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Mattioli Woods PLC
06 February 2024

6 February 2024

Mattioli Woods plc

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

Interim Results

Mattioli Woods plc (AIM: MTW.L), the specialist wealth and asset management business, today reports its interim results for the six months ended 30 November 2023.

Financial highlights for six months ended 30 November 2023:

- Revenue for the period up 8% to £59.1m (1H23: £54.9m):
  - Organic growth of 4.0% (1H23: 2.2%), with an increase in new business partially offset by the market impact on ad valorem fees of a 0.4% reduction in total client assets of the Group and its associate[1] to £15.2bn; and
  - Recurring revenues[2] represent 90.8% (1H23: 89.6%) of revenue, with the quality of earnings underpinned by long-term client relationships
- Adjusted EBITDA[3] up 10% to £16.5m (1H23: £15.0m) due to:
  - Organic growth and revenue mix; and
  - Positive impact of recent acquisitions and continued management of cost base
- Adjusted EBITDA margin[4] of 27.9% (1H23: 27.3%)
- Basic EPS[5] up 73% to 10.2p (1H23: 5.9p)
- Interim dividend up 2.3% to 9.0p (1H23: 8.8p)
- Financial position includes cash of £32.7m at 30 November 2023

Operational highlights and recent developments

- Increased demand for high-quality wealth management and financial planning advice driven by proposed pension and investment reforms, and market conditions
- Expanded 'MTW Adviser Academy' driving growth in adviser base to 148 (1H23: 132) revenue generating consultants
- Enhancing investment proposition including internal changes and partnership with T Rowe Price
- Diverse revenue mix with 37% (1H23 restated: 39%) fixed, initial or time-based revenues[6], uncorrelated to market performance
- Gross discretionary Assets under Management ("AuM")[7] of £4.6bn, with gross inflows of £326.4m (1H23: £314.1m)
- Pipeline of potential acquisition opportunities
- Continued growth of Maven with AuM increasing to £0.9bn (31 May 2023: £0.8bn) and a pipeline of opportunities
- Recent acquisitions integrating well and delivering revenue synergies from access to expanded product offering, and
- Delivery of operational improvements and enhanced client service through implementation of Xplan CRM progressing to plan

Trading outlook

- Outlook for the current year remains in line with management's expectations
- Group's integrated model provides multiple client engagement points to facilitate growth
- Continued focus on new business generation, advancing key strategic initiatives including expanded MTW adviser academy, development of investment proposition, combined with improved operational efficiency via Group-wide administration platform and the integration of recent acquisitions
- Proactive management of costs to deliver intra-group synergies and improve profit margin in-line with stated medium-term goals[8]

1 Includes £672.2m (31 May 2023: £829.2m) of funds under management by the Groups associate, Amati Global Investors Limited, excluding £65.5m (31 May 2023: £73.0m) of Mattioli Woods' client investment and £10.7m (31 May 2023: £11.7m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.
2 Annual pension advice and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual and fund management charges.
3 Earnings before interest, taxation, depreciation, amortisation, acquisition-related costs, platform project costs, contingent consideration treated as remuneration and including share of profit from associates (net of tax).
4 Adjusted EBITDA divided by revenue.
5 Profit after tax used to derive adjusted EPS is calculated as profit before tax less income tax at the blended standard rate of 25.0% (1H23: 20.0%) divided by the number of shares in issue.
6 Revenue for the six months ended 30 November 2023 was split 37% (1H23 restated: 39%) fixed, initial or time-based fees and 63% (1H23 restated: 61%) ad valorem fees based on the value of assets under management, advice and administration.
7 Includes £748.4m (31 May 2023: £913.9m) of funds under management by Amati Global Investors Limited, including Mattioli Woods' client investment and cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc and £0.9bn through our Maven Capital Partners ("Maven") team
8 Strategic goals to achieve £300m revenue, £100m earnings and £30bn client assets.

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

"The first six months of this financial year saw the Group deliver improved organic growth despite the complex macroeconomic backdrop that persisted throughout the period. Our priority remains the delivery of profitable organic growth and we are pleased to report further progress towards our medium-term strategic goals, with revenue of £59.1m up 8% on the equivalent period last year (1H23: £54.9m) driven by positive performance across our pensions advice and administration, employee benefits and investment management operating segments".

"The success of our new business initiatives, combined with our expanding product range and the strength of existing client referrals resulted in organic revenue growth of 4% despite a 0.4% reduction in the value of total client assets to £15.2bn. The Group's improved organic growth resulted from a combination of clients' demand for advice and proactive communication by advisers, with a 13% increase in the value of new clients on boarded in the first half versus the equivalent period last year. The Group's strong, integrated business model facilitates multiple engagement points in providing a holistic service to our clients and to generate multiple revenue streams to facilitate future revenue growth.

"The combination of improved organic growth, positive contributions from recent acquisitions and continued cost management delivered 10% growth in adjusted EBITDA to £16.5m (1H23: £15.0m). Profit before tax was up 60% to £7.6m (1H23: £4.8m), in part due to reduced deferred consideration payments recognised as remuneration expense under IFRS 3 of £2.5m (1H23: £3.9m) and lower acquisition-related costs of £0.3m (1H23: £0.5m), while adjusted profit before tax was up 15% to £15.6m (1H23: £13.5m) after adding back acquisition-related costs, platform project costs, deferred consideration recognised as an expense and amortisation of acquired intangible assets of £4.2m (1H23: £3.9m).

"We believe the benefits of operating a responsibly integrated business allows us to secure great client outcomes while delivering strong, sustainable shareholder returns over the long term. The Board remains committed to a progressive dividend, while maintaining an appropriate level of dividend cover. Accordingly, the Board is pleased to announce an interim dividend of 9.0p per share (1H23: 8.8p) up 2.3%, demonstrating our desire to deliver value to shareholders.

"The first half of the financial year has seen the Group deliver a resilient trading performance against a complex macroeconomic backdrop. We plan to build on this position, advancing our key strategic initiatives: new business generation, investing in our adviser academy training programmes, developing our investment proposition, developing new products and services, reviewing our processes, and investing in technology to deliver operational efficiencies and growth through the integration of strategic acquisitions. Our trading outlook for the year remains in line with management's expectations and we believe the Group remains well-positioned to take advantage of the growth opportunities in the UK wealth market and deliver sustainable returns for our stakeholders".

Analyst presentation

There will be an analyst presentation held via webinar to discuss the results at 09:30am today.

Those analysts wishing to attend are asked to contact Julia Tilley at Camarco on +44 (0) 20 3757 4998 or at mattioliwoodsplc@camarco.co.uk.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

- Ends -

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Interim business review

Introduction

The first six months of this financial year saw the Group deliver improved organic growth despite the complex macroeconomic backdrop that persisted throughout the period. Our priority remains the delivery of profitable organic growth and we are pleased to report further progress towards our medium-term strategic goals, with revenue of £59.1m up 8% on the equivalent period last year (1H23: £54.9m) driven by positive performance across our pensions advice and administration, employee benefits and investment management operating segments. The Group benefits from circa 90% of revenue being recurring and more than a third of revenue being fee-based, rather than linked to the value of client assets[9], making our business more robust through the cycle, especially in periods of heightened volatility.

The success of our new business initiatives, combined with our expanding product range and the strength of existing client referrals resulted in organic revenue growth of 4% despite a 0.4% reduction in the value of total client assets to £15.2bn. The Group's improved organic growth resulted from a combination of clients' demand for advice and proactive communication by advisers, with a 13% increase in the value of new clients on-boarded in the first half versus the equivalent period last year.

The combination of improved organic growth, positive contributions from recent acquisitions and continued cost management delivered 10% growth in adjusted EBITDA to £16.5m (1H23: £15.0m) and improved Adjusted EBITDA margin of 27.9% (1H23: 27.3%). Profit before tax was up 60% to £7.6m (1H23: £4.8m), in part due to reduced deferred consideration payments recognised as remuneration expense under IFRS 3 of £2.5m (1H23: £3.9m) and lower acquisition-related costs of £0.3m (1H23: £0.5m).

Adjusted profit before tax was up 15% to £15.6m (1H23: £13.5m) after adding back acquisition-related costs, platform project costs, deferred consideration recognised as an expense and amortisation of acquired intangible assets of £4.2m (1H23: £3.9m).

We remain dedicated to putting clients first, developing our client proposition and building a business that is sustainable, ethical and resilient. Our focus remains on delivering great client outcomes and we have reviewed the range of investment management options we offer, identifying opportunities to enhance our proposition and realise revenue synergies across the Group. This has been supported by two senior appointments who bring a wealth of investment management expertise in addition to a new partnership with T Rowe Price. We are focusing positively on the implementation of the FCA's Consumer Duty principles across the Group, which accord with our principles of integrity and professionalism.

Our investment in technology will facilitate increased digitisation and greater levels of client interaction. We expect this investment will also deliver improved operational efficiency as we continue to embrace flexible working arrangements with a renewed focus on in-office collaboration for our employees. The number of face-to-face client meetings has increased alongside the continued use of alternative channels, enabling greater contact with all our clients. The wellbeing of all our staff remains a focus with a range of workshops, educational and social forums being promoted by a wellbeing support team.

Consumer awareness and adoption of technology has accelerated in recent years, with on-demand portfolio visibility now considered a standard. We have developed our own online investment platform, MWise, which provides an additional distribution channel for our discretionary investment management service for new and existing clients. We are progressing our other strategic initiatives, including the Group-wide implementation of a common financial planning and wealth management platform, Xplan and the development of our proprietary MWeb pension administration platform. The cost of these initiatives are in-line with our historic guidance of circa. £2-4m per annum, with our technology spend in the first half of the year amounting to £0.7m.

As in prior years, we anticipate certain revenues will be more heavily weighted towards the second half reflecting increasing demand from clients for end of tax year advice, launch of new products and a higher proportion of pension client year-ends.

A total of 409 new clients (1H23: 490) chose to use Mattioli Woods during the period, with new business generated by our growing consultancy team and through existing client referrals, of which 366 (1H23: 406) were new SIPP, SSAS and personal clients with increased assets totalling £133m (1H23 restated: £108m) reflecting the focus of new business generation.

These initiatives are also supporting our enquiry pipeline of 610 (1H23: 606) new business opportunities with assets totalling £235m (1H23: £194m). Total client assets under management, administration and advice by the Group and its associate were £15.2bn at the period end (31 May 2023: £15.3bn).

Our discretionary managed funds experienced some pressure on asset values, like many others in the sector, but performed in line with their benchmarks and represented a combined value of £4.6bn at the period end (31 May 2023: £4.8bn), including more than £0.9bn managed by the Maven Capital Partners ("Maven") team and £0.7bn managed by the Group's associate company, Amati Global Investors ("Amati").

Our gross discretionary assets under management saw a modest aggregate net inflow (before market movements) of £4.6m (1H23: £38.1m) and totalled £4.6bn (31 May 2023: £4.8bn) at the period end, down 3.2%. The value of assets held within our discretionary portfolio management ("DPM") service was £2.4bn (31 May 2023: £2.5bn) a reduction of 1.7%, of which £181.4m or 7.4% (31 May 2023: £149.4m or 6.0%) was invested in funds managed by the Group and its associate.

