control framework.

Remuneration Committee

The Remuneration Committee comprises Martin Reason (Chair), David Kiddie and Anne Gunther. The committee meets not less than twice a year. It is responsible for determining and reviewing the Group's policy on executive remuneration and other benefits and terms of employment, including performance-related bonuses and share options. The committee also administers the operation of the share option and share incentive schemes established by the Company.

The members of the Remuneration Committee have no personal interest in the outcome of their decisions and seek to serve the interests of shareholders to ensure the continuing success of the Company. The remuneration of the Non-Executive Directors is determined by the Board itself. No Director is permitted to participate in decisions concerning their own remuneration.

The committee met twice during the year, with key items considered including:

- Review and approval of the Group's remuneration policy;
- Annual review of Executive Directors' and other senior managers' base salaries and bonus arrangements, including specific approvals for changes or payments made during the year;
- Awards to be granted under the share option and incentive schemes established by the Company; and
- Trends and benchmarking of executive pay in the wider market.

The Committee continues to review the Group's long-term incentive plans to ensure it can continue to attract, retain and incentivise appropriately qualified staff to achieve its goals.

Nomination Committee

The Nomination Committee comprises David Kiddie (Chair), Anne Gunther, Edward Knapp and Ian Mattioli. The Committee is responsible for reviewing the size, structure and composition of the Board, establishing appropriate succession plans for the Executive Directors and other senior executives in the Group and for the nomination of candidates to fill Board vacancies where required.

The committee works in close consultation with the Executive Directors and met twice during the year, with the main items being considered including Board structure (including proposed changes to Board composition), review of key matters (including Board and management succession planning), talent management and development and leadership development, undertaking a board evaluation during the year and considering engagement of an external service provider for the 2023 Board evaluation.

Meetings and attendance

All Directors are encouraged to attend all Board meetings and meetings of committees of which they are members. Directors' attendance at meetings during the year was as follows:

| Meetings attended (eligible to attend) | Board | Risk and Compliance Committee | Audit Committee | Remuneration Committee | Nomination Committee |
|--|-------|-------------------------------|-----------------|------------------------|----------------------|
| David Kiddie [28] | *7(7) | 7(7) | - | 2(2) | *2(2) |
| Ian Mattioli | 7(7) | - | - | - | 1(2) |
| Ravi Tara | 7(7) | - | - | - | - |
| Michael Wright | 7(7) | - | - | - | - |
| Iain McKenzie | 7(7) | - | - | - | - |
| Anne Gunther | 7(7) | 7(7) | *5(5) | 2(2) | 2(2) |
| Edward | 6(7) | *7(7) | 5(5) | - | 1(1) |

| | | | | | |
|---------------------------|------|------|------|-------|---|
| Knapp Martin Reason | 7(7) | 7(7) | 5(5) | *2(2) | - |
|---------------------------|------|------|------|-------|---|

* Denotes
Chair

28 David Kiddie appointed as Independent Non-executive Chair on 14 March 2022

Other committees

These committees form part of the corporate governance framework but are not sub-committees of the Board. The main committees comprise the Executive Committee alongside a number of sub-committees, with membership typically comprising Executive Directors alongside the relevant senior managers.

Executive Committee

The Board strongly believes that robust governance and strong, responsible, balanced leadership by the Board are critical to creating long-term shareholder value and business success. The committee's role is to assist the Board in shaping the strategy, culture and ethical values of the Group, while supporting the sub-committees in the day-to-day management of Mattioli Woods and its subsidiaries.

The key responsibilities of the committee are to:

- Take a leadership role in shaping and delivering the Group's strategic priorities, ensuring corporate governance principles, culture and ethical values remain appropriate;
- Oversee the brand and reputation of the Group, ensuring reputational risk is consistent with the risk appetite approved by the Board and the creation of long-term shareholder value;
- Develop strategy and growth initiatives, such as possible acquisitions and new products and services;
- Implement the agreed strategy and support the day-to-day management of the Group by the Management Engagement Committee;
- Review and discuss the annual business plan and budget prior to its submission to the Board for approval;
- Oversee the Group's compliance with its statutory and regulatory obligations, including conduct of the firm and consumer duty;
- Developing and implementing people policies and structures and reviewing talent management and development programmes, and
- Oversee the Group's conduct in relation to its corporate and societal obligations, including setting the guidance, direction and policies for the Group's consumer duty, ESG corporate responsibility agenda and related activities and advising the Board and management on these matters.

The Executive Committee is Chaired by the Deputy CEO and membership comprises the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. Committee meetings are normally attended by other senior executives from the Group and functional heads from the appropriate disciplines as requested.

Investment Committee

The Board has delegated authority to the Investment Committee to oversee the Group's investment management approach, developing the 'house view' on economics, investment markets and asset allocation, and considering how the Group should best apply these views.

In particular, the Investment Committee is responsible for developing and implementing the Group's asset management strategy, for developing and monitoring all aspects of the Group's investment business on a continuing basis, receiving reports from the board of Custodian Capital, the Multi-Asset team (including the Asset Allocation Committee) and from the managers of the Group's single strategy Funds including Individual Structured Products. The Committee is also responsible for ensuring that the Group's day-to-day investment and asset management operations are conducted in accordance with the relevant regulatory and statutory requirements through the investment management, investment research and investment operations teams.

The Investment Committee meets at least six times a year but more frequently if required. The Committee is Chaired by the Chief Investment Officer and comprises senior members of the investment, wealth management, technical and compliance functions.

Operational Risk and Compliance Committee

The Board has delegated authority to the Operational Risk and Compliance Committee to oversee the operation of the Group's risk and compliance framework and activity. The Operational Risk and Compliance Committee is responsible for ensuring that risk, compliance and internal audit are considered, reviewed and actions implemented across all areas of the Group including wealth management advice, asset management, pension administration and employee benefits. The

committee is also responsible for ensuring that risks are fully considered in context of the Group's ICARA and the impact on the Group's capital requirements.

The Operational Risk and Compliance Committee meets at least four times a year but more frequently if required. The committee is Chaired by the Compliance Oversight Function and comprises senior members of the Group's management and risk and compliance function.

Induction, training and performance evaluation

New Directors receive an induction on their appointment covering the activities of the Group, its key business and financial risks, the terms of reference of the Board and its committees and the latest financial information.

The Chair ensures Directors update their skills, knowledge and familiarity with the Group as required to fulfil their roles on the Board and its committees. Ongoing training is provided as necessary and includes updates from the Company Secretary and Nominated Adviser on changes to the AIM Rules, requirements under the Companies Acts and other regulatory matters. All Directors have access to independent professional advice at the Company's expense where they judge it necessary to discharge their duties, with requests for such advice being authorised by the Chair or two other Directors, one of whom is a Non-Executive.

Evaluation of the Board's performance

During the year ended 31 May 2023 a review of the Board's effectiveness was undertaken, working with an external third party and led by the Senior Independent Director. This involved one-to-one interviews with Directors, review of Board and Board committee papers and minutes and attendance at various Board or sub-committee meetings. The key points raised in the review were around Board composition, Board papers and succession planning.

Individual appraisal of each Director's performance is undertaken either by the Chief Executive Officer or Chair each year and involves meetings with each Director on a one-to-one basis. The Non-Executive Director Chair carries out an appraisal of the performance of the Chief Executive Officer, with the Senior Independent Director conducting the same exercise for the Chair.

Retirement and re-election

All Directors are subject to election by shareholders after their appointment and to re-election thereafter at intervals of no more than three years under the Company's articles of association. However, as a matter of good practice and as recommended under the QCA Corporate Governance Code, Board policy is for all Directors to stand for re-election at each AGM.

Non-Executive Directors' appointments are initially for 12 months and continue, thereafter, until terminated by either party giving three months', six months' for Chair, prior written notice to expire at any time on or after the initial 12-month period. The terms and conditions of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and prior to the AGM.

Communications with shareholders

The Board is committed to maintaining an ongoing dialogue with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and financial statements, the Interim Report, the AGM and the Group's website (www.mattioliwoods.com).

It is intended that all Directors will attend each AGM and shareholders will be given the opportunity to ask questions at the AGM on 26 October 2023. In addition, the Chair, Chief Executive Officer, Chief Financial Officer and Deputy Chief Executive Officer welcome dialogue with individual institutional and retail shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the annual and interim results as well as additional presentations dependent upon the circumstances and include for acquisition activity, investment in the Group or for fundraising. The Chair of the Remuneration Committee also engaged in dialogue with institutional shareholders during the year and fed back to the committee and Board directly.

Internal control and risk management

The Board is ultimately responsible for the Group's systems of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks and can only provide reasonable not absolute assurance against material misstatement or loss.

In accordance with the guidance of the Turnbull Committee on internal control, an ongoing process has been established for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review and up to the date of approval of the Annual Report and financial statements.

The Board routinely reviews the effectiveness of the systems of internal control and risk management to ensure

controls react to changes in the nature of the Group's operations.

The Group maintains appropriate insurance cover and reviews the adequacy of the cover regularly, in conjunction with the Group's insurance brokers.

There are clearly defined procedures for reviewing and approving transactions, acquisitions, material expenditure and capital expenditure within the Group.

On behalf of the Board

Ravi Tara
Chief Financial Officer
12 September 2023

DIRECTORS REMUNERATION REPORT

Statement from the Chair of the Remuneration Committee

I am pleased to present the Directors' Remuneration Report, which comprises my Annual Statement, the Directors' Remuneration Policy, and the Annual Report on Remuneration, which sets out remuneration paid to the Directors in respect of the financial year ended 31 May 2023 ("FY23") and how we intend to implement the policy for the financial year ending 31 May 2024 ("FY24").

Remuneration review and remuneration reporting

As well as dealing the normal 'business as usual' agenda items this year, the Committee has, over the last six months, carried out a detailed review of our overall approach to Executive Director remuneration and our remuneration reporting. As part of this review, I have reached out to our largest shareholders to provide an overview of our approach, to set out the rationale for some of our recent remuneration decisions and to offer the opportunity for engagement. I am grateful to those shareholders who provided feedback, which has been considered carefully by the Committee.

Our shareholders welcomed the opportunity for engagement and were pleased that, as a result of our remuneration review, the Committee is able to provide a clear and consistent Directors' Remuneration Policy framework within which to set the remuneration of our Executive Directors going forward. Shareholders were also supportive of our proposal to enhance our remuneration reporting considering the requirements of our AIM listing, market practice, the QCA Remuneration Guidance and the principles of consumer duty. The Committee will continue to provide shareholders with an advisory vote on our Remuneration Report in line with the approach of most AIM companies. However, we will keep market practice under review and consider the recommendations of the revised QCA Code when this is finalised.

Our approach to remuneration

The Committee firmly believes that the Executive Directors should receive a fair and appropriate level of remuneration for their role, reflecting their skills, responsibilities, experience, and contribution to the business. In addition, the Committee notes the importance of retaining key talent in a competitive market both in terms of sector and our geographic location. A further important consideration is the level of fixed pay in absolute terms and weighting to variable so that undue emphasis is not placed on variable pay elements but with sufficient pay at risk to drive and reward superior performance.

Remuneration outcomes for FY23

Salaries, pension and benefits

Our Deputy Chief Executive Officer, Chief Financial Officer and Chief Operating Officer were all appointed to the Board on salaries below market and below that of their predecessors. The Committee acknowledged, at the time of appointment, that base salaries would need to be reviewed and brought to market with timing dependent on both experience and performance. The salaries of all our Executive Directors were reviewed by the Committee in early 2022. Noting strong performance and increasing experience of the executive team, as well as the growth and complexity of the business, the salaries of the Group Managing Director, Chief Financial Officer and Chief Operating Officer were all increased to bring them to market. The increased salaries were effective from 1 March 2022. Our normal salary review date is 1 September and, therefore, no further increases were made for FY23 except for the Chief Executive Officer who received a 5% increase from 1 September 2022.

Our approach to benefits and pension is unchanged from prior years. Pension is aligned to the workforce and benefits are modest to include a company car or car allowance and the usual insured benefits.

Annual bonus

The Committee determined the Executive Directors' annual bonus considering performance across both financial and

non-financial metrics. Following strong performance in both EBITDA growth and progress towards the Company's strategic targets, the Committee determined a bonus of 66% of salary for each of the Executive Directors and 121% of salary for the CEO.

FY20 Long Term Incentive Plan

Only our CEO holds a 2020 LTIP award that was granted to him as an Executive Director. The vesting of the award was assessed against long-term EBITDA growth targets, which were met in full. Further details are included in the Annual Report on Remuneration.

Operation of the policy for FY24

Base salary

For FY24, the Committee agreed a moderate increase of 3.5% of salary for all of the Executive Directors, except for the new role of Deputy Chief Executive Officer, which is below the 5% increase awarded to our workforce. With the appointment of Michael Wright as Deputy CEO, and noting his increased responsibilities and the strong performance, skills and experience he brings to his new role, the Committee increased his base salary effective from 1 July to £365,000, which is 7% above the workforce increase.

Annual bonus

Maximum bonus opportunity under our new remuneration policy is reduced from 200% of salary to 150% of salary for all four Executive Directors. 60% of the bonus will be based on EBITDA with the remaining 40% on strategic targets. The Committee has also introduced bonus deferral into the remuneration policy and therefore 50% of any bonus paid in excess of 100% of salary will be deferred into shares for two years.

Long Term Incentive Plan

Our policy maximum for LTIP awards is 150% of salary and actual award level for FY24 will be 100% of salary. Like many other financial services businesses, our incentives are weighted slightly more to the short term, focusing on critical short-term KPIs to deliver the business strategy. Our bonus deferral, LTIP awards at 100% of salary, LTIP post-vesting holding periods, and shareholding requirements provide alignment to longer-term sustainable performance, shareholder interests and the ability to operate clawback and malus.

100% of the award will be determined by long-term EBITDA growth targets achieved through successful delivery of our strategic goals.

The Committee notes that EBITDA is measured under the annual bonus and LTIP. However, the LTIP is focusing on longer-term sustainable three-year EBITDA growth. The Committee is keen to broaden the financial metrics under the LTIP for future grants and will keep the selection of measures under review.

The FY24 awards will also be subject to a two-year post-vesting holding period.

Conclusion

The Committee is comfortable that the remuneration outcomes for FY23 are aligned to Group performance and the shareholder experience.

The Committee has undertaken a considerable amount of work in respect of Executive Director remuneration over the last 12 months. The Committee is comfortable that, following its detailed remuneration review, it has a clear and consistent remuneration policy framework within which to set the Executive Directors' remuneration going forward. Following increases to base salary for FY23 and a review and resetting of incentive quantum, the Committee believes remuneration is aligned to market with no further significant changes envisaged at this time. The Committee has spent time reviewing incentive structures and our policy includes bonus deferral, LTIP post-vesting holding periods and a shareholding requirement. We have also reviewed incentive metrics and will continue to evolve our approach in this area. We have enhanced our remuneration reporting and will also keep this under review.

I hope shareholders are supportive of the changes we have introduced to our Executive Directors' remuneration structure and reporting. We will again provide shareholders with an advisory vote on our Directors' Remuneration Report and I hope you will support the resolution. If you have any questions, please do not hesitate to get in contact through our Company Secretary.

On behalf of the Board

Martin Reason

Chair of the Remuneration Committee
12 September 2023

DIRECTORS' REMUNERATION POLICY

The following table sets out each element of the Directors' remuneration and how it supports the Company's strategy.

| | | | |
|---------------------|---|---|---|
| Base salary | To provide a base level of remuneration reflecting the individual role. | Base salaries are normally reviewed annually. The Committee will take into consideration matters including personal performance, Group performance, increases for the wider workforce, changes in role and responsibilities and market rates. | There is no prescribed maximum annual increase. The Committee is guided by the wider workforce increases, recognising larger increases may be required in certain circumstances, such as retention issues, increased responsibilities, scope or size of the role. |
| Benefits | Provides a level of benefits to ensure an overall market competitive package and the wellbeing of executives. | The executives are entitled to receive benefits that include, but are not limited to, car allowance, death-in-service cover and health insurance. | There is no prescribed maximum. The value of the benefits is determined by a variety of factors including the cost to the Company and market practice. |
| Pension | Provides retirement benefits to assist post-retirement financial planning. | Payment is made either into a pension scheme or paid as cash in lieu of pension on the same basis as other employees. | The maximum contribution is aligned to the workforce, except in exceptional circumstances, which will be explained in the Remuneration Report. |
| Annual bonus | Incentivises and rewards for delivering the short-term business strategy. | <p>Performance is assessed by the Committee normally over a one-year period based on financial and non-financial targets aligned to the Group's business strategy.</p> <p>50% of any bonus paid in excess of 100% of salary is deferred into shares for two years.</p> <p>Clawback and malus apply in the event of a material misstatement of the Group's accounts and for other defined reasons.</p> | Maximum annual opportunity of 150% of base salary. |

| | | | |
|---|---|--|---|
| <p>Long Term Incentive Plan (LTIP)</p> | <p>Incentivises and rewards the executives for achieving the long-term business strategy, longer-term sustainable performance and aligns the executives to shareholder interests.</p> | <p>The LTIP awards are normally granted annually with awards normally vesting on the third anniversary of award subject to achievement of performance conditions. This is determined by the Committee on an annual basis at the time of each grant, normally measured over three years.</p> <p>Vested awards are subject to a holding period of two years.</p> <p>Vested and unvested LTIP awards are subject to clawback and malus in the event of a material misstatement of the Group's accounts and for other defined reasons.</p> | <p>The maximum award level is 150% of base salary.</p> |
| <p>All-employee share plans</p> | <p>The Executive Directors may participate in any all-employee share plan operated by the Company to provide alignment with Group employees and to promote share ownership.</p> | <p>Participation is based on the terms of the plan as applicable to all employee participants.</p> | <p>Participation is capped by any HMRC limit or other limits applying to the respective plan.</p> |
| <p>Share ownership guidelines</p> | <p>Provides executives with long-term commitment and alignment with shareholders' interests.</p> | <p>Executives are required to build up and then subsequently hold a minimum level of shareholding from vested deferred annual bonus and LTIP awards.</p> | <p>Minimum holding of 100% of base salary.</p> |
| <p>Non-Executive Director fees</p> | <p>Provides a level of fees to support recruitment and ongoing remuneration of an experienced Chair and Non-Executive Directors.</p> | <p>Fee levels are set at an appropriate rate with reference to market levels, time commitment and responsibilities of the role.</p> <p>The Chair's fee is inclusive of all their responsibilities.</p> <p>Non-Executive Directors are paid a base fee and may be paid additional fees for additional roles, responsibilities or time commitment, for example but not limited to, in recognition of them</p> | <p>There is no prescribed maximum.</p> <p>Any increases in fees are guided by the wider workforce increases and the market rate. On occasion, fee increases may need to recognise certain circumstances, such as additional responsibilities, increase in time commitment or scope of role.</p> |

| | Salary | | Benefits ¹ | | | | Bonus | | Incentive | | Incentive | | Total | |
|-----------------------------|--------------|--------------|-----------------------|-----------|-----------|-----------|--------------|--------------|-----------|------------|-----------|----------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Executives | | | | | | | | | | | | | | |
| Ian Mattioli | 600 | 567 | 34 | 30 | 30 | 28 | 725 | 653 | 61 | 192 | 2 | 2 | 1,452 | 1,472 |
| Michael Wright ⁴ | 325 | 268 | 6 | 3 | 16 | 13 | 215 | 214 | - | - | 2 | 2 | 564 | 501 |
| Ravi Tara | 300 | 235 | 20 | 16 | 15 | 23 | 198 | 199 | - | - | 2 | 2 | 535 | 475 |
| Iain McKenzie ⁵ | 275 | 228 | 6 | 2 | 10 | 34 | 182 | 183 | - | - | 2 | 2 | 475 | 449 |
| Sub-total | 1,500 | 1,298 | 66 | 51 | 71 | 99 | 1,320 | 1,249 | 61 | 192 | 8 | 8 | 3,026 | 2,897 |
| Non-Executives | | | | | | | | | | | | | | |
| David Kiddie ⁶ | 104 | 75 | - | - | - | - | - | - | - | - | - | - | 104 | 75 |
| Anne Gunther | 64 | 59 | - | - | - | - | - | - | - | - | - | - | 64 | 59 |
| Edward Knapp | 45 | 47 | - | - | - | - | - | - | - | - | - | - | 45 | 47 |
| Martin Reason | 49 | 48 | - | - | - | - | - | - | - | - | - | - | 49 | 48 |
| Joanne Lake ⁷ | - | 86 | - | - | - | - | - | - | - | - | - | - | - | 86 |
| Sub-total | 262 | 315 | - | - | - | - | - | - | - | - | - | - | 262 | 315 |
| Total | 1,762 | 1,613 | 66 | 51 | 71 | 99 | 1,320 | 1,249 | 61 | 192 | 8 | 8 | 3,288 | 3,212 |

Notes:

- The benefit package of each Executive Director includes the provision of life assurance under a group scheme, permanent health insurance, company car for Michael Wright and Iain McKenzie and car allowance for Ian Mattioli and Ravi Tara. Car allowance was previously shown within salary and fees in prior year and has now been included under benefits for 2023 and 2022.
- Following a review of our Remuneration Report and our approach to reporting, we are disclosing for this year and in future years, LTIP awards that have performance periods ending (or substantially ending) in the year of report. Our approach prior to this has been to report LTIP awards in the year they vested. The FY20 LTIP award vested at a share price of 640.0p. The FY21 LTIP award is due to vest on 12 September 2023. For the purposes of this table, the value of the LTIP has been calculated using the average three-month share price to 31 May 2023 (in line with typical market practice) of 608.5p. The actual value of the award on vesting will be restated in next year's report.
- SIP shares show the value of the matching shares awarded to the Executive Directors under this all-employee plan.
- Michael Wright was appointed as a Director of the Company on 8 June 2021. The LTI value has been excluded for 2022 and 2023 as the relevant LTI award was granted prior to his appointment as Director.
- Iain McKenzie appointed as a Director of the Company on 24 May 2021. The LTI value has been excluded for 2023 as the relevant LTI award was granted prior to his appointment as Director.
- David Kiddie was appointed as Independent Non-Executive Chair on 14 March 2022.
- Joanne Lake ceased to be a non-executive director of the Company on 8 April 2022.

Notes to Directors' remuneration table

Salary and fees

The salaries for all our Executive Directors were reviewed by the Committee in early 2022. The Committee considered the fact that the Deputy Chief Executive Officer, Chief Financial Officer and Chief Operating Officer were all appointed to the Board on salaries below market and our Deputy Chief Executive Officer and Chief Financial Officer below that of their predecessors. Consideration was also made to the strong performance and experience of the executive team, particularly of the new Executive Directors since appointment, and the growth and complexity of the business at the time.

Following the review, the Committee concluded that the base salaries for the Deputy Chief Executive Officer, Chief Financial Officer and Chief Operating Officer were all significantly below market and increases were made to bring them to the market level. The Committee agreed that a single correctional increase was needed due the significant gap to the market at the time. As a result, salaries were increased from 1 March 2022 and were effective for FY23 as set out below.

Our normal salary review date is 1 September, and no further increases were made for FY23 except for the Chief Executive Officer who received a 5% increase.

| Director | FY23 base salary |
|--------------------------------|----------------------------------|
| Chief Executive Officer | £607,249 (from 1 September 2022) |
| Deputy Chief Executive Officer | £325,000 |
| Chief Financial Officer | £300,000 |
| Chief Operating Officer | £275,000 |

Benefits

Benefits for Executive Directors principally relate to the provision of cars, death-in-service cover and permanent health insurance or cash allowances taken in lieu of such benefits.

Pension-related benefits

Executive Directors may participate in the pension arrangements of the Group or elect to have pension payments paid into a personal pension plan or as cash in lieu of pension on the same basis as other employees. Pension payments in respect of Executive Directors are 5% of salary and are aligned to the workforce.

Annual bonus

For FY23, bonus awards to Executive Directors and some other senior employees were based on Group profit and are made from a pool of the Group's earnings before interest, taxation, depreciation, and amortisation after payment of bonuses payable to all other staff. The maximum annual bonus opportunity for Executive Directors in FY23 was 200% of salary.

The Committee determined the Executive Directors' annual bonuses considering performance across both financial and non-financial metrics. EBITDA growth has been strong at 30% on prior year driven by revenue increasing by 3% with organic growth of 4%; the value of new client wins increased by 15% despite the uncertain market backdrop; recent acquisitions all contributed positively and costs are managed closely. We continue to pursue our strategic goals with a project to implement a common wealth management platform across the Group commencing within the year; by increasing the number of new consultants joining our training academy, continuing to integrate acquisitions into the Group and by delivering a talent and retention framework for all staff including a focus on diversity and inclusion. Taking performance against these metrics, the Committee determined a bonus of 66% of salary for each of the Executive Directors and 121% for the CEO.

