13 September 2022

Mattioli Woods plc

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

Final results

Mattioli Woods plc (AIM: MTW.L), the specialist wealth and asset management business, is pleased to report its final audited results for the year ended 31 May 2022.

Mattioli Woods is creating a responsibly integrated, full-service wealth management group, growing organically through its distribution network of 185 consultants and investment management offering, and through the acquisition and integration of complementary businesses, with the aim of enhancing the Group's client proposition while delivering strong shareholder returns.

Financial highlights

- Total client assets of the Group and its associate[1] rose 23.1% to £14.9bn (2021: £12.1bn) at year end
- Revenue increased 72.8% to £108.2m (2021: £62.6m)
  - Strong organic revenue growth up 10.0% to £62.2m (2021: £56.6m)
  - Positive contribution from acquisitions of £46.1m (2021: £6.0m)
  - Increased new client wins of 1,084 (2021: 898), reflecting investment in business development initiatives
- Recurring revenues[2,3] represent 86.8% (2021: 92.7%) of total revenue, reflecting contributions from Maven Capital Partners and increased initial client fees
- Adjusted EBITDA[2,4] increased 88.4% to £32.6m (2021: £17.3m), including our post-tax profit of our associate Amati Global Investors, which grew 45.5% to £1.6m (2021: £1.1m)
- Adjusted EBITDA margin[5] rose to 30.1% (2021: 27.7%)

1 Includes £1,100.5m (2021: £1,196.0m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £93.6m (2021: £94.9m) of Mattioli Woods' client investment and £14.8m (2021: £17.2m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM Venture Capital Trust ("VCT") plc.

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

3 This is an alternative performance measure ("APM") the Group reports to assist stakeholders in assessing performance alongside the Group's results on a statutory basis. APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. Supporting calculations for APMs and reconciliations between APMs and their IFRS equivalents are set out in the alternative performance measure workings section of the Annual Report. See APMs section for further details.

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

5 Adjusted EBITDA divided by revenue.

- Adjusted EPS[3,6] rose 17.5% to 48.3p (2021: 41.1p), growing organically and through accretive acquisitions
- Proposed final dividend of 17.8p (2021: 13.5p), giving a total dividend rise of 24.3% to 26.1p (2021: 21.0p)
- Strong cash generation and overall financial position, with £53.9m of cash at 31 May 2022 (2021: £21.9m)

Operational highlights and recent developments

- Diversified revenue mix with 48.0% (2021: 54.2%) fixed, initial or time-based fees uncorrelated to market performance
- Gross discretionary AuM[7] rose 25.8% to £5.1bn (2021: £4.1bn), with net inflows of over £341m in the year
- Strong revenue and earnings contribution from recent acquisitions that are performing ahead of expectations and integrating well
  - Acquisition of Ferguson Financial Management completed in May 2022, with a strong pipeline of further accretive acquisition opportunities
- Continued progress on strategic initiatives with increased investment in technology, compliance and training
- Strong new business pipeline versus prior year

Strategic vision and goals: medium term targets

Our strategic goals continue to be to grow Group's operations towards:

- £300m of revenues
- £30bn of total client assets
- £100m of EBITDA

1. Includes £1,100.5m (2021: £1,196.0m) of funds under management by the Group's associate, Amati Global Investors Limited, excluding £93.6m (2021: £94.9m) of Mattioli Woods' client investment and £14.8m (2021: £17.2m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM Venture Capital Trust ("VCT") plc.
2. Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual management charges adjusted for Private Investor Club initial fees.
3. This is an alternative performance measure ("APM") the Group reports to assist stakeholders in assessing performance alongside the Group's results on a statutory basis. APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. Supporting calculations for APMs and reconciliations between APMs and their IFRS equivalents are set out in the alternative performance measure workings section of the Annual Report. See APMs section for further details.
4. Calculated as earnings before interest, taxation, depreciation, amortisation, acquisition-related costs, gain on bargain purchase, contingent consideration treated as remuneration and including share of profit from associates (net of tax).
5. Adjusted EBITDA divided by revenue.

6 Adjusted profit after tax used to derive adjusted EPS is calculated as adjusted profit before tax as defined above less income tax at the standard rate of 19% (2021: 19%).

7 Includes £1,208.9m (31 May 2021: £1,308.1m) of funds under management by Amati Global Investors Limited, including Mattioli Woods' client investment and crossholdings between TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and Amati AIM VCT plc.