9 Revenue for the six months ended 30 November 2023 was split 37% (1H23 restated: 39%) fixed, initial or time-based fees and 63% (1H23 restated: 61%) ad valorem fees based on the value of assets under management, advice and administration.

Market overview

The UK retail savings and investment market has demonstrated considerable growth in recent years. It remains dominated by pension schemes but is evolving as a result of societal, economic, regulatory and technological changes. Individuals who have generated substantial personal and family wealth are increasingly seeking solutions and trusted advice that help them fulfil their personal ambitions in the near and longer term. We believe these current market dynamics and pending changes will continue driving demand for the holistic planning and expert advice we provide.

Whilst inflation has somewhat eased in the last six months, recent economic data suggests that inflation will continue to exert financial and liquidity pressures on individuals and households, at least in the short to medium term. Our business faces similar challenges with wage and cost inflation partially offset by our ability to review pricing arrangements with our clients, continued management of all direct and administrative expenditure and realisation of operational efficiencies and economies of scale.

The implementation of the Consumer Duty regulations brings a welcome focus to the value our clients derive from the services we offer. Our teams have assessed our client proposition through the prism of the Consumer Duty regulations, affirming our belief that we deliver valued services to our clients and have the systems and controls in place to identify any areas of potential harm, allowing appropriate action to be taken where necessary. We have also reflected on some areas where action can be taken to garner further efficiencies that will serve to improve our client service delivery. These principles have remained at the core of our business since it was founded over 30 years ago.

Changes to the pension and tax regime

The Chancellor's Autumn Statement created further demand for advice following the announcement of a range of proposed reforms to pensions tax relief to encourage workers over 50 to extend their working lives, including increasing the annual allowance, removing the Lifetime Allowance charge and freezing lump sum limits. While another UK general election within the next 12 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 to the tax regime expected to create further demand for our advisory services.

Assets under management, administration and advice

Total client assets of £15.2bn as at 30 November 2023 (31 May 2023: £15.3bn) were as follows:

Assets under management, administration, and advice[10]	*SIPP and SSAS[11] £m*	*Employee benefits £m*	*Personal wealth and other assets £m*	*Sub-total £m*	*Amati[12] £m*	*Private Equity Mgt £m*	*Total £m*
At 1 June 2023	**6,854.0**	**1,639.8**	**5,171.5**	**13,665.3**	**829.2**	**817.9**	**15,312.3**
Net inflows/(outflows), including market movements	(130.8)	248.2	(52.9)	64.4	(157.0)	27.9	(64.6)
At 30 November 2023	**6,723.2**	**1,888.0**	**5,118.6**	**13,729.7**	**672.2**	**845.7**	**15,247.7**

The £64.6m or 0.4% decrease in total client assets during the period is analysed as:

- A £130.8m decrease (1H23: £89.2m decrease) in SIPP and SSAS funds under trusteeship, with a 2.2% (1H23: 0.6%) fall in the number of schemes being administered at the period end, comprising a 1.5% decrease (1H23: 0.3% increase) in the number of direct[13] schemes to 7,067 (31 May 2023: 7,172) and an expected 3.6% (1H23: 2.3%) decrease in the number of schemes the Group operates on an administration-only basis to 3,647 (31 May 2023: 3,785). In recent years, we have been appointed to operate or wind-up several SIPP portfolios following the failure of their previous operators, with the lower number of schemes due in part to the transfer of certain members of these distressed portfolios to alternative arrangements;
- A £248.2m increase (1H23: £19.2m decrease) in the value of assets held in corporate pension schemes advised by our employee benefits business. The growth in the period has been driven by new client wins following recent business development initiatives, although revenues in our employee benefits business are not linked to the value of client assets;
- A £52.9m (1H23: £29.0m) decrease in personal wealth and other assets under management and advice. The 194 (1H23: 206) new personal clients won during the period partially offset some natural client attrition, resulting in a 2.8% decrease (1H23: 1.7% increase driven by acquisitions) in the total number of personal clients[14] at the period end to 11,594 (31 May 2023: 11,925);
- A £157.0m (1H23: £176.5m) decrease in Amati's funds under management (excluding Mattioli Woods' client investment), with falls in the value of the Amati UK Smaller Companies Fund to £477.4m (31 May 2023: £586.0m), the Amati AIM VCT to £143.7m (31 May 2023: £178.0m), the Strategic Metals Fund to £65.5m (31 May 2023: £87.1m) and the IHT portfolio service £55.5m (31 May 2023: £56.9m), being partially offset by an increase in the Strategic Innovation Fund to £6.3m (31 May 2023: £5.9m); and
- A £27.9m increase in Maven's assets under management to £845.7m, as explained under 'Segmental review' below.

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 Includes £672.2m (31 May 2023: £829.2m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £65.5m (31 May 2023: £73.0m) of Mattioli Woods' client investment and £10.7m (31 May 2023: £11.7m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.
13 SIPP and SSAS schemes where the Group acts as pension consultant and administrator.
14 Includes personal wealth clients with SIPP and SSAS schemes operated by third parties.

Strategy

The Group has developed a broader wealth management proposition in recent years, grown from its strong pensions advisory and administration expertise, with financial planning advice at its core. We continue to progress towards our goal to become a leading financial solutions provider in the UK. We plan to continue developing complementary services around our core specialisms, blending advice, investment, and asset management, and have recently added mortgage broking services.

We continue to invest in our people and our systems with the aim of improving client outcomes, increasing operational efficiency and increasing our capacity for organic growth, while prioritising a steady improvement in earnings, operating margin and shareholder returns.

Revenue

The Group delivered another period of growth, with total revenue of £59.1m (1H23: £54.9m) up 7.7.% year-on-year. This included organic revenue growth of 4.0%, plus a full six months' combined revenue contribution of £2.0m from the acquisitions of Doherty Pensions and Investment Consultancy ("Doherty") and White Mortgages ("Whites") in the prior year. Pension consultancy and administration revenue included £2.1m (1H23: £0.1m) of interest income on pooled cash balances as a result of higher interest rates throughout the period.

Employee benefits expense

The major component of the Group's operating costs is employee benefits expense of £32.8m (1H23: £29.8m), which increased to 55.6% of revenue (1H23: 54.3%) reflecting the impact of recent inflationary pressures impacting costs of living and recruitment activity. The realisation of operational efficiencies and securing economies of scale, in part through synergies driven by the integration of acquired businesses and clients, are key elements of our aim to maintain margin and enhance future earnings.

An increase in average consultant and client relationship manager caseloads in the period was achieved partly through the integration and migration of acquired client and pension portfolios onto our MWeb administration platform, reaping some of the benefits of our historic and current investment in technology, as well as through the streamlining of other processes across the Group. The current investment into the Xplan client administration platform is expected to lead to further efficiency improvements.

The planned recruitment of additional client-facing and support staff resulted in the Group's total headcount increasing to 949 (1H23: 877) at 30 November 2023. The number of revenue generating consultants increased to 148 (1H23: 132) at the period end. Our planned increase in the recruitment of trainee consultants is being delivered, with 19 new recruits joining the expanded adviser academy shortly after the period end in December 2023. We expect this level of recruitment to grow in the current and future years as we continue to invest in our people and training programmes to ensure we create the capacity for future growth.

Other administrative expenses

Other administrative expenses decreased by 3% to £9.8m (1H23: £10.2m), with the impact of a full six months' costs on recent acquisitions, additional consultancy spend to support the Xplan project and increased occupancy costs associated with increased use of the office estate being offset by reduced professional and regulatory costs, marketing spend now planned for the second half, lower acquisition-related costs and lower insurance costs as acquired businesses integrate into the Group's coverage.

We continue to assess strategic opportunities to grow the Group through both smaller bolt-on acquisitions and more substantial opportunities, provided they meet our strict acquisition criteria and due diligence procedures. During the period we progressed several smaller opportunities, incurring acquisition-related costs of £0.3m (1H23: £0.5m).

Share-based payments

Share-based payment costs of £1.2m (1H23: £0.9m) were higher than the equivalent period last year due to new options awarded under the Mattioli Woods 2021 Long Term Incentive Plan ("the LTIP") during the period and the impact of updated performance and vesting assumptions.

Net finance costs

The Group maintained a positive net cash position throughout the period, with net finance income of £0.2m (1H23: £0.4m cost) reflecting interest income on cash balances partially offset by notional finance charges from the unwinding of discounts on deferred consideration payable of £0.4m (1H23: £0.5m).

Taxation

The effective rate of taxation on profit on ordinary activities was 30.8% (1H23: 36.6%), above the blended standard rate of tax of 25.0% (1H23: 20.0%), primarily due to certain contingent consideration arrangements on acquisitions accounted for as remuneration and other acquisition-related expenses being non-deductible for tax purposes.

The net deferred taxation liability carried forward at 30 November 2023 increased to £27.2m (1H23: £26.2m) as a result of recent acquisitions.

Alternative performance measures

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

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

Supporting calculations for alternative performance measures and reconciliations between alternative performance measures and their IFRS equivalents are set out in Note 19.

Profitability and earnings per share

Operating profit before financing was up 54.1% to £7.1m (1H23: £4.6m), with the positive impact of increased revenue, lower acquisition-related costs of £0.3m (1H23: £0.5m) and contingent consideration recognised as an expense falling to £2.5m (1H23: £3.9m) being partially offset by a full period of overheads associated with those businesses acquired in the prior financial year and increased investment in our people. Adjusted EBITDA, adding back acquisition-related costs and contingent consideration recognised as an expense, platform project costs of £0.7m (1H23: nil) and including the Group's share of profit from associates of £0.3m (1H23: £0.6m), was up 10.0%, with adjusted EBITDA margin of 27.9% (1H23: 27.3%).

Profit before tax was up 58.3% to £7.6m (1H23: £4.8m), with adjusted profit before tax up 15.6% to £15.6m (1H23: £13.5m). The adjusted profit before tax measure includes adjustments made for acquisition-related costs, the recognition of contingent consideration as an expense under IFRS 3, platform project costs, amortisation charges on acquired intangible assets of £4.2m (1H23: £3.9m) and acquisition-related notional interest charges of £0.3m (1H23: £0.5m).

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 follows:

	1H24 £m	*1H23 £m*
Statutory operating profit before financing	**7.1**	4.6
Amortisation of acquired intangibles	**4.2**	3.9
Amortisation of software	**0.2**	0.3
Depreciation	**1.2**	1.2
EBITDA	**12.8**	10.0
Share of profit from associates, net of tax	**0.3**	0.6
Acquisition-related costs	**0.3**	0.5
Deferred consideration as remuneration	**2.5**	3.9
Platform project costs	**0.7**	-
Adjusted EBITDA[15]	**16.5**	15.0

15 Figures in table may not add due to rounding.

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

	Profit 1H24 £m	***EPS 1H24 pps***	*Profit 1H23 £m*	*EPS 1H23 pps*
Statutory profit before tax	**7.6**		4.8	

Income tax expense	**(2.4)**		(1.7)	
Statutory profit after tax/Basic EPS	**5.2**	**10.2**	3.0	5.9
Statutory profit before tax	**7.6**		4.8	
Amortisation of acquired intangibles	**4.2**		3.9	
Acquisition-related costs	**0.3**		0.5	
Acquisition-related notional finance costs	**0.3**		0.5	
Deferred consideration as remuneration	**2.5**		3.9	
Exceptional Project costs	**0.7**		-	
Adjusted PBT	**15.6**		13.5	
Income tax expense at blended standard rate	**(3.9)**		(2.7)	
Adjusted PAT/Adjusted EPS[16]	**11.7**	**22.7**	10.8	21.2

16 Figures in table may not add due to rounding.

Client portfolios acquired through business combinations are recognised as intangible assets. The amortisation charge for the period of £4.2m (1H23: £3.9m) associated with these intangible assets has been excluded from adjusted PAT and adjusted EPS because the Board reviews the performance of the business before these charges, which are non-cash and do not apply evenly to all business units.