Long Term Incentive Plan

Awards granted during the year

The following LTIP awards were granted to the Executive Directors during the year:

| Name | Target | Actual | Grant Value | Market Value | Grant Date |
|----------------|--------|--------|-------------|--------------|------------|
| Ian Mattioli | 71% | 30% | 80,000 | £432,000 | 04/11/22 |
| Ravi Tara | 54% | 30% | 30,000 | £162,000 | 04/11/22 |
| Michael Wright | 54% | 30% | 32,500 | £175,500 | 04/11/22 |
| Iain McKenzie | 54% | 30% | 27,500 | £148,500 | 04/11/22 |

1. The calculated value is based on the closing price of 540p on 4 November 2022 (date of grant).

The vesting of awards is determined by the EBITDA targets set out below. The awards are subject to a two-year post-vesting holding period.

| Compound annual growth in normalised EBITDA over the performance period | % of maximum award that vests |
|---|-------------------------------|
| Less than 4% | 0% |
| 4% | 30% |
| 8% | 100% |

There is straight-line vesting in between the above points.

Vesting outcome for LTIPs granted in FY21

The performance conditions that applied, and performance achieved against the FY21 LTIP awards are set out below. Only the CEO held an FY21 LTIP award that was granted to him as an Executive Director. The FY20 LTIP awards have been disclosed for information as part of the updated approach to disclosure.

| Metric: | Weighting (% of total award) | Threshold (30% of max vesting) | Maximum (100% of max vesting) | Actual performance | Vesting (% of max) |
|---------------|------------------------------|--------------------------------|-------------------------------|--------------------|--------------------|
| EBITDA growth | | | | | |
| FY21 award | 100% | 5% | 12% | 28% | 100% |
| FY20 award | 100% | 5% | 12% | 31% | 100% |

The table below sets out the number of shares received by the CEO after the vesting of the FY21 and FY20 awards:

| | Number of shares granted | Value of award at grant | Vesting date ² | Proportion of award vesting | Total number of shares vesting | Value of proportion of award vesting ³ |
|------------|--------------------------|-------------------------|---------------------------|-----------------------------|--------------------------------|---|
| FY21 award | 10,000 | £78,500 | 12/09/2023 | 100% | 10,000 | £60,749 |
| FY20 award | 30,000 | £219,750 | 06/09/2022 | 100% | 30,000 | £191,700 |

1. The calculated value is based on the closing price at date of grant: FY21: 785.0p on 1 June 2020 and FY20: 732.5p on 6 September 2019.
2. Vesting date being first trading day outside of closed period, post three-year performance period of award.
3. Calculated using the share price at the date of vesting. FY21 the value of the LTIP has been calculated using the average three-month share price to 31 May 2023 (in line with typical market practice) of 608.5p. The actual value of the award on vesting will be restated in next year's report. FY20 using 640.0p on 12 September 2022.

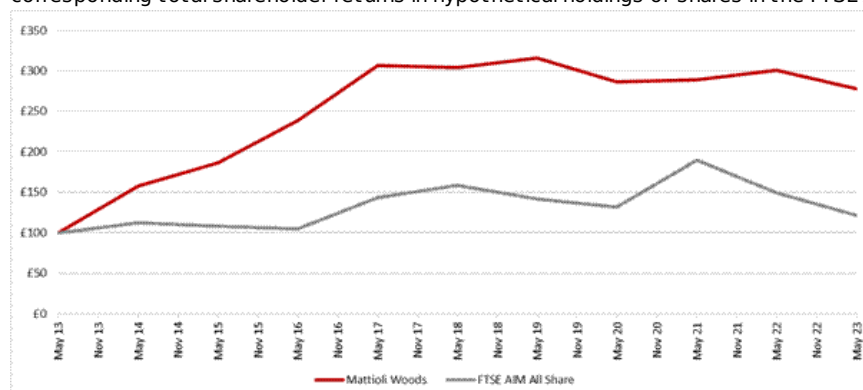
Share Incentive Plan

The Mattioli Woods plc Share Incentive Plan ("the SIP") enables employees to buy shares in the Company at an effective discount to the stock exchange price by having an amount deducted from pre-tax salary each month. In addition, the Company can grant participating employees matching and/or free shares.

The consequent employee benefit is the value of the SIP matching shares made in the year. Employees may contribute up to £150 per month to buy partnership shares with contributions matched on a one-for-one basis by the Company.

Total shareholder return performance graph

The graph below illustrates the total shareholder return ("TSR") for the ten years ended 31 May 2023 in terms of the change in value of an initial investment of £100 invested on 1 June 2013 in a holding of the Company's shares against the corresponding total shareholder returns in hypothetical holdings of shares in the FTSE AIM All-Share Index.



The Company is a member of the FTSE AIM All-Share Index and considers this to be the most appropriate broad equity market index for the purpose of measuring the Company's relative performance.

Directors' interest in share options (audited)

Outstanding share options granted to Executive Directors under the 2010 and 2021 LTIPs are as follows:

| Director | Exercise price £ | 31 May 2022 No. | Granted during the year No. | Exercised during the year No. | Lapsed during the year No. | 31 May 2023 No. |
|----------------|---------------------|--------------------|--------------------------------|----------------------------------|-------------------------------|--------------------|
| Ian Mattioli | 0.01 | 160,000 | 80,000 | 30,000 | - | 210,000 |
| Ravi Tara | 0.01 | 47,500 | 30,000 | - | - | 77,500 |
| Michael Wright | 0.01 | 80,000 | 32,500 | 20,000 | - | 92,500 |
| Iain McKenzie | 0.01 | 47,500 | 27,500 | - | - | 75,000 |
| Total | | 335,000 | 170,000 | 50,000 | - | 455,000 |

Note [11] to the financial statements contains a detailed schedule of all options granted to Directors and employees as at 31 May 2023. All the options were granted for nil consideration.

Directors' shareholdings (audited)

As at 31 May 2023, the interest of the Directors in the issued shares of the Company, as shown in its register maintained under section 809 (2) and (3) of the Companies Act 2006, were:

| Director | 2023 ¹ No. shares | % | % of salary | 2022 No. shares | % |
|----------|---------------------------------|---|-------------|--------------------|---|
| | | | | | |

| | | | | | |
|----------------|-----------|------|----------|-----------|------|
| Ian Mattioli | 3,102,953 | 6.00 | 3,258.09 | 3,010,979 | 5.90 |
| Ravi Tara | 14,641 | 0.03 | 30.75 | 11,225 | 0.02 |
| Michael Wright | 32,355 | 0.06 | 62.71 | 21,208 | 0.04 |
| Iain McKenzie | 5,655 | 0.01 | 12.95 | 4,989 | 0.01 |
| David Kiddie | 3,030 | 0.01 | | 3,030 | 0.01 |
| Anne Gunther | 11,576 | 0.02 | | 11,576 | 0.02 |
| Edward Knapp | - | - | | - | - |
| Martin Reason | 15,152 | 0.03 | | 15,152 | 0.03 |

Notes:

1. Percentage shareholdings are based upon the total issued share capital of 51,084,759 and share price of 630p on 31 May 2023.
2. Directors' shareholdings include any shareholdings of trusts or family members deemed to be connected persons. There have been no changes since 31 May 2023 and 12 September 2023.

The closing price of the Company's ordinary shares at 31 May 2023 was 630.0p and the range during the financial year was 725.0p to 530.0p.

None of the Directors had an interest in any contract of significance in relation to the business of the Company or its subsidiaries at any time during the financial year, other than those disclosed in Note 29 to the financial statements.

Implementation of remuneration policy for the year ending 31 May 2024

Base salary

For FY24, the Committee has agreed an increase of 3.5% of salary for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, which is below the workforce average increase of 5%. The Committee reviewed the salary for the new Deputy Chief Executive Officer considering the increase in his responsibilities, strong performance, skills and experience and increased his salary to £365,000 effective 1 July 2023, which is 7% above the workforce average increase.

The annual base salaries of the Executive Directors effective from 1 September 2023 are as follows:

| Director | Base Salary |
|--------------------------------|------------------------|
| Chief Executive Officer | £628,503 |
| Deputy Chief Executive Officer | £365,000 (1 July 2023) |
| Chief Financial Officer | £310,500 |
| Chief Operating Officer | £284,625 |

Non-Executive Director fees

The fees for the Non-Executive Chair and Non-Executive Directors have been increased for FY24 by 5%.

| | FY24 | FY23 |
|---------------------------------|---------|---------|
| Non-Executive Chair | £50,360 | £47,962 |
| Non-Executive Director base fee | £34,937 | £33,273 |
| Senior Independent Director | £9,317 | £8,873 |
| Committee Chair fee | £9,317 | £8,873 |
| Committee member fee | £3,493 | £3,327 |

Pension and other benefits

There are no changes to benefits from FY23.

Annual bonus

The maximum annual bonus opportunity for Executive Directors is 150% of salary. The performance targets are based on a combination of financial and non-financial performance measures. Of the total bonus payable, 60% will be based on EBITDA and the remaining 40% on strategic targets noting the importance of customers, risk controls and regulation. The bonus targets will be disclosed in next year's Directors' Remuneration Report, alongside details of performance against them.

For FY24, the Committee incorporated bonus deferral into the remuneration policy. As such, 50% of any bonus paid in excess of 100% of salary is deferred into shares for two years.

Long Term Incentive Plan

The Committee intends to grant LTIP awards with a value of shares at the time of grant equivalent to 100% of base salary for each Executive Director. A total of 80% of the award will be subject to the achievement of 3 year EBITDA performance targets with the remaining 20% based on talent development and retention with a focus on Diversity and Inclusion. The performance period is over the three financial years ending 31 May 2026.

The targets for each measure are set out below:

| Compound annual growth in normalised EBITDA over the performance period | % of award that vests |
|--|------------------------------|
| Less than 5% | 0% |
| 5% | 30% |
| 12% | 100% |

The Committee believes that the above targets are appropriately stretching when considering expectations of the Group's performance over the forthcoming three-year period. Awards are subject to a two-year post-vesting holding period.

On behalf of the Board

Martin Reason

Chair of the Remuneration Committee

12 September 2023

Directors' Report

Report and financial statements

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 May 2023.

For the purposes of this report, the expression 'Company' means Mattioli Woods plc and the expression 'Group' means the Company and its subsidiaries.

Business review

The Group's principal activities continue to be the provision of:

- Advice for wealth management, pension consulting and employee benefits for corporate clients;
- Administration of advised and third-party clients on an execution-only basis; and
- Investments, which covers the Group's DPM service, CREIT, Private Investor Club, managed funds, and individual structured plans, in addition to funds managed by Maven and the Group's associate Amati.

The Strategic Report includes further information about the Group's business model, financial performance during the year and indications of likely future developments.

The Directors believe they have adequately discharged their responsibilities under section 414(c) of the Companies Act 2006 to provide a balanced and comprehensive review of the development and performance of the business.

Statement by the Directors under section 172 Companies Act 2006

The Directors consider they have acted in the way they believe, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Act in the decisions taken during the year ended 31 May 2023. This is demonstrated in the Section 172 statement included in the Strategic Report.

Results and dividends

The results are summarised in the Strategic Report. The final dividend in respect of the year ended 31 May 2022 of 17.8p per share was paid in November 2022. An interim dividend in respect of the year ended 31 May 2023 of 8.8p per share was paid to shareholders in March 2023. In light of the current trading conditions, and need to protect the Group's

financial position and balance the interests of all stakeholders, the Board is pleased to recommend a final dividend of 18.0p per share (2022: 17.8p). This makes a proposed total dividend for the year of 26.8p (2022: 26.1p) a year-on-year increase of 2.7% (2022: 24.3%). This has not been included within the Group financial statements as no obligation existed at 31 May 2023. If approved, the final dividend will be paid on 3 November 2023 to ordinary shareholders whose names are on the register at the close of business on 22 September 2023, having an ex-dividend date of 21 September 2023.

Share capital

Mattioli Woods plc is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of London Stock Exchange plc. The Company's authorised and issued share capital during the year end as at 31 May 2023, is shown in Note 23. The ordinary shares rank pari passu in all respects. As agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by Section 561 of the Companies Act 2006.

There are no restrictions on the transfer of ordinary shares in the Company, other than:

- Certain restrictions that may be imposed from time to time by laws and regulations and pursuant to the Listing Rules of the FCA, whereby certain Directors, officers and employees of the Group require the approval of the Group to deal in ordinary shares of the Company;
- Restrictions on the former shareholder of Montagu who has entered into a lock-in deed with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 40,161 ordinary shares in Mattioli Woods during the two years ended 2 February 2023;
- Restrictions on the former shareholders of Pole Arnold Financial Management who have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 72,940 ordinary shares in Mattioli Woods during the two years ended 12 April 2023;
- Restrictions on the former shareholders of Caledonia Asset Management who have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 12,724 ordinary shares in Mattioli Woods during the two years ended 16 April 2023;
- Restrictions on the former partners of Maven Capital Partners who have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 4,545,455 ordinary shares in Mattioli Woods during the four years ending 30 June 2025; and
- Restrictions on some of the former shareholders of Ludlow Wealth Management who have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 780,250 ordinary shares in Mattioli Woods during the two years ending 3 September 2023; and
- Restrictions on the former shareholders of Doherty Pension & Investment Consultancy Limited who have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 325,998 ordinary shares in Mattioli Woods during the two years ending 19 April 2025.

The Group is not aware of any other agreements between holders of securities that may result in restrictions on the transfer of ordinary shares.

Employee share trust

The Mattioli Woods 2010 Employee Benefit Trust ("the EBT") was established to deliver shares for the benefit of employees and former employees of the Group who have been granted an award under one of the Group's employee share schemes. The trustee has agreed to satisfy awards under the Group's employee share schemes. As part of these arrangements, the Group funds the EBT, from time to time, to enable the trustee to acquire shares to satisfy these awards, details of which are set out in Note 23 of the Financial Statements. The trustee has waived its right to dividends on all shares held within the trust.

During the year ended 31 May 2023, the EBT purchased no shares in the Company (2022: nil) at a cost of £nil (2022: £nil).

At 12 September 2023, the Company had been notified of the following interests representing 3% or more of its issued share capital:

| Shareholder | Number of ordinary shares | Percentage holding % |
|---------------------------------|---------------------------|----------------------|
| Octopus Investments | 5,873,626 | 11.37 |
| Liontrust Asset Management | 3,711,922 | 7.18 |
| Investec Wealth & Investment | 3,556,673 | 6.88 |
| Gresham House | 3,538,667 | 6.85 |
| Ian Mattioli | 3,102,953 | 6.00 |
| BlackRock Investment Management | 2,216,254 | 4.29 |
| Abrdn plc | 2,200,048 | 4.26 |
| William Nixon | 2,037,306 | 3.94 |

In addition to the above shareholdings, 908,608 (2022: 804,004) ordinary 1p shares representing 1.8% (2022: 1.6%) of the issued share capital are held by employees via the Mattioli Woods plc Share Incentive Plan ("the SIP"). The Group intends to actively encourage wider share ownership by its employees through the SIP and other share-based incentive schemes.

Directors

A list of current serving Directors and their biographies is given below. The Company's articles of association require that any Director who held office at the time of the two preceding AGMs and who did not retire at either of them shall retire from office at the next AGM and may offer himself for re-election. However, as a matter of good governance, each of the Directors will stand for re-election at this AGM.

The Board has a process for the evaluation of its own performance and that of the individual Directors and, following the evaluation of the performance of the Directors during the year ended 31 May 2023, it was confirmed that each Director continues to be an effective member of the Board and to demonstrate commitment to the role.

Directors' interests

Directors' emoluments, beneficial interests in the shares of the Company and their options to acquire shares are disclosed in the Directors' Remuneration Report. During the period covered by this report, no Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006.

Conflicts of interest

There are procedures in place to deal with any Directors' conflicts of interest arising under section 175 of the Companies Act 2006 and such procedures have operated effectively since the Company adopted new articles of association on 22 October 2009.

Directors' indemnity

All Directors and officers of the Company have the benefit of the indemnity provision contained in the Company's Articles of Association. The provision, which is a qualifying third-party indemnity provision, was in force in the last four financial years and is currently still in force. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors and officers, although no cover exists in the event Directors or officers are found to have acted fraudulently or dishonestly.

Employees

We recognise that our employees are our greatest asset and therefore the Group continues to involve its staff in the future development of the business. Information is provided to employees through briefing sessions, webinars, the Group's website and its intranet, 'MWeb', which is continually updated. Our employee voice is important and we run regular engagement sessions. In addition, we have recently introduced an engagement working group for more transparent communications. How the Group has engaged with employees and had due regard for their interests in considering the principal decisions taken during the year are demonstrated in the Section 172 statement included in the strategic report.

The Group operates 'MyWay', an online flexible benefits platform. Employees can change elements of their benefits choice annually or if they have any lifestyle events. MyWay offers a variety of benefits covering health and wellbeing, finance and lifestyle choices, in addition to a core benefits package, and employees are able to purchase these benefits at group rates. MyWay shows employees the value of their salary and all other benefits as part of a total reward statement. The platform allows individuals to select options to meet their personal needs and since its launch we have seen an increasing take up of flexible benefits each year.

The Group operates a Group Personal Pension plan available to all employees and contributes to the pension schemes of Directors and employees. Following the introduction of auto-enrolment, every employer must automatically enrol eligible jobholders into a workplace pension scheme. Employers are then required to make contributions to pension schemes, adding to the savings made by employees. From 2023, employees who had previously opted out of the workplace pension are required to be auto-enrolled. Eligible employees had the option to opt out after they had been automatically enrolled directly with the provider. Employers cannot avoid their obligation to automatically enrol eligible employees into a qualifying scheme.

The Group's pension scheme qualifies as an auto-enrolment scheme, with the Group applying the following contribution rates:

| | <i>Employer</i> | <i>Minimum employee contribution</i> |
|------|-----------------|--|
| Date | | |

The Group operates a Share Incentive Plan and a Long Term Incentive Plan, details of which are given in the Directors' Remuneration Report and the financial statements.

The Group is committed to the principle of equal opportunity in employment, regardless of a person's race, colour, nationality, gender, age, marital status, sexual orientation, religion or disability. Employment policies are fair, equitable and consistent with the skills and abilities of the employees and the needs of the business.

Mattioli Woods is a fully-inclusive employer and applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the Group continues by implementing reasonable adjustments to ensure they can fulfil their day-to-day duties, and that appropriate training is arranged. Group policy is that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

We continue to invest in our graduate training programme and apprenticeships schemes, working in partnership with schools, colleges and universities, as well as the YMCA. The Group's commitment to creating opportunities that offer a clear progression path both in the short and long term continues. Recruiting the best calibre of employees regardless of their background remains our focus as we continue to grow. Hiring into new roles during the pandemic was successful and the continuation of recruitment continues, albeit with the pressure of the current market.

We operate an eLearning platform in conjunction with the Chartered Insurance Institute's Financial Assess for the continued professional development of our staff. We are committed to continual process improvement and intend to seek further business improvements across our locations.

Research and development

In response to the need for an increasingly sophisticated software solution to manage the broader range of products and services offered by Mattioli Woods, the Group has continued to invest over a number of years to develop its technology infrastructure. This is being achieved by extending the development of its bespoke pension administration platform to include employee benefits, with the aim of enhancing the services offered to clients and realising operational efficiencies across the Group as a whole. The costs of this development are capitalised where they are recognised as having an economic value that will extend into the future and they meet the capitalisation criteria of IAS 38.

Related-party transactions

Details of related-party transactions are given in Note 29.

Environmental

The Board believes good environmental practices, such as reducing the volume of printing, recycling of paper waste and committing to purchasing hybrid, fuel-efficient motor vehicles, will support its strategy by enhancing the reputation of the Group. Due to the Group's activities, Mattioli Woods impacts the local and global environment, but due to the nature of its business generally, the Group does not have a significant environmental impact. Environmental performance and strategy are summarised in the Strategic Report.

Annual General Meeting

The AGM of the Company will be held on 26 October 2023. The notice of the meeting together with details of the resolutions proposed and explanatory notes will be available on the Group's website.

Principal risks and uncertainties

The Directors' view of the principal risks and uncertainties facing the business is summarised in the Chief Executive's Review.

Financial risk management

The Company and certain of its subsidiaries are supervised in the UK by the FCA. The Group must comply with the regulatory capital requirements set by the FCA and manages its regulatory capital through continuous review of the capital requirements of the Company and its regulated subsidiaries, which are monitored by the Group's management and reported monthly to the Board.

The Group's financial risk management is based upon sound economic objectives and good corporate practice. The Board has overall responsibility for risk management and internal control. The process for identifying and managing risks is set out in more detail in the review of Corporate Governance. The key risks and mitigating factors are set out in the Chief Executive's Review.

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet the identifiable needs of the

Group and to invest cash assets safely and profitably. If required, short-term flexibility is achieved through the use of bank overdraft facilities. The Group does not undertake any trading activity in financial instruments. All activities are transacted in sterling. The Group does not engage in any hedging activities.

The Group reviews the credit quality of customers and limits credit exposures accordingly. All trade receivables are subject to credit risk exposure. However, there is no specific concentration of credit risk as the amounts recognised represent a large number of receivables from various customers.

Loans may be advanced to investment syndicates to secure new investment opportunities. In the event a syndicate fails to raise sufficient funds to complete the investment, the Group may either take up ownership of part of the investment or lose some, or all, of the loan. However, to mitigate this risk, loans are only approved by the Board under strict criteria, which include confirmation of client demand for the investment.

Corporate governance

A full review of Corporate Governance appears on Corporate Governance Report.

Auditor

A resolution to approve the re-appointment of Moore Kingston Smith LLP will be put to shareholders at the Company's AGM on 26 October 2023.

Directors' statement as to disclosure of information to the auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed in the Governance Overview. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps they might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The Group's business activities, performance and position, together with the risks it faces and the factors likely to affect its future development are set out in the Strategic Report. The Board has assessed the Group's viability over a three-year period from 1 June 2022 through to 31 May 2025. This period is aligned with the Group's annual budgeting process, where the Board reviews and challenges the Group's budget in advance of each new financial year.

The Board has also considered the general business environment and the potential threats to the Group's business model arising from regulatory, demographic, political and technological changes. The ongoing economic and market uncertainty continues to affect financial markets. The Board has carried out a robust assessment of the principal risks facing the Group including those associated with a general economic downturn, including financial market volatility, deteriorating credit, liquidity concerns, Government intervention, increasing unemployment, political change, redundancies, and other restructuring activities that would threaten the sustainability of its business model, future performance, solvency or liquidity. This assessment by the Board extends to run a series of stress tests against the Group's three-year plan, including a reverse stress scenario in which a variety of external and internal events impact the three-year plan and so enable the Directors to assess management's ability to take management actions to mitigate the impact on the Group.

In assessing the future viability of the overall business, the Board also considers the current and future strategy, the results of the latest ICARA, the risk management controls and procedures in place.

As an example for this year, a Group stress test under the market scenario is based on the impact of a reduction in market value of investment assets of 20%. Subsequent management actions are considered to ensure the Group still maintains sufficient capital and liquidity resources.

The Directors believe the Group is well placed to manage its business risks successfully as demonstrated by the stress tests. The Group's forecasts and projections show that the Group should continue to be cash generative, maintain a surplus on its regulatory capital requirements and be able to operate within the level of its current financing arrangements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements. The Directors have considered the Group's prospects for a period in excess of 12 months from the date on which the Financial Statements are approved.

Events after the balance sheet date

There were no significant events occurring after the end of the reporting period.

Approved on behalf of the Board

Ravi Tara
Chief Financial Officer
12 September 2023

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with UK-adopted International Accounting Standards.

The financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law, the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Mattioli Woods plc website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATTIOLI WOODS PLC

Opinion

We have audited the financial statements of Mattioli Woods plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed

entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our group audit approach was a risk-based approach based on obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements. We conducted individual statutory audits on the significant components included in the consolidation, which were audited to their own individual materiality by the group audit team.

For the significant components within our audit scope we evaluated the controls in place by performing walkthroughs over the financial reporting systems identified as part of our risk assessment. We also reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant classes of transactions and material account balances.

Where components which were not significant were not subject to statutory audit we performed sufficient substantive analytical review and other procedures as considered necessary to enable us to express our opinion on the group financial statements.