6. Adjusted profit after tax used to derive adjusted EPS is calculated as adjusted profit before tax as defined above less income tax at the standard rate of 19% (2021: 19%).
7. Includes £1,208.9m (31 May 2021: £1,308.1m) of funds under management by Amati Global Investors Limited, including Mattioli Woods' client investment and crossholdings between TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and Amati AIM VCT plc.

Our underlying organic growth in revenues over the last five years underpins future organic growth, and we shall continue to seek further acquisitions, building on our well-established track record and benefitting from ongoing consolidation within the wealth and asset management sector.

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

"The last financial year was another turbulent period for clients, which served to reinforce our commitment to putting clients first, developing our service offering and building a business that is sustainable and resilient over the long-term. I am pleased to report this approach delivered strong revenue growth of 72.8% to £108.2m (2021: £62.6m) reflecting the positive contribution of recent acquisitions combined with 10.0% organic growth in our core business and increased levels of new business offsetting the impact of negative market movements on the value of clients' assets. Adjusted EBITDA was up 88.4% to £32.6m (2021: £17.3m) and adjusted EBITDA margin increased to 30.1% (2021: 27.7%) representing meaningful progress towards our strategic goals.

"Adjusted EPS rose 17.5% to 48.3p (2021: 41.1p). The Board is pleased to recommend a final dividend of 17.8p per share (2021: 13.5p). This makes a proposed total dividend for the year of 26.1p (2021: 21.0p) a year-on-year increase of 24.3% (2021: 5.0% increase), demonstrating our desire to deliver value to shareholders and confidence in the outlook for our business.

"We plan to maintain this positive momentum, advancing our strategic initiatives: new business generation, growth through the integration of acquisitions, developing new products and services, reviewing our processes and investing in technology to deliver an improved client experience and further operational efficiencies.

"Investment markets are likely to remain volatile for some time, although the spectre of rising inflation typically creates significant advice opportunities given our diverse revenue streams and for further investment inflows as existing and prospective clients consider appropriately investing surplus cash to avoid suffering an erosion in value of savings in real terms.

"We will continue to seek to understand our clients' needs and provide quality solutions, maintaining our focus on client service and continuing to adapt our business model to the changing market, integrating asset management and financial planning.

“We further plan to build on our track record of successful acquisitions by continuing to assess and progress opportunities that meet our strict criteria. Consolidation within wealth management, asset management and SIPP administration is expected to continue for the foreseeable future, with many more opportunities coming to market.

“I sincerely thank and remain humbled by the continued professionalism, commitment, endeavour and agility that our people have shown in managing our clients’ affairs throughout another challenging year.

“The outlook for the new financial year remains positive, notwithstanding the continuing challenging macroeconomic conditions, and we continue to trade in line with expectations. As previously disclosed, cost inflation and progressing our strategic initiatives including investment in people and technology are expected to impact margins in the short term but will position us to secure future growth in revenue and profits. This will also provide opportunities to deliver future growth and sustainable shareholder returns as a business that is here for the long term”.

- Ends -

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Analyst presentation

There will be an analyst presentation held via webinar to discuss Mattioli Woods' full year results at 09:30am today. Those analysts wishing to attend are asked to contact Camarco on +44 (0) 20 3757 4998 or at mtwplc@camarco.co.uk .

Investor presentation

There will be an investor presentation to discuss Mattioli Woods' full year results at 12.30pm Friday, 16 September 2022.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9:00am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Mattioli Woods plc via: https://www.investormeetcompany.com/mattioli-woods-plc/register-investor. Investors who already follow Mattioli Woods plc on the Investor Meet Company platform will automatically be invited.

Strategic report
Our vision and approach

Our business model

Mattioli Woods plc is a diversified wealth and investment management business. Our core proposition integrates asset management and financial planning to serve a market predominantly consisting of mass affluent individuals, controlling directors and owner-managed businesses, professionals, executives, families and retirees. We plan to expand our reach to new client demographics as we continue developing both our investment and product propositions.