Basic EPS increased by 73% to 10.2p (1H23: 5.9p), while adjusted EPS of 22.7p (1H23: 21.2p) was up 7%. EPS was negatively impacted by a high effective tax rate of 30.8% (1H23: 36.6%), and the issue of 240,976 (1H23: 190,743) shares under the Company's share plans. Diluted EPS was 10.2p (1H23: 5.9p).

Dividends

The Board is pleased to announce an interim dividend of 9.0p per share (1H23: 8.8p) up 2.3%, demonstrating our desire to deliver value to shareholders. The Board continues to review its dividend policy given the increased number of shares in issue following recent acquisitions since the policy was established, alongside the need to invest in scale, increased efficiency, and acquisitions. The Board currently maintains a progressive dividend policy, while maintaining an appropriate level of dividend cover. The interim dividend will be paid on 22 March 2024 to shareholders on the register at the close of business on 16 February 2024, with an ex-dividend date of 15 February 2024.

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

For the DRIP to apply to the interim dividend for the six months ended 30 November 2023, shareholders' instructions must be received by Link by the close of business on 1 March 2024.

Cash flow

Cash balances at 30 November 2023 totalled £32.7m (1H23: £38.3m). Adjusted cash generated from operations[17], which excludes cashflows related to the Group's acquisition activities was £12.6m (1H23: £7.2m), representing 76.4% of Adjusted EBITDA (1H23: 47.8%). Cash generated from operations was £7.1m or 55.2% of EBITDA (1H23: -£1.5m or -15%), driven by a decrease in the Group's working capital requirement[18] of £9.4m (1H23: £16.6m) comprising:

- £6.6m decrease (1H23: £9.8m) in trade and other payables primarily due to:
  - £5.2m (1H23: £8.9m) decrease in accruals and deferred income including £2.0m in accrued bonuses, £1.3m from property insurance renewal premiums invoiced and paid in the period, £1.5m on payment of accrued balances and £0.4m decrease in deferred income on fees issued annually in advance to certain clients;
  - £0.5m (1H23: £0.1m) decrease in social security and other taxes outstanding; and
  - £0.8m (1H23: £0.8m) decrease in trade and other payables, including £0.4m payment of deferred consideration; plus
- £0.6m increase (1H23: £2.1m decrease) in trade and other receivables, primarily due to;
  - £1.6m decrease in property management fees and insurance premiums invoiced to Custodian Property Income REIT and property syndicates before November 2023; and
  - £2.2m increase in other invoiced revenues compared to prior year; plus
- £2.2m decrease (1H23: £8.9m) in provisions, primarily due to:
  - £5.5m of contingent consideration recognised as remuneration paid in the period; and
  - £3.3m increase across other provisions, including provisions for dilapidations charges and employers' NIC on share options.

Net cash outflows from investing activities increased to £6.2m (1H23: £2.4m) with £0.7m (1H23: £nil) of initial consideration paid on acquisitions completed in the period and £5.5m (1H23: £1.6m) of contingent deferred consideration paid on acquisitions completed in prior periods. Investment in other investments reduced to £0.1m (1H23: £0.2m).

Net cash from financing activities resulted in a £9.4m outflow (1H23: £9.3m outflow), with proceeds from the issue of share capital of £0.4m (1H23: £0.4m) offset by dividends paid of £9.3m (1H23: £9.1m) increasing in line with the Group's progressive dividend policy.

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

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

Regulatory capital

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

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

At 30 November 2023 the Company had significant headroom of £14.9m on its regulatory capital requirement of £14.9m, a 100% surplus, giving the Group the flexibility to pursue bolt-on acquisition opportunities.

Segmental review

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

- 46.0% investment and asset management (1H23: 45.2%);
- 22.3% pension advice and administration (1H23: 19.9%);
- 21.0% private equity management (1H23: 22.9%);
- 4.8% property management (1H23: 6.3%); and
- 5.9% employee benefits (1H23: 5.7%).

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

Investment and asset management

Investment and asset management revenues generated from advising clients on both pension and personal investments increased 9.4% to £27.2m (1H23: £24.8m).

The Group's gross discretionary AuM, including the multi-asset funds which sit at the heart of our DPM service, Custodian Property Income REIT and the funds managed by Maven and our associate company, Amati, totalled £4.6bn (31 May 2023: £4.8bn), a decrease of 4.1% as follows:

Assets under management	*DPM £m*	*Custodian Property Income REIT £m*	*MW PSF & REF £m*	*MW UKDF £m*	*Amati £m*	*Maven £m*	***Gross AuM £m***	*Cross-holdings in DPM[19] £m*	*Cross-holdings in Amati funds[20] £m*	***Net AuM £m***
At 1 June 2023	**2,485.2**	**437.6**	**78.1**	**-**	**913.9**	**835.3**	**4,750.1**	**(149.4)**	**(11.7)**	**4,588.9**
Inflows	117.0	-	4.7	35.4	60.2	109.2	326.4	-	0.1	326.5
Outflows	(170.5)	-	(0.4)	(0.0)	(129.7)	(21.2)	(321.8)	(32.0)	-	(353.9)
Market movements	10.4	(14.8)	(1.6)	0.5	(96.0)	(53.1)	(154.7)	-	-	(154.7)
At 30 Nov 2023	**2,442.1**	**422.8**	**80.7**	**35.9**	**748.4**	**870.2**	**4,600.0**	**(181.4)**	**(11.6)**	**4,406.9**

Our investment and asset management business, like many others in the sector, experienced some pressure on asset values which continued after the period end, and which impacts revenues linked to asset values. Income from both initial and ongoing portfolio management charges (including associated ongoing adviser charges) was £17.0m (1H23 restated: £13.8m) with £117.0m (1H23: £131.5m) of inflows into our DPM service during the period.

Fees for services provided by Custodian Capital to Custodian Property Income REIT are included in the 'property management' segment. The MW Property Securities Fund ("MW PSF") and Responsible Equity Fund ("MW REF") continue to grow with net inflows of £3.1m and £1.1m respectively in the period.

The MW UK Dynamic Fund ("MW UKDF") was launched in September 2023 and seeks to deliver value through active management of a portfolio of UK equities over a five-year horizon and achieved net inflows of £35.4m in the period.

Adviser charges based on gross assets under advice of £4.1bn (1H23: £3.6bn) increased to £12.2m (1H23 restated: £10.9m), with the impact of inflows and acquisitions partially offset by the impact of lower asset values and market movements.

Growth in total assets under management and advice continues to underpin the Group's quality of earnings with the proportion of total revenues that are recurring being 90.8% (1H23: 89.6%) across all segments. Notwithstanding our fee-based advisory model, as with other firms, the majority of these income streams are linked to the value of funds under management and advice and are therefore affected by the performance of financial markets.

19 Comprises £12.3m (31 May 2023 £12.0m) invested in Custodian REIT, £66.3m (31 May 2023: £66.3m) in MW Property Securities Fund, £33.3m (31 May 2023: nil) in MW UK Dynamic Fund and £49.9m (31 May 2023: £55.2m) in Amati funds.
20 Cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

Pension advice and administration

Pension advice and administration revenues increased 20.9% to £13.2m (1H23: £10.9m) as a result of the strong demand for advice and increased banking margin on cash balances. The total number of SIPP and SSAS schemes administered by the Group decreased 2.2% to 10,714 (31 May 23: 10,957) due to the continued wind-down of a number of SIPP schemes operated on an administration-only basis.

Direct[21] pension advice and administration fees increased 21.9% to £11.2m (1H23: £9.2m). Retirement planning remains central to many of our clients' wealth management strategies, although the number of direct schemes decreased to 7,067 (31 May 23: 7,172), with 149 new schemes gained in the first half of the year (1H23: 186). We have maintained a high quality of new business, with the value of new schemes averaging £0.6m (1H23: £0.3m), and we continue to enjoy strong client retention, with an external loss rate[22] of 2.6% (1H23: 1.3%) and an overall attrition rate[23] of 3.3% (1H23: 2.2%).

Third-party administration fees also increased by 15.8% to £2.0m (1H23: £1.7m). The number of active SSAS and SIPP schemes the Group operates on an administration-only basis decreased as expected by 3.6% to 3,647 (31 May 23: 3,785) at the period end. In prior years the Group has been appointed to administer a number of SIPPs following the previous operators' failure. Work continues in connection with schemes previously administered by Stadia Trustees Limited, HD Administrators, Pilgrim Trustees Services Limited and The Freedom SIPP Limited.

The Group's banking revenue was £2.1m (1H23: £0.1m). The recent base rate increases and our planned introduction of pooled banking for the Group's clients provides an opportunity to enhance clients' rates, improve efficiency of banking administration and when available, enable the Company to retain a proportion of any interest.

Segment margin was 31.0% (1H23: 23.7%) with the positive impact of new business, fee-based and transactional activity and banking revenue being partially offset by client losses.

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

21 SIPP and SSAS schemes where Mattioli Woods acts as pension consultant and administrator.
22 Direct schemes lost to an alternative provider as a percentage of average scheme numbers during the period.
23 Direct schemes lost as a result of death, annuity purchase, external transfer or cancellation as a percentage of average scheme numbers during the period.

Private equity management

Maven enjoyed a healthy level of new deal flow across all segments of the business, leading to increased transaction-based revenues and deal arrangement fees, coupled with performance and exit fees on the successful realisation of a number of Maven Investor Partner and VCT investments. Maven's AuM totalled £870.2m (31 May 23: £835.3m) at the period end, with revenues recognised during the period of £12.4m (1H23: £12.6m) down 0.9%.

The Group realised a number of cross-sell revenue synergies, with the Maven Investor Partner business completing five transactions supported by Mattioli Woods' clients, generating £0.3m initial fees and embedding significant future performance fee potential. Product expansion new continues with the Maven public sector fund business securing new and extended contracts, with further opportunities expected across the UK during 2024.

Property management

Property management revenues were £2.8m (1H23: £3.4m), a decrease of 18.1%, with Custodian Capital's assets under management and administration falling 14.7% to £503.7m (31 May 2023: £529.8m) following a further decrease in commercial property market values. The majority of property management revenues are derived from the services provided by Custodian Capital to Custodian Property Income REIT, which currently offers a fully covered dividend yield of 6.5%[24] coupled with the potential for capital growth from a balanced portfolio of real estate assets.