We also addressed the risk of management override of internal controls across all entities within the scope of our audit, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters were:

- Revenue recognition and valuation of accrued income
- Carrying value of intangible fixed assets
- Disclosure of and accounting for acquisitions

Revenue recognition and valuation of accrued income

| Description | How our scope addressed this matter |
|--|--|
| <p>Revenue is a significant item in the consolidated statement of comprehensive income and impacts a number of management's key judgements, performance indicators and strategic indicators.</p> <p>The total revenue reported in the group financial statements is £111.2m (2022: £108.2m) which is recognised both over time and at a point in time across five operating segments.</p> <p>Management uses average recovery rates to calculate the accrued income balance at the year end, which is a significant accounting estimate. The rate used in 2023 is 70.5% (2022: 71.9%).</p> <p>There is a risk of incorrect revenue recognition due to fraud or error, arising from:</p> <ul style="list-style-type: none"> · recognition of revenue in the incorrect period; · revenue not being recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and · manipulation of revenues around the year-end through management override of controls. <p>We therefore identified revenue recognition as a key audit matter.</p> | <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> · Evaluating the group's accounting policy in respect of revenue recognition to ensure it was in compliance with IFRS 15 and testing of certain key controls identified in relation to revenue. · Performing substantive testing on a sample of individual revenue transactions throughout the year across all significant revenue streams to evaluate whether revenue is recognised in accordance with the accounting policy set out in note 2.4. · Reviewing material credit notes, invoices and receipts post year end. · Performing sales cut off tests by analysing the records of time spent on client matters at the balance sheet date to ensure revenue had been recognised in the correct period, and by analysing amounts received for the services not yet rendered, thus resulting in the revenue being deferred. · Understanding of the relevant controls over the recording of time costs and the setting of the recovery rate for accrued revenue. · Examining past recovery rates to assess whether twelve months is an appropriate period of data to set the current recovery rate and to identify evidence of patterns or outliers that might indicate it is not. · Analysing recoverability rates |

| | |
|--|---|
| | <p>post year end for evidence of deterioration in the same and performing a retrospective review of management estimates.</p> <p>Key observations</p> <p>From our audit testing, we did not identify any material misstatements in respect of revenue recognition.</p> |
|--|---|

Carrying value of intangible assets

| Description | How our scope addressed this matter |
|---|---|
| <p>The directors are required to make an assessment to determine whether there are indicators of impairment relating to the group's intangible assets and goodwill at the reporting date. Goodwill arising on business combinations is required to be tested for impairment at each reporting date.</p> <p>At the reporting date the group had intangible assets of £119.5m (2022: £115.8m) and goodwill of £88.9m (2022: £83.5m).</p> <p>Management have prepared an impairment model which covers all of the group's operating segments, as each operating segment is treated as a cash generating unit ("CGU") for the purposes of the impairment assessment and has a portion of goodwill and intangible assets allocated to it. There is headroom in all CGUs using forecast revenues and costs as estimated by management.</p> <p>Based on the judgemental nature of an impairment review, we identified valuation of intangible assets and goodwill as a key audit matter.</p> | <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> · Obtaining management's analysis of their assessment of whether there were any indicators of impairment in each CGU. · Critically assessing the impairment workings prepared by the client in relation to intangible assets and goodwill to ensure that no impairment was required, including recalculating the weighted average cost of capital (WACC) used as a discount rate, and challenging the allocation of assets, liabilities and overheads to individual CGUs. · Comparing carrying values to other indicators such as market capitalisation and industry multiples. · Performing sensitivity analysis on and critically assessing key assumptions used in the impairment workings, and assessing the accuracy of the forecasts used based on historical trading performance for each segment. · Evaluating the accounting policy and detailed disclosures in the notes to the financial statements to determine whether information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review. · Reviewing of the amortisation accounting policy for intangible assets to ensure it was reasonable. <p>Key observations</p> <p>Based on our audit work, we concluded that intangible assets and goodwill are not materially misstated at the reporting date and that management's assessment that no impairment was required was appropriate.</p> |

Disclosure and accounting for acquisitions

| Description | How our scope addressed this matter |
|---|--|
| <p>The group completed 2 acquisitions (2022: 3) in the year, as further described in note 3 to these financial statements.</p> <p>IFRS 3 Business Combinations requires</p> | <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> · Reviewing the methodology applied by the external experts |

that the acquired assets and liabilities of subsidiaries should be recognised initially at fair value and this may include the recognition of certain intangible assets, such as for the value of the existing customer portfolios, which were not previously recognised in the acquiree's financial statements. Management has carried out a purchase price allocation ('PPA') exercise to determine the fair value of the assets acquired and the liabilities assumed, including intangible assets, using both external and internal experts.

The total acquisition costs include contingent deferred consideration, the value of which is subjective and is dependent on a number of factors as detailed in the relevant share and purchase agreements. This contingent consideration is then subject to fair value adjustment using a discount rate, which is also subjective and can cause a material difference to the allocation of the fair value of assets acquired.

Additionally, where consideration payments are contingent on the future employment of the seller subsequent to the acquisition, these amounts are recognised as a post-acquisition remuneration cost over the relevant period.

Given the subjective nature of the fair value allocation and recognition of contingent payments, we identified acquisition accounting and disclosure as a key audit matter.

on preparing the PPA on Doherty, including a review of the forecasts and discount rate.

- Assessing the level of reliance placed by management on the external expert's workings.
- Agreeing the balances to underlying workings and assessing the accounting treatment against the requirements of IFRS 3 Business Combinations.
- Reviewing the model used for mathematical accuracy and consistency.
- Challenging management's paper on the purchase price allocation and critically assessing the assumptions made.
- Assessing all share purchase agreements in order to identify business combinations with conditions for the contingent consideration, the value of contingent consideration that should be recognised and whether this should be recognised as part of the acquisition cost or as a post acquisition remuneration expense.
- Assessing the disclosures made in Note 3 to the accounts and agreeing them to the underlying data.

Key observations

Based on our audit work, we concluded that the accounting for acquisitions is in line with the requirements of IFRS 3 and that the relevant disclosures are appropriate.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the group we considered revenue to be the main focus for the users of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the group to be £1.11m and for the parent company to be £630k based on one percent of revenue generated by the group and parent company respectively during the period.

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group and parent company was 50% of materiality, namely £550k and £315k respectively.

We agreed to report to the Audit Committee all audit differences in excess of £55k for the Group and £32k for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's abilities to continue to adopt the going concern basis of accounting included:

- Obtaining and critically assessing the going concern assessment prepared by management covering the twelve months from the date of the audit report,
- Performing sensitivity analysis on the forecasts to ensure there is sufficient cash flow headroom for the group to continue as a going concern,
- Reviewing the trading performance post year end and comparing it to the forecasts to assess their accuracy, and
- Assessing the going concern disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at <https://www.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>

This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted International Accounting Standards, the rules of the Alternative Investment Market, the rules of the Financial Conduct Authority (where applicable) and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations, and reviewed minutes of the meetings of the Board and the various Committees.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Matthew Meadows (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
6 Floor, 9 Appold Street, London EC2A 2AP
12 September 2023

Consolidated statement of comprehensive income For the year ended 31 May 2023

| | | 2023 | 2022 |
|-------------------------------|------|-----------------|----------|
| | | £000 | £000 |
| | Note | | |
| Revenue | 4 | 111,182 | 108,226 |
| Employee benefits expense | 11 | (60,864) | (59,571) |
| Other administrative expenses | | (18,249) | (19,803) |

| | | | |
|--|-----------|----------------|---------|
| Share-based payments | 20 | (1,992) | (1,729) |
| Amortisation and impairment | 17 | (9,036) | (7,546) |
| Depreciation | 15,16 | (2,475) | (2,762) |
| Impairment loss on financial assets | 21 | (215) | (258) |
| Profit on disposal of fixed asset investments | | - | 406 |
| Profit on disposal of property, plant and equipment | | 90 | 3 |
| Loss on disposal of investment in own shares | | (116) | - |
| Deferred consideration presented as remuneration | 26,28 | (6,865) | (9,664) |
| Operating profit before financing | 10 | 11,460 | 7,302 |
| Finance revenue | 8 | 545 | 79 |
| Finance costs | 9 | (1,126) | (1,006) |
| Net finance costs | | (581) | (927) |
| Share of profit from associate, net of tax | 18 | 974 | 1,614 |
| Profit before tax | | 11,853 | 7,989 |
| Income tax expense | 12 | (4,201) | (3,870) |
| Profit for the year | | 7,652 | 4,119 |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Other comprehensive loss for the year, net of tax | 18 | (22) | (19) |
| Total comprehensive income for the year, net of tax | | 7,630 | 4,100 |
| Attributable to: | | | |
| Equity holders of the parent | | 7,626 | 4,100 |
| Non-controlling interest | | (4) | - |
| Earnings per ordinary share: | | | |
| Basic (pence) | 13 | 14.9 | 8.3 |
| Diluted (pence) | 13 | 14.9 | 8.3 |
| Proposed total dividend per share (pence) | 14 | 26.8 | 26.1 |

The operating profit and earnings per ordinary share for each period arise from the Group's continuing and total operations.

Consolidated and Company statements of financial position

As at 31 May 2023

| | | | |
|--|--------------|----------------|---------------|
| | 2023 | | 2022 |
| | Group | Company | Group Company |

| | Note | £000 | £000 | £000 | £000 |
|--|------|----------------|----------------|---------|---------|
| Assets | | | | | |
| Property, plant and equipment | 15 | 13,992 | 2,836 | 14,126 | 2,453 |
| Right-of-use assets | 16 | 3,035 | 1,406 | 3,322 | 1,066 |
| Intangible assets | 17 | 208,381 | 55,471 | 199,325 | 58,019 |
| Deferred tax asset | 12 | 695 | 671 | 776 | 751 |
| Investments in subsidiaries | 18 | - | 153,131 | - | 137,508 |
| Investment in associate | 18 | 4,128 | 4,128 | 4,165 | 4,165 |
| Other investments | 18 | 4,699 | 863 | 5,509 | 1,526 |
| Total non-current assets | | 234,930 | 218,506 | 227,223 | 205,488 |
| Trade and other receivables | 21 | 30,389 | 56,180 | 28,446 | 50,883 |
| Income tax receivable | 12 | - | - | - | 146 |
| Finance lease receivable | | 286 | 286 | 354 | 354 |
| Investments | 18 | 246 | - | 253 | - |
| Cash and short-term deposits | 22 | 45,101 | 18,423 | 53,912 | 25,864 |
| Total current assets | | 76,022 | 74,889 | 82,965 | 77,247 |
| Total assets | | 310,951 | 293,395 | 310,188 | 282,735 |
| Equity | | | | | |
| Issued capital | 23 | 517 | 517 | 510 | 510 |
| Share premium | 23 | 144,638 | 144,638 | 143,373 | 143,373 |
| Merger reserve | 23 | 57,225 | 57,225 | 57,225 | 57,225 |
| Equity - share-based payments | 23 | 3,666 | 3,666 | 2,804 | 2,804 |
| Capital redemption reserve | 23 | 2,000 | 2,000 | 2,000 | 2,000 |
| Own shares | 23 | - | - | (597) | - |
| | | 477 | - | - | - |
| Non-controlling interest | | | | | |
| Retained earnings | 23 | 20,817 | 33,091 | 24,784 | 33,007 |
| Total equity attributable to equity holders of the parent | | 229,340 | 241,137 | 230,099 | 238,919 |
| Non-current liabilities | | | | | |
| Lease liability | 27 | 2,600 | 1,289 | 2,772 | 862 |
| Deferred tax liability | 12 | 28,873 | 5,782 | 27,474 | 6,352 |
| Provisions | 26 | 3,879 | 3,454 | 8,611 | 7,621 |
| Total non-current liabilities | | 35,352 | 10,525 | 38,857 | 14,835 |
| Current liabilities | | | | | |
| Trade and other payables | 25 | 23,447 | 22,750 | 25,055 | 15,489 |
| Income tax payable | 12 | 4,578 | 1,205 | 1,953 | - |
| Lease liability | 27 | 756 | 398 | 985 | 534 |
| Provisions | 26 | 17,478 | 17,380 | 13,239 | 12,958 |
| Total current liabilities | | 46,259 | 41,733 | 41,232 | 28,981 |
| Total liabilities | | 81,611 | 52,258 | 80,089 | 43,816 |
| Total equities and liabilities | | 310,951 | 293,395 | 310,188 | 282,735 |

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The profit of the Company for the financial year, after taxation, was £11.1m (2022: £9.9m profit).

The notes to the financial statements form part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 12 September 2023 and are signed on its behalf by:

Ian Mattioli MBE
Chief Executive Officer

Ravi Tara
Chief Financial Officer

Registered number: 03140521

Consolidated and Company Statements of Changes in Equity

For the year ended 31 May 2023

| Issued capital | Share premium | Merger reserve | Equity - share-based | Capital redemption | Own shares | Non-controlling | Retained earnings |
|----------------|---------------|----------------|----------------------|--------------------|------------|-----------------|-------------------|
|----------------|---------------|----------------|----------------------|--------------------|------------|-----------------|-------------------|

| Group | (Note 23) | (Note 23) | (Note 23) | payments (Note 23) | reserve (Note 23) | (Note 23) | interest (Note 23) | (Note 23) | Total equity |
|---|-----------|-----------|-----------|--------------------|-------------------|-----------|--------------------|-----------|--------------|
| As at 1 June 2021 | £200 | 31,000 | 17,400 | 1,000 | 1,000 | (500) | £000 | 24,000 | 86,000 |
| Profit for the year | - | - | - | - | - | - | - | 4,119 | 4,119 |
| Share of other comprehensive loss from associates | - | - | - | - | - | - | - | (19) | (19) |
| Total comprehensive income | - | - | - | - | - | - | - | 4,100 | 4,100 |
| <i>Transactions with owners of the Group, recognised directly in equity</i> | | | | | | | | | |
| Issue of share capital | 227 | 109,539 | 39,767 | - | - | - | - | - | 149,533 |
| Share-based payment transactions | - | - | - | 1,292 | - | - | - | - | 1,292 |
| Deferred tax recognised in equity | - | - | - | (13) | - | - | - | - | (13) |
| Current tax taken to equity | - | - | - | 141 | - | - | - | - | 141 |
| Reserves transfer | - | - | - | (2,175) | - | - | - | 2,175 | - |
| Dividends | - | - | - | - | - | - | - | (11,041) | (11,041) |
| As at 31 May 2022 | 510 | 143,373 | 57,225 | 2,804 | 2,000 | (597) | - | 24,784 | 230,099 |
| Profit for the year | - | - | - | - | - | - | 4 | 7,652 | 7,656 |
| Changes in fair value | - | - | - | - | - | - | - | - | - |
| Share of other comprehensive loss from associates | - | - | - | - | - | - | - | (22) | (22) |
| Total comprehensive income | - | - | - | - | - | - | 4 | 7,630 | 7,634 |
| <i>Transactions with owners of the Group, recognised directly in equity</i> | | | | | | | | | |
| Issue of share capital | 7 | 1,265 | 1,969 | - | - | - | - | - | 3,241 |
| Share-based payment transactions | - | - | - | 1,476 | - | - | - | - | 1,476 |
| Deferred tax recognised in equity | - | - | - | (28) | - | - | - | (162) | (190) |
| Current tax taken to equity | - | - | - | 9 | - | - | - | - | 9 |
| Reserves transfer | - | - | (1,969) | (595) | - | - | - | 2,564 | - |
| Disposal of investment in own shares | - | - | - | - | - | 597 | - | - | 597 |
| Arising on acquisition | - | - | - | - | - | - | 473 | (401) | 72 |
| External dividends | - | - | - | - | - | - | - | (13,598) | (13,598) |
| As at 31 May 2023 | 517 | 144,638 | 57,225 | 3,666 | 2,000 | - | 477 | 20,817 | 229,340 |

Consolidated and Company Statements of Changes in Equity

For the year ended 31 May 2023 (continued)

| Company | Issued capital (Note 23) £000 | Share premium (Note 23) £000 | Merger reserve (Note 23) £000 | Equity - share-based payments (Note 23) £000 | Capital redemption reserve (Note 23) £000 | Retained earnings (Note 23) £000 | Total equity £000 |
|---|-------------------------------|------------------------------|-------------------------------|--|---|----------------------------------|-------------------|
| As at 1 June 2021 | 283 | 33,834 | 17,458 | 3,559 | 2,000 | 31,975 | 89,109 |
| Profit for the year | - | - | - | - | - | 9,917 | 9,917 |
| Share of other comprehensive loss from associates | - | - | - | - | - | (19) | (19) |
| Total comprehensive income | - | - | - | - | - | 9,898 | 9,898 |
| <i>Transactions with owners of the Company, recognised directly in equity</i> | | | | | | | |
| Issue of share capital | 227 | 109,539 | 39,767 | - | - | - | 149,533 |
| Share-based payment transactions | - | - | - | 1,292 | - | - | 1,292 |
| Deferred tax recognised in equity | - | - | - | (13) | - | - | (13) |
| Current tax taken to equity | - | - | - | 141 | - | - | 141 |
| Reserves transfer | - | - | - | (2,175) | - | 2,175 | - |
| Dividends | - | - | - | - | - | (11,041) | (11,041) |
| As at 31 May 2022 | 510 | 143,373 | 57,225 | 2,804 | 2,000 | 33,007 | 238,919 |

| | | | | | | | |
|---|------------|----------------|---------------|--------------|--------------|---------------|----------------|
| Profit for the year | - | - | - | - | - | 11,112 | 11,112 |
| Changes in fair value | - | - | - | - | - | - | - |
| Share of other comprehensive loss from associates | - | - | - | - | - | (18) | (18) |
| Total comprehensive profit | - | - | - | - | - | 11,094 | 11,094 |
| <i>Transactions with owners of the Company, recognised directly in equity</i> | | | | | | | |
| Issue of share capital | 7 | 1,265 | 1,969 | - | - | 1,969 | 3,241 |
| Share-based payment transactions | - | - | - | 1,476 | - | - | 1,476 |
| Deferred tax recognised in equity | - | - | - | (28) | - | - | (28) |
| Current tax taken to equity | - | - | - | 9 | - | 24 | 33 |
| Reserves transfer | - | - | (1,969) | (595) | - | 2,564 | - |
| Internal dividends from acquisitions | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | (13,598) | (13,598) |
| As at 31 May 2023 | 517 | 144,638 | 57,225 | 3,666 | 2,000 | 33,091 | 241,137 |

Consolidated and Company Statements of Cash Flows

For the year ended 31 May 2023

| | Note | Group 2023 £000 | Company 2023 £000 | Group 2022 £000 | Company 2022 £000 |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
| Operating activities | | | | | |
| Profit for the year | | 7,652 | 11,112 | 4,119 | 9,917 |
| <i>Adjustments for:</i> | | | | | |
| Depreciation | 15,16 | 2,474 | 1,293 | 2,762 | 1,580 |
| Amortisation and impairment | 17,18 | 9,036 | 3,769 | 7,546 | 2,963 |
| Impairment of investment in subsidiaries | 18 | - | 7,675 | - | 21,743 |
| Deferred consideration presented as remuneration | 26,28 | 6,865 | 6,865 | 9,664 | 9,664 |
| Investment income | 8 | (545) | (1,805) | (79) | (792) |
| Interest expense | 9 | 1,126 | 1,035 | 1,006 | 1,831 |
| Share of profit from associates | 18 | (974) | (974) | (1,614) | (1,614) |
| Share of profit from partnerships | | - | (9,622) | - | (10,461) |
| Profit on disposal of property, plant and equipment | | (25) | (25) | (3) | (3) |
| Profit on disposal of fixed asset investments | 18 | - | - | (406) | - |
| Gain on revaluation of fixed asset investments | 18 | 98 | - | (32) | - |
| Equity-settled share-based payments | 20 | 1,992 | 1,992 | 1,729 | 1,729 |
| Dividend income | | - | (15,155) | - | (33,561) |
| Income tax expense | 12 | 4,201 | 2,865 | 3,870 | 2,508 |
| Cash flows from operating activities before changes in working capital and provisions | | 31,900 | 9,025 | 28,562 | 5,504 |
| (Increase)/decrease in trade and other receivables | | (1,197) | 12,158 | (5,251) | 7,205 |
| Increase/(decrease) in trade and other payables | | 809 | 7,616 | 1,771 | 823 |
| (Decrease)/increase in provisions | | (5,920) | (3,457) | (5,441) | (5,723) |
| Cash generated from operations | | 25,592 | 25,342 | 19,641 | 7,809 |
| Interest paid | | - | - | (6) | (6) |
| Income taxes paid | | (3,071) | (2,384) | (3,258) | (2,600) |
| Net cash flows from operating activities | | 22,521 | 22,958 | 16,377 | 5,203 |
| Investing activities | | | | | |
| Proceeds from sale of property, plant and equipment | | 180 | 180 | 116 | 116 |
| Purchase of property, plant and equipment | 15 | (1,396) | (1,330) | (1,001) | (959) |
| Purchase of software | 17 | (557) | (557) | (427) | (427) |
| Purchase of client portfolio | 17 | - | - | (660) | - |
| Contingent consideration paid on acquisition of subsidiaries | 26 | (2,248) | (1,647) | (1,554) | (1,554) |
| Acquisition of subsidiaries | 3 | (14,356) | (14,356) | (72,894) | (72,894) |
| Cash received on acquisition of subsidiaries | 3 | 9,420 | - | 8,868 | - |
| Contingent remuneration paid on acquisition of subsidiaries | | (10,044) | (10,044) | - | - |
| Investment in other equity holdings | 18 | (193) | - | (1,574) | (1,000) |
| Dividends received from associate undertakings | 18 | 980 | 980 | 1,715 | 1,715 |
| Proceeds on disposal of other investments | | 646 | - | 686 | - |
| Loans advanced to subsidiary undertakings | | - | - | - | (15,945) |
| Loans advanced to property syndicates | | (195) | (195) | (3) | (3) |
| Loan repayments from property syndicates | | - | - | 1,348 | 1,348 |

| | | | | | |
|--|----|-----------------|-----------------|----------|----------|
| Interest received | 8 | 263 | 207 | 34 | 29 |
| Dividends received | | - | 10,244 | - | 2,000 |
| Net cash flows from investing activities | | (17,500) | (16,518) | (65,346) | (87,574) |
| Financing activities | | | | | |
| Proceeds from the issue of share capital | | 851 | 851 | 109,277 | 109,277 |
| Cost of own shares acquired | | 477 | - | - | - |
| Dividends paid | 14 | (13,598) | (13,598) | (11,041) | (11,041) |
| Repayment of borrowings | | - | - | (15,945) | - |
| Payment of lease liabilities | 27 | (1,562) | (1,134) | (1,298) | (910) |
| Net cash flows from financing activities | | (13,832) | (13,881) | 80,993 | 97,326 |
| Net increase/(decrease) in cash and cash equivalents | | (8,811) | (7,441) | 32,024 | 14,955 |
| Cash and cash equivalents at start year | 22 | 53,912 | 25,864 | 21,888 | 10,909 |
| Cash and cash equivalents at end of year | 22 | 45,101 | 18,423 | 53,912 | 25,864 |

Notes to the 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 plc. The Company's registered address is 1 New Walk Place, Leicester, LE1 6RU. The nature of the Group's operations and its principal activities are set out in the Chief Executive's Review.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements comprise the financial statements of Mattioli Woods plc and its subsidiaries ("the Group") as at 31 May each year. The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value (Notes 18, 22 and 27), and are presented in pounds, with all values rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted are set out in this note and, unless otherwise stated, have been applied consistently to all periods presented in the financial statements. The financial statements were authorised for issue in accordance with a resolution of the Directors on 12 September 2023.

2.2 Going concern

The Directors have, at the time of approving the 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 approval date of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Further details of the consideration made by the Directors can be found in the Directors' Report.

2.3 Developments in reporting standards and interpretations

Standards not affecting the financial statements

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

| <i>Standard or interpretation</i> | <i>Periods commencing on or after</i> |
|--|---------------------------------------|
| Annual improvements to IFRS 2018-2020 | 1 January 2022 |
| Amendments to IAS 37 'Onerous contracts - Cost of fulfilling a | 1 January 2022 |

| | |
|---|----------------|
| contract' Amendments to IAS 16 'Property, plant and equipment - Proceeds before intended use' | 1 January 2022 |
| Amendments to IFRS 3 'Reference to the conceptual framework' | 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 periods and, therefore, have not been applied in preparing these consolidated financial statements. At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective and have not been applied in these financial statements:

| <i>Standard or interpretation</i> | <i>Periods commencing on or after</i> |
|---|---------------------------------------|
| IFRS 17 Insurance contracts (including amendments to IFRS 17) | 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 |
| Amendments to IAS 12 'International tax reform - Pillar two model rules' | 1 January 2023 |
| Amendments to IAS 1 'Classification of liabilities as current or non-current' | 1 January 2024 |
| Amendments to IFRS 16 'Lease liability in a sale and leaseback' | 1 January 2024 |

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

2.4 Principal accounting policies

Basis of consolidation

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 the 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.

Business combinations

Business combinations are accounted for using the purchase accounting method. This involves assessing whether any assets acquired meet the criteria for recognition as separately identifiable intangible assets. Intangible assets are measured on initial recognition at their fair value at the date of acquisition. Client portfolios are valued by discounting their expected future cash flows over their expected useful lives, based on the Group's historical experience. Expected future cash flows are estimated based on the historical revenues and costs associated with the operation of that client portfolio. The discount rates used estimate the cost of capital, adjusted for risk.

Contingent consideration payable to employees or selling shareholders arising on business combination is assessed as to whether it should be classified as part of acquisition costs or remuneration for post-acquisition services, using the criteria as defined in IFRS 3 Business Combinations to identify the appropriate treatment. Where contingent consideration payable to employees or selling shareholders is treated as remuneration, it is recognised as an expense over the period over which the contingent consideration is earned, reported separately on the face of the statement of comprehensive income, and included within operating cash flows.

Associates

The Company's share of profits from associates is reported separately in the statement of comprehensive income and the investment is recognised in the statement of financial position using the equity method. The investment is initially recorded at cost and subsequently adjusted to reflect the Company's share of the cumulative profits of the associate since acquisition. Appropriate adjustments to the Company's share of the profits or losses after acquisition are made to account for additional amortisation of the associate's amortisable assets based on the excess of their fair values over their carrying amounts at the time the investment was acquired.