Our vision

Our aim is to achieve continued growth across our core pillars of advice, investments and administration while delivering exceptional client outcomes, specifically through:

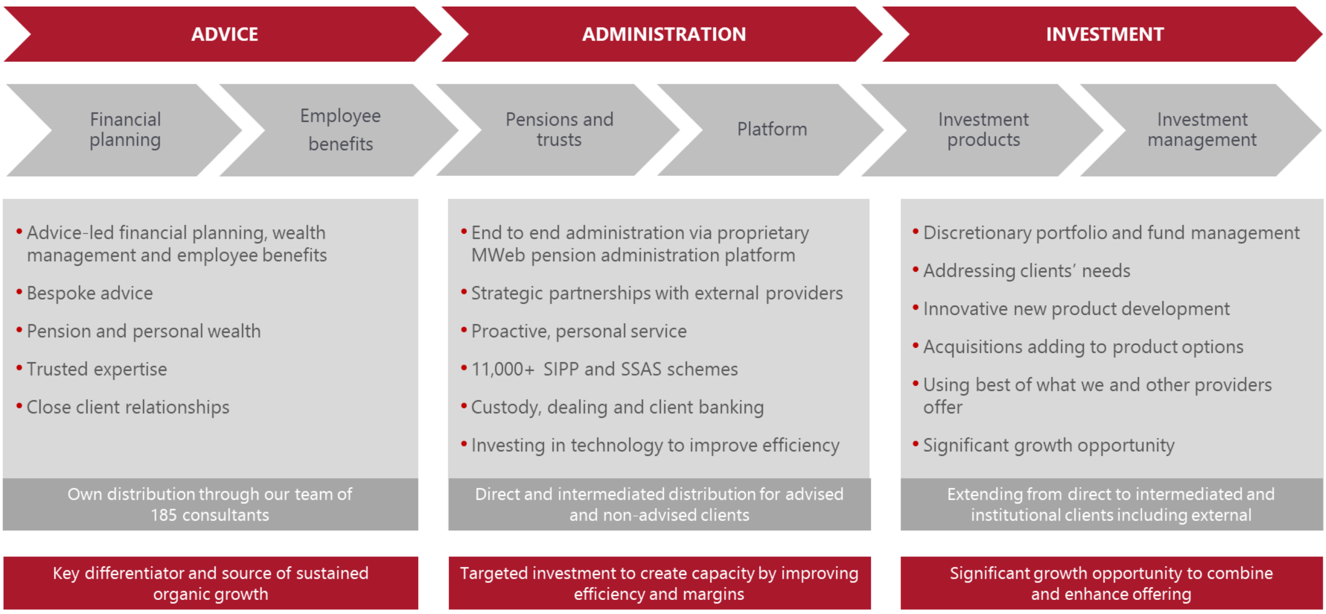
1. New client wins and greater integration across the value-chain for existing clients;
2. Enhancing the Group's investment proposition;
3. Further investment in developing the Group's digital platform and client portal;
4. Simplifying administration processes and improving productivity; and
5. Accelerating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

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

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

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

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



Wealth and asset management

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

Pension consultancy and administration

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

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

Investment management

The provision of bespoke investment advice sits at the heart of our investment proposition. The Group's investment services include discretionary portfolio management and in meeting our clients' needs we use third parties' investment funds, but where we have a particular expertise we look to meet those needs in-house. This approach has led to the development of our internal investment management function and a range of products designed to meet our clients' needs, including a range of multi-asset funds that have received external recognition as well as providing direct UK equity management. In the last year, we launched the Mattioli Woods Responsible Equity and Property Securities funds in response to client demand. These are complemented by our alternative asset investments managed by the Group's subsidiaries; Maven Capital Partners UK LLP ("Maven") and Custodian Capital Limited ("Custodian Capital"), and the funds managed by our associate company Amati Global Investors Limited. Where appropriate, we intend to expand upon these offerings to enhance the investment proposition for our clients and drive further organic growth.

Private equity asset management

The completion of our acquisition of Maven, a leading private equity and alternative asset manager, represents a new and exciting opportunity to enhance the Group's investment offering and widen distribution of the enlarged Group's products and services, including our range of VCTs, infrastructure funds and private equity investment opportunities.

Property management

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

Employee benefits

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

The Group also offers total reward and flexible benefit systems, assisting clients to deliver these to their employees, together with advice, guidance and financial education. Changes in legislation and the uncertainty caused by the recent pandemic, combined with increased utilisation of flexible working arrangements, are increasing the demand for our financial education and wealth management services to be delivered through employers.