In addition, Custodian Capital continues to facilitate direct property ownership on behalf of pension schemes and private clients and manages our 'Private Investors Club', which offers alternative investment opportunities to suitable clients by way of private investor syndicates. As part of the integration of Maven into the Group, the Private Investor Club is now managed by Maven such that all new opportunities are being launched through the private equity management segment.

24 Source: Numis Securities Limited, Investment Companies Datasheet dated 14 December 2023

Employee benefits

Employee benefits revenues grew 10.5% against the prior year to £3.5m (1H23: £3.2m), with the Group having 765 corporate clients (31 May 2023: 785) at the period end. New client wins, including some large clients were spread across a number of sectors, ensuring the client portfolio remains well diversified.

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

Acquisitions

We have invested £255m in targeted acquisitions since our admission to AIM in 2005, bringing 36 businesses or client portfolios into the Group and developing considerable expertise and a strong track record in the execution and subsequent integration of such transactions.

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

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

Resources

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

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

Our people

We give our thanks and gratitude to all our staff for their continued dedication, enthusiasm, and professionalism in dealing with our clients' affairs during the first half of this financial year and for continuing to maintain our culture of putting clients first, adopting an ethical and collegiate approach. Retaining the integrity, expertise and passion of our expert and diverse staff remains a priority of the Board and will continue to be at the heart of our success as we grow. We are committed to investing in and developing our people to create and maintain the capacity to deliver sustainable growth.

We enjoy a strong team spirit and facilitate employee equity ownership through the Mattioli Woods plc Share Incentive Plan ("the Plan") and other share schemes. At the end of the period 55% (1H23: 61%) of eligible staff had invested in the Plan and we continue to encourage broader staff participation.

Our Board

We remain committed to having a diverse and balanced Board. The Board continues to review its composition to ensure it has the right experience and expertise to create long-term shareholder value. The Board embraces diversity in all forms and maintains on-going dialogue with key stakeholders to consider future changes to ensure compliance with regulatory and stakeholder guidance.

We have made several recent changes to Board composition, including as previously announced, Anne Gunther being appointed to the role of Non-Executive Chair, following David Kiddie stepping down to take on a consultancy role to support the continued development and structure of the Group's investment proposition. We were pleased to announce the appointment of Alison McKinna as an Independent Non-Executive Director in December 2023. Alison brings new skills to the Board and a track record of delivering successful, customer-focused business transformations and expertise in digital innovation across several sectors.

The Board is also committed to regular reviews of the Group's corporate governance structures. Key areas under consideration include strategic and commercial growth, diversification of the Group's investment proposition, integration of acquisitions and delivery of revenue and cost synergies, oversight and compliance, risk management, and retaining and attracting talent through increased levels of employee engagement.

Shareholders

During the period, we engaged with shareholders through various channels, including company-hosted events, webinars, virtual group meetings and one-to-one meetings in addition to traditional face-to-face meetings. We are fortunate to have a growing number of supportive institutional shareholders with a significant investment in the Group, including those who have supported the Group for several years and those investors added to the register more recently. We embrace opportunities to talk to all our shareholders, large and small and we will continue to create and maintain a regular and constructive dialogue with them, while seeking to broaden our shareholder base.

Outlook

The first half of the financial year has seen the Group deliver a resilient trading performance against a complex macroeconomic backdrop. We plan to build on this position, advancing our key strategic initiatives: new business generation, investing in our adviser academy training programmes, developing our investment proposition, developing new products and services, reviewing our processes, and investing in technology to deliver operational efficiencies and growth through the integration of strategic acquisitions.

Our trading outlook for the year remains in line with management's expectations and we believe the Group remains well-positioned to take advantage of the growth opportunities in the UK wealth market and deliver sustainable returns for all our stakeholders.

Anne Gunther
Non-Executive Chair

Ian Mattioli MBE
Chief Executive Officer

5 February 2024

INDEPENDENT REVIEW REPORT TO MATTIOLI WOODS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2023 which comprises the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and associated notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the AIM Rules of the London Stock Exchange.

Basis of conclusion

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

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

Conclusions relating to going concern

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the review of the financial information

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

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Moore Kingston Smith LLP
London

5th February 2024

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 November 2023

	Note	***Unaudited Six months ended 30 Nov 2023 £000***	*Unaudited Six months ended 30 Nov 2022 £000*	*Audited Year ended 31 May 2023 £000*
Revenue	5	**59,132**	54,913	111,182
Employee benefits expense		**(32,837)**	(29,813)	(60,864)
Other administrative expenses		**(9,848)**	(10,202)	(18,249)
Share-based payments	14	**(1,230)**	(856)	(1,992)
Amortisation and impairment	11	**(4,440)**	(4,279)	(9,036)
Depreciation	9,10	**(1,231)**	(1,216)	(2,475)
Impairment loss on financial assets		**1**	(75)	(215)
Profit/(loss) on disposal of property, plant and equipment		**15**	(10)	90
Loss on disposal of investment in own shares		**-**	-	(116)
Deferred consideration presented as remuneration	16	**(2,458)**	(3,850)	(6,865)
Operating profit before financing		**7,104**	4,612	11,460
Finance revenue		**958**	175	545
Finance costs		**(747)**	(566)	(1,126)
Net finance cost		**211**	(391)	(581)
Share of profit from associate, net of tax	12	**333**	564	974
Profit before tax		**7,648**	4,785	11,853
Income tax expense	8	**(2,352)**	(1,749)	(4,201)
Profit for the period		**5,296**	3,036	7,652
Other comprehensive loss for the period, net of tax		**(16)**	(24)	(22)
Total comprehensive income for the period, net of tax		**5,280**	3,012	7,630
Attributable to:				
Equity holders of the parent		**5,272**	3,012	7,626
Non-controlling interest		**(8)**	-	(4)
Earnings per ordinary share:				
Basic (pence)	6	**10.2**	5.9	14.9
Diluted (pence)	6	**10.2**	5.9	14.9
Proposed dividend per share (pence)	7	**9.0**	8.8	26.8

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

Interim condensed consolidated statement of financial position

As at 30 November 2023

Registered number: 03140521

	Note	***Unaudited 30 Nov 2023 £000***	*Unaudited 30 Nov 2022 £000*	*Audited 31 May 2023 £000*
Assets				
Property, plant and equipment	9	**13,870**	13,877	13,992
Right of use assets	10	**3,381**	2,857	3,034
Intangible assets	11	**205,661**	195,288	208,381
Deferred tax asset	8	**695**	697	695
Investment in associate	12	**4,453**	4,693	4,128
Other investments	12	**4,456**	5,380	4,699
Total non-current assets		**232,516**	222,792	234,929
Trade and other receivables		**31,028**	26,578	30,389
Finance lease receivable		**275**	318	286
Investments	12	**50**	250	246
Cash and short-term deposits		**32,669**	38,324	45,101
Total current assets		**64,022**	65,470	76,022
Total assets		**296,538**	288,262	310,951
Equity				
Issued capital		**519**	512	517
Share premium		**145,198**	144,029	144,638
Merger reserve		**57,225**	57,225	57,225
Equity - share-based payments		**3,967**	3,018	3,666
Capital redemption reserve		**2,000**	2,000	2,000
Own shares		**-**	(597)	-
Non-controlling interest		**485**	-	477
Retained earnings		**17,531**	19,085	20,817
Total equity attributable to equity holders of the parent		**226,925**	225,272	229,340
Non-current liabilities				
Deferred tax liability	8	**27,859**	26,862	28,873
Lease liability		**2,979**	2,655	2,600
Provisions	16	**4,020**	1,175	3,879
Total non-current liabilities		**34,858**	30,692	35,352
Current liabilities				
Trade and other payables		**16,862**	15,485	23,447
Income tax payable	8	**1,929**	1,636	4,578
Lease liability		**810**	607	756
Provisions	16	**15,154**	14,570	17,478
Total current liabilities		**34,755**	32,298	46,259
Total liabilities		**69,613**	62,990	81,611
Total equity and liabilities		**296,538**	288,262	310,951

Interim condensed consolidated statement of changes in equity

For the six months ended 30 November 2023

	Note	*Issued capital £000*	*Share premium £000*	*Merger reserve £000*	*Equity - share-based payments £000*	*Capital redemption reserve £000*	*Own shares £000*	*Retained earnings £000*	*Total equity £000*
As at 31 May 2022 - *Audited*		**510**	**143,373**	**57,225**	**2,804**	**2,000**	**(597)**	**24,784**	**230,099**
Profit for the period		-	-	-	-	-	-	**3,036**	**3,036**
Share of other comprehensive income from associates		-	-	-	-	-	-	**(24)**	**(24)**
Total comprehensive income for period		**-**	**-**	**-**	**-**	**-**	**-**	**3,012**	**3,012**
Transactions with owners of the Company, recognised directly in equity									
Issue of share capital		**2**	**656**		-	-	-	-	**658**
Share-based payment transactions	14	-	-	-	**630**		-	-	**630**
Deferred tax recognised in equity									

	Note	Issued capital £000	Share premium £000	Merger reserve £000	Equity - share-based payments £000	Capital redemption reserve £000	Own shares £000	Retained earnings £000	Total equity £000
Deferred tax recognised in equity		-	-	-	**(41)**	-	-	-	**(41)**
Current tax taken to equity		-	-	-	**8**	-	-	-	**8**
Reserves transfer		-	-	-	**(383)**	-	-	**383**	**-**
Dividends	7	-	-	-	-	-	-	**(9,094)**	**(9,094)**
As at 30 November 2022 - *Unaudited*		**512**	**144,029**	**57,225**	**3,018**	**2,000**	**(597)**	**19,085**	**225,272**

Interim condensed consolidated statement of changes in equity (continued)

For the six months ended 30 November 2023

	Note	Issued capital £000	Share premium £000	Merger reserve £000	Equity - share-based payments £000	Capital redemption reserve £000	Own shares £000	Non-controlling interest £000	Retained earnings £000	Total equity £000
As at 30 November 2022 - *Unaudited*		**512**	**144,029**	**57,225**	**3,018**	**2,000**	**(597)**	**-**	**19,085**	**225,272**
Profit for the period		-	-	-	-	-	-	**4**	**4,616**	**4,620**
Share of other comprehensive income from associates		-	-	-	-	-	-	**-**	**2**	**2**
Total comprehensive income for period		**-**	**-**	**-**	**-**	**-**	**-**	**4**	**4,618**	**4,622**
Transactions with owners of the Company, recognised directly in equity										
Issue of share capital		**5**	**609**	**1,969**	-	-	-		-	**2,583**
Share-based payment transactions	14	-	-	**-**	**846**	-	-		-	**846**
Deferred tax recognised in equity		-	-	**-**	**13**	-	-		**(162)**	**(149)**
Current tax taken to equity		-	-	**-**	**1**	-	-		-	**1**
Reserves transfer		-	-	**(1,969)**	**(212)**	-	-		**2,181**	-
Disposal of investment in own shares		-	-	-	**-**	-	**597**		**-**	**597**
Arising on acquisition		-	-	-	**-**	-		**473**	**(401)**	72
Dividends	7	-	-	-	-	-	-		**(4,504)**	**(4,504)**
As at 31 May 2023 - *Audited*		**517**	**144,638**	**57,225**	**3,666**	**2,000**	**-**	**477**	**20,817**	**229,340**