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred if the recognition criteria are met.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

- Freehold buildings 2% per annum on cost;
- Computer equipment 10-33% per annum on cost;
- Office equipment 20% per annum on written down values;
- Fixtures and fittings 20% per annum on written down values;
- Motor vehicles 25% per annum on written down values; and
- Leasehold improvements Straight line over the remaining term of the lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Investments

The Group accounts for its investments in subsidiaries using the cost model and investments in associates using the equity method.

Other fixed asset investments

Other fixed asset investments are treated as financial assets and classified as either fair value through profit and loss or fair value through other comprehensive income financial assets.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combinations over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on the Group's reporting format determined in accordance with IFRS 8 'Operating Segments'.

If a cash-generating unit was to be sold, the difference between the selling price and the net assets and goodwill would be recognised in the statement of comprehensive income. Where the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill is reallocated to the units affected.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets assessed as having finite lives are amortised over their useful economic life as follows:

- Purchased software 25% per annum on written down values; and
- Internally generated software Straight line over 10 years.

The Group amortises individual client portfolios acquired through business combinations on a straight-line basis over an estimated useful life based on the Group's historic experience.

Client portfolios acquired through business combinations and other acquisitions are as follows:

| Client portfolio | Date of acquisition | Estimated useful life |
|--|----------------------------|------------------------------|
| Mattioli Woods Pension Consultants ("the Partnership Portfolio") | 2 September 2003 | 25 years |
| Geoffrey Bernstein | 20 June 2005 | 25 years |
| Suffolk Life | 27 January 2006 | 25 years |
| PCL | 10 July 2007 | 25 years |
| JBFS | 18 February 2008 | 25 years |
| CP Pensions | 30 April 2010 | 25 years |
| City Pensions | 9 August 2010 | 20 years |
| Kudos | 26 August 2011 | 20 years |
| Ashcourt Rowan | 23 April 2013 | 10 years |
| Atkinson Bolton | 29 July 2013 | 20 years |
| UK Wealth Management | 8 August 2014 | 10 years |
| Torquil Clark | 23 January 2015 | 10 years |
| Boyd Coughlan | 23 June 2015 | 20 years |
| Taylor Patterson | 8 September 2015 | 20 years |
| Lindley Trustees | 5 October 2015 | 10 years |
| Maclean Marshall Healthcare | 22 January 2016 | 10 years |
| Stadia Trustees | 15 February 2016 | 10 years |
| MC Trustees | 7 September 2016 | 20 years |
| Broughtons Financial Planning | 8 August 2018 | 15 years |
| SSAS Solutions | 27 March 2019 | 20 years |
| The Turriss Partnership | 19 December 2019 | 15 years |
| Hurley Partners | 31 July 2020 | 15.7 years |
| Exempt Property Unit Trust | 14 January 2021 | 10 years |
| Montagu | 2 February 2021 | 20 years |
| Pole Arnold Financial Management | 12 April 2021 | 20 years |
| Caledonia Asset Management | 16 April 2021 | 20 years |
| Maven Capital Partners UK | 30 June 2021 | 7-20 years |
| Richings Financial Management | 26 August 2021 | 15 years |
| Ludlow Wealth Management Group | 3 September 2021 | 10-20 years |
| Ferguson Financial Management | 10 May 2022 | 10 years |
| Doherty Pension & | 19 April 2023 | 15 years |

| | | |
|---------------------------|--|--|
| Investment Consultancy | | |
|---------------------------|--|--|

A summary of the policies applied to the Group's goodwill and intangible assets is as follows:

| | Goodwill | Client portfolios | Brand names | Software | Other intangibles |
|----------------------------------|--------------------------|---|---|--|--|
| Useful life | Indefinite | Finite | Finite | Finite | Finite |
| Measurement method used | Annual impairment review | Amortised over a useful economic life of between 10 and 25 years on a straight-line basis | Amortised over a useful economic life of between 10 and 25 years on a straight-line basis | Amortised over a useful economic life of four years on a reducing balance basis or 10 years on a straight-line basis if internally generated | Amortised over a useful economic life of three years |
| Internally generated or acquired | Acquired | Acquired | Acquired | Both | Both |

Intangible assets assessed as having finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from those of other assets or group of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of comprehensive income.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at the revalued amount, in which case reversal is treated as a revaluation increase, except in relation to goodwill.

The following criteria are also applied in assessing impairment of specific non-financial assets:

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of

goodwill as at 31 May.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets which have solely payments of principal and interest that are held with the intention of collecting the cash flows. After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees and transaction costs. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments that the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. Fair value movements are recognised in other comprehensive income.

Impairment of non-derivative financial assets

At each reporting date the Group recognises loss allowances for expected credit losses for all financial assets at amortised cost. The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit losses.

When estimating expected credit loss by determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and supportive information that is relevant and available without undue cost or effort, including historic rates of loss from the issue of credit notes or increases in specific expected credit losses and will consider forward-looking factors where they may impact clients' abilities to meet cash flow obligations such as significant market movements impacting the value of clients' investments.

Trade receivables are deemed to be low credit risk. Our pension and investment products tend to attract high-net-worth clients with a strong capacity to meet contractual cash flow obligations in the near term, and adverse changes in economic conditions in the longer term may, but will not necessarily, reduce their ability to fulfil cash flow obligations. Our position as fund manager increases the visibility of credit risks and our ability to ensure that fees due from those funds are recovered or recoverable. Further details of our credit risk management practices are included in Note 30.

Aged trade and other receivables are reviewed with specific provisions or write offs recognised where recovery is uncertain, such as balances owing from individuals who are declared bankrupt or deceased, and balances due from pension schemes where the scheme does not hold liquid or saleable assets. Further provisions for impairment are recognised for expected credit losses on other trade receivables and accrued income financial assets. The carrying amount of the receivable is reduced through use of an allowance account.

Expected credit loss rates are calculated based on the value of credit notes issued, plus increases in specific provisions against trade receivables. Credit losses rates are calculated separately for each company within the Group based on credit losses divided by the value of invoiced revenue over a rolling 12-month period.

Financial liabilities

Trade and other payables

Trade and other payables are recognised at cost due to their short-term nature. Accruals and deferred income are normally settled monthly throughout the financial year, with the exception of bonus accruals, which are typically paid annually.

Leases

Lease agreements under which the Group is lessee give rise to both a right-of-use asset and a lease liability.

The lease liability is recognised at the present value of future lease payments under the lease, including any rental incentives, and discounted at the incremental rate of borrowing of the lessee, which is determined based on the risk-free rate and margin payable on borrowing over a term equivalent to the lease. Right-of-use assets are initially recognised at the value of the lease liability.

Lease liabilities are subsequently measured by adjusting the carrying amount to reflect the interest charge, the lease payments made and any reassessment or lease modifications. Leases with a remaining term less than 12 months at the reporting date are assessed for a period of expected renewal, and where renewal is expected, the lease liability is remeasured to include the terms of the expected renewal.

Right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of the expected life of the asset and the lease term, adjusted for any remeasurements of the lease liability and amendments to associated provisions for dilapidation on property leases. Right-of-use assets are derecognised on handing the leased asset back to the lessor of the asset.

Lease agreements under which the Group is lessor are assessed to determine if they represent operating or finance leases. The Group has one lease agreement under which the Group is both lessee and lessor. The part of the property in which the Group is a lessor is classified as a finance lease.

Finance leases of leased assets under which the Group is lessor give rise to both a finance lease receivable and the partial de-recognition of the right-of-use asset in respect of the head lease of the leased asset. Derecognition of right-of-use assets are measured at an amount equal to the lease receivable.

Finance lease receivables are subsequently measured by adjusting the carrying amount to reflect the interest income, the lease payments received and any reassessment or lease modifications.

Where a lease has a term of less than 12 months or is of low value, the Group applies the exemption not to recognise right-of-use assets and liabilities for these leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Contingent consideration

Contingent consideration payable to employees or selling shareholders arising on business combinations is assessed as to whether it should be classified as part of acquisition costs or remuneration for post-acquisition services.

Where classified as acquisition costs, a provision for contingent consideration is recognised on acquisition for the present value of the level of contingent consideration expected to be paid. Subsequent changes to the fair value of the contingent consideration are recognised in accordance with IFRS 9 in the statement of comprehensive income.

Where classified as remuneration, a provision for contingent consideration is recognised based on the level of contingent consideration expected to be paid and the period over which the contingent consideration relates.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passing of time is recognised as a finance cost.

Provisions include financial liabilities. Where the Group has entered into certain acquisition agreements that provide for contingent consideration to be paid, the Board estimates the net present value of contingent consideration payable.

Share-based payments

The Group engages in share-based payment transactions in respect of services received from certain employees. In relation to equity-settled share-based payments, the fair value of services received is measured by reference to the fair value of the shares or share options granted on the date of grant and is recognised, together with a corresponding increase in equity, as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The fair value of share options is determined using the Black Scholes Merton pricing model.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has elapsed and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (further details are given in Note 13).

Own shares

Own shares consist of shares held within an employee benefit trust. The Company has an employee benefit trust for the granting of shares to applicable employees, whose assets are aggregated with those of the rest of the Group in the preparation of the consolidated financial statements of the Group.

Own shares are recognised at cost as a deduction from equity shareholders' funds. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to retained earnings.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable for each contractual obligation, excluding discounts, rebates, and other sales taxes or duty. Terms of business with customers typically include payment periods of up to 60 days, although specific payment terms can be agreed between the parties. The following information details the nature and timing of the satisfaction of performance obligations in contracts with customers.

Investment and asset management

Commission income and adviser charges are recognised as follows:

- At a point in time: Initial commission (less provision for clawbacks, as explained in Note 26) and initial adviser charges are recognised on a 'point in time' basis as being earned at the point the performance obligation is met, being when an investment of funds has been made by the client and submitted to the product provider.
- Over time: Ongoing adviser charges, based on the value of assets invested, are recognised on an 'over time' basis during the period the assets are held in the portfolio or investment fund, with the contract performance obligation being the ongoing management of investments in accordance with the applicable investment mandate.

Discretionary portfolio management ("DPM") charges are recognised as follows:

- At a point in time: Initial charges on the placing of investments are recognised on a 'point in time' basis as being earned at the point when an investment of funds has been made by the client and submitted to the product provider.
- Over time: Ongoing DPM charges based on the value of assets invested are recognised on an 'over time' basis during the period the assets are held in the portfolio or investment fund, with the contract performance obligation being the ongoing management of investments in accordance with the applicable investment mandate.

Our ongoing adviser and DPM charges have been compared to observable rates from other providers on a stand-alone basis, with initial charges being recognised by the residual approach, to ensure the allocation of the selling price remains appropriate.

Private equity asset management

Private equity asset management fees are recognised as follows:

- At a point in time: Initial charges on the establishment of a VCT and property investment deals are recognised on a 'point in time' basis when the investment vehicle funding targets are met. Exit fees are recognised on completion of divestments. Performance fees are recognised on measurement of the performance or change in valuation of the managed investments.
- Over time: Fund management and administration charges, including charges based on the value of assets held, are recognised on an 'over time' basis during the period the assets are held in the fund.

Pension consultancy and administration

Pension consultancy and administration fees are recognised as follows:

- At a point in time: Mattioli Woods generally invoices pension clients on a six-monthly basis in arrears for costs incurred in advising on and administering their affairs. Where revenue is contingent on completion of a service, revenue is recognised on a 'point in time' basis at the point those contractual performance conditions are satisfied. No revenue is recognised if there are significant uncertainties regarding recovery of the time incurred.
- Over time: To the extent that the Group has a contractual right to invoice for services rendered, revenue is recognised on an 'over time' basis as time is incurred on the provision of services, with an estimate being made of what proportion of uninvoiced time costs will be recoverable. Recoverability is measured as a percentage of the total time costs incurred on clients' affairs compared to the proportion of historical time costs actually invoiced.

Pension consultancy and administration fees have been compared to observable rates from other providers on a stand-alone basis, with establishment charges being recognised by the residual approach, to ensure the allocation of the selling price remains appropriate.

Property management

Property management fees are recognised as follows:

- At a point in time: Initial charges on the establishment of a private investment syndicate are recognised on a 'point in time' basis when the syndicate completes its investment.
- Over time: Fund management and private investment syndicate charges, including charges based on the value of assets held, are recognised on an 'over time' basis during the period the assets are held in the fund or syndicate.

Employee benefits

Employee benefits fees are recognised as follows:

- At a point in time: Fee income from services provided on the set up of an employee benefits scheme or provision of non-recurring employee benefits services are recognised on a 'point in time' basis on completion of rendering those services, being the point that those contractual performance conditions are satisfied.
- Over time: Ongoing management charges on employee benefits schemes are recognised on an 'over time' basis over the period to which they relate.

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or repaid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax balances are recognised for all taxable temporary differences, except where the deferred income tax balance arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred income tax assets related to temporary differences arising on share-based payments to employees are based on the market value of the Company's shares at the year end.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Dividend recognition

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are declared and paid, or if earlier, in the accounting period when the dividend is approved by the Company's shareholders at the Annual General Meeting.

Pension costs

The Group makes discretionary payments into the personal pension schemes of certain employees. Contributions are charged to the statement of comprehensive income as they are payable.

2.5 Critical accounting judgements and sources of significant estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where a higher degree of judgement or complexity arises, or where assumptions and estimates are significant to the consolidated financial statements, are discussed below.

Critical accounting judgements

Contingent payments to selling shareholders arising from a business combination

Contingent consideration payable to employees or selling shareholders arising on business combinations is assessed as

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

In the year ended 31 May 2023, neither of the two acquisitions completed included contingent consideration classified as remuneration. In the year ended 31 May 2022, two acquisitions were completed that included contingent consideration classified as remuneration. If these had been classified as part of acquisition cost, overhead expenses in the year to 31 May 2022 would be lower by £4,572,000, finance costs would be higher by £1,715,000, and therefore profit before tax would be higher by £2,857,000. In addition, goodwill would be higher by £14,718,000 and provisions for contingent consideration would be higher by £16,433,000.

Sources of significant estimation uncertainty

Acquisitions and business combinations

When an acquisition arises, the Group is required under UK-adopted International Accounting Standards to calculate the Purchase Price Allocation ("PPA"). The PPA requires companies to report the fair value of assets and liabilities acquired and it establishes useful lives for identified assets. The identification and the valuation of the assets and liabilities acquired involves estimation and judgement when determining whether the recognition criteria are met.

Subjectivity is also involved in the PPA with the estimation of the future value of brands, technology, customer relationships and goodwill. The fair value of separately identifiable intangible assets acquired during the year was £16.9m (2022: £67.7m), with the key assumptions used to calculate these fair values being those around the estimated useful lives of the acquired customer relationships, the estimated future cash flows expected to arise from these relationships and the appropriate discount rate to be used to discount these cash flows to their present value.

Estimated useful life sensitivity of -5 years is used, representing a severe but plausible rate of client attrition if customer relationships acquired are damaged as a result of the business combination. Growth rate sensitivities are set at a level to either minimise or altogether remove the impact of assumed growth in cash flows derived from the acquired portfolio. Discount rate sensitivity of +2.0% 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 acquired businesses.

The sensitivity of the fair value of the highest-valued customer relationships acquired during the year to changes in the key assumptions are as follows:

| <i>Acquisition of Doherty Pension & Investment Consultancy</i> | <i>Base assumption</i> | <i>Change in assumption</i> | <i>Decrease in fair value £000</i> |
|--|------------------------|-----------------------------|--|
| Estimated useful life | 15 years | -5 years | 1,879 |
| Growth rate | 2.5%-20% | to 0.0% | 3,920 |
| Discount rate ^[29] | 10.2% | +2.0% | 988 |

Other areas of estimation uncertainty

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

Impairment of intangible assets

For the purposes of impairment testing, intangible assets (including goodwill, acquired client portfolios, brands and software) and right-of-use assets, offset by deferred tax liabilities recognised in relation to acquired intangible assets and lease liabilities, are allocated to the group of cash-generating units ("CGUs") that are expected to benefit from the business combination.

The Group reviews whether acquired client portfolios are impaired on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This comprises an estimation of the fair value less cost to sell and the value in use of the acquired client portfolios.

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 post-tax Weighted Average Cost of Capital ("WACC"). The Group has applied a WACC of 11.5% (2022: 7.9%) 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 cash flows are derived from the budget for the three years to 31 May 2026, extrapolated for a further two years assuming medium-term growth of 5.0% (2022: 5.0%), thereafter extrapolating these cash flows using a long-term growth rate of 2.0% (2022: 2.0%), which management considers conservative against industry average long-term growth rates.

The carrying amount of client portfolios at 31 May 2023 was £117.7m (2022: £112.2m). No impairment provisions have been made during the year (2022: £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 15.3% (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 31 May 2023 was £88.9m (2022: £83.5m). No impairment provisions have been made during the year (2022: £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 19.

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 the contingency, provisions for consideration and remuneration are recognised based on the maximum expected value expected to fall due. A material change to the carrying value would only occur if the acquired business fell significantly short of the target earnings, or if termination of employment of a management seller results in forfeiture of rights to future contingent payments. The carrying amount of contingent consideration provided for at 31 May 2023 was £13.3m (2022: £9.3m) and contingent remuneration provided for at 31 May 2023 was £4.6m (2022: £7.8m).

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.

Provisions

As detailed in Note 26, the Group recognises provisions for client claims, contingent consideration payable on acquisitions, commission clawbacks, dilapidations, onerous contracts and other obligations that exist at the reporting date. Estimates applied in determining provisions include assessment of the likelihood of a claim being successful and the actual amount and timing of future cash flows, which are dependent on future events. Management reviews these provisions at each reporting date to ensure they are measured at the current best estimate of the expenditure required to settle the obligation. Any difference between the amounts previously recognised and the current estimate is recognised immediately in the statement of comprehensive income.

Recoverability of accrued time costs and disbursements

The Group recognises accrued income in respect of time costs and disbursements incurred on clients' affairs during the accounting period, which have not been invoiced at the reporting date. This requires an estimation of the recoverability of the unbilled time costs and disbursements.

The estimated rate of recovery of 70.5% (2022: 71.9%) is based on historic actual recovery rates measured over a period of twelve (2022: twelve) months, calculated based on the value of invoices, net of credit losses, divided by the gross value of the charges based on internal charge out rates. The carrying amount of accrued time costs and disbursements at 31 May 2023 was £7.1m (2022: £4.8m).

The sensitivity of a 5.0% change in the estimated recoverability of accrued time costs and disbursements is appropriate as rates have fluctuated +/- 2.0% over the past 12 months, with 5.0% representing a severe but plausible degradation of recovery rates. Sensitivity to a 5.0% (2022: 5.0%) change with all other variables held constant, is £0.5m (2022: £0.3m) of the Group's profit before tax respectively. There is no material impact on the Group's equity.

3. Business combinations

The Group completed two (2022: three) acquisitions during the year, which are treated as business combinations. Transaction costs of £1.5m (2022: £3.7m) incurred during the year to 31 May 2023 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 year

Acquisition of Doherty Pension & Investment Consultancy

On 19 April 2023, the Company completed the acquisition of 100% of the share capital of Doherty Pension & Investment Consultancy Limited ("Doherty") for an aggregate maximum consideration of up to £23.0m (including, subject to certain conditions being satisfied, up to £6.3m of deferred consideration), comprising a combination of cash and new Ordinary Shares.

Founded in 1985, Doherty is one of the largest financial planning and wealth management businesses in Northern Ireland, with specialist pension expertise and a discretionary investment management offering. Doherty currently advises approximately 1,320 private clients, including specialist pension advice on SSASs, with combined assets under advice and administration of over £635 million. Doherty enjoys a strong regional presence in Belfast. The business employs 28 staff and Doherty's experienced management team will be retained by Mattioli Woods following the Acquisition.

The total consideration of up to £23.0m comprises:

- An initial consideration comprising £6,780,000 in cash, £1,972,000 in Consideration Shares, equating to 325,998 shares, plus £8,023,000 in cash in relation to the net assets acquired;
- Deferred consideration of £1,500,000, payable in cash split in equal amounts between the first and second anniversaries of completion; and
- Contingent consideration of up to £4,768,000, payable in cash split in equal amounts between the first and second anniversaries of completion, subject to certain financial targets based on forecast earnings before interest, tax, depreciation and amortisation ("EBITDA") generated during that period.

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

| | <i>Fair value recognised on acquisition</i> | <i>Fair value adjustments</i> | <i>Previous carrying value</i> |
|---|---|-----------------------------------|--|
| | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Property, plant and equipment | 134 | - | 134 |
| Intangible assets - Client portfolio | 11,509 | 11,509 | - |
| Investments | 5 | - | 5 |
| Trade and other receivables | 213 | - | 213 |
| Cash at bank | 8,619 | - | 8,619 |
| Assets | 20,480 | 11,509 | 8,971 |
| Trade and other payables | (187) | - | (187) |
| Deferred tax liability | (2,877) | (2,867) | (10) |
| Liabilities | (3,064) | (2,867) | (197) |
| | 17,416 | | |
| Total identifiable net assets at fair value | | | |
| Goodwill | 4,685 | | |
| Total acquisition cost | 22,101 | | |

Analysed as follows:

| | |
|--|---------------|
| Initial cash consideration | 6,780 |
| Net shares in Mattioli Woods | 1,972 |
| Net asset excess | 8,023 |
| Deferred consideration | 1,500 |
| Contingent deferred consideration | 4,062 |
| Discounting of deferred and contingent deferred consideration | (236) |
| Total acquisition cost | 22,101 |

Cash outflow on acquisition:

| | |
|-------------------------|--------------|
| Cash paid | 6,780 |
| Cash acquired | (8,619) |
| Net asset excess | 8,023 |
| Acquisition costs | 341 |
| Net cash outflow | 6,525 |

Acquisition of White Mortgages

On 26 April 2023, the Company completed the acquisition of 50.1% of the share capital of White Mortgages Limited ("White Mortgages") for an initial consideration of £1.2m.

Founded in 2011, White Mortgages specialises in providing independent mortgage advice, while also offering bespoke protection advice. White Mortgages is based in Lincoln, UK and employs an experienced team of nine staff, comprising four advisers and five administrative staff, all of whom will remain with Mattioli Woods following completion.

In the year ended 31 March 2023, White Mortgages generated revenues of £0.68 million with a profit before taxation of £0.35 million. The acquisition is expected to be earnings enhancing in the first full year of ownership.

The total consideration of £1.2m comprises an initial consideration of £425,000 in cash, plus £772,000 in cash in relation to the net assets acquired.

Non-controlling interest at acquisition has been calculated based on the proportionate interest in the identifiable net assets reported at acquisition.

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

| | <i>Fair value recognised on acquisition</i> | <i>Fair value adjustments</i> | <i>Previous carrying value</i> |
|-------------------------------|---|-----------------------------------|--|
| | £000 | £000 | £000 |
| Property, plant and equipment | 8 | - | 8 |
| Right-of-use assets | 96 | 96 | - |
| Trade and other receivables | 255 | (2) | 257 |
| Cash at bank | 801 | - | 801 |
| Assets | 1,160 | 94 | 1,066 |
| Trade and other payables | (95) | - | (95) |
| Lease liability | (94) | (94) | - |
| Provisions | (21) | - | (21) |
| Deferred tax liability | (2) | - | (2) |
| Liabilities | (212) | (94) | (118) |

948

| | |
|---|--------------|
| Total identifiable net assets at fair value | |
| Non-controlling interest at acquisition | (473) |
| Goodwill | 722 |
| Total acquisition cost | 1,197 |

Analysed as follows:

| | |
|-------------------------------|--------------|
| Initial cash consideration | 425 |
| Net asset excess | 772 |
| Total acquisition cost | 1,197 |

Cash outflow on acquisition:

| | |
|--------------------------|------------|
| Cash paid | 425 |
| Cash acquired | (801) |
| Net asset excess | 772 |
| Acquisition costs | 170 |
| Net cash outflow | 566 |

Mattioli Woods has also entered into an option agreement with the sellers that entitles Mattioli Woods to acquire the remaining 49.9% of White Mortgages ("the Call Option"). The Call Option is exercisable by Mattioli Woods at any time during the 24-month period commencing 27 April 2026 for a cash consideration. If Mattioli Woods does exercise the Call Option, the consideration payable on exercise will be up to £2.625m, dependent on the attainment of specified targets in the 12 months prior to the exercise date.

Acquisitions completed during the prior year

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.