Strategic report

Chair's statement

This is my first year as Chair of Mattioli Woods, having been appointed as a Non-Executive Director at the beginning of 2021. Since joining the Board, I have seen a step change in the scale of the Group driven by both organic and acquired growth, and the number of growth opportunities available to it. I am fortunate to be Chair of a Group with considerable growth potential, which truly excites me and the other members of the board.

I would like to thank my predecessor, Joanne Lake, recognising the commitment she made to supporting the firm's growth and for her contributions and stewardship of the Board over the last nine years and wish her the best for her future endeavours.

The development of a new executive team and the enhanced governance structures we have put in place provide the appropriate leadership and oversight for the Group's next phase of development, where I intend to share my own investment management experience with the leadership team, so that they may identify further opportunities to improve the options available for our clients.

For the year ended 31 May 2022, I am pleased to report that group revenues grew 72.8% to £108.2m (2021: £62.6m), with strong organic revenue growth of 10%, despite the difficult market backdrop throughout the period. Adjusted EBITDA was up 88.4% to £32.6m (2021: £17.3m), reflecting both continued organic growth and the positive impact of acquisitions made during the last two years and after normalising for acquisition-related costs.

The acquisitions of Maven, Richings Financial Management, Ludlow Wealth Management and Ferguson Financial Management, together with those businesses acquired in the prior year, contributed £46.1m of revenue growth. The Group's organic revenue[8] growth of 10% was driven by increased levels of new business offsetting the impact of negative market movements on the value of clients' assets during the year.

Our focus remains on delivering great client outcomes and we have continued to develop our customer and business propositions, with the majority of our team continuing to work flexibly with a mix of remote and office-based working. We are mindful of our social impact and continue to support our various stakeholders and the local communities in which we operate through a number of commercial and charitable arrangements.

The Group's strong revenue and profit growth represents meaningful progress towards our ambitious medium term strategic goals, with profit before tax ("PBT") up 56.9% to £8.0m (2021: £5.1m). Excluding the impact of acquisition-related costs and contingent consideration on acquisitions recognised as remuneration, adjusted PBT increased by 107.7% to £29.5m (2021: £14.2m).

The Board is committed to growing the dividend while maintaining an appropriate level of cover to protect the Group's financial position and balance the interests of all stakeholders. Accordingly, the Board is pleased to propose an increased final dividend of 17.8p per share (2021: 13.5p), making a proposed total dividend for the year of 26.1p, up 24.3% (2021: 21.0p).

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

Our strategy

Our medium-term targets to grow revenue to £300m and achieve EBITDA of £100m, underpinned by total client assets of £30bn, reflect the Board's ambitions for the Group. Our strategy remains focused on

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

achieving sustainable levels of growth that both enhances value and broadens or deepens our expertise and services to better serve our clients.

The Group has completed nine acquisitions in the last two years including our largest two acquisitions of Maven and Ludlow and maintains a strong pipeline of further acquisition opportunities. Our clearly defined acquisition criteria are focused on transactions that deliver positive shareholder returns and extend the Group’s existing client proposition or add to our distribution capacity and scale. We will seek to build on our track record of successfully combining businesses that share the same culture and ethos of putting clients first, alongside continued organic growth.

Our people

I have been incredibly impressed and honoured to witness the team’s dedication to dealing with our clients’ affairs over the last year and thank all our staff for their continued enthusiasm, professionalism and commitment to delivering high levels of service to our clients despite the challenging times in which we operate.

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

Governance and the Board

We recently reviewed our governance framework, putting in place a new structure that will better enable us to meet the diverse needs of our clients and other stakeholders and support our further growth. Further details of these changes, which are designed to enable appropriate decision-making authority within the advice, administration and investment pillars of our business are detailed in the Governance Report.

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

Shareholders

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

Outlook

The Board is pleased by the Group's performance in the year. We expect the difficult macroeconomic conditions to sustain an increased demand for advice from clients, underpinning further growth in our pensions and advice business.

The spectre of rising inflation typically represents an opportunity for further investment inflows as existing and prospective mass-affluent clients consider appropriately investing surplus cash to avoid suffering an erosion in value of savings in real terms. We expect inflationary pressures to further impact employment costs, professional costs and office costs across our business, and the Board intends to take a rigorous and proactive approach to the management of these costs while retaining operational flexibility, strength and depth for the long-term benefit of all stakeholders.