Interim condensed consolidated statement of changes in equity (continued)

For the six months ended 30 November 2023

	Note	Issued capital £000	Share premium £000	Merger reserve £000	Equity - share-based payments £000	Capital redemption reserve £000	Own shares £000	Non-controlling interest £000	Retained earnings £000	Total equity £000
As at 31 May 2023 - *Audited*		**517**	**144,638**	**57,225**	**3,666**	**2,000**	**-**	**477**	**20,817**	**229,340**
Profit for the period		-	-	-	-	-	-	**8**	**5,296**	**5,304**
Share of other comprehensive income from associates		-	-	-	-	-	-	**-**	**(16)**	**(16)**
Total comprehensive income for period		**-**	**-**	**-**	**-**	**-**	**-**	**8**	**5,280**	**5,288**
Transactions with owners of the Company, recognised directly in equity										
Issue of share capital		**2**	**560**	-	-	-	-	-	-	**562**
Share-based payment transactions	14	-	-	-	**1,083**	-	-	-	-	**1,083**
Deferred tax recognised in equity		-	-	-	**(5)**	-	-	-	**(5)**	**(10)**
Current tax taken to equity		-	-	-	**(23)**	-	-	-	-	**(23)**
Reserves transfer		-	-	-	**(754)**	-	-	**-**	**754**	**-**
Dividends	7	-	-	-	-	-	-	**-**	**(9,315)**	**(9,315)**
As at 30 November 2023 - *Unaudited*		**519**	**145,198**	**57,225**	**3,967**	**2,000**	**-**	**485**	**17,531**	**226,925**

Interim condensed consolidated statement of cash flows
For the six months ended 30 November 2023

	Note	***Unaudited Six months ended 30 Nov 2023 £000***	*Unaudited Six months ended 30 Nov 2022 £000*	*Audited Year ended 31 May 2023 £000*
Operating activities				
Profit for the period		**5,296**	3,012	7,652
Adjustments for:				
Depreciation	9,10	**1,231**	1,216	2,474
Amortisation and impairment	11	**4,440**	4,279	9,036
Deferred consideration as remuneration	16	**2,458**	3,850	6,865
Finance revenue		**(958)**	(175)	(545)
Finance costs		**747**	566	1,126
Share of profit from associate	12	**(333)**	(564)	(974)
Loss/(profit) on disposal of property, plant and equipment		**(15)**	10	(25)
Profit on disposal of fixed asset investments		**-**	-	98
(Gain)/loss on revaluation of other investments		**(1)**	260	-
Equity-settled share-based payments	14	**1,230**	856	1,992
Income tax expense		**2,352**	1,749	4,201
Cash flows from operating activities before changes in working capital and provisions		**16,447**	15,059	31,900
(Increase)/decrease in trade and other receivables		**(629)**	2,095	(1,197)
(Decrease)/increase in trade and other payables		**(6,584)**	(9,778)	809
Decrease in provisions	16	**(2,184)**	(8,898)	(5,920)
Cash generated from operations		**7,050**	(1,522)	25,592
Interest paid		**-**	(1)	-
Income taxes paid		**(3,860)**	(2,370)	(3,071)
Net cash inflows from operating activities		**3,190**	(3,893)	22,521
Investing activities				
Proceeds from sale of property, plant and equipment		**106**	92	180
Purchase of property, plant and equipment	9	**(696)**	(554)	(1,396)
Purchase of software	11	**(329)**	(288)	(557)
Purchase of client portfolio		**-**	46	-
Contingent consideration paid on acquisition of subsidiaries	16	**(467)**	(1,555)	(2,248)
Acquisition of subsidiaries		**(748)**	-	(14,356)
Cash received on acquisition of subsidiaries		**26**	-	9,420
Contingent remuneration paid on acquisition of subsidiaries	16	**(5,030)**	-	(10,044)
Dividends received from associate	12	**-**	-	980
Investment in other equity holdings		**(82)**	(195)	(193)
Interest received		**932**	167	263
Proceeds from disposal of other investments		**46**	67	646
Loans advanced to investment syndicates		**-**	(594)	-
Loan repayments from investment syndicates		**-**	400	(195)
Net cash from investing activities		**(6,242)**	(2,414)	(17,500)
Financing activities				
Proceeds from the issue of share capital		**385**	432	851
Cost of own shares acquired		**-**	-	477
Dividends paid	7	**(9,315)**	(9,094)	(13,598)
Payment of lease liabilities		**(450)**	(619)	(1,562)
Net cash from financing activities		**(9,380)**	(9,281)	(13,832)
Net decrease in cash and cash equivalents		**(12,432)**	(15,588)	(8,811)
Cash and cash equivalents at start of period		**45,101**	53,912	53,912
Cash and cash equivalents at end of period		**32,669**	38,324	45,101

Notes to the interim condensed consolidated financial statements

1 Corporate information

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

2 Basis of preparation and accounting policies

2.1 *Basis of preparation*

The interim condensed consolidated financial statements have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting'. The interim condensed consolidated financial statements comprise the Company and its subsidiaries ("the Group"). The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 6 February 2024.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 May 2023, which were prepared in accordance with UK-adopted International Accounting Standards and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB (together "IFRS"), and in accordance with the requirements of the Companies Act applicable to companies reporting under IFRS.

The information relating to the six months ended 30 November 2023 and the six months ended 30 November 2022 is unaudited and does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 May 2023 have been reported on by its auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified and did not draw attention to any matters by way of emphasis or contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

2.2 *Going concern*

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

Specifically, the Group reports cash reserves of £32.7m at 30 November 2023 and continues to be cash generative. The cash position at period end was impacted by deferred consideration payments in the period of £5.5m. They forecast cash generation to improve given that they are approaching the maturity of deferred consideration payments from acquisitions in prior periods. In addition, the Group maintains regulatory capital headroom against requirements of basic and long-term liquidity.

The Directors continue to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements.

2.3 *Significant accounting policies*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 May 2023.

Standards not affecting the interim financial statements

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

Standard or interpretation	*Periods commencing on or after*
IFRS 17 Insurance contracts (including amendments to IFRS 17)	1 January 2023
Amendments to IAS 1 'International tax reform - Pillar two model rules'	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

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

Future new standards and interpretations

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

Standard or interpretation	*Periods commencing on or after*
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 annual financial statements or the interim condensed consolidated financial statements of the Group in future periods.

Financial statements for the year ending 31 May 2024

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements will be consistent with those to be followed in the preparation of the Group's annual financial statements for the year ending 31 May 2024, except for the adoption of new standards and interpretations not yet issued.

2.4 *Basis of consolidation*

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

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

2.5 *Critical accounting judgements and sources of estimation uncertainty*

The Group has reviewed the judgements and estimates that affect its accounting policies and amounts reported in its financial statements. Although these are unchanged from those reported in the Group's financial statements for the year ended 31 May 2023, we have disclosed the sensitivities to the key areas applicable to the six months to 30 November 2023 due to their significance to the interim results reported.

Critical accounting judgements

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

Sources of significant estimation uncertainty

Impairment of intangible assets

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

At November 2023 the Directors identified indicators of potential impairment arising from external factors including the reduction in the value of client assets, the reduction in value of Mattioli Woods' share price and increase in interest rates, and the impact on the financial performance of the Group. An updated estimation of the fair value less cost to sell and the value in use of intangible assets has been prepared to review whether intangible assets are impaired.

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

Value in use calculations are utilised to calculate recoverable amounts of a CGU. Value in use is calculated as the net present value of the projected pre-tax cash flows of the CGU in which the client portfolio is contained. The net present value of cash flows is calculated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, based on the Group's pre-tax Weighted Average Cost of Capital ("WACC"). The Group has applied a WACC of 13.6% (31 May 2023: 11.5%) to each of its operating segments.

The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and expenses during the period covered by the calculations. Changes to revenue and costs are based upon management's expectation. Forecast cashflows are derived from the forecast for the two and a half years to 31 May 2025, extrapolated for a further two years assuming medium-term growth of 5.0% (31 May 2023: 5.0%), thereafter extrapolating these cash flows using a long-term growth rate of 2.0% (31 May 2023: 2.0%), which management considers conservative against industry average long-term growth rates.

The carrying amount at 30 November 2023 of client portfolios was £113.4m (31 May 2023: £117.7m) and brands was £1.7m (31 May 2023: £1.8m). No impairment provisions have been made during the period (1H23: £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 13.6% (31 May 2023: 15.3%), reflecting current market assessments of the time value of money and the risks specific to that asset, based on the Group's WACC.

The carrying amount of goodwill at 30 November 2023 was £90.3m (31 May 2023: £88.9m). No impairment provisions have been made during the period (1H23: £nil) based upon the Directors' review.

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

Other areas of focus

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

<u>Contingent consideration and contingent remuneration payable on acquisitions</u>

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

Using forecasts approved by the Board covering the period of contingency, provisions for consideration and remuneration are recognised based on the maximum value expected to fall due. A material change to the carrying value would only occur if the acquired business fell significantly short of the target earnings, or if termination of employment of a management seller results in forfeiture of rights to future contingent payments. The carrying amount of contingent consideration provided for at 30 November 2023 was £13.9m (1H23: £8.2m) and contingent remuneration provided for at 30 November 2023 was £2.0m (1H23: £3.1m).

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

<u>Recoverability of accrued time costs and disbursements</u>

The nature of the accounting estimate remains unchanged, and the sensitivity in the valuation of accrued time costs and disbursements remains in line with sensitivities disclosed in the Annual Report for the year ended 31 May 2023.

<u>Provisions</u>

The nature of the accounting estimate remains unchanged, and the sensitivity in the valuation of accrued time costs and disbursements remains in line with sensitivities disclosed in the Annual Report for the year ended 31 May 2023.

3. Business combinations

On 18 September 2023, Ludlow Wealth Management Group Limited ("Ludlow"), a subsidiary of Mattioli Woods Plc, completed the acquisition of 100% of the share capital of Opus Wealth Management Limited ("Opus") for an initial consideration of £0.71m.

Opus is based in Blackpool and provides financial planning and wealth management services to circa 100 private client families with approximately £53 million of assets under advice. In the year ended 30 April 2023, Opus generated revenues of £0.37 million with a profit before taxation of £0.14 million. At 30 April 2023, Opus had net assets of £0.10 million.

The total consideration of £1.5m comprises an initial consideration of £710,625 in cash, plus £30,933 in cash in relation to the net assets acquired and deferred consideration of £710,625.