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:

| <i>Fair value recognised on acquisition:</i> | <i>Maven £000</i> | <i>Richings £000</i> | <i>Ludlow Wealth Management £000</i> | <i>Total £000</i> |
|--|-----------------------|--------------------------|--|-----------------------|
| 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) | (19,420) |
| 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 28 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. Revenue

The Group derives its revenue from the rendering of services over time and at a point in time across all operating segments. Further details of accounting policies for the recognition of revenue are disclosed in Note 2. The timing of recognition of the revenues of each operating segment is analysed as follows:

| <i>Timing of revenue recognition</i> | 2023 £000 | 2022 £000 |
|--|----------------------|----------------------|
| <i>At a point in time:</i> | | |
| Investment and asset management | 3,409 | 3,654 |
| Private equity asset management | 4,531 | 8,543 |
| Pension consultancy and administration | 507 | 607 |
| Property management | 776 | 92 |
| Employee benefits | 866 | 1,346 |
| | 10,089 | 14,242 |
| | | |
| <i>Over time:</i> | | |
| Investment and asset management | 47,386 | 46,771 |
| Private equity asset management | 18,524 | 17,610 |
| Pension consultancy and administration | 23,227 | 19,111 |
| Property management | 6,080 | 6,181 |
| Employee benefits | 5,876 | 4,311 |

| | | |
|--|----------------|---------|
| | 101,093 | 93,984 |
| | 111,182 | 108,226 |

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period:

| <i>Contract liabilities</i> | Group 2023 £000 | <i>Group 2022 £000</i> | Company 2023 £000 | <i>Company 2022 £000</i> |
|--|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Investment and asset management | 99 | 13 | - | - |
| Private equity asset management | 1,484 | 2,866 | - | - |
| Pension consultancy and administration | 2,361 | 2,303 | 1,168 | 1,087 |
| Property management | 55 | - | - | - |
| Employee benefits | 828 | 647 | 828 | 647 |
| | 4,827 | 5,829 | 1,996 | 1,734 |

The Group expects that 100% of the transaction price allocated to the unsatisfied contracts as at 31 May 2023 will be recognised as revenue during the next reporting period, amounting to £4,827,000 (2022: £5,829,000).

The following table shows the movement in contract liabilities in the period:

| <i>Contract liabilities</i> | <i>Group £000</i> | <i>Company £000</i> |
|--|-----------------------|-------------------------|
| At 1 June 2022 | 5,829 | 1,734 |
| Revenue recognised on completion of performance obligations | (5,829) | (1,734) |
| Contract liabilities acquired | 44 | - |
| Consideration received allocated to performance obligations that are unsatisfied at the period end | 4,783 | 1,996 |
| At 31 May 2023 | 4,827 | 1,996 |

5. Seasonality of operations

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

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

6. Segment information

The Group's objective is to fully integrate the businesses it acquires, to enable it to deliver holistic solutions across its wide and diverse client base. The Group's operating segments comprise of the following:

- Pension consultancy and administration - Fees earned by Mattioli Woods for setting up and administering pension schemes. Additional fees are generated from consultancy services provided for special one-off activities and the provision of bespoke scheme banking arrangements;
- Private equity 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 benefit offerings, including group personal pensions and other insurance products.

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

exclusively within the United Kingdom.

Operating segments

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

The following tables present revenue and profit information regarding the Group's operating segments for the two years ended 31 May 2023 and 2022 respectively.

| <i>Year ended 31 May 2023</i> | <i>Investment and asset management £000</i> | <i>Private equity asset management £000</i> | <i>Pension consultancy and administration £000</i> | <i>Property management £000</i> | <i>Employee benefits £000</i> | <i>Total segments £000</i> | <i>Corporate costs £000</i> | <i>Consolidated £000</i> |
|---------------------------------------|---|---|--|---|---------------------------------------|------------------------------------|-------------------------------------|------------------------------|
| Revenue | 50,795 | 23,056 | 23,732 | 6,856 | 6,743 | 111,182 | - | 111,182 |
| External customers | | | | | | | | |
| Results | 10,173 | 5,295 | 7,327 | 2,274 | 1,258 | 26,327 | (14,474) | 11,853 |
| Segment profit before tax | | | | | | | | |
| <i>Year ended 31 May 2022</i> | <i>Investment and asset management £000</i> | <i>Private equity asset management £000</i> | <i>Pension consultancy and administration £000</i> | <i>Property management £000</i> | <i>Employee benefits £000</i> | <i>Total segments £000</i> | <i>Corporate costs £000</i> | <i>Consolidated £000</i> |
| Revenue | 50,425 | 26,153 | 19,718 | 6,273 | 5,657 | 108,226 | - | 108,226 |
| External customers | | | | | | | | |
| Results | 12,791 | 7,220 | 4,013 | 1,543 | 760 | 26,327 | (18,338) | 7,989 |
| Segment profit before tax | | | | | | | | |

Segment assets

The following table presents segment assets of the Group's operating segments:

| 31 May 2023 £000 | 31 May 2022 £000 |
|---------------------------------|---------------------------------|
|---------------------------------|---------------------------------|

| | | |
|--|----------------|---------|
| Investment and asset management | 105,454 | 94,206 |
| Private equity asset management | 96,433 | 102,502 |
| Pension consultancy and administration | 26,300 | 23,803 |
| Property management | 4,091 | 4,889 |
| Employee benefits | 7,130 | 5,552 |
| Segment operating assets | 239,408 | 230,952 |
| Property, plant and equipment | 13,992 | 14,126 |
| Right-of-use assets | 3,035 | 3,322 |
| Intangible assets | 1,803 | 1,761 |
| Deferred tax asset | 696 | 776 |
| Prepayments and other receivables | 7,126 | 4,985 |
| Income tax receivable | - | - |
| Finance lease receivable | 285 | 354 |
| Cash and short-term deposits | 45,101 | 53,912 |
| Total assets | 311,446 | 310,188 |

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

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 and 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. The 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 (previously allocated to the investment and asset management segment).

2023 2022
£000 £000

Reconciliation of profit before tax

| | | |
|------------------------|----------------|---------|
| Total segments | 26,327 | 26,328 |
| Deferred consideration | (6,865) | (9,664) |

| | | |
|---|----------------|---------|
| as remuneration | | |
| Depreciation | (2,476) | (2,762) |
| Acquisition-related costs | (1,505) | (3,408) |
| Professional indemnity insurance | (1,404) | (1,397) |
| Irrecoverable VAT | (1,349) | (1,431) |
| Finance costs | (1,126) | (1,006) |
| Amortisation and impairment | (1,178) | (331) |
| Loss on disposal of investment in own shares | (116) | - |
| Bank charges | (54) | (36) |
| Foreign exchange loss | (10) | - |
| Profit on disposal of property, plant and equipment | 90 | 3 |
| Finance income | 545 | 79 |
| Share of profit from associate, net of tax | 974 | 1,614 |
| Group profit before tax | 11,853 | 7,989 |

Country-by-country reporting

HM Treasury has transposed the requirements set out under the Capital Requirements Directive IV ("CRD IV") and issued the Capital Requirements Country-by-Country Reporting Regulations 2013, effective 1 January 2014. The legislation requires Mattioli Woods plc (together with its subsidiaries) to publish certain additional information split by country, on a consolidated basis, for the year ended 31 May 2023.

Mattioli Woods plc and its subsidiaries (see Note 18) are all incorporated in and operate from the United Kingdom. All employees (see Note 11) of the Group hold contracts of employment in the United Kingdom. All turnover (revenue) and profit before tax is recognised on activities based in the United Kingdom. All tax paid and any subsidies received are paid to and received from UK institutions.

7. Auditor's remuneration

Remuneration paid by the Group to its current auditor, Moore Kingston Smith LLP, for the audit of the financial statements, fees other than for the audit of the financial statements and the total of non-audit fees for the Group were as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| | £000 | £000 |
| <i>Audit services:</i> | | |
| Audit of the financial statements of the Company | 122 | 110 |
| Audit of the financial statements of subsidiaries | 148 | 130 |
| | 270 | 240 |
| <i>Audit-related services:</i> | | |
| Other assurance - CASS reporting | 10 | 10 |
| Interim review (prior year relates | 20 | 40 |

to Deloitte
LLP)

| | | |
|--|------------|-----|
| | 30 | 50 |
| | 300 | 290 |

8. Finance revenue

| | 2023 | 2022 |
|---|-------------|------|
| | £000 | £000 |
| Bank interest receivable | 263 | 31 |
| Other interest receivable | 268 | 14 |
| Unwinding of discount on finance lease receivable | 14 | 31 |
| Dividend income | - | 3 |
| | 545 | 79 |

9. Finance costs

| | 2023 | 2022 |
|---|--------------|-------|
| | £000 | £000 |
| Unwinding of discount on provisions (Note 26) | 993 | 904 |
| Unwinding of discount on lease liabilities | 133 | 96 |
| Interest payable | - | 6 |
| | 1,126 | 1,006 |

10. Operating profit

| | 2023 | 2022 |
|---|-------------|------|
| | £000 | £000 |
| <i>Included in operating profit before financing:</i> | | |

| | | |
|---|----------------|---------|
| Depreciation and impairment of tangible assets (Note 15) | (1,487) | (1,625) |
| Depreciation and impairment of right-of-use assets (Note 16) | (987) | (1,137) |
| Amortisation and impairment of intangible assets (Note 17,18) | (9,036) | (7,546) |

11. Employee benefits expense

The average monthly number of employees during the year was:

| Group | <i>Group</i> | Company | <i>Company</i> |
|--------------|--------------|----------------|----------------|
| 2023 | 2022 | 2023 | 2022 |
| No. | No. | No. | No. |

| | | | | |
|-------------------------|------------|-----|------------|-----|
| Executive Directors | 4 | 4 | 4 | 4 |
| Non-executive Directors | 5 | 5 | 5 | 5 |
| Consultants | 167 | 169 | 117 | 127 |
| Administrators | 312 | 271 | 256 | 225 |
| Support staff | 389 | 351 | 265 | 248 |
| | 877 | 800 | 647 | 609 |

Staff costs for the above persons were:

| | Group 2023 £000 | <i>Group 2022 £000</i> | Company 2023 £000 | <i>Company 2022 £000</i> |
|----------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Wages and salaries | 50,845 | 51,164 | 32,729 | 32,261 |
| Social security costs | 5,649 | 4,988 | 3,497 | 3,646 |
| Pension costs and life insurance | 3,253 | 1,976 | 1,535 | 1,388 |
| Other staff costs | 1,117 | 1,443 | 995 | 1,360 |
| | 60,864 | 59,571 | 38,756 | 38,655 |

In addition, the cost of share-based payments disclosed separately in the consolidated statement of comprehensive income was £1,992,000 (2022: £1,729,000), and the cost of contingent consideration treated as remuneration disclosed separately in the consolidated statement of comprehensive income was £6,865,000 (2022: £9,664,000).

Details of the remuneration payable to each Director in respect of the year ended 31 May 2023 is disclosed in the Directors' Remuneration Report

| | 2023 £000 | <i>2022 restated £000</i> |
|---------------------------------------|----------------------|-----------------------------------|
| Emoluments | 2,954 | 2,969 |
| Benefits in kind | 66 | 51 |
| Market value of share options vesting | 61 | 192 |
| | 3,081 | 3,212 |

Four directors (2022: four) accrued benefits under personal pension schemes, or through an equivalent cash award when they have reached their maximum lifetime allowance. During the year 170,000 share options were issued to directors (2022: 235,000) and directors exercised 50,000 share options (2022: 203,016). The aggregate amount of gains made by directors on the exercise of share options during the year was £328,000 (2022: £1,629,000). For terms of share options awarded, please see Note 20.

The amounts in respect of the highest paid director are as follows:

| | 2023 £000 | <i>2022 restated £000</i> |
|---------------------------------------|----------------------|-----------------------------------|
| Emoluments | 1,150 | 1,250 |
| Benefits in kind | 34 | 30 |
| Market value of share options vesting | 61 | 192 |
| | 1,245 | 1,472 |

The amount of gains made by the highest paid director on the exercise of share options during the year was £201,000 (2022: £1,605,000).

The Group makes discretionary and contractual payments into the personal defined contribution pension schemes of employees, and contributions are charged in the statement of comprehensive income as they become payable. The charge for the year was £2,040,000 (2022: £1,440,000).

12. Income tax

The major components of income tax expense for the years ended 31 May 2023 and 2022 are:

| <i>Consolidated statement of comprehensive income</i> | 2023 £000 | 2022 £000 |
|--|----------------------------|--------------|
| Current tax | 5,741 | 5,092 |
| Under provision in prior periods | 36 | 6 |
| | 5,777 | 5,098 |
| Deferred tax credit | (1,532) | (1,132) |
| Adjustments in respect of change in tax rate | 2 | (161) |
| Adjustments in respect of prior periods | (46) | 65 |
| Income tax expense reported in the statement of comprehensive income | 4,201 | 3,870 |

The over provision for current tax in prior periods includes £nil (2022: £118,000) arising from a Research and Development tax credits in respect of the financial years ended 31 May 2022 (2022: year ended 31 May 2021).

For the year ended 31 May 2023, the current tax credit on the Group's share-based payment arrangements recognised directly in equity was £8,605 (2022: £141,000). The deferred tax charged on the Group's outstanding share-based payment arrangements recognised directly in equity was £27,000 (2022: £13,000).

Factors affecting the tax charge for the period

The tax charge assessed for the period is higher (2022: higher) than the blended standard rate of corporation tax in the UK of 20.0% (2022: 19.0%). The differences are explained below:

| | 2023 £000 | 2022 £000 |
|--|----------------------------|--------------|
| Accounting profit before income tax | 11,853 | 7,989 |
| Multiplied by blended standard rate of UK corporation tax of 20.0% (2022: 19.0%) | 2,371 | 1,518 |
| Effects of: | | |
| Expenses not deductible for tax | 1,928 | 2,767 |
| Effects of changes in tax rates | (93) | (161) |
| Deferred tax on share options | 73 | (6) |
| Income not taxable | (219) | (307) |
| Under/(over) provision in prior periods | (10) | 71 |

Deferred tax assets not recognised **18** (12)

Income tax expense for the year **4,201** 3,870

Effective income tax rate **35.4%** 49.1%

Deferred income tax

Deferred income tax at 31 May relates to the following:

| | Group | <i>Group</i> | Company | <i>Company</i> |
|--|--------------|--------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |

Deferred income tax liability

Temporary differences

on:

Acquired intangibles **(28,623)** (27,324) **(5,704)** (6,327)

Accelerated capital allowances **(250)** (150) **(78)** (25)

Deferred tax liability **(28,873)** (27,474) **(5,782)** (6,352)

Deferred income tax asset

Temporary differences

on:

Provisions **63** 316 **39** 291

Share-based payments **632** 460 **632** 460

Deferred tax asset **695** 776 **671** 751

Net deferred tax liability **(28,178)** (26,698) **(5,092)** (5,601)

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.

The primary components of the entity's recognised deferred tax assets include temporary differences related to share-based payments, provisions and other items. The primary components of the entity's deferred tax liabilities include temporary differences related to property, plant and equipment and intangible assets. The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

The recognition of deferred tax in the statement of comprehensive income arises from the origination and the reversal of temporary differences and the effects of changes in tax rates. The total deferred tax movement in the statement of financial position is summarised as follows:

| | 2023 | 2022 |
|--|-------------|------|
| | £000 | £000 |

Opening net deferred tax liability **(26,698)** (8,491)

Credit/(debit) recognised in statement of comprehensive income **1,576** 1,228

Deferred tax **(28)** (13)

| | | |
|---|-----------------|----------|
| charge recognised in equity Movement arising from transfer of trade | - | - |
| Deferred tax arising on acquisitions or disposal of trade | (3,028) | (19,422) |
| Closing net deferred tax liability | (28,178) | (26,698) |

There are no income tax consequences for the Group attaching to the payment of dividends by Mattioli Woods plc to its shareholders in either 2022 or 2023.

Impact of future tax changes

Deferred taxation assets and liabilities have been revalued by taking into account the corporation tax rate of 25% from The Finance (No. 2) Bill 2019-21.

13. 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 nil (2022: 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:

| | 2023 | 2022 |
|---|---------------|--------|
| | £000 | £000 |
| Net profit and diluted net profit attributable to equity holders of the Company | 7,634 | 4,098 |
| Weighted average number of ordinary shares: | 000s | 000s |
| Issued ordinary shares at start of period | 51,036 | 28,251 |
| Effect of shares issued during the year | 84 | 21,142 |
| Basic weighted average number of shares | 51,120 | 49,393 |
| Effect of dilutive options at the statement of financial position date | 118 | 81 |
| Diluted weighted | 51,238 | 49,474 |

average
number of
shares

**Earnings per
ordinary
share:**

| | | |
|-----------------|-------------|-----|
| Basic (pence) | 14.9 | 8.3 |
| Diluted (pence) | 14.9 | 8.3 |

The Company has granted options under the Share Option Plan, the Consultants' Share Option Plan and the LTIP to certain of its senior managers and directors to acquire (in aggregate) up to 2.06% of its issued share capital (see Note 20). Under IAS 33 'Earnings Per Share', contingently issuable ordinary shares are treated as outstanding and are included in the calculation of diluted earnings per share if the conditions (the events triggering the vesting of the option) are satisfied. At 31 May 2023, the conditions attached to 1,280,000 options granted under the LTIP were not satisfied (2022: 970,100). If the conditions had been satisfied, diluted earnings per share would have been 15.8p per share (2022: 8.1p).

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 39,723 ordinary shares under the Mattioli Woods plc Share Incentive Plan; and
- The issue of nil ordinary shares to satisfy the exercise of share options under the LTIP.

14. Dividends paid and proposed

| | | |
|--|-------------|------|
| | 2023 | 2022 |
| | £000 | £000 |

*Declared
and paid
during the
year:*

| | | |
|---|--------------|-------|
| Equity dividends on ordinary shares: | | |
| - Final dividend for 2022: 17.8p (2021: 13.5p) | 9,093 | 6,818 |
| - Interim dividend for 2023: 8.8p (2022: 8.3p) | 4,505 | 4,223 |

| | | |
|-------------------|---------------|--------|
| Dividends paid | 13,598 | 11,041 |
|-------------------|---------------|--------|

*Proposed for
approval by
shareholders
at the AGM:*

| | | |
|---|--------------|-------|
| Final dividend for 2023: 18.0p (2022: 17.8p) | 9,196 | 9,094 |
|---|--------------|-------|

15. Property, plant and equipment

| <i>Group</i> | | <i>Land and buildings</i> | <i>Computer and office equipment</i> | <i>Fixtures and fittings</i> | <i>Motor vehicles</i> | <i>Total</i> |
|---------------------------------------|--|-----------------------------------|--|--------------------------------------|---------------------------|--------------|
| | | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| <i>Gross carrying amount:</i> | | | | | | |
| At 1 June 2021 | | 10,780 | 2,107 | 4,972 | 1,471 | 19,330 |
| Additions | | - | 247 | 181 | 573 | 1,001 |
| Arising on acquisitions | | - | 426 | 95 | -- | 521 |
| Disposals | | - | - | - | (257) | (257) |
| At 31 May 2022 | | 10,780 | 2,780 | 5,248 | 1,787 | 20,595 |

| | | | | | |
|-------------------------|---|------|-----|-------|-------|
| Additions | - | 409 | 229 | 758 | 1,396 |
| Arising on acquisitions | - | 22 | 8 | 530 | 560 |
| Disposals | - | (38) | (5) | (450) | (493) |

At 31 May 2023

Depreciation:
At 1 June 2021

| | | | | | |
|----------------------|-----|-------|-------|-------|-------|
| | 672 | 1,392 | 2,327 | 599 | 4,990 |
| Charged for the year | 199 | 361 | 831 | 232 | 1,623 |
| On disposals | - | - | - | (144) | (144) |

At 31 May 2022

| | | | | | |
|-------------------------|-----|-----|-----|-------|-------|
| Charged for the year | 163 | 381 | 647 | 296 | 1,487 |
| On disposals | - | (3) | (2) | (282) | (287) |
| Arising on acquisitions | | | | 397 | 397 |

At 31 May 2023

Carrying amount:

At 31 May 2023

At 31 May 2022

At 31 May 2021

| <i>Company</i> | <i>Computer and office equipment</i> £000 | <i>Fixtures and fittings</i> £000 | <i>Motor vehicles</i> £000 | <i>Total</i> £000 |
|----------------|--|--------------------------------------|-------------------------------|----------------------|
|----------------|--|--------------------------------------|-------------------------------|----------------------|

Gross carrying amount:

At 1 June 2021

| | | | | |
|-----------|-------|-------|-------|-------|
| | 1,889 | 2,044 | 1,476 | 5,409 |
| Additions | 221 | 165 | 573 | 959 |
| Disposals | - | - | (257) | (257) |

At 31 May 2022

| | | | | |
|-----------|------|-----|-------|-------|
| Additions | 350 | 222 | 758 | 1,330 |
| Disposals | (25) | (5) | (450) | (480) |

At 31 May 2023

Depreciation:

At 1 June 2021

| | | | | |
|----------------------|-------|-------|-------|-------|
| | 1,194 | 1,138 | 606 | 2,938 |
| Charged for the year | 244 | 388 | 232 | 864 |
| On disposals | - | - | (144) | (144) |

At 31 May 2022

| | | | | |
|----------------------|------|-----|-------|-------|
| Charged for the year | 250 | 221 | 296 | 767 |
| On disposals | (16) | (2) | (282) | (300) |

At 31 May

1,672 1,745 708 4,125

| 2023 | | | | | | |
|-------------------------|--|--|------------|------------|--------------|--------------|
| <i>Carrying amount:</i> | | | | | | |
| At 31 May 2023 | | | 763 | 681 | 1,392 | 2,836 |
| At 31 May 2022 | | | 672 | 683 | 1,098 | 2,453 |
| At 31 May 2021 | | | 695 | 906 | 870 | 2,472 |

16. Right-of-use assets

| <i>Group</i> | <i>Properties £000</i> | <i>Computer and office equipment £000</i> | <i>Total £000</i> |
|-----------------------------------|----------------------------|---|-----------------------|
| <i>Gross carrying amount:</i> | | | |
| At 1 June 2021 | 3,384 | 717 | 4,101 |
| Additions Arising on acquisitions | - | - | 2,344 |
| Changes in value | (65) | - | (65) |
| At 31 May 2022 | 5,663 | 717 | 6,380 |
| Arising on acquisitions | 1,004 | - | 1,004 |
| Changes in value | 151 | - | 151 |
| Disposals | (435) | - | (435) |
| At 31 May 2023 | 6,383 | 717 | 7,100 |
| <i>Depreciation:</i> | | | |
| At 1 June 2021 | 1,499 | 422 | 1,921 |
| Charged for the period | 904 | 233 | 1,137 |
| At 31 May 2022 | 2,403 | 655 | 3,058 |
| Charged for the period | 925 | 62 | 987 |
| At 31 May 2023 | 3,328 | 717 | 4,045 |
| <i>Carrying amount:</i> | | | |
| At 31 May 2023 | 3,035 | - | 3,035 |
| At 31 May 2022 | 3,260 | 62 | 3,322 |
| At 31 May 2021 | 1,885 | 295 | 2,180 |

*Computer
and office
equipment*

Properties *equipment* *Total*

| <i>Company</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
|-------------------------------|--------------|-------------|--------------|
| <i>Gross carrying amount:</i> | | | |
| At 1 June 2021 | 2,819 | 717 | 3,536 |
| Changes in value | (46) | - | (46) |
| At 31 May 2022 | 2,773 | 717 | 3,490 |
| Additions | 801 | - | 801 |
| Changes in value | 65 | - | 65 |
| At 31 May 2023 | 3,639 | 717 | 4,356 |
| Depreciation: | | | |
| At 1 June 2021 | 1,291 | 422 | 1,713 |
| Charged for the period | 478 | 233 | 711 |
| At 31 May 2022 | 1,769 | 655 | 2,424 |
| Charged for the period | 464 | 62 | 526 |
| At 31 May 2023 | 2,233 | 717 | 2,950 |
| Carrying amount: | | | |
| At 31 May 2023 | 1,406 | - | 1,406 |
| At 31 May 2022 | 1,004 | 62 | 1,066 |
| At 31 May 2021 | 1,528 | 295 | 1,823 |

17. Intangible assets

| <i>Group</i> | <i>Internally generated software</i> | <i>Software portfolios</i> | <i>Client Brand</i> | <i>Goodwill</i> | <i>Other</i> | <i>Total</i> | |
|-------------------------------|--------------------------------------|----------------------------|---------------------|-----------------|--------------|--------------|---------|
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | |
| <i>Gross carrying amount:</i> | | | | | | | |
| At 1 June 2021 | 2,132 | 1,931 | 57,549 | - | 17,896 | 35 | 79,543 |
| Arising on acquisitions | - | - | 77,144 | 1,951 | 65,620 | - | 144,715 |
| Additions | 427 | - | 1,261 | - | - | - | 1,688 |
| Disposals | - | - | - | - | - | (35) | (35) |
| At 31 May 2022 | 2,559 | 1,931 | 135,954 | 1,951 | 83,516 | - | 225,911 |
| Arising on acquisitions | - | - | 11,510 | - | 5,407 | - | 16,917 |
| Additions | - | 557 | - | - | - | - | 557 |
| Disposals | - | (449) | - | - | - | - | (449) |

| | | | | | | | |
|-----------------------|--------------|--------------|----------------|--------------|---------------|----------|----------------|
| At 31 May 2023 | 2,559 | 2,039 | 147,464 | 1,951 | 88,923 | - | 242,936 |
|-----------------------|--------------|--------------|----------------|--------------|---------------|----------|----------------|