Consolidation within the wealth and asset management sector continues apace, and we continue to assess further acquisition opportunities, with all potential transactions required to meet our strict investment criteria and due diligence procedures. We are also progressing our strategic initiatives, including the development of our digital platforms and our people, to improve operational efficiency and create additional capacity.

We are confident in the resilience of our business model. The outlook for the new financial year remains positive, with revenues continuing to grow. As previously disclosed, cost inflation and progressing our strategic initiatives including investment in people and technology are expected to impact margins in the short term, the latter will position us to secure future growth in revenue and profits, and to deliver sustainable shareholder returns over the long-term.

We are a business that is here for the long-term and we look forward to the future with confidence and enthusiasm.

David Kiddie
Independent Non-Executive Chair
12 September 2022

Strategic report

Chief Executive's review

Introduction

The last financial year was another turbulent period for clients, which served to reinforce our commitment to putting clients first, developing our service offering and building a business that is sustainable and resilient over the long-term. I am pleased to report this approach delivered strong revenue and profit growth, representing meaningful progress towards our ambitious strategic goals.

The Group's revenue grew 72.8% to £108.2m (2021: £62.6m), reflecting the positive contribution of recent acquisitions combined with 10.0% organic growth in our core business, with increased levels of new business offsetting the impact of negative market movements on the value of clients' assets.

The growing momentum of new business generation we saw in the first half continued into the second half of the year, despite the uncertain market backdrop. A total of 1,084 (2021: 898) new SIPP, SSAS and personal clients with assets totalling £212m (2021: £239m) chose to use Mattioli Woods during the year, representing 20.7% growth. Our investment in technology has enabled us to host virtual client meetings in addition to client and introducer webinars, which continue to attract larger numbers of attendees than our traditional in-person seminars, which we have reintroduced for those people who prefer face-to-face meetings following the easing of the pandemic restrictions.

Operating profit before financing grew 73.8% to £7.3m (2021: £4.2m) and profit before tax was up 56.9% to £8.0m (2021: £5.1m). Adjusted profit before tax of £29.5m and up 107.7%, was primarily driven by the contribution of recent acquisitions and further enhanced by an increased share of profit of £1.6m (2021: £1.1m) from our 49% associate Amati, which had £1.1bn of assets under management at the year-end. This is a significant increase from when we acquired our interest in the business with AuM of £120m. Amati's strong investment performance continues to be recognised, with the Amati AIM VCT winning the VCT AIM Quoted Category at Investment Week's Investment Company of the Year Awards 2021 and the Amati UK Smaller Companies Fund being highly commended at the Fund Manager of the Year Awards 2021.

Adjusted EBITDA was up 88.4% to £32.6m (2021: £17.3m) and adjusted EBITDA margin increased to 30.1% (2021: 27.7%) due to a change in revenue mix following the acquisitions made during the year and close management of administrative expenditure.

The profit margins achieved for the year support our path to our longer-term targets. We are working to realise the economies of scale and operational efficiencies that our responsibly integrated model offers, while seeking ways to reduce clients' costs. As previously announced, despite some short-term impact to margins, further investment in our platform infrastructure will allow us to improve client outcomes and experience, and to realise operational efficiencies.

Our success has been based upon the delivery of quality advice, growing our clients' assets and enhancing their financial outcomes. We enjoy strong, intergenerational client retention and throughout the year we saw sustained demand for advice from clients against a difficult market backdrop. We expect a continued demand for advice driven by working and lifestyle changes, the impact of the pandemic on financial planning matters, an uncertain investment environment, increasing longevity, tax and other legislative changes, where navigating these headwinds becomes ever more complex.

We continue to focus on delivering investment performance across both portfolios and funds. Despite continued market uncertainty, gross discretionary assets under management ("AuM") by the Group and its associate increased to £5.1bn (2021: £4.1bn) following the acquisition of Maven in July 2021 and aggregate net inflows (before market movements) of £341.4m (2021: £452.9m) into the Group's bespoke investment services. This includes an increase in the value of properties held within CREIT by £119.6m (2021: £53.5m) to £527.6m.