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

	Fair value recognised on acquisition £000	*Fair value adjustments £000*	*Previous carrying value £000*
Property, plant and equipment	7	-	7
Right of use assets	-	-	-
Trade and other receivables	27	-	27
Cash at bank	25	-	25
Assets	59	-	59
Trade and other payables	-	-	-
Lease liability	-	-	-
Provisions	(2)	-	(2)
Deferred tax liability	(1)	-	(1)
Liabilities	(3)	-	(3)
Total identifiable net assets at fair value	56		
Goodwill	1,396		

Total acquisition cost	1,452

Analysed as follows:	
Initial cash consideration	711
Net asset excess	30
Contingent consideration	711
Total acquisition cost	1,452

Cash outflow on acquisition:	
Cash paid	711
Cash acquired	(25)
Net asset excess[25]	30
Acquisition costs	37
Net cash outflow	753

25 Net assets excess paid in 2H24

Acquisitions completed during the prior period

On 19 April 2023, the Company completed the acquisition of 100% of the share capital of Doherty Pension & Investment Consultancy Limited ("Doherty"), one of the largest financial planning and wealth management businesses in Northern Ireland, providing specialist pension expertise and a discretionary investment management offering to over 1,300 clients.

On 26 April 2023, the Company completed the acquisition of 50.1% of the share capital of White Mortgages Limited ("White Mortgages"), an established provider of independent mortgage advice and of bespoke protection advice, based in Lincoln.

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 2023.

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:

Fair value recognised on acquisition:	*Doherty £000*	*White Mortgages £000*	*Total £000*
Property, plant and equipment	134	8	142
Right of use assets	-	96	96
Intangible assets - Client portfolio	11,509	-	11,509
Investments	5	-	5
Trade and other receivables	213	255	468
Cash at bank	8,619	801	9,420
Assets	20,480	1,160	21,640
Trade and other payables	(187)	(95)	(282)
Lease liabilities	-	(94)	(94)
Provisions	-	(21)	(21)
Deferred tax liability	(2,877)	(2)	(2,879)
Liabilities	(3,064)	(212)	(3,276)
Total identifiable net assets at fair value	17,416	948	18,364
Non-controlling interest at acquisition	-	(473)	(473)
Goodwill	4,685	722	5,407
Acquisition cost	22,101	1,197	23,298

Analysed as follows:			
Initial cash consideration	6,780	425	7,205
Net asset excess	8,023	772	8,795
Net shares in Mattioli Woods	1,972	-	1,972
Deferred consideration	1,500	-	1,500
Contingent deferred consideration	4,062	-	4,062
Discounting of contingent deferred consideration	(236)	-	(236)
Acquisition cost	22,101	1,197	23,298

Cash outflow on acquisition:			
Cash paid	6,780	425	7,205
Net asset excess	8,023	772	8,795
Cash acquired	(8,619)	(801)	(9,420)
Acquisition-related costs	341	170	511
Net cash outflow	6,525	566	7,091

In addition to the acquisition cost, management sellers of Doherty will receive;

- 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.

Mattioli Woods 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.

See Note 18 for further details of commitments and contingencies.

4. Seasonality of operations

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

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

5. Segment information

The Group's operating segments comprise the following:

- Pension advice and administration - Fees earned for setting up and administering pension schemes. Additional fees are generated from consultancy services provided for special one-off activities and the provision of bespoke scheme banking arrangements;
- Private equity asset management - Income generated where Maven Capital Partners manages VCTs and other investments, including fund management, administration, establishment, exit and performance fees in respect of the investments for which it is manager;
- Investment and asset management - Income generated from the management and placing of investments on behalf of clients;
- Property management - Income generated where Custodian Capital manages private investor syndicates, facilitates direct commercial property investments on behalf of clients or acts as the external discretionary manager for Custodian REIT plc; and
- Employee benefits - Income generated from corporate clients for consultancy and administration of employee benefits offering including group personal pensions and other insurance products.

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

Operating segments

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

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 November 2023 and 2022, and the year ended 31 May 2023 respectively:

Unaudited *Six months ended 30 Nov 2023*	*Investment and asset management £000*	*Private equity management £000*	*Pension advice and administration £000*	*Property management £000*	*Employee benefits £000*	*Total segments £000*	*Corporate costs £000*	*Consolidated £000*
Revenue	**27,173**	**12,449**	**13,192**	**2,821**	**3,497**	**59,132**	**-**	**59,132**
External customers								
Results	**5,310**	**2,934**	**4,087**	**639**	**506**	**13,476**	**(5,828)**	**7,648**
Segment profit before tax								

Unaudited

Six months ended 30 Nov 2022	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Revenue								
External customers	24,832	12,565	10,909	3,444	3,163	54,913	-	54,913
Results								
Segment profit before tax	4,542	3,300	2,582	1,074	484	11,982	(7,197)	4,785

Audited *Year ended 31 May 2023*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
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								

The following table presents segment assets of the Group's operating segments as at 30 November 2023 and 2022, and at 31 May 2023 respectively:

	Unaudited 30 Nov 2023 £000	*Unaudited 30 Nov 2022 £000*	*Audited 31 May 2023 £000*
Investment and asset management	**99,177**	87,888	105,454
Private equity management	**97,736**	99,784	96,433
Pension advice and administration	**27,537**	24,139	26,300
Property management	**2,442**	2,893	4,091
Employee benefits	**7,748**	5,419	7,130
Total segment assets	**234,640**	220,123	239,408
Property, plant and equipment	**13,870**	13,877	13,992
Right of use assets	**3,381**	2,857	3,034
Intangible assets	**1,942**	1,711	1,803
Deferred tax asset	**695**	697	695
Investment in associate	**4,453**	4,693	-
Finance lease receivable	**275**	318	285
Prepayments and other receivables	**4,613**	5,662	7,126
Investments	**-**	-	-
Cash and short-term deposits	**32,669**	38,324	45,101
Corporate assets	**61,898**	68,139	72,036
Total assets	**296,538**	288,262	311,444

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

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

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

Corporate costs

Certain administrative expenses including acquisition costs, amortisation of software, depreciation of property, plant and equipment, irrecoverable VAT, legal and professional fees and professional indemnity insurance are not allocated between segments that are managed on a unified basis and utilise the same intangible and tangible assets. Additionally, costs incurred in relation to the strategic investment in a new CRM solution have been allocated centrally, and not split across the segments.

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

Reconciliation of profit	***Unaudited 30 Nov 2023 £000***	*Unaudited 30 Nov 2022 £000*	*Audited 31 May 2023 £000*
Total segment profit before tax	**13,476**	11,982	26,327
Deferred consideration as remuneration	**(2,458)**	(3,850)	(6,865)
Depreciation	**(1,231)**	(1,216)	(2,476)
Acquisition-related costs	**(216)**	(462)	(1,505)
Strategic investment in CRM solution	**(664)**	-	-
Irrecoverable VAT	**(812)**	(743)	(1,349)
Professional indemnity insurance	**(789)**	(717)	(1,404)
Finance costs	**(747)**	(566)	(1,126)
Amortisation and impairment	**(191)**	(338)	(1,178)
Loss on disposal of investment in own shares		-	(116)
Bank charges	**(24)**	(27)	(54)
Loss on disposal of assets	**15**	(10)	90
Foreign exchange losses	**(2)**	(7)	(10)
Finance income	**958**	175	545
Share of profit from associate, net of tax	**333**	564	974
Group profit before tax	**7,648**	4,785	11,853

6. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, excluding own shares of 76,578 (1H23: 76,578).

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

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

	Unaudited Six months ended 30 Nov 2023 £000	*Unaudited Six months ended 30 Nov 2022 £000*	*Audited Year ended 31 May 2023 £000*
Net profit and diluted net profit attributable to equity holders of the Company	**5,280**	4,435	7,634
Weighted average number of ordinary shares:	***000s***	*000s*	*000s*
Issued ordinary shares at start period	**51,652**	51,036	51,036
Effect of shares issued during the year ended 31 May 2023	**-**	-	-
Effect of shares issued during the current period	**24**	22	84
Basic weighted average number of shares	**51,676**	51,058	51,120
Effect of dilutive options at the statement of financial position date	**116**	139	118
Diluted weighted average number of shares	**51,792**	51,197	51,238

The Company has granted options under the Mattioli Woods 2021 Long Term Incentive Plan ("the LTIP") to certain of its senior managers and Directors to acquire (in aggregate) up to 2.77% of its issued share capital. Under IAS 33 'Earnings Per Share', contingently issuable ordinary shares are treated as outstanding and included in the calculation of diluted earnings per share if the conditions (the events triggering the vesting of the option) are satisfied. At 30 November 2023 the conditions attaching to 1,280,000 options granted under the LTIP are not satisfied. If the conditions had been satisfied, diluted earnings per share would have been 9.9 pence per share (1H23: 5.7 pence per share).

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

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

- The issue of 101,282 ordinary shares under the Mattioli Woods plc Share Incentive Plan; and
- The issue of nil ordinary shares to satisfy the exercise of options under the LTIP; and

7. Dividends paid and proposed

	Unaudited Six months ended 30 Nov 2023 £000	*Unaudited Six months ended 30 Nov 2022 £000*	*Audited Year ended 31 May 2023 £000*
Paid during the period:			
Equity dividends on ordinary shares:			
- Final dividend for 2023: 18.0p (2022: 17.8p)	**9,315**	9,094	9,093
- Interim dividend for 2023: 8.8p (2022: 8.3p)	**-**	-	4,505
Dividends paid	**9,315**	9,094	13,598
Proposed for approval:			
Equity dividends on ordinary shares:			
- Interim dividend for 2024: 9.0p (2023: 8.8p)	**4,668**	4,505	-
- Final dividend for 2023: 18.0p (2022: 17.8p)	**-**	-	9,196
Dividends proposed	**4,668**	4,505	9,196

The interim dividend was approved on 5 February 2024.

8. Income tax

Current tax

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

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

Deferred income tax

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

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

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

The recognition of deferred tax in the consolidated statement of comprehensive income arises from the origination and the reversal of temporary differences and the effects of changes in tax rates. The primary components of the deferred tax credit for the six months ended 30 November 2023 of £1.29m (1H23: £0.6m) are due to temporary differences on the amortisation of client portfolios and depreciation on fixed assets during the period.

The total deferred tax asset derecognised in the consolidated statement of changes in equity for the six months ended 30 November 2023 was £0.02m (1H23: recognised £0.04m).

Changes to the future expected UK corporation tax rates were enacted as part of The Finance (No. 2) Act 2021 which received

Royal Assent on 10 June 2021, in which the government announced that the corporation tax main rate will remain at 19% for the years starting 1 April 2021 and 2022 before increasing to 25% for the year starting 1 April 2023 and thereafter. Deferred taxation assets and liabilities have been remeasured at the blended average rates at which they are expected to unwind.

Reconciliation of effective tax rates

The income tax expense for the six months ended 30 November 2023 was calculated based on an effective income tax rate of 30.8% (1H23: 36.6%), as compared to the blended standard rate of UK corporation tax at the reporting date of 25% (1H23: 20.0%). Differences between the effective income tax rate and statutory rate include, but are not limited to, significant non-deductible expenses from contingent consideration arrangements accounted for as remuneration and non-deductible acquisition-related expenses. In addition, certain expenses associated with sponsorship and other business development activities were not deductible for tax purposes.