Amortisation and impairment:

| | | | | | | | |
|----------------|-------|-------|--------|---|---|----|--------|
| At 1 June 2021 | 1,071 | 1,326 | 16,643 | - | - | 35 | 19,075 |
|----------------|-------|-------|--------|---|---|----|--------|

| | | | | | | | |
|---------------------|-----|-----|-------|----|---|---|-------|
| Charge for the year | 219 | 112 | 7,126 | 89 | - | - | 7,547 |
|---------------------|-----|-----|-------|----|---|---|-------|

| | | | | | | | |
|-----------|---|---|---|---|---|------|------|
| Disposals | - | - | - | - | - | (35) | (35) |
|-----------|---|---|---|---|---|------|------|

| | | | | | | | |
|----------------|-------|-------|--------|----|---|---|--------|
| At 31 May 2022 | 1,290 | 1,438 | 23,769 | 89 | - | - | 26,586 |
|----------------|-------|-------|--------|----|---|---|--------|

| | | | | | | | |
|------------------------------|-----|-----|-------|---|---|---|-------|
| Amortisation during the year | 254 | 261 | 7,858 | - | - | - | 8,373 |
|------------------------------|-----|-----|-------|---|---|---|-------|

| | | | | | | | |
|-----------|---|-------|---|---|---|---|-------|
| Disposals | - | (404) | - | - | - | - | (404) |
|-----------|---|-------|---|---|---|---|-------|

| | | | | | | | |
|-----------------------|--------------|--------------|---------------|-----------|----------|----------|---------------|
| At 31 May 2023 | 1,544 | 1,295 | 31,627 | 89 | - | - | 34,555 |
|-----------------------|--------------|--------------|---------------|-----------|----------|----------|---------------|

Carrying amount:

| | | | | | | | |
|-----------------------|--------------|------------|----------------|--------------|---------------|----------|----------------|
| At 31 May 2023 | 1,015 | 744 | 115,837 | 1,862 | 88,923 | - | 208,381 |
|-----------------------|--------------|------------|----------------|--------------|---------------|----------|----------------|

| | | | | | | | |
|----------------|-------|-----|---------|-------|--------|---|---------|
| At 31 May 2022 | 1,269 | 493 | 112,185 | 1,862 | 83,516 | - | 199,325 |
|----------------|-------|-----|---------|-------|--------|---|---------|

| | | | | | | | |
|----------------|-------|-----|--------|---|--------|---|--------|
| At 31 May 2021 | 1,061 | 605 | 40,906 | - | 17,896 | - | 60,468 |
|----------------|-------|-----|--------|---|--------|---|--------|

| <i>Company</i> | <i>Internally generated software</i> £000 | <i>Software</i> £000 | <i>Client portfolios</i> £000 | <i>Goodwill</i> £000 | <i>Total</i> £000 |
|-------------------------------|--|-------------------------|----------------------------------|-------------------------|----------------------|
| <i>Gross carrying amount:</i> | | | | | |
| At 1 June 2021 | 2,132 | 1,768 | 42,581 | 28,516 | 74,997 |
| Additions | 427 | - | - | - | 427 |
| At 31 May 2022 | 2,559 | 1,768 | 42,581 | 28,516 | 75,424 |
| Additions | 557 | - | - | - | 557 |
| Disposals | - | (449) | - | - | (449) |
| At 31 May 2023 | 3116 | 1,319 | 42,581 | 28,516 | 75,532 |

Amortisation and impairment:

| | | | | | |
|----------------|-------|-------|--------|---|--------|
| At 1 June 2021 | 1,071 | 1,213 | 12,158 | - | 14,442 |
|----------------|-------|-------|--------|---|--------|

| | | | | | |
|---------------------|-----|-----|-------|---|-------|
| Charge for the year | 219 | 101 | 2,643 | - | 2,963 |
|---------------------|-----|-----|-------|---|-------|

| | | | | | |
|----------------|-------|-------|--------|---|--------|
| At 31 May 2022 | 1,290 | 1,314 | 14,801 | - | 17,405 |
|----------------|-------|-------|--------|---|--------|

| | | | | | |
|------------------------------|-----|----|-------|---|-------|
| Amortisation during the year | 254 | 85 | 2,599 | - | 2,938 |
|------------------------------|-----|----|-------|---|-------|

| | | | | | |
|---------------------------|---|-------|---|---|-------|
| Disposals during the year | - | (282) | - | - | (282) |
|---------------------------|---|-------|---|---|-------|

17,400

| | | | | | |
|-------------------------|--------------|--------------|---------------|-----------------|---------------|
| At 31 May 2023 | 1,544 | 1,117 | | - 20,061 | |
| <i>Carrying amount:</i> | | | | | |
| At 31 May 2023 | 1,572 | 202 | 25,181 | 28,516 | 55,471 |
| At 31 May 2022 | 1,269 | 454 | 27,780 | 28,516 | 58,019 |
| At 31 May 2021 | 1,061 | 555 | 30,423 | 28,516 | 60,555 |

Software

Software is amortised over its useful economic life of four years on a reducing balance basis. Internally-generated software represents the development costs of the Group's bespoke customer relationship management, administration and trading platform. The Directors believe this technology will be the principal technology platform used throughout the Group for the foreseeable future. Internally-generated software is amortised on a straight-line basis over an estimated useful life of 10 years.

Client portfolios

Client portfolios represent individual client portfolios acquired through business combinations. Client portfolios are amortised on a straight-line basis over an estimated useful life of between 10 and 25 years, based on the Group's historic experience.

Goodwill

Goodwill arises where the price paid for an acquisition is greater than the fair value of the net assets acquired. Goodwill arising on business combinations is subject to annual impairment testing (see Note 19).

18. Investments

Details of the investments in related entities, comprising subsidiaries, associates and other significant holdings in which the Group holds 20% or more of the nominal value of any class of share capital, are included in the appendices to the annual report and accounts

Investments in subsidiaries

| <i>Investments in subsidiaries</i> | <i>Company £000</i> |
|---|-------------------------|
| At 1 June 2021 | 39,805 |
| Investment in Maven Capital Partners UK LLP | 89,370 |
| Investment in Richings Financial Management Limited | 1,567 |
| Investment in LWMG Topco Limited | 28,550 |
| Reduction in value of Hurley Partners Limited | (17,417) |
| Reduction in value of Broughtons Financial Planning Limited | (4,326) |
| Strike-off of other dormant subsidiaries | (41) |
| At 31 May 2022 | 137,508 |
| Investment in Doherty Pension & | 22,101 |

| | |
|----------------|---------|
| Investment | |
| Consultancy | (7,000) |
| Impairment of | 1,197 |
| Doherty to | (675) |
| Mattioli Woods | |
| (company | |
| dividend) | |
| Investment in | |
| White | |
| Mortgages | |
| Impairment of | |
| White | |
| Mortgages to | |
| Mattioli Woods | |
| (company | |
| dividend) | |

At 31 May 2023 **153,131**

Investment in associate

The Group holds 49% of the ordinary share capital of Amati Global Investors Limited ("Amati"), with the remaining 51% of the ordinary share capital held by Amati Global Partners LLP.

Amati is an independent specialist fund management business managing funds investing in small and mid-sized companies. Amati's gross assets under management at 31 May 2023 was £914m (2022: £1,208m) comprising: Amati AIM VCT plc, Amati AIM IHT Portfolio Service, TB Amati UK Smaller Companies Fund, TB Amati Strategic Metals Fund and TB Amati Strategic Innovation Fund.

The Group exercises significant influence by virtue of its contractual right to appoint a minority of directors to Amati's board of directors. The Group has no other rights that would allow it to exercise control over Amati's operations. Therefore, the Group is not judged to control Amati and it is not consolidated.

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

| | 2023 | 2022 |
|---|--------------|---------|
| | £000 | £000 |
| <i>Investment in associate - Group and Company</i> | | |
| At 1 June | 4,165 | 4,295 |
| Share of profit for the year | 1,029 | 1,672 |
| Amortisation of fair value intangibles | (68) | (68) |
| Share of other comprehensive income | (18) | (19) |
| Dividends received from associate | (980) | (1,715) |
| At 31 May | 4,128 | 4,165 |
| <i>Share of profit from associates in statement of comprehensive income</i> | | |
| Share of profit for the year | 1,029 | 1,672 |
| Amortisation of fair value intangibles | (68) | (68) |
| Elimination of transactions with associate | 13 | 10 |
| | 974 | 1,614 |

Other comprehensive income represents the Company's share of revaluation gains and losses on financial assets designated as fair value through profit and loss by Amati.

The results of Amati and its aggregated assets and liabilities as at 31 May 2023 are as follows:

| <i>Name</i> | <i>Country of incorporation</i> | <i>Assets £000</i> | <i>Liabilities £000</i> | <i>Revenue £000</i> | <i>Profit £000</i> | <i>Interest held</i> |
|--------------------------------|---------------------------------|--------------------|-------------------------|---------------------|--------------------|----------------------|
| Amati Global Investors Limited | Scotland | 5,688 | 2,162 | 10,291 | 2,100 | 49% |
| Group's share of profit | | | | | 1,029 | |

The net assets of Amati as at 1 June 2022 were £3,462,000. At 31 May 2023, the net assets of Amati were £3,526,000 following payment of dividends of £2,000,000 and other increases in net assets of £2,064,000, increasing the Group's interest in the associate (net of tax) by £1,011,000 during the year, 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

| | <i>Group £000</i> | <i>Company £000</i> |
|----------------------------------|-------------------|---------------------|
| At 1 June 2021 | 526 | 526 |
| Arising on acquisition of Maven | 3,909 | - |
| Additions | 1,574 | 1,000 |
| Disposals | (279) | - |
| Revaluation | 32 | - |
| At 31 May 2022 | 5,762 | 1,526 |
| Additions | 193 | - |
| Acquisition | 4 | - |
| Disposals | (264) | - |
| Impairment charge | - | (663) |
| Revaluation | (750) | - |
| At 31 May 2023 | 4,945 | 863 |
| Listed investments 2023 | 2,732 | - |
| Unlisted investments 2023 | 2,213 | 863 |
| At 31 May 2023 | 4,945 | 863 |
| Current 2023 | 246 | - |
| Non-current 2023 | 4,699 | 863 |
| At 31 May 2023 | 4,945 | 863 |
| Current 2022 | 253 | |
| Non-current 2022 | 5,509 | 1,526 |
| At 31 May 2022 | 5,762 | 1,526 |

On 29 September 2021, the Company increased its investment in Tiller Group Limited ("Tiller") as part of a new strategic relationship to develop a digital, self-investment application. The investment sees the Company increase its shareholding to 9.9%, through a subscription of new shares in Tiller.

Tiller provides a software as a service ("SaaS") wealth management platform designed specifically for wealth managers and other regulated financial services businesses. We will work closely with Tiller to develop its market-leading, automated investment management platform that will extend our discretionary investment management services to a new range of clients. At 31 May 2023, these shares are included within investments at a value of £837,000 (2022: £1,500,000).

At 31 May 2023, the Company owned 9.40% (2022: 9.40%) of the shareholding in MW Properties (No.25) Limited ("MWPS25"), acquired at a total cost of £91,000. At 31 May 2023, these shares are included within investments at a value of £26,000 (2022: £26,000).

Other fixed asset investments held by the Group of £4,082,000 at 31 May 2023 include the following:

- Listed investments valued at £2,732,000 (2022: £2,991,000), predominantly comprising Maven's holding of shares in the four listed VCTs for which Maven acts as fund manager (Maven Income and Growth VCT PLC, Maven Income and Growth VCT 3 PLC, Maven Income and Growth VCT 4 PLC, Maven Income and Growth VCT 5 PLC); and
- Unlisted investments valued at £1,349,000 (2022: £1,244,000), predominantly comprising Maven's holdings of its seven regional funds.

19. Impairment of goodwill and client portfolio intangible assets

Intangible assets (goodwill, client portfolios, brand and software assets) and right-of-use assets, offset by deferred tax liabilities recognised in relation to acquired intangible assets and lease liabilities, are allocated to the cash-generating units comprising the acquired businesses. Allocation of intangible assets to cash-generating units is based on headcount or revenues at the date of acquisition, whereas allocation of right-of-use assets and lease liabilities reflects latest usage based on headcount. 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 five operating segments, which represent the smallest individual groups of assets generating cash flows. The assets, as set out above, have been allocated between the Group's operating segments for impairment testing, as follows:

| <i>Group</i> | <i>Pension consultancy and admin £000</i> | <i>Investment and asset management £000</i> | <i>Private equity asset management £000</i> | <i>Property management £000</i> | <i>Employee benefits £000</i> | <i>Total £000</i> |
|---|---|---|---|---|---------------------------------------|-----------------------|
| Goodwill | 5,489 | 37,414 | 39,787 | 188 | 638 | 83,516 |
| Client portfolios | 8,921 | 47,245 | 51,465 | 524 | 4,030 | 112,185 |
| Brand | - | - | 1,862 | - | - | 1,862 |
| Software | 1,560 | 136 | - | 51 | 15 | 1,762 |
| Right-of-use assets | 308 | 704 | 1,708 | 14 | 587 | 3,322 |
| Deferred tax liabilities on acquired intangible assets | (857) | (7,200) | (12,940) | - | - | (20,997) |
| Lease liabilities | (347) | (879) | (1,818) | (20) | (693) | (3,757) |
| At 31 May 2022 | 15,074 | 77,420 | 80,064 | 757 | 4,577 | 177,893 |
| Goodwill | 5,490 | 42,820 | 39,787 | 188 | 638 | 88,923 |
| Client portfolios | 8,690 | 53,120 | 49,939 | 463 | 5,442 | 117,654 |
| Brand | - | - | 1,764 | - | - | 1,764 |
| Software | 1,680 | 76 | - | 38 | 9 | 1,803 |
| Right-of- use assets | 446 | 1,056 | 1,057 | 89 | 386 | 3,034 |
| Deferred tax liabilities on acquired intangible assets | (802) | (10,177) | (12,228) | - | - | (23,207) |
| Lease liabilities | (490) | (1,168) | (1,109) | (88) | (501) | (3,356) |
| At 31 May 2023 | 15,014 | 85,727 | 79,210 | 690 | 5,974 | 186,615 |

| <i>Company</i> | <i>Pension consultancy and admin £000</i> | <i>Investment and asset management £000</i> | <i>Private equity asset management £000</i> | <i>Property management £000</i> | <i>Employee benefits £000</i> | <i>Total £000</i> |
|----------------------------|---|---|---|---------------------------------|-------------------------------|-------------------|
| Goodwill | 6,211 | 18,461 | - | 188 | 3,656 | 28,516 |
| Client portfolios | 5,401 | 17,825 | - | 524 | 4,030 | 27,780 |
| Software | 1,560 | 136 | - | 12 | 15 | 1,723 |
| Right-of-use assets | 299 | 338 | - | 12 | 417 | 1,066 |
| Lease liabilities | (352) | (516) | - | (17) | (511) | (1,396) |
| At 31 May 2022 | 13,119 | 36,244 | - | 719 | 7,607 | 57,689 |
| Goodwill | 6,211 | 18,461 | - | 188 | 3,656 | 28,516 |
| Client portfolios | 4,698 | 16,386 | - | 463 | 3,634 | 25,181 |
| Software | 1,680 | 76 | - | 8 | 9 | 1,773 |
| Right-of-use assets | 435 | 617 | 25 | 87 | 242 | 1,406 |
| Lease liabilities | (477) | (753) | (28) | (86) | (343) | (1,687) |
| At 31 May 2023 | 12,547 | 34,787 | (3) | 660 | 7,198 | 55,189 |

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 15.3% (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 budget for the three years to 31 May 2026, extrapolated for a further two years assuming medium-term growth of 5.0% (2022: 5.0%) and a long-term growth rate of 2.0% (2022: 2.0%), which management considers conservative against actual average long-term growth rates.

The value in use calculated at 31 May 2023 was £366.9m. Comparing this to the net asset value of the operating segments identified above, the Directors believe the value of goodwill is not impaired at 31 May 2023. This accounting treatment resulted in an impairment loss of £nil (2022: £nil).

Discount rate sensitivity of +2.0% 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 cash flows derived from each operating segment.

The sensitivity of the value in use calculated at 31 May 2023 to changes in the key assumptions is as follows:

| <i>Assumption</i> | <i>Base assumption</i> | <i>Change in assumption</i> | <i>Increase/(decrease) in value in use £m</i> |
|-------------------------|------------------------|-----------------------------|---|
| Discount rate | 15.3% | | (48.2) |
| Years 1-3 cash flows | Var. | +2.0% | (18.4) |
| Medium-term growth rate | 5.0% | -5.0% | (26.6) |
| Long-term growth rate | 2.0% | -5.0% | (45.9) |
| | | -2.0% | |

None of these individual sensitivities would result in an impairment in the value in use of any operating segment.

20. Share-based payments

Share-based payments expense

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

| | 31 May 2023 | <i>31 May 2022</i> |
|--------------------------|-------------------------------------|-------------------------------------|
| | Equity- settled £000 | <i>Equity- settled £000</i> |
| Long Term Incentive Plan | 1,614 | 1,414 |
| Share Incentive Plan | 378 | 315 |
| Total | 1,992 | 1,729 |

The share-based payment expense in respect of the LTIP for the year ended 31 May 2022 included the impact of the modification of the performance period of the 4 September 2019 Tranche B LTIP awards.

Long-Term Incentive Plan

During the year, 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. Conditional cash awards ("Cash-settled") grant participating employees a conditional right to be paid a cash amount based on the proceeds of the sale of a specified number of ordinary shares following the vesting of the award. Movements in the LTIP scheme during the period were as follows:

| <i>LTIP options</i> | 2023 Equity- settled No. | <i>2022 Equity- settled No.</i> |
|------------------------------|---|---|
| Outstanding as at 1 June | 1,051,127 | 933,809 |
| Granted during the year | 450,000 | 488,000 |
| Exercised during the year | (82,768) | (353,182) |
| Forfeited during the year | (20,422) | (17,500) |
| Outstanding at 31 May | 1,397,937 | 1,051,127 |
| Exercisable at 31 May | 117,937 | 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 above represent the maximum opportunity for the participants in the LTIP.

| <i>Date of grant</i> | <i>Exercise price</i> | <i>At 1 June 2022 No.</i> | <i>Granted during the period No.</i> | <i>Forfeited & lapsed during the period No.</i> | <i>Exercised during the period No.</i> | At 31 May 2023 No. |
|----------------------|-----------------------|-----------------------------------|--|---|--|-----------------------------------|
| 15 October 2015 | £0.01 | 310 | - | - | (310) | - |
| 6 September 2016 | £0.01 | 35,659 | - | (20,122) | (558) | 14,979 |

| | | | | | | |
|------------------------------|-------|------------------|----------------|-----------------|-----------------|------------------|
| September 2017 | £0.01 | 9,358 | - | - | (1,400) | 7,958 |
| 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 | (20,422) | (82,768) | 1,397,937 |

The weighted average share price at the date of exercise for share options exercised during the year was £6.55 (2022: £8.43). For the share options outstanding at 31 May 2023, the weighted average exercise prices ("WAEP") was £0.01 (2022: £0.01), and the weighted average remaining contractual life is 2.14 years (2022: 2.20 years).

As a result of the exercise of 82,768 (2022: 353,182) share options and lapse of 20,122 share options (2022: nil) 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 £595,000 (2022: £2,175,000).

Income tax and employee National Insurance contributions payable by the participant on exercise of a share option are borne by the participant, employer National Insurance contributions payable on exercise are borne by the Company and provided for over the vesting period (Note 26).

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 year ended 31 May 2023:

| | <i>Tranche A</i> | <i>Tranche B</i> |
|-------------------------------------|------------------|------------------|
| 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.

The share price at 31 May 2023 and movements during the year are set out in the Directors' Remuneration Report.

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. Movements in the shares held in the SIP on behalf of employees during the year were as follows:

| <i>SIP shares</i> | 31 May 2023 No. | <i>31 May 2022 No.</i> |
|--|--------------------------------|--------------------------------|
| Scheme shares as at 1 June | 783,365 | 701,259 |
| Employee shares purchased | 86,308 | 64,186 |
| Matching shares awarded | 86,308 | 64,186 |
| Matching shares recycled | (7,454) | (8,006) |
| Reinvestment of dividends | 38,921 | 19,240 |
| Shares transferred out | (92,320) | (57,500) |
| Scheme shares at 31 May | 895,128 | 783,365 |
| Conditional matching shares at 31 May | 184,222 | 149,667 |

A total of 494 (2022: 467) employees participated in the SIP during the year.

21. Trade and other receivables (current)

| | Group 2023 £000 | Company 2023 £000 | <i>Group 2022 £000</i> | <i>Company 2022 £000</i> |
|--|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Trade receivables due from Group companies | - | 37,567 | - | 35,787 |
| Other trade receivables | 7,522 | 3,952 | 11,000 | 4,069 |
| Other receivables | 3,856 | 1,252 | 2,072 | 343 |
| Prepayments and accrued income | 19,011 | 13,409 | 15,374 | 10,684 |
| | 30,389 | 56,180 | 28,446 | 50,883 |

Trade receivables due from Group companies are recognised at amortised cost, eliminate on consolidation, and include £11.8m (2022: £12.1m) receivable from subsidiary Mattioli Woods (New Walk) Limited on which interest is incurred at the Bank of England's base rate plus a margin of 3%, and £17.4m (2022: £16.3m) receivable from subsidiary LWMG Midco Limited on which interest is incurred at the Bank of England's base rate plus a margin of 3.5%. All other balances due from Group companies incur no interest and are due on demand. None of the trade receivables from Group companies were overdue at the reporting date, and no provisions for impairment of receivables from Group companies is required on review.

Other trade receivables are non-interest bearing and are generally on 30-90 days' terms. As at 31 May 2023, the nominal value of non-related party trade receivables impaired and fully provided for, and movements in the lifetime loss provision for impairment (with no 12-month expected credit losses or transfers between stages) of receivables were as follows:

| | Group 2023 £000 | Company 2023 £000 | <i>Group 2022 £000</i> | <i>Company 2022 £000</i> |
|---------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| As at 1 | 1,936 | 1,140 | 1,412 | 1,208 |

| | | | | |
|--------------------------|--------------|--------------|-------|-------|
| June | | | | |
| Charge for year | 215 | 184 | 258 | 61 |
| Utilised during the year | (361) | (99) | 195 | (129) |
| Acquired on acquisition | - | - | 71 | - |
| At 31 May | 1,790 | 1,225 | 1,936 | 1,140 |

At 31 May 2023, the analysis of non-related party trade receivables that were past due but not impaired is as follows:

| | Total £000 | Neither past due nor impaired £000 | Past due but not impaired | | | |
|-----------------------|---------------|--|---------------------------|---------------------------|---------------------------|---------------------|
| | | | < 30 days £000 | 30- 60 days £000 | 60- 90 days £000 | >90 days £000 |
| Gross carrying amount | 9,312 | 3,775 | 2,046 | 476 | 260 | 2,755 |
| Provisions for ECL | (1,790) | (138) | (75) | (22) | (11) | (1,544) |
| At 31 May 2023 | 7,522 | 3,637 | 1,971 | 454 | 249 | 1,211 |
| Gross carrying amount | 12,936 | 4,079 | 2,649 | 2,022 | 395 | 3,791 |
| Provisions for ECL | (1,936) | (100) | (99) | (24) | (14) | (1,699) |
| At 31 May 2022 | 11,000 | 3,979 | 2,550 | 1,998 | 381 | 2,092 |

Prepayments and accrued income balances include the following contract assets accrued under IFRS 15:

| Contract assets accrued | Group £000 | Company £000 |
|---|---------------|-----------------|
| At 1 June 2022 | 12,461 | 8,368 |
| Arising from acquisitions | 239 | - |
| Net increase in contract assets accrued | 2,733 | 2,422 |
| At 31 May 2023 | 15,433 | 10,790 |

For all receivables above, including neither past due nor impaired, the carrying amount is deemed to reflect the fair value.

22. Cash and short-term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 May 2023:

| | Group 2023 £000 | Company 2023 £000 | Group 2022 £000 | Company 2022 £000 |
|---------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Cash at banks and in hand | 45,101 | 18,423 | 53,912 | 25,864 |
| Cash and | 45,101 | 18,423 | 53,912 | 25,864 |

cash
equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is £45.1m (2022: £53.9m).

23. Issued capital and reserves

| <i>Group and Company</i> | <i>Ordinary shares of 1p</i> | <i>Share capital £000</i> | <i>Share premium £000</i> | <i>Merger reserve £000</i> |
|------------------------------------|------------------------------|---------------------------|---------------------------|----------------------------|
| Issued and fully paid | | | | |
| At 1 June 2021 | 28,251,029 | 283 | 33,834 | 17,458 |
| Exercise of employee share options | 350,212 | 4 | - | - |
| Shares issued under the SIP | 139,606 | 1 | 1,098 | - |
| Shares issued for placing | 16,969,697 | 169 | 108,441 | - |
| Shares issued for consideration | 5,325,705 | 53 | - | 39,767 |
| At 31 May 2022 | 51,036,249 | 510 | 143,373 | 57,225 |
| Exercise of employee share options | 85,768 | 1 | - | - |
| Shares issued under the SIP | 204,383 | 2 | 1,265 | - |
| Shares issued for consideration | 325,998 | 3 | - | - |
| At 31 May 2023 | 51,652,398 | 517 | 144,638 | 57,225 |

Rights, preferences and restrictions on shares

All ordinary shares carry equal rights and no privileges are attached to any shares in the Company. All the shares are freely transferable, except as otherwise provided by law. However:

- The former members of Maven Capital Partners UK LLP have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 4,545,455 ordinary shares in Mattioli Woods during the four years ending 30 June 2025;
- The former shareholders of Ludlow Wealth Management Group have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 780,250 ordinary shares in Mattioli Woods during the two years ended 3 September 2023; and
- The former shareholders of Doherty Pension & Investment Consultancy have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 325,998 ordinary shares in Mattioli Woods during the two years ending 19 April 2025.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Share schemes and Share Incentive Plan

The Company has two share schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (Note 20).