The value of assets held within our discretionary portfolio management ("DPM") service increased by 17.9% to £2.5bn (2021: £2.1bn), of which £144.3m or 5.7% (2021: £144.0m or 6.7%) is invested within funds managed by the Group and its associate. We plan to continue developing new products and services to better meet our clients' and external investors' needs, using the best of what we have and the best of what other providers can offer as appropriate. This was shown in the year through the launch of the Mattioli Woods Responsible Equity and Property Securities funds which had grown to £62.2m and £7.2m respectively at the year-end.

Market overview

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

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

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

Employers continue to withdraw from defined benefit pension schemes, requiring individuals to be self-reliant in planning for their own long-term needs. Individuals who have generated substantial personal and family wealth are increasingly seeking solutions that help them fulfil their personal ambitions.

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

Regulation

The Executive Director of Supervision at the Financial Conduct Authority ("FCA") set out the regulator's priorities and long-term expectations for the wealth management and advice industry in June this year. The focus is on firms' operational and financial resilience, including the preservation of client assets and money, and it expects firms to take reasonable steps to ensure they continue to meet the challenges the pandemic poses to customers and staff, particularly through their business continuity plans.

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

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

The new Investment Firm Prudential Regime ("IFPR") for UK investment firms authorised under UK MiFID brings significant changes, such that UK investment firms are now subject to liquidity requirements across the board, a new methodology for calculating capital requirements plus new remuneration and disclosure requirements.

Changes to the tax regime

The Chancellor's March 2021 budget announced a rise in corporation tax for businesses with profits above £250,000 to move to 25% from 2023, with profits between £50,000 and £250,000 taxed on a tapered scale. The current Conservative Party leadership contest has created uncertainty around the future direction of tax rates, but if implemented, we expect the rise in corporation tax will increase the Group's effective tax rate in future years.

For our clients, there remain many opportunities to manage their tax positions effectively, with any future changes in the tax regime expected to create further demand for our financial planning and advisory services.

Outlook

Investment markets are likely to remain volatile for some time, although the spectre of rising inflation typically creates an opportunity for further investment inflows as existing and prospective clients consider appropriately investing surplus cash to avoid suffering an erosion in value of savings in real terms. In response to the continued inflationary pressures on costs, as expected the Group intends to maintain a rigorous and proactive approach to the management of costs, abiding by the principles of not spending on anything considered non-essential with examples including the rationalisation of our office footprint, recruiting only where necessary and negotiating all professional costs.

Unsettled times typically create significant advice opportunities for Mattioli Woods given our diverse revenue streams, as people seek to take charge of their financial affairs and protect their own and their families' wealth. We will continue to seek to understand our clients' needs and provide quality solutions, maintaining our focus on client service and continuing to adapt our business model to the changing market, integrating asset management and financial planning to build upon our established reputation for delivering sound advice and consistent investment performance.

Our services

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

We intend to extend our reach to new client demographics as we develop both our investment and product propositions, including our partnership with the Tiller Group Limited to develop a self-directed investment platform for new and existing clients. The revenue mix of the Group's five operating segments changed as follows during the year, principally driven by the impact of recent acquisitions on total group revenue:

- 46.6% investment and asset management (2021: 53.3%);
- 24.2% private equity asset management (2021: nil);
- 18.2% pension consultancy and administration (2021: 30.1%);
- 5.8% property management (2021: 7.8%); and
- 5.2% employee benefits (2021: 8.8%).

We aim to operate a seamless structure, allowing us to cover all aspects of financial planning, wealth management and employee benefits. Our key objectives are:

- Maintaining long-term relationships and delivering great outcomes for our clients;
- Proactively anticipating our clients' needs to deliver on their expectations;
- Investing in our people and technology to service greater business volumes with increased operational efficiency at a lower cost;
- Sharing knowledge and ideas between ourselves and others for mutual benefit;
- Developing our market standing through the integrity and expertise of our people;
- Extending our range of products and services, seeking to attract new clients both organically and via strategic acquisitions; and
- Being proud of our charitable and community spirit, supporting staff and local and national charities.