9. Property, plant and equipment

Gross carrying amount:	*Land and buildings £000*	*Computer and office equipment £000*	*Fixtures and fittings £000*	*Motor vehicles £000*	*Total £000*
At 1 June 2023	10,780	3,173	5,480	2,625	22,058
Additions	-	240	29	427	696
Disposals	-	-	-	(286)	(286)
At 30 November 2023	**10,780**	**3,413**	**5,509**	**2,766**	**22,468**
Depreciation:					
At 1 June 2023	1,034	2,131	3,803	1,098	8,066
Charged for the period	21	206	293	209	729
On disposals	-	-	-	(197)	(197)
At 30 November 2023	**1,055**	**2,337**	**4,096**	**1,111**	**8,597**
Carrying amount:					
At 30 November 2023	**9,725**	**1,076**	**1,413**	**1,656**	**13,870**
At 30 November 2022	9,730	1,035	1,946	1,166	13,877
At 31 May 2023	9,746	1,042	1,677	1,527	13,992

10. Right of use assets

Gross carrying amount:	*Properties £000*	*Computer and office equipment £000*	*Total £000*
At 1 June 2023	6,362	-	6,362
Additions	849	-	849
At 30 November 2023	**7,211**	**-**	**7,211**
Depreciation:			
At 1 June 2023	3,328	-	3,328
Charged for the period	502	-	502
At 30 November 2023	**3,830**	**-**	**3,830**
Carrying amount:			
At 30 November 2023	**3,381**	**-**	**3,381**
At 30 November 2022	2,857	-	2,857
At 31 May 2023	3,034	-	3,034

11. Intangible assets

Gross carrying amount:	*Internally generated software £000*	*Software £000*	*Client portfolios £000*	*Brand £000*	*Goodwill £000*	*Total £000*
At 1 June 2023						

At 1 June 2023	2,559	2,039	147,464	1,951	88,923	242,936
Additions	-	330	-	-	1,390	1,720
Arising on acquisition	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 30 November 2023	2,559	2,369	147,464	1,951	90,313	244,656
Amortisation and impairment:						
At 1 June 2023	1,544	1,295	31,627	89	-	34,555
Amortisation for the period	142	49	4,249	-	-	4,440
On disposals	-	-	-	-	-	-
At 30 November 2023	**1,686**	**1,344**	**35,876**	**89**	**-**	**38,995**
Carrying amount:						
At 30 November 2023	**873**	**1,025**	**111,588**	**1,862**	**90,313**	**205,661**
At 30 November 2022	1,269	442	108,248	1,813	83,516	195,288
At 31 May 2023	1,015	744	115,837	1,862	88,923	208,381

12. Investments

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

Investment in associate	***Unaudited Six months ended 30 Nov 2023 £000***	*Unaudited Six months ended 30 Nov 2022 £000*	*Audited Year ended 31 May 2023 £000*
At start of period	**4,128**	4,165	4,165
Share of profit for the period	**333**	585	1,029
Amortisation of fair value of intangibles	**-**	(34)	(68)
Share of other comprehensive loss	**(8)**	(23)	(18)
Dividends received	**-**	-	(980)
At end of period	**4,453**	4,693	4,128
Share of profit from associates in statement of comprehensive income:			
Share of profit for the period	**367**	585	1,029
Amortisation of fair value intangible assets	**(34)**	(34)	(68)
Elimination of transactions with associate	**-**	13	13
	333	564	974

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

The results of Amati from the beginning of the period and its aggregated assets and liabilities as at 30 November 2023, and revenue and profit for the six months then ended, are as follows:

Name	*Country of incorporation*	*Assets £000*	*Liabilities £000*	*Revenue £000*	*Profit £000*	*Interest held*
Amati Global Investors Limited	Scotland	**6,819**	**2,577**	**8,320**	**1,947**	49%
Group's share of profit					**367**	

The net assets of Amati as at 1 June 2023 were £3,526,000. At 30 November 2023 the net assets of Amati were £4,257,000 following payment of dividends of £nil and other increases in net assets of £731,000, increasing the Group's interest in the associate by £324,000 during the period, comprising Mattioli Woods' share of Amati's profit after tax, recognised in the statement of comprehensive income and Mattioli Woods' share of the movement in Amati's revaluation reserve recognised directly in equity.

Other Fixed Asset Investments

	£000
At 1 June 2023	4,945
Additions	82
Disposals	(148)
Revaluation	(373)
At 30 November 2023	4,506
Listed investments 2023	2,431
Unlisted investments 2023	2,075
At 30 November 2023	4,506
Current 2023	50
Non-current 2023	4,456
At 30 November 2023	4,506

13. Impairment of intangible assets

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

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

Group	*Pension consultancy and admin £000*	*Investment and asset management £000*	*Private equity asset management £000*	*Property management £000*	*Employee benefits £000*	*Total £000*
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
Goodwill	**5,772**	**43,193**	**39,787**	**188**	**1,374**	**90,314**
Client portfolios	**8,268**	**51,276**	**48,245**	**432**	**5,184**	**113,405**
Brand	**-**	**-**	**1,715**	**-**	**-**	**1,715**
Software	**1,808**	**55**	**-**	**71**	**8**	**1,942**
Right of use assets	**427**	**1,058**	**1,358**	**91**	**447**	**3,381**
Deferred tax liabilities on acquired intangible assets	**(774)**	**(9,890)**	**(11,804)**	**-**	**-**	**(22,468)**
Lease liabilities	**(465)**	**(1,188)**	**(1,440)**	**(95)**	**(600)**	**(3,788)**
At 30 Nov 2023	**15,036**	**84,504**	**78,162**	**687**	**6,413**	**184,501**

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 13.6% (31 May 2023: 15.3%), reflecting current market assessments of the time value of money and the risks specific to these assets, based on the Group's WACC. The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the period covered by the calculations, based upon management's expectation. The estimated cash flows for each segment are derived from the forecast for the two and a half years to 31 May 2025, extrapolated for a further two years assuming medium-term growth of 5.0% (31 May 2023: 5.0%) and a long-term growth rate of 2.0% (31 May 2023: 2.0%), which management considers conservative against actual average long-term growth rates.

The value in use calculated at 30 November 2023 was £423.7m (31 May 2023: £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 30 November 2023. This accounting treatment resulted in an impairment loss of £nil (1H23: £nil).

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

The sensitivity of the value in use calculated at 30 November 2023 to changes in the key assumptions is as follows:

Assumption	*Base assumption*	*Change in assumption*	*Increase/(decrease) in value in use £m*
Discount rate	13.6%	+1.0%	(44.6)
Years 1-3 cashflows	Var.	-5.0%	(21.2)
Medium-term growth rate	5.0%	-5.0%	(31.7)
Long-term growth rate	2.0%	-2.0%	(62.4)

None of these individual sensitivities would result in an impairment in the value in use of any operating segment.

14. Share-based payments

Share-based payment expense

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

	Unaudited six-months ended 30 Nov 2023 Equity-settled £000	*Unaudited 30 Nov 2022 Equity-settled £000*	*Audited 31 May 2023 Equity-settled £000*
Long-Term Incentive Plan	**1,050**	756	1,614
Share Incentive Plan	**180**	100	378
Total	**1,230**	856	1,992

Long-Term Incentive Plan

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

	Unaudited	*Unaudited 30 Nov 2022*	*Audited 31 May*

LTIP awards	**30 Nov 2023 Equity-settled No.**	*Equity-settled No.*	*2023 Equity-settled No.*
Outstanding at start of period	**1,397,937**	1,051,127	1,051,127
Granted during the period	**549,054**	450,000	450,000
Exercised during the period	**(118,181)**	(81,668)	(82,768)
Forfeited during the period	**(22,868)**	(300)	(20,422)
Outstanding at end of period	**1,805,942**	1,419,159	1,397,937
Exercisable at end of period	**115,300**	139,159	117,937

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

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

Date of grant	*Exercise price*	*At 1 June 2023 No.*	*Granted during the period No.*	*Forfeited during the period No.*	*Exercised during the period No.*	***At 30 Nov 2023 No.***
6 September 2016	£0.01	14,979		(300)	(14,679)	**-**
5 September 2017	£0.01	7,958	-	-	(7,958)	**-**
6 September 2018	£0.01	35,200	-	-	(9,400)	**25,800**
4 September 2019 - Tranche A	£0.01	98,000	-	-	-	**98,000**
4 September 2019 - Tranche B	£0.01	59,800	-	-	(22,300)	**37,500**
1 June 2020 - Tranche A	£0.01	132,550	-	-	-	**132,550**
1 June 2020 - Tranche B	£0.01	111,750	-	-	(59,750)	**52,000**
24 December 2021 - Tranche A	£0.01	144,400	-	-	-	**144,400**
24 December 2021 - Tranche B	£0.01	343,300	-	(10,568)	(4,094)	**328,638**
26 October 2022 - Tranche A	£0.01	230,500	-	(2,000)	-	**228,500**
26 October 2022 - Tranche B	£0.01	219,500	-	(10,000)	-	**209,500**
18 September 2023 - Tranche A	£0.01	-	245,300	-	-	**245,300**
18 September 2023 - Tranche B	£0.01	-	303,754	-	-	**303,754**
		1,397,937	549,054	(22,868)	(118,181)	**1,805,942**

The weighted average share price at the date of exercise for share options exercised during the period was £6.10 (31 May 2023: £6.56). For the share options outstanding at 30 November 2023, the weighted average exercise prices ("WAEP") was £0.01 (31 May 2023: £0.01), and the weighted average remaining contractual life is 2.43 years (31 May 2023: 2.14 years).

As a result of the exercise of 118,181 share options during the year, the cumulative cost recognised in equity-share based payment reserve in respect of these options was transferred to retained earnings, increasing retained earnings by £754,000.

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

Valuation assumptions

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black Scholes Merton model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to estimate the fair value of options granted during the period ended 30 November 2023:

	Tranche A	*Tranche B*
Date of grant	18 September 2023	18 September 2023
Share price at date of grant	6.30	6.30
Option exercise price	£0.01	£0.01
Expected life of option (years)	6.5	4.5
Expected share price volatility (%)	22.0	22.0
Dividend yield (%)	4.65	4.65
Risk-free interest rate (%)	4.33	4.46

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

Share Incentive Plan

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

A total of 91,342 (1H23: 106,075) new ordinary shares were issued to the 494 (1H23: 473) employees who participated in the SIP during the period. At 30 November 2023 986,374 (1H23: 853,456) shares were held in the SIP on their behalf, of which 203,943 (1H23: 193,721) conditional matching shares were not yet vested, and there were nil (1H23: 1,295) forfeited shares not allocated to any specific employee.