The Company also operates a Share Incentive Plan. Participants in the SIP are entitled to purchase up to a prescribed number of new ordinary shares in the Company in any year. At the Directors' discretion, the Company may also award additional shares to participants in the SIP. Ordinary shares issued under the SIP rank *pari passu* with existing issued ordinary shares of the Company. Dividends paid on shares held within the SIP are used to buy new ordinary shares in the

Company of 1p each.

Own shares

| | <i>Number of shares</i> | <i>Own shares £000</i> |
|---|---------------------------------|--------------------------------|
| At 1 June 2021 and 31 May 2022 | 76,578 | 597 |
| Disposed | (76,578) | (597) |
| At 31 May 2023 | - | - |

Own shares represented the cost of the Company's own shares, either purchased in the market or issued by the Company, that are held by the Company or in an employee benefit trust to satisfy future awards under the Group's share-based payment schemes (Note 20). At 31 May 2023 nil (2022: 76,578) shares were held in the Mattioli Woods Employee Benefit Trust, representing nil% of issued share capital (2022: 0.15%).

During the year to 31 May 2023, 76,578 (2022: nil) shares were disposed of by the Mattioli Woods Employee Benefit Trust, giving rise to a loss on disposal recognised in the statement of comprehensive income of £116,000, and the proceeds of the disposal have been transferred to the Company.

Other reserves

Movements recognised in other reserves in the year are disclosed in the statement of changes in equity. The following table describes the nature and purpose of each reserve within equity:

| <i>Reserve</i> | <i>Description and purpose</i> |
|-------------------------------|---|
| Share premium | Amounts subscribed for share capital in excess of nominal value less any associated issue costs that have been capitalised. |
| Merger reserve | Where shares are issued as consideration for >90% of the shares in a subsidiary, the excess of the fair value of the shares acquired over the nominal value of the shares issued is recognised in the merger reserve. |
| Capital redemption reserve | Amounts transferred from share capital on redemption of issued shares. |
| Equity - share-based payments | The fair value of equity instruments granted by the Company in respect of share-based payment transactions less options exercised (Note 20). |
| Own shares | The cost of the Company's own shares, purchased in the market, that were held in an employee benefit trust to satisfy future awards under the Group's share-based payment schemes. |
| Revaluation reserve | The cumulative changes in fair value of financial instruments designated as fair value through other comprehensive income, including certain equity investments (Note 18). |
| Non-controlling interest | Proportion of net assets acquired, and retained profits post-acquisition, attributable to minority shareholders of subsidiaries not wholly owned by the Company. |
| Retained earnings | All other net gains and losses and transactions attributable to the shareholders of the Company (e.g. dividends) not recognised elsewhere. |

The Company has issued options to subscribe for the Company's shares under two employee share schemes (Note 20). The cost of exercised or lapsed share options has been derecognised from equity share-based payments and re-allocated to retained earnings as required by IFRS 2 'Share-based Payments'.

24. Cash flows arising from financing liabilities

The financing liabilities of the Group are £3,357,000 (2022: £3,757,000), comprising lease liabilities as disclosed in Note 27. Cash flows arising from financing liabilities include payment of lease liabilities of £1,562,000 (2022: £1,298,000).

The financing liabilities of the Company are £1,686,000 (2022: £1,396,000), comprising lease liabilities as disclosed in Note 27. Cash flows arising from financing liabilities include payment of lease liabilities of £1,134,000 (2022: £910,000).

The net cash flows from financing activities of the Group and the Company, as reported in the Statements of Cash Flows, relate entirely to financing balances reported within equity.

25. Trade and other payables

| <i>Trade and other payables</i> | Group 2023 £000 | Company 2023 £000 | <i>Group 2022 £000</i> | <i>Company 2022 £000</i> |
|---|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Trade payables due to Group companies | - | 10,009 | - | 2,093 |
| Other trade payables | 1,254 | 653 | 1,027 | 751 |
| Other taxation and social security payables | 2,951 | 2,004 | 2,632 | 1,902 |
| Other payables | 541 | 407 | 647 | 465 |
| Accruals and deferred income | 18,703 | 9,677 | 20,749 | 10,278 |
| Trade and other payables | 23,449 | 22,750 | 25,055 | 15,489 |
| Current | 23,449 | 22,750 | 25,055 | 15,489 |
| Non-current | - | - | - | - |

Trade payables due to Group companies reported by the Company incur no interest, are repayable on demand and eliminate on consolidation. Terms and conditions of the other financial liabilities set out above are as follows:

- Trade payables are non-interest bearing and are normally settled on 30-day terms;
- Other taxation and social security become interest bearing if paid late and are settled on terms of one or three months; and
- Accruals and deferred income are non-interest bearing and are normally settled monthly throughout the financial year.

26. Financial liabilities and provisions

| <i>Group</i> | <i>Contingent consideration £000</i> | <i>Contingent remuneration £000</i> | <i>Client claims £000</i> | <i>Dilapidations £000</i> | <i>Clawbacks £000</i> | <i>Employers' NIC on share options £000</i> | <i>FSCS levy £000</i> | <i>Total £000</i> |
|-------------------------|--|---|-------------------------------|-------------------------------|---------------------------|---|---------------------------|-----------------------|
| At 1 June 2021 | 2,881 | 3,991 | 2,360 | 521 | 60 | 614 | 109 | 10,536 |
| Unwinding of discount | 871 | - | - | 33 | - | - | - | 904 |
| Arising during the year | 186 | 9,664 | 1,225 | (56) | 16 | 433 | - | 11,468 |
| Arising on acquisitions | 7,375 | - | - | 324 | 65 | - | - | 7,764 |
| Paid during the year | (1,554) | (5,905) | (209) | (29) | (59) | (371) | - | (8,127) |
| Unused amounts reversed | - | - | (111) | - | - | - | (109) | (220) |
| Reclassification | (475) | - | - | - | - | - | - | (475) |
| At 31 May 2022 | 9,284 | 7,750 | 3,265 | 793 | 82 | 676 | - | 21,850 |

| | | | | | | | | |
|-------------------------|---------------|--------------|--------------|------------|------------|------------|----------|---------------|
| Unwinding of discount | 960 | - | - | 35 | - | - | - | 995 |
| Arising during the year | - | 6,865 | 784 | 116 | 43 | (150) | - | 7,658 |
| Arising on acquisitions | 5,326 | - | - | - | 21 | - | - | 5,347 |
| Paid during the year | (2,248) | (10,044) | (1,343) | (70) | - | (83) | - | (13,788) |
| Unused amounts reversed | - | - | (664) | (32) | (8) | - | - | (704) |
| Reclassification | - | - | - | - | - | - | - | - |
| At 31 May 2023 | 13,322 | 4,571 | 2,042 | 842 | 138 | 442 | - | 21,357 |
| Current 2022 | 1,605 | 7,750 | 3,265 | 283 | 67 | 269 | - | 13,239 |
| Non-current 2022 | 7,679 | - | - | 510 | 15 | 407 | - | 8,611 |
| At 31 May 2022 | 9,284 | 7,750 | 3,265 | 793 | 82 | 676 | - | 21,850 |
| Current 2023 | 10,396 | 4,571 | 2,042 | 192 | 80 | 197 | - | 17,478 |
| Non-current 2023 | 2,926 | - | - | 650 | 58 | 245 | - | 3,879 |
| At 31 May 2023 | 13,322 | 4,571 | 2,042 | 842 | 138 | 442 | - | 21,357 |

| <i>Company</i> | <i>Contingent consideration £000</i> | <i>Contingent remuneration £000</i> | <i>Client claims £000</i> | <i>Dilapidations £000</i> | <i>Clawbacks £000</i> | <i>Employers' NIC on share options £000</i> | <i>FSCS levy £000</i> | <i>Total £000</i> |
|-------------------------|--|---|-------------------------------|-------------------------------|---------------------------|---|---------------------------|-----------------------|
| At 1 June 2021 | 2,881 | 3,991 | 2,141 | 521 | 54 | 614 | 101 | 10,303 |
| Finance costs | 871 | - | - | 25 | - | - | - | 896 |
| Arising during the year | 186 | 9,664 | 1,174 | (96) | 4 | 433 | - | 11,365 |
| Arising on acquisitions | 6,774 | - | - | - | - | - | - | 6,774 |
| Paid during the year | (1,554) | (5,905) | (209) | (29) | (4) | (371) | - | (8,072) |
| Unused amounts reversed | - | - | (111) | - | - | - | (101) | (212) |
| Reclassification | (475) | - | - | - | - | - | - | (475) |
| At 31 May 2022 | 8,683 | 7,750 | 2,995 | 421 | 54 | 676 | - | 20,579 |
| Finance costs | 960 | - | - | 16 | - | - | - | 976 |
| Arising during the year | - | 6,865 | 783 | 135 | - | (150) | - | 7,633 |
| Arising on acquisitions | 5,326 | - | - | - | - | - | - | 5,326 |
| Paid during the year | (1,647) | (10,044) | (1,343) | (70) | - | (83) | - | (13,187) |
| Unused amounts reversed | - | - | (460) | (33) | - | - | - | (493) |
| At 31 May 2023 | 13,322 | 4,571 | 1,975 | 469 | 54 | 443 | - | 20,834 |
| Current 2022 | 1,605 | 7,750 | 2,995 | 285 | 54 | 269 | - | 12,958 |
| Non-current 2022 | 7,078 | - | - | 136 | - | 407 | - | 7,621 |
| At 31 May 2022 | 8,683 | 7,750 | 2,995 | 421 | 54 | 676 | - | 20,579 |
| Current 2023 | 10,396 | 4,571 | 1,975 | 187 | 54 | 197 | - | 17,380 |
| Non-current 2023 | 2,926 | - | - | 282 | - | 246 | - | 3,454 |
| At 31 May 2023 | 13,322 | 4,571 | 1,975 | 469 | 54 | 443 | - | 20,834 |

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 the net present value of the financial liability payable within the next 12 months is £10.8m (2022: £1.6m) and the Group expects to settle the non-current balance of £4.6m (2022: £7.7m) within the subsequent three-year period.

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 28. The Group estimates remuneration payable within the next 12 months is £4.6m (2022: £10.0m).

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 range of possible outcomes, 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 the lease term. The Group provides for the estimated fair value of the cost of any dilapidations.

Clawbacks

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

FSCS levy

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

There is uncertainty over the level of future FSCS levies as they depend on the ultimate cost to the FSCS of industry failures. The Group contributes to the investment intermediation levy class and accrues levy costs for future levy years when the obligation arises. A provision of £nil (2022: £nil) has been made in these financial statements for FSCS interim levies expected in relation to the year ended 31 May 2023.

27. Lease liability

| <i>Group</i> | 2023 £000 | <i>2022</i> <i>£000</i> |
|---|----------------------------|----------------------------|
| <i>Maturity analysis - Contractual undiscounted cash flows:</i> | | |
| Less than one year | 880 | 1,121 |
| One to five years | 2,422 | 2,365 |
| More than five | 424 | 731 |

| | | |
|---|--------------|-------|
| years | | |
| Total undiscounted cash flows | 3,726 | 4,217 |
| Total lease liabilities | 3,356 | 3,757 |
| Current | 756 | 985 |
| Non-current | 2,600 | 2,772 |
| | 2023 | 2022 |
| Company | £000 | £000 |
| <i>Maturity analysis - Contractual undiscounted cash flows:</i> | | |
| Less than one year | 454 | 579 |
| One to five years | 1,260 | 767 |
| More than five years | 128 | 177 |
| Total undiscounted cash flows | 1,842 | 1,523 |
| Total lease liabilities | 1,687 | 1,396 |
| Current | 398 | 534 |
| Non-current | 1,289 | 862 |

28. 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 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 year to 31 May 2023, remuneration costs of £4,800,000 (2022: £4,400,000) have been recognised in the statement of comprehensive income, and provision of £4,400,000 (2022: £4,400,000) is recognised in Note 26. Based on management's latest forecasts, we anticipate that a further remuneration cost of £10,000,000, 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 year to 31 May 2023, remuneration costs of £230,000 (2022: £172,000) have been recognised in the statement of comprehensive income, and provision of £171,000 (2022: £172,000) is recognised in Note 26. Based on management's latest forecasts, we anticipate that a further remuneration cost of £57,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 26 August 2023.

Capital commitments

At 31 May 2023, the Group had no capital commitments (2022: £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.

29. Related party disclosures

Custodian REIT plc

In March 2014, the Company's subsidiary, Custodian Capital, was appointed as the discretionary investment manager of Custodian REIT, a closed-ended property investment company listed on the Main Market of the London Stock Exchange.

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

During the year, the Group received revenues of £4.4m (2022: £4.6m) in respect of annual management charges, administration and marketing fees from Custodian REIT. Custodian REIT owed the Group £1,795 at 31 May 2023 (2022: £1,174,466).

Amati Global Investors Limited

The Company holds 49% of the issued share capital of Amati Global Investors Limited ("Amati"), an independent specialist fund management business.

Two of the Company's senior management team have been 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 year, the Group received rent of £82,595 (2022: £55,000) from Amati as lessee, £19,370 (2022: £5,000) from the recharge of other property-related costs and consultancy fees of £40,000 (2022: £47,000).

Gateley (Holdings) plc

The Company's former Chair, 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 year, the Group received revenues of £61,384 (2022: £20,000) in respect of employee benefits services provided to Gateley plc.

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 year 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.

Kanabo Group plc

During the year, the Company's Chief Executive Officer, Ian Mattioli, became a Non-Executive Chairman of Kanabo Group plc, a health-tech company focused on patient care. Maven Capital Partners UK LLP a group company, had at the year ended 31 May 2023 an investment in Kanabo Group Plc of £38k.

Key management compensation

Key management personnel, representing those executive directors that served throughout the year and 6 (2022: 8) other executives, received compensation in the form of short-term employee benefits and equity compensation benefits (see Note 11), which totalled £4.7m for the year ended 31 May 2023 (2022: £5.6m).

Total remuneration of key management personnel is included in "employee benefits expense" and analysed as follows:

| | 2023 | 2022 |
|--------------------------|--------------|-------|
| | £000 | £000 |
| Wages and salaries | 3,992 | 4,567 |
| Social security costs | 590 | 914 |
| Pension Benefits in kind | 48 | 127 |
| | 65 | 23 |
| | 4,695 | 5,631 |

In addition, the cost of share-based payments, disclosed separately in the statement of comprehensive income, to key management personnel was £0.9m (2022: £0.8m).

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 (see Note 18).

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

MW Properties No 25 Limited

The Group holds a 9.40% interest in MW Properties No 25 Limited, a nominee for a property syndicate. As at 31 May 2023, the Group held an investment with a market value of £55,094 (2022: £30,890) in the syndicate.

30. Financial risk management

Financial assets principally comprise trade and other receivables, cash and short-term deposits, which arise directly from its operations. Financial liabilities comprise certain provisions and trade and other payables. The main risks arising from financial instruments are market risk (including interest rate risk, foreign exchange risk and price risk), credit risk, and liquidity risk. Each of these risks is discussed in detail below.

The Group monitors financial risks on a consolidated basis, with its financial risk management based upon sound economic objectives and good corporate practice. No hedging transactions have taken place during the years presented.

Market risk

(a) Interest rate risk

Interest rate risk is the risk that the Group's financial performance will be adversely impacted by movements in interest rates. The Group does not have any derivative financial assets whose value is linked to interest rates, therefore exposure to interest rate risk arises from financial assets and liabilities incurring a market interest rate including cash and cash equivalents, as well as certain intercompany loan agreements to which the company is exposed. At 31 May 2023, the value of market interest bearing financial instruments on the Group's statement of financial position exposed to interest rate risk was £45.1m (2022: £53.9m), and Company £47.6m (2022: £54.3m) (Note 31). This exposure is monitored to ensure the Group is managing its interest earning potential within accepted liquidity and credit constraints. Other than short-term overdrafts, the Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are also made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective fixed-term deposit rates.

A source of revenue is based on the value of client cash under administration. The Group has an indirect exposure

to interest rate risk on these cash balances held for clients. These balances are not on the Company or Group Statements of Financial Position.

The following table demonstrates the sensitivity to a 50bps (0.5%) change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax (through the impact on floating rate deposits). 100bps is considered the appropriate impact to consider sensitivity given the increases in the Bank of England's base rate from a historic low of 0.10% in March 2020 to 4.50% as at 31 May 2023. There is no impact on the Group's equity.

| | <i>Increase/decrease in basis points</i> | <i>Group Effect on profit before tax £000</i> | <i>Company Effect on profit before tax £000</i> |
|-------------------|--|---|---|
| 2023 | | | |
| £ sterling | +100 | 451 | 476 |
| £ sterling | -100 | (451) | (476) |
| 2022 | | | |
| £ sterling | +100 | 540 | 544 |
| £ sterling | -100 | (540) | (544) |

(b) Foreign exchange translation and transaction risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. With all of the Group's business located within the UK, the Group has no material exposure to foreign exchange translation or transaction risk and does not hedge any foreign current assets or liabilities.

(c) Price risk

Price risk is the risk that a decline in the value of assets adversely impacts the profitability of the Group as a result of an asset not meeting its expected value.

Property administration fees, discretionary management charges and adviser charges for intermediation are based on the value of client assets under administration and hence the Group has an indirect exposure to security price risk on investments held by clients. These assets are not on the Group's statement of financial position. The risk of lower revenues is partially mitigated by asset class diversification. The Group does not hedge its revenue exposure to movements in the value of client assets arising from these risks and so the interests of the Group are aligned to those of its clients.

Credit risk

The Group and Company trades only with third parties it recognises as being creditworthy. In addition, receivable balances are monitored on an ongoing basis and under the simplified approach, provisions for credit risk are assessed under the lifetime losses approach as explained in Note 2, with all assets assessed as one portfolio (Notes 21 and 31).

Credit risk from the other financial assets of the Group and Company, which comprises cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the possible use of bank overdrafts, bank loans and leases. The table below summarises the maturity profile of the Group's and the Company's financial liabilities at 31 May 2023 and 2022 based on contractual payments:

| | <i>Maturity of liability</i> | | | | | <i>Total £000</i> |
|--------------|------------------------------|------------------------------------|--------------------------------|------------------------------|------------------------------|-----------------------|
| | <i>On demand £000</i> | <i>Less than 3 months £000</i> | <i>3 to 12 months £000</i> | <i>1 to 5 years £000</i> | <i>> 5 years £000</i> | |
| Group | | | | | | |

| | | | | | | |
|--------------------------|----------|---------------|--------------|---------------|------------|---------------|
| Trade and other payables | - | 17,698 | - | - | - | 17,698 |
| Contingent consideration | - | 2,599 | 7,797 | 2,926 | - | 13,322 |
| Lease liabilities | - | 189 | 567 | 2,186 | 414 | 3,356 |
| At 31 May 2023 | - | 20,486 | 8,364 | 5,112 | 414 | 34,376 |
| Trade and other payables | - | 19,226 | - | - | - | 19,226 |
| Contingent consideration | - | 579 | 1,701 | 8,308 | - | 10,588 |
| Lease liabilities | - | 308 | 813 | 2,365 | 731 | 4,217 |
| At 31 May 2022 | - | 20,113 | 2,514 | 10,673 | 731 | 34,031 |

| Company | Maturity of liability | | | | | Total £000 |
|--------------------------|-----------------------|----------------------------|------------------------|----------------------|-------------------|---------------|
| | On demand £000 | Less than 3 months £000 | 3 to 12 months £000 | 1 to 5 years £000 | > 5 years £000 | |
| Trade and other payables | - | 19,836 | - | - | - | 19,836 |
| Contingent consideration | - | 2,599 | 7,797 | 2,926 | - | 13,322 |
| Lease liabilities | - | 100 | 299 | 1,288 | - | 1,687 |
| At 31 May 2023 | - | 22,534 | 8,096 | 4,214 | - | 34,844 |
| Trade and other payables | - | 13,755 | - | - | - | 13,755 |
| Contingent consideration | - | 579 | 1,100 | 8,308 | - | 9,987 |
| Lease liabilities | - | 170 | 408 | 767 | 177 | 1,522 |
| At 31 May 2022 | - | 14,504 | 1,508 | 9,075 | 177 | 25,264 |

Capital management

The Company and certain of its subsidiaries are supervised in the UK by the Financial Conduct Authority ("FCA"). The Group manages its capital through continuous review of the capital requirements of the Company and its regulated subsidiaries, which are monitored by the Group's management and reported monthly to the Board. The Group's objectives when managing capital are:

- To comply with the regulatory capital requirements set by the FCA;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital of the Group at 31 May 2023 was £310.9m (2022: £230.3m) and Company was £293.1m (2022: £239.1m). The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Regulatory capital and capital resource requirements of the Group and Company are determined in accordance with the requirements of the Investment Firms Prudential Regime ("IFPR") prescribed in the UK by the FCA, which came into effect 1 January 2022. Previously the Company had to comply with the requirements of the Capital Requirements Directive ("CRD IV"). Both CRD IV and IFPR require continual assessment of the Group's risks to

ensure that sufficient capital resources are maintained to remain financially viable throughout the economic cycle, address potentially material harms from its ongoing activities, and to enable the Company to conduct an orderly wind down while minimising harm to customers.

The Group's regulatory capital comprises Tier 1 capital, which is the total of issued share capital, retained earnings (net of foreseeable dividends) and reserves created by appropriations of externally verified retained earnings, net of the carrying value of goodwill, other intangible assets, deferred tax assets and investment in associates. The Company's regulatory capital is calculated on the same basis as that of the Group, with additional deduction made for the carrying value of investments in financial sector entities and certain other qualifying holdings outside the financial sector. Neither the Group or Company hold any Tier 2 or Tier 3 capital.

The Company and regulated subsidiary companies submit quarterly returns to the FCA relating to their capital resources. Including the audited results to 31 May 2023, shares issued during the year and admitted to Core Equity Tier 1 capital following the year end, the proposed final dividend and retained earnings for the year, the total surplus on regulatory capital requirements was as follows:

| | Group 2023 £000 | Company 2023 £000 | <i>Group 2022 £000</i> | <i>Company 2022 £000</i> |
|--|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Regulatory capital resources | 31,288 | 26,045 | 41,273 | 40,104 |
| Regulatory capital requirements | 20,078 | 14,899 | 20,703 | 14,899 |
| Surplus on regulatory capital requirements | 11,210 | 11,146 | 20,570 | 25,205 |

All the regulated firms within the Group maintained surplus regulated capital throughout the year. The regulated subsidiaries are limited in the distributions that can be paid up to the Company by each of their individual capital resource requirements.

31. Financial instruments

The carrying amount of financial assets and financial liabilities recorded by category is as follows:

| <i>Financial assets</i> | Group 2023 £000 | Company 2023 £000 | <i>Group 2022 £000</i> | <i>Company 2022 £000</i> |
|--|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Cash and short-term deposits | 45,101 | 18,423 | 53,912 | 25,864 |
| Amortised cost loans and receivables (including trade and other receivables) (Note 21) | 27,175 | 53,671 | 25,532 | 48,646 |
| Amortised cost financial assets | 72,276 | 72,094 | 79,444 | 74,510 |
| Fair value through profit or loss (Note 18) | 4,108 | 26 | 4,262 | 26 |
| Fair value through other comprehensive income (Note 18) | 837 | 837 | 1,500 | 1,500 |
| | 77,221 | 72,957 | 85,206 | 76,036 |

| <i>Financial liabilities</i> | Group 2023 £000 | Company 2023 £000 | <i>Group 2022 £000</i> | <i>Company 2022 £000</i> |
|--|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Amortised cost (including trade and other payables and loan notes payable) | 17,698 | 19,836 | 19,226 | 10,125 |
| Fair value through profit | 13,322 | 13,322 | 9,284 | 8,683 |

and loss
(including
contingent
consideration)
(Note 26)

31,020 33,158 28,510 18,808

Fair values

The Directors consider that the carrying value of financial instruments in the Company's and the Group's financial statements is equivalent to fair value. The following table summarises the fair value measurements recognised in the statement of financial position by class of asset or liability, grouped into different levels, defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

| <i>Group</i> | <i>Carrying amount as at 31 May 2023 £000</i> | <i>Level 1 £000</i> | <i>Level 2 £000</i> | <i>Level 3 £000</i> |
|--|---|-------------------------|-------------------------|-------------------------|
| <i>Financial assets</i> | | | | |
| Fixed asset investments at fair value through profit or loss (Note 18) | 4,108 | 2,733 | - | 1,375 |
| Fixed asset investments at fair value through other comprehensive income (Note 18) | 837 | - | - | 837 |
| At 31 May 2023 | 4,945 | 2,733 | - | 2,212 |
| <i>Financial liabilities</i> | | | | |
| Contingent consideration (Note 26) | 13,322 | - | - | 13,322 |
| At 31 May 2023 | 13,322 | - | - | 13,322 |

| <i>Company</i> | <i>Carrying amount as at 31 May 2023 £000</i> | <i>Level 1 £000</i> | <i>Level 2 £000</i> | <i>Level 3 £000</i> |
|--|---|-------------------------|-------------------------|-------------------------|
| <i>Financial assets</i> | | | | |
| Fixed asset investments at fair value through profit or loss (Note 18) | 26 | - | - | 26 |
| Fixed asset investments at fair value through other comprehensive income (Note 18) | 837 | - | - | 837 |
| At 31 May 2023 | 863 | - | - | 863 |
| <i>Financial liabilities</i> | | | | |
| Contingent consideration (Note 26) | 13,322 | - | - | 13,322 |
| At 31 May 2023 | 13,322 | - | - | 13,322 |

The group has elected to designate its investment in Tiller Group Limited as a fair value through other comprehensive income financial asset, due to the Group's intention to retain this equity investment as part of its strategic relationship with Tiller, held at a fair value of £837,000 (2022: £1,500,000). Dividends from fixed asset investments designated as fair value through other comprehensive during the year were £nil (2022: £nil).

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

Contingent consideration

As set out in Note 3, the Group has entered into certain acquisition agreements that provide for contingent

consideration to be paid. The exact amounts payable cannot be determined as these depend on the future performance of the acquired businesses, but the basis on which the valuation is prepared, along with detail of sensitivity to key assumptions, is set out in Note 2. The Group estimates the fair value of contingent consideration payable on acquisitions to be £13.3m (2022: £9.3m).

Interest rate risk

The following table sets out the carrying amount after taking into account provisions for impairment, by maturity, of the Company's and the Group's financial instruments that are exposed to interest rate risk:

| <i>Group Floating rate</i> | <i>< 1 year £000</i> | <i>1-2 years £000</i> | <i>2-3 years £000</i> | <i>3-4 years £000</i> | <i>4-5 years £000</i> | <i>> 5 years £000</i> | <i>Total £000</i> |
|------------------------------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-----------------------|
| Cash and cash equivalents | 45,101 | - | - | - | - | - | 45,101 |
| At 31 May 2023 | 45,101 | - | - | - | - | - | 45,101 |

| <i>Group Floating rate</i> | <i>< 1 year £000</i> | <i>1-2 years £000</i> | <i>2-3 years £000</i> | <i>3-4 years £000</i> | <i>4-5 years £000</i> | <i>> 5 years £000</i> | <i>Total £000</i> |
|------------------------------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-----------------------|
| Cash and cash equivalents | 53,912 | - | - | - | - | - | 53,912 |
| At 31 May 2022 | 53,912 | - | - | - | - | - | 53,912 |

| <i>Company Floating rate</i> | <i>< 1 year £000</i> | <i>1-2 years £000</i> | <i>2-3 years £000</i> | <i>3-4 years £000</i> | <i>4-5 years £000</i> | <i>> 5 years £000</i> | <i>Total £000</i> |
|--------------------------------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-----------------------|
| Financial assets (current) | 29,145 | - | - | - | - | - | 29,145 |
| Cash and cash equivalents | 18,423 | - | - | - | - | - | 18,423 |
| At 31 May 2023 | 47,568 | - | - | - | - | - | 47,568 |

| <i>Company Floating rate</i> | <i>< 1 year £000</i> | <i>1-2 years £000</i> | <i>2-3 years £000</i> | <i>3-4 years £000</i> | <i>4-5 years £000</i> | <i>> 5 years £000</i> | <i>Total £000</i> |
|--------------------------------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-----------------------|
| Financial assets (current) | 28,443 | - | - | - | - | - | 28,443 |
| Cash and cash equivalents | 25,864 | - | - | - | - | - | 25,864 |
| At 31 May 2022 | 54,307 | - | - | - | - | - | 54,307 |

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Other financial instruments of the Company and Group that are not included in the above table are non-interest bearing and therefore not subject to interest rate risk.

Credit risk

The Group's principal financial assets are cash and short-term deposits and trade and other receivables.

The only significant concentrations of credit risk relate to the Group's bank deposits and exposure to credit risk arising from default of the counterparty. The maximum exposure is equal to the carrying amount of these deposits. Credit risk mitigation practices employed by the Group include monitoring of the creditworthiness of

the financial institutions we hold deposits with and spreading funds accordingly to reduce exposure to institutions with lower credit ratings. At 31 May 2023, the Group's bank deposits were held across the following banks: Royal Bank of Scotland plc, HSBC Bank, Lloyds Bank plc, Bank of Scotland plc, Barclays Bank UK plc, Metro Bank plc, Santander UK plc, Cater Allen Limited, Investec Bank plc, Northern Bank Limited (Danske Bank) and Clydesdale Bank plc.

Given the nature of the Group's operations, it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. Credit risk mitigation practices employed by the Group include reviewing the credit quality of customers and limiting credit exposures accordingly, arranging for the settlement of trade receivables directly from customers' investments where possible, and monitoring aged trade receivables and engaging with customers where trade receivables become overdue.

A provision for lifetime expected credit losses on financial assets is made, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The basis of our calculation of credit loss experience and provisions for expected credit losses are explained in Note 2, and details of financial assets and the associated provision for impairment are disclosed in [Note 21](#).

32. Ultimate controlling party

The Company has no ultimate controlling party.

Alternative performance measure workings

Recurring revenue

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

| | 2023 | 2022 |
|--|----------------|---------|
| <i>Timing of revenue recognition</i> | £000 | £000 |
| <i>At a point in time:</i> | | |
| Investment and asset management | 3,409 | 3,654 |
| Private equity asset management | 4,531 | 8,543 |
| Pension consultancy and administration | 507 | 607 |
| Property management | 776 | 92 |
| Employee benefits | 866 | 1,346 |
| Non-recurring revenue | 10,089 | 14,242 |
| <i>Over time:</i> | | |
| Investment and asset management | 47,386 | 46,771 |
| Private equity asset management | 18,524 | 17,610 |
| Pension consultancy and administration | 23,227 | 19,111 |
| Property management | 6,080 | 6,181 |
| Employee benefits | 5,876 | 4,311 |
| Recurring revenue | 101,093 | 93,984 |
| Total revenue | 111,182 | 108,226 |
| Recurring revenue | 90.9% | 86.8% |

Organic revenues

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

| <i>Group</i> | 2023 | 2022 restated |
|---|-----------------|---------------|
| | £000 | £000 |
| Total revenue | 111,182 | 108,226 |
| Revenue from acquisitions in the prior year | (35,093) | (35,270) |
| Revenue from acquisitions in the current year | (419) | - |
| Organic revenue | 75,670 | 72,956 |

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), contingent consideration recognised as remuneration and exceptional project costs.

2022
£000

| <i>Group</i> | 2023 | |
|--|---------------|--------|
| | £000 | |
| Statutory operating profit before financing | 11,460 | 7,302 |
| Amortisation of acquired intangibles | 7,857 | 7,215 |
| Amortisation of software | 1,178 | 331 |
| Depreciation | 2,476 | 2,762 |
| EBITDA | 22,971 | 17,610 |
| Share of profit from associates, net of tax | 974 | 1,614 |
| Acquisition-related costs | 1,505 | 3,721 |
| Deferred consideration presented as remuneration | 6,865 | 9,664 |
| Other exceptional project costs | 871 | - |
| Adjusted EBITDA | 33,186 | 32,609 |

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, exceptional project costs and acquisition-related notional interest charges.

| <i>Group</i> | 2023 | 2022 |
|--|---------------|--------|
| | £000 | £000 |
| Statutory profit before tax | 11,853 | 7,989 |
| Amortisation of acquired intangibles | 7,858 | 7,215 |
| Acquisition-related costs | 1,505 | 3,721 |
| Deferred consideration presented as remuneration | 6,865 | 9,664 |
| Other exceptional project costs | 871 | - |
| Acquisition-related notional finance cost | 960 | 872 |
| Adjusted PBT | 29,912 | 29,461 |

Adjusted PAT

A measure of profitability, net of taxation, based on Adjusted PBT and deducting tax at the blended standard rate of 20% (2022: 19%).

| <i>Group</i> | 2023 | 2022 |
|-----------------------|----------------|---------|
| | £000 | £000 |
| Adjusted PBT | 30,575 | 29,461 |
| Income tax expense at | (6,115) | (5,598) |

| | | |
|-----------------------------|---------------|--------|
| blended standard rate | | |
| Adjusted PAT | 24,460 | 23,863 |

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, exceptional project costs and acquisition-related notional interest charges, divided by the weighted average number of ordinary shares in issue.

| <i>Group</i> | 2023 £000 | 2022 £000 |
|---|----------------------------|--------------|
| Adjusted PAT | 24,460 | 23,863 |
| Basic weighted average number of shares (see Note 13) | 51,120 | 49,393 |
| Adjusted EPS | 47.8p | 48.3p |

Adjusted cash generated from operations

A measure of operating cash flows, 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.

| <i>Group</i> | 2023 £000 | 2022 £000 |
|--|----------------------------|--------------|
| Statutory cash generated from operations | 34,746 | 19,641 |
| Contingent remuneration paid on acquisition of subsidiaries (see Note 26) | 10,044 | 5,905 |
| Acquisition costs paid | 1,428 | 5,587 |
| Adjusted cash generated from operations | 46,219 | 31,133 |

Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings, which are set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Group either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Group's assets.

Details of the Group's related undertakings along with the country of incorporation, the registered address, the classes of shares held and the effective percentage of equity owned at 31 May 2023 are as follows:

| <i>Company name</i> | <i>Holding</i> | <i>Holding %</i> | <i>Nature of business</i> |
|---|-------------------------|------------------|---------------------------|
| England and Wales | | | |
| 1 New Walk Place, Leicester, LE1 6RU | | | |
| Acomb Trustees Limited | Ordinary | 100% | Trustee company |
| APUK14002 Limited | Ordinary | 100% | Trustee company |
| APUK15002 Limited | Ordinary | 100% | Trustee company |
| AR Pension Trustees Limited | Ordinary | 100% | Trustee company |
| Bank Street Trustees Limited | Ordinary | 100% | Trustee company |
| Brogan Group Investments Ltd | Ordinary | 100% | Trustee company |
| Broughtons Financial Planning Limited* | Ordinary | 100% | Non-trading |
| CC Private (202) Limited | Ordinary | 100% | Trustee company |
| CC Private (204) Limited | Ordinary | 100% | Trustee company |
| CC Private (205) Limited | Ordinary | 100% | Trustee company |
| Chapel Trustees Limited | Ordinary | 100% | Trustee company |
| City Trustees Limited | Ordinary | 100% | Trustee company |
| CP SIPP Trustees Limited | Ordinary | 100% | Trustee company |
| CP SSAS Trustees Limited | Ordinary | 100% | Trustee company |
| Custodian (Inland RCF) General Partner Limited | Ordinary | 100% | General partner |
| Custodian Capital Limited* | Ordinary | 100% | Asset management |
| Eltek House Limited | Ordinary | 100% | Non-trading |
| GB Pension Trustees Limited | Ordinary | 100% | Trustee company |
| Great Marlborough Street Pension Trustees Limited | Ordinary | 100% | Trustee company |
| Hurley Partners Limited* | Ordinary | 100% | Non-trading |
| Hurley Trustees Services Limited | Ordinary | 100% | Trustee company |
| JB Trustees Limited | Ordinary | 100% | Trustee company |
| Lindley Trustees Limited | Ordinary | 100% | Trustee company |
| M C Trustees (Administration) Limited* | Ordinary | 100% | Pension administration |
| M C Trustees (Pensions) Limited* | Ordinary and preference | 100% | Pension administration |
| M C Trustees Limited | Ordinary | 100% | Trustee company |
| M.W. Trustees Limited | Ordinary | 100% | Trustee company |
| Mattioli Woods (New Walk) Limited* | Ordinary | 100% | Property development |
| Maven Capital Partners UK LLP* | Ordinary | 100% | Asset management |
| Mayflower Trustees Limited | Ordinary | 100% | Trustee company |
| MC Nominees Limited | Ordinary | 100% | Nominee company |
| MCT (Properties) Limited | Ordinary | 100% | Dormant |
| Montagu Limited* | Ordinary | 100% | Wealth management |
| MW Personal Equity (Harbinger Self Storage) Limited* | Ordinary | 100% | Trustee company |
| MW Private Equity (Harbinger Self Storage Developments) General Partner Limited | Ordinary | 100% | General partner |
| MW Private Equity (Rotherhill) Limited | Ordinary | 100% | Trustee company |
| MW Private Investors (102) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (103) EPUT Limited | Ordinary | 100% | Trustee company |
| MW Private Investors (103) General Partner Limited | Ordinary | 100% | General partner |
| MW Private Investors (105) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (106) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (Beech Properties) General Partner Limited | Ordinary | 100% | General partner |
| MW Private Investors (CITU) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (Clear Nursery) Limited | Ordinary | 100% | Trustee company |
| MW Private Investors (Expedia Dental) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (Heaton Group) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (Newstead Relf) General Partner Limited | Ordinary | 100% | General partner |
| MW Private Investors (Proseed) General Partner | Ordinary | 100% | General |

| Company name | Holding | Holding % | Number of business partners |
|---|-------------|-----------|-----------------------------|
| MW Private Investors (Prosperity Liverpool) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (Swift Point) General Partner Limited | Ordinary | 100% | Trustee company |
| MW Private Investors (The Priest House Hotel) Limited | Ordinary | 100% | Trustee company |
| MW Private Investors (The Square) Limited | Ordinary | 100% | General partner |
| MW Private Investors (Tungsten Witney) General Partner Limited* | Ordinary | 100% | General partner |
| MW Private Investors (Versant) General Partner Limited* | Ordinary | 100% | Trustee company |
| MW Private Investors (Walrus) Limited | Ordinary | 100% | General partner |
| MW Private Investors (Welbeck Land) General Partner Limited* | Ordinary | 100% | Trustee company |
| MW Properties (No 42) Limited | Ordinary | 100% | Trustee company |
| MW Properties (No 46) Limited | Ordinary | 100% | Trustee company |
| MW Properties (No 49) Limited | Ordinary | 100% | Trustee company |
| MW Properties (No 60) Limited | Ordinary | 100% | Trustee company |
| MW Properties No 17 Limited | Ordinary | 100% | Trustee company |
| MW Properties No 20 Limited | Ordinary | 100% | Trustee company |
| MW Properties No 25 Limited | Ordinary | 100% | Trustee company |
| MW Properties No 32 Limited | Ordinary | 100% | Trustee company |
| MW Properties No 35 Limited | Ordinary | 100% | Trustee company |
| Old Station Road Holdings Limited | Ordinary | 100% | Holding company |
| PC Trustees Limited | Ordinary | 100% | Trustee company |
| Pension Consulting Limited | Ordinary | 100% | Holding company |
| Pole Arnold Financial Management Limited* | Ordinary | 100% | Wealth management |
| Professional Independent Pension Trustees Limited | Ordinary | 100% | Trustee company |
| Richings Financial Management Limited* | Ordinary | 100% | Wealth management |
| Robinson Gear (Management Services) Limited | Ordinary | 100% | Trustee company |
| Ropergate Trustees Limited | Ordinary | 100% | Trustee company |
| Simmonds Ford Trustees Limited | Ordinary | 100% | Trustee company |
| SLT Trustees Limited | Ordinary | 100% | Trustee company |
| Taylor Patterson Trustees Ltd | Ordinary | 100% | Trustee company |
| Welbeck Strategic Land III Limited | Ordinary | 100% | Trustee company |
| 6th Floor, Saddlers House, 44 Gutter Lane, London, England, EC2V 6BR | | | |
| Dvest Nominees Limited | Ordinary | 100% | Nominee company |
| Finance Durham GP Limited* | Ordinary | 100% | General partner |
| Maven GPCO 1 Limited* | Ordinary | 100% | Designated member services |
| Maven GPCO 2 Limited* | Ordinary | 100% | Designated member services |
| Maven MEIF (EM) GP (ONE) Limited* | Ordinary | 100% | General partner |
| Maven MEIF (WM) GP (ONE) Limited* | Ordinary | 100% | General partner |
| Maven UK Regional Buyout 1 GP LLP* | Partnership | 100% | General partner |
| Clarence House, Clarence Street, Manchester, England, M2 4DW | | | |
| GMLF GP Limited* | Ordinary | 100% | General partner |
| NPIF NW Equity (GP) Limited* | Ordinary | 100% | General partner |
| 172 Lord Street, Southport, Merseyside, PR9 0QA | | | |
| Ludlow Wealth Management Group Limited* | Ordinary | 100% | Wealth management |
| LWMG Midco Limited* | Ordinary | 100% | Holding company |
| LWMG Topco Limited | Ordinary | 100% | Holding company |

| <i>Company name</i> | <i>Holding</i> | <i>Holding %</i> | <i>Nature of business</i> |
|---|----------------|------------------|------------------------------------|
| City Office Park, Crusader Road, Lincoln, LN6 7AS | | | |
| White Mortgages Limited | Ordinary | 50.1% | Mortgage broking |
| Scotland | | | |
| Kintyre House, 205 West George Street, Glasgow, Scotland, G2 2LW | | | |
| GMLF GP A LLP* | Partnership | 100% | General partner |
| Maven (CL) Limited* | Ordinary | 100% | Designated member services company |
| Maven Capital (TH) Limited* | Ordinary | 100% | Trustee company |
| Maven Capital Cardiff Trustee Limited* | Ordinary | 100% | Trustee company |
| Maven Capital GCM Limited* | Ordinary | 100% | LLP corporate member |
| Maven Capital Investments Limited* | Ordinary | 100% | Holding company |
| Maven Coinvest GP A LLP* | Partnership | 100% | General partner |
| Maven Co-Invest B1 GP LLP* | Partnership | 100% | General partner |
| Maven Co-Invest GP Limited* | Ordinary | 100% | General partner |
| Maven MIP GP LLP* | Partnership | 100% | General partner |
| Maven NEDF GP Limited* | Ordinary | 100% | General partner |
| Maven Nominee Limited* | Ordinary | 100% | Holding company |
| Maven Partners (ABZ) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Ambassador Homes) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Brighton) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Carters Yard) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Dalian House) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Douglas House Glasgow) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Goldcrest) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (HbH Manchester) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Inverness) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Inverness Finance) GP LLP | Partnership | 100% | General partner |
| Maven Partners (Llandudno Finance) GP LLP | Partnership | 100% | General partner |
| Maven Partners (Mansfield) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Marketgait Dundee) GP LLP | Partnership | 100% | General partner |
| Maven Partners (Middleton St George) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Murieston) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Nottingham) GP LLP* | Partnership | 100% | General partner |
| Maven Partners (Trongate Glasgow) GP LLP | Partnership | 100% | General partner |
| Maven Partners (Westerhill Road) GP LLP* | Partnership | 100% | General partner |
| Maven Property CI LLP | Partnership | 100% | Limited partner |
| Maven Property Investments Limited* | Ordinary | 100% | Asset management |
| Maven SLF FP Limited* | Ordinary | 100% | Limited partner |
| Maven UK Regional Buyout 1 Founder Partner GP LLP* | Partnership | 100% | General partner |
| MC Cardiff General Partner LLP* | Partnership | 100% | General partner |
| MP (CPPI) GP LLP* | Partnership | 100% | General partner |
| MP (Maidenhead) GP LLP* | Partnership | 100% | General partner |
| MP (Shire Hall Durham) GP LLP* | Partnership | 100% | General partner |
| SLF GP A LLP* | Partnership | 100% | General partner |
| SLF GP Limited* | Ordinary | 100% | General partner |
| The Turriss Partnership Limited* | Ordinary | 100% | Wealth management |
| Daerven Barrow LLP | Partnership | 30% | Holding company |
| 8 Coates Crescent, Edinburgh, Scotland, EH3 7AL | | | |
| Caledonia Asset Management Limited* | Ordinary | 100% | Wealth management |
| Amati Global Investors Limited* | Ordinary | 50% | Asset |

| Company name | Holding | Holding % | nature of business |
|---|----------|-----------|---|
| Northern Ireland | | | |
| Rivers Edge, 11 Ravenhill Road, Belfast, BT6 8DN | | | |
| Callender Street Nominees Limited* | Ordinary | 100% | Holding company |
| Callender Street Trustees Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam (Ascot) Holdings Limited | Ordinary | 100% | Holding company |
| Fitzwilliam (GYLO) Holdings Limited | Ordinary | 100% | Holding company |
| Fitzwilliam (President) Holdings Limited | Ordinary | 100% | Holding company |
| Fitzwilliam (Waltham Forest) Holdings Limited | Ordinary | 100% | Holding company |
| Fitzwilliam Trustees (Marylebone & Cotswold) Holdings Limited | Ordinary | 100% | Holding company |
| Fitzwilliam Trustees Number 1 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 10 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 11 Limited | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 12 Limited | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 2 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 3 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 4 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 5 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 6 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 7 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 8 Limited* | Ordinary | 100% | Trustee company |
| Fitzwilliam Trustees Number 9 Limited* | Ordinary | 100% | Trustee company |
| SSAS Solutions (UK) Ltd* | Ordinary | 100% | Pension administration |
| 114-116 Royal Avenue, Belfast, BT1 1DL | | | |
| Doherty Pension & Investment Consultancy Limited* | Ordinary | 100% | Pension administration, wealth management |

*Audited Entities

[1] Includes £829.2m (2022: £1,100.5m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £73.0m (2022: £93.6m) of Mattioli Woods' client investment and £11.7m (2022: £14.8m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM VCT plc.

[2] Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual management charges adjusted for Private Investor Club initial fees.

[3] This is an alternative performance measure ("APM") the Group reports to assist stakeholders in assessing performance alongside the Group's results on a statutory basis. APMs 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. Supporting calculations for APMs and reconciliations between APMs and their IFRS equivalents are set out in the alternative performance measure workings section of the Annual Report..

[4] Calculated as earnings before interest, taxation, depreciation, amortisation, acquisition-related costs, platform project costs, contingent consideration treated as remuneration and including share of profit from associates (net of tax).

[5] Adjusted EBITDA divided by revenue.

[6] Adjusted profit after tax used to derive adjusted EPS is calculated as adjusted profit before tax as defined above less income tax at the blended standard rate of 20% (2022: 19%).

[7] Includes £913.9m (31 May 2022: £1,208.9m) of funds under management by Amati Global Investors Limited, including Mattioli Woods' client investment and crossholdings between TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and Amati AIM VCT plc.

[8] Total revenues excluding revenue growth from businesses acquired in the last 24 months.

[9] Revenue for the year ended 31 May 2023 was split 37% (2022: 35% restated) fixed, initial or time-based fees and 64% (2022: 52%) ad valorem fees based on the value of assets under management, advice and administration.

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

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

[12] Assets under management of £829.2m (2022: £1,100.5m) excludes £73.0m (2022: £93.6m) of Mattioli Woods' client investment included within SIPP and SSAS, employee benefits and personal wealth and other assets and excludes £11.7m (2022: £14.8m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM VCT plc.

[13] SIPP and SSAS schemes where the Group acts as pension consultant and administrator. SIPP and SSAS schemes administered by SSAS Solutions reclassified as direct during the year.

[14] New personal clients includes from acquired businesses.

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

[16] Earnings before interest, taxation, depreciation, amortisation and impairment.

[17] Figures in table may not add due to rounding.

[18] Before acquisition-related costs, amortisation and impairment of acquired intangibles, gain on bargain purchase, deferred consideration as remuneration and acquisition-related finance costs.

[19] Working capital defined as trade and other receivables less trade and other payables.

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

[21] Mattioli Woods Property Securities Fund

[22] Mattioli Woods Responsible Equities Fund

[23] Comprises £12.0m (2022: £13.5m) in Custodian REIT, £66.3m (2022: £60.5m) in MW PSF and £55.2m (2022: £70.3m) in Amati funds.

[24] Crossholdings between Multi-Asset Fund ("MAF"): TB Amati Smaller Companies Fund and the Amati AIM VCT plc £11.7m (2022: £16.4m) and non-MAF cross holdings £15.9m (2022: £8.9m).

[25] SIPP and SSAS schemes where Mattioli Woods acts as pension consultant and administrator.

[26] Direct schemes lost to an alternative provider as a percentage of average scheme numbers during the year.

[27] Direct schemes lost as a result of death, annuity purchase, external transfer or cancellation as a percentage of average scheme numbers during the year.

[28] David Kiddie appointed as Independent Non-executive Chair on 14 March 2022

[29] The post-tax discount rate used of 10.2% is based on sector average capital structure and lower small company risk premium than the Group WACC rate of 11.5% which is based upon an unlevered risk premium using the average of comparable listed companies.

1. Following a review of our remuneration report and our approach to reporting, LTIP awards, which have performance periods ending (or substantially ending) in the year of report, are reported in the current year. Our approach prior to this has been to report LTIP awards in the year they vested. This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@lseg.com or visit www.rns.com.

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