15. Financial instruments

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

	Carrying amount as at 30 Nov 2023 £000	*Quoted prices in active markets for identical instruments Level1 £000*	*Significant other observable inputs Level 2 £000*	*Significant unobservable inputs Level 3 £000*
Financial assets				
Fixed asset investments at fair value through profit or loss (Note 12)	3,528	2,458	-	1,070
Fixed asset investments at fair value through other comprehensive income (Note 12)	978	-	-	978
At 30 November 2023	**4,506**	**2,458**	**-**	**2,048**
Financial liabilities				
Contingent consideration (Note 16)	13,899	-	-	13,899
At 30 November 2023	**13,899**	**-**	**-**	**13,899**

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

16. Provisions

Group	*Contingent consideration £000*	*Contingent remuneration £000*	*Client claims £000*	*Dilapidations £000*	*Clawbacks £000*	*Employers' NIC on share options £000*	*Total £000*
At 31 May 2023	13,322	4,571	2,042	842	138	442	21,357
Arising during period	-	2,458	-	(7)	-	(29)	2,422
Arising on acquisition	711	-	-	-	-	-	711
Paid during the period	(467)	(5,030)	(49)	13	-	-	(5,533)
Unwinding of discount	333	-	-	-	-	-	333
Unused amounts reversed	-	1	(117)	-	-	-	(116)
At 30 Nov 2023	**13,899**	**2,000**	**1,876**	**848**	**138**	**413**	**19,174**
Current	10,907	2,000	1,876	194	79	98	15,154
Non-current	2,992	-	-	654	59	315	4,020
At 30 Nov 2023	**13,899**	**2,000**	**1,876**	**848**	**138**	**413**	**19,174**

Contingent consideration

The Group has entered into certain acquisition agreements that provide for contingent consideration to be paid. Details of these agreements and the basis of calculation of the net present value of the contingent consideration are summarised in

Note 3. The Group estimates that the net present value of the financial liability payable within the next 12 months is £10.9m (1H23: £7.9m) and the Group expects to settle the non-current balance of £3.0m (1H23: £0.3m) within the next four years.

Contingent remuneration

Certain business acquisitions made by the Group include arrangements for remuneration payable to selling shareholders which is contingent upon certain performance conditions including the financial performance of the acquired business in meeting financial targets and links to continuing employment of management sellers. Details of these agreements and the basis of calculation of the net present value of the contingent remuneration are summarised in Note 18. The Group estimates remuneration payable within the next 12 months is £2.0m (1H23: £3.1m).

Client claims

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

Dilapidations

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

Clawbacks

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

17. Related party transactions

Custodian REIT plc

The Company's subsidiary, Custodian Capital, is appointed as the discretionary investment manager of Custodian REIT plc ("Custodian REIT"), a closed-ended property investment company listed on the Main Market of the London Stock Exchange. The Company's Chief Executive Officer, Ian Mattioli, is a non-independent Non-Executive Director of Custodian REIT.

During the six months ended 30 November 2023 the Group received revenues of £2.0m (1H23: £2.3m) in respect of annual management charges, administration and marketing fees from Custodian REIT. Custodian REIT owed the Group £5,095 (1H23: £13,256) at 30 November 2023.

Amati Global Investors Limited

The Company holds 49% of the issued share capital of Amati Global Investors Limited ("Amati"). Two of the Company's senior management team are appointed to the Board of Amati; Ian Mattioli is Deputy Chair, and the Group's Chief Investment Officer, Simon Gibson, is a Non-Executive Director.

On 14 August 2018 the Group entered into an agreement to sublet space in its Edinburgh office to Amati for a term of five years. During the six months ended 30 November 2023 the Group received rent of £16,519 (1H23: £30,413) from Amati as lessee, £4,016 (1H23: £7,500) from the recharge of other property related costs and consultancy fees of £20,000 (1H23: £20,000) in the period.

K3 Capital Group Plc

The Company's Chief Executive Officer, Ian Mattioli, is a Non-Executive Chairman of K3 Capital Group Plc, a multi-disciplinary group of professional services firms. During the six months ended 30 November 2023 the Group paid fees of £Nil (2023: £Nil) to a subsidiary of K3 Capital Group Plc in respect of R&D tax credit consultancy fees.

Key management compensation

Key management personnel receive compensation in the form of short-term employee benefits and equity compensation benefits. Key management personnel, representing the Executive Directors and six (1H23: six) other executives, accrued total compensation of £1.9m for the six months ended 30 November 2023 (1H23: £1.9m). Total remuneration is included in 'employee benefits expense' and analysed as follows:

	Unaudited Six months ended 30 Nov 2023	*Unaudited Six months ended 30 Nov 2022*	*Audited Year ended 31 May 2023*

	£000	*£000*	*£000*
Wages and salaries	**1,648**	1,546	4,198
Social security costs	**227**	272	621
Pension	**20**	25	48
Benefits in kind	**22**	20	65
	1,917	1,863	4,932

In addition, the cost of share-based payments disclosed separately in the statement of comprehensive income was £0.7m (1H23: £0.4m).

Transactions with other related parties

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

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

18. Commitments and contingencies

Remuneration of management sellers including contingencies

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

Following the acquisition of Pole Arnold Financial Management Limited ("Pole Arnold") on 12 April 2021, management sellers will receive remuneration of up to £3,000,000 over a two year earn out to 12 April 2023, subject to the achievement of certain performance conditions including the financial performance of Pole Arnold meeting financial targets and continuing employment of management sellers. In the six months ended 30 November 2023 remuneration costs of £nil (1H23: £750,000) have been recognised in the statement of comprehensive income, and provision of £nil (1H23: £1,000,000) is recognised in Note 16. Based on management's latest forecasts we anticipate that no further remuneration costs, are available to 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 six months ended 30 November 2023 remuneration costs of £2,400,00 (1H23: £2,400,000) have been recognised in the statement of comprehensive income, and provision of £2,000,000 (1H23: £2,000,000) is recognised in Note 16. Based on management's latest forecasts we anticipate that a further remuneration costs of £7,600,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 30 June 2025.

Following the acquisition of Richings Financial Management Limited ("Richings") on 26 August 2021, management sellers will receive remuneration of up to £459,000 over a two year earn out to 26 August 2023, subject to the achievement of certain performance conditions including the financial performance of Richings meeting financial targets and continuing employment of management sellers. In the six months ended 30 November 2023 remuneration costs of £57,375 (1H23: £115,000) have been recognised in the statement of comprehensive income, and provision of £nil (1H23: £57,000) is recognised in Note 16. Based on management's latest forecasts we anticipate that no further remuneration costs are available to management sellers.

Capital commitments

As at 30 November 2023, the Group had £nil capital commitments (1H23: £nil).

Sponsorship agreement

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

Client claims

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

Transfers from defined benefit schemes

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

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

19. Alternative performance measure workings

Recurring revenue

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

Timing of revenue recognition	***1H24 £000***	*1H23 £000*
At a point in time:		
Investment and asset management	**1,861**	1,704
Private equity management	**2,731**	3,151
Pension advice and administration	**612**	258
Property management	**6**	192
Employee benefits	**226**	425
Non-recurring revenue	**5,436**	5,730
Over time:		
Investment and asset management	**25,312**	23,128
Private equity management	**9,718**	9,414
Pension advice and administration	**12,580**	10,651
Property management	**2,815**	3,252
Employee benefits	**3,271**	2,738
Recurring revenue	**53,696**	49,183
Total revenue	**59,132**	54,913
Recurring revenue	**90.8%**	89.6%

Organic revenues

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

	1H24 £000	*1H23 £000*
Total revenue	**59,132**	54,913
Revenue from acquisitions in the prior year	**(2,026)**	(18,456)
Revenue from acquisitions in the current year	**-**	-
Organic revenue	**57,105**	36,457

Adjusted EBITDA

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

	1H24 £000	*1H23 £000*
Statutory operating profit before financing	**7,104**	4,612
Amortisation of acquired intangibles	**4,249**	3,940
Amortisation of software	**191**	339
Depreciation	**1,231**	1,216
EBITDA	**12,775**	10,107
Share of profit from associates, net of tax	**333**	564
Acquisition-related costs	**250**	462

Deferred consideration as remuneration	**2,458**	3,850
Other exceptional project costs	**664**	-
Adjusted EBITDA	**16,480**	14,983

Adjusted PBT

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

	1H24 £000	*1H23 £000*
Statutory profit before tax	**7,648**	4,785
Amortisation of acquired intangibles	**4,249**	3,940
Acquisition-related costs	**250**	462
Acquisition-related notional interest charges	**333**	482
Deferred consideration as remuneration	**2,458**	3,850
Other exceptional project costs	**664**	-
Adjusted PBT	**15,602**	13,519

Adjusted PAT

A measure of profitability, net of taxation, based on Adjusted PBT and deducting tax at the blended standard rate of 25% (1H23: 20.0%).

	1H24 £000	*1H23 £000*
Adjusted PBT	**15,602**	13,519
Income tax expense at blended standard rate of 25% (1H23: 20.0%)	**(3,901)**	(2,704)
Adjusted PAT	**11,701**	10,815

Adjusted EPS

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

	1H24 £000	*1H23 £000*
Adjusted PAT	**11,701**	10,815
Basic weighted average number of shares (see Note 6)	**51,676**	51,058
Adjusted EPS	**22.7**	21.2p

Adjusted cash generated from operations

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

Group	***1H24 £000***	*1H23 £000*
Statutory cash generated from operations	**7,050**	(1,522)
Contingent remuneration paid on acquisition of subsidiaries (see Note 16)	**5,030**	8,543
Acquisition costs paid	**492**	137
Adjusted cash generated from operations	**12,572**	7,158

20. Copies of interim report

Copies of the interim report will be made available on the Group's website www.mattioliwoods.com and from the Group's head office at: 1 New Walk Place, Leicester, LE1 6RU.

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[1] Includes £672.2m (31 May 2023: £829.2m) of funds under management by the Groups associate, Amati Global Investors Limited, excluding £65.5m (31 May 2023: £73.0m) of Mattioli Woods' client investment and £10.7m (31 May 2023: £11.7m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

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

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

[4] Adjusted EBITDA divided by revenue.

[5] Profit after tax used to derive adjusted EPS is calculated as profit before tax less income tax at the blended standard rate of 25.0% (1H23: 20.0%) divided by the number of shares in issue.

[6] Revenue for the six months ended 30 November 2023 was split 37% (1H23 restated: 39%) fixed, initial or time-based fees and 63% (1H23 restated: 61%) ad valorem fees based on the value of assets under management, advice and administration.

[7] Includes £748.4m (31 May 2023: £913.9m) of funds under management by Amati Global Investors Limited, including Mattioli Woods' client investment and cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc and £0.9bn through our Maven Capital Partners ("Maven") team

[8] Strategic goals to achieve £300m revenue, £100m earnings and £30bn client assets.

[9] Revenue for the six months ended 30 November 2023 was split 37% (1H23 restated: 39%) fixed, initial or time-based fees and 63% (1H23 restated: 61%) 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] Includes £672.2m (31 May 2023: £829.2m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £65.5m (31 May 2023: £73.0m) of Mattioli Woods' client investment and £10.7m (31 May 2023: £11.7m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

[13] SIPP and SSAS schemes where the Group acts as pension consultant and administrator.

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

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

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

[17] Cash generated from operations before acquisition-related costs paid and contingent remuneration paid.

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

[19] Comprises £12.3m (31 May 2023 £12.0m) invested in Custodian REIT, £66.3m (31 May 2023: £66.3m) in MW Property Securities Fund, £33.3m (31 May 2023: nil) in MW UK Dynamic Fund and £49.9m (31 May 2023: £55.2m) in Amati funds.

[20] Cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

[21] SIPP and SSAS schemes where Mattioli Woods acts as pension consultant and administrator.

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

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

[24] Source: Numis Securities Limited, Investment Companies Datasheet dated 14 December 2023

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[25] Net assets excess paid in 2H24

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