Assets under management, administration and advice

Unlike many wealth managers, almost half the Group's revenues are fee-based, rather than being linked to the value of assets under management, administration or advice[9], giving our business a resilient revenue profile that is less sensitive to market performance. The acquisitions of Maven, Richings and Ludlow during the year added £2.6bn of client assets, with total client assets of the Group and its associate of £14.9bn at 31 May 2022 (2021: £12.1bn) summarised 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*	*Maven £m*	*Total £m*
At 1 June 2021	6,741.1	1,452.1	2,734.2	10,927.4	1,196.1	-	12,123.5
Acquisition during the year	-	-	1,861.4	1,861.4	-	747.9	2,609.3
Net inflows/(outflows), including market movements	172.2	0.7	74.8	247.6	(95.6)	19.0	171.1
At 31 May 2022	6,913.3	1,452.8	4,670.4	13,036.4	1,100.5	766.9	14,903.9

9. Revenue for the year ended 31 May 2022 was split 48% (2021: 54%) fixed, initial or time-based fees and 52% (2021: 46%) ad valorem fees based on the value of assets under management, advice and administration.

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9 Revenue for the year ended 31 May 2022 was split 48% (2021: 54%) fixed, initial or time-based fees and 52% (2021: 46%) ad valorem fees based on the value of assets under management, advice and administration.

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

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

12 Assets under management of £1,100.5m (2021: £1,196.0m) excludes £93.6m (2021: £94.9m) of Mattioli Woods' client investment included within SIPP and SSAS, employee benefits and personal wealth and other assets and excludes £14.8m (2021: £17.2m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM VCT plc.

10. Certain pension scheme assets, including clients' own commercial properties, are only subject to a statutory valuation at a benefit crystallisation event.
11. Value of funds under trusteeship in SIPP and SSAS schemes administered by Mattioli Woods and its subsidiaries.
12. Assets under management of £1,100.5m (2021: £1,196.0m) excludes £93.6m (2021: £94.9m) of Mattioli Woods' client investment included within SIPP and SSAS, employee benefits and personal wealth and other assets and excludes £14.8m (2021: £17.2m) of crossholdings between the TB Amati Smaller Companies Fund, TB Amati Strategic Metals Fund and the Amati AIM VCT plc.
13. SIPP and SSAS schemes where the Group acts as pension consultant and administrator. SIPP and SSAS schemes administered by SSAS Solutions reclassified as direct during the year.

Our DPM service and the four multi-asset funds forming the backbone of this continued to perform well under volatile market conditions, with aggregate net inflows of over £341.4m, as shown in the segmental review, into this and the Group's other bespoke investment services during the year. The movement in total client assets is analysed as follows:

- A £172.2m increase (2021: £712.0m) in SIPP and SSAS assets under administration driven by a 0.1% increase (2021: 1.3% rise) in the number of schemes being administered at the year-end, comprising a 2.7% increase (2021: 7.1% rise) in the number of direct[13] schemes to 7,098 (2021: 6,912) and a (4.2% decrease) (2021: 7.2% decrease) in the number of schemes the Group operates on an administration-only basis to 3,986 (2021: 4,159). 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 more appropriate arrangements;
- A £0.6m increase (2021: £428.0m) in the value of assets held in the corporate pension schemes advised by our employee benefits business. These revenues are not linked to the value of client assets in the way that certain of our wealth management revenue streams are, although market performance and economic uncertainty can impact clients' ability to increase investment in their schemes. Our corporate client portfolio remains well diversified;
- A £1,936.3m increase (2021: £1,005.5m) in personal wealth and other assets under management and advice, with the acquisitions of Ludlow Wealth Management Group Limited and Richings Financial Management Limited in the period contributing £1,861.4m of the increase. The 511 (2021: 422) new personal clients[14] won during the year was partially offset by some natural client attrition, with the addition of acquired clients resulting in a 44.5% increase (2021: 23.3% increase) in the total number of personal clients[15] to 10,506 (2021: 7,270);
- A £95.6m decrease (2021: £677.6m increase) in Amati's funds under management (excluding Mattioli Woods' client investments), primarily due to market falls reducing funds within the TB Amati UK Smaller Companies Fund to £840.3m (2021: £980.9m), partially offset by positive growth in the TB Amati Strategic Metals Fund to £77.6m (2021: £25.1m). The TB Amati Strategic Innovation Fund was launched in May 2022 and had raised £1.1m at the year end with further growth anticipated; and

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13 SIPP and SSAS schemes where the Group acts as pension consultant and administrator. SIPP and SSAS schemes administered by SSAS Solutions reclassified as direct during the year.
14 New personal clients includes from acquired businesses
15 Includes personal wealth clients with SIPP and SSAS schemes operated by third parties.

- £766.9m of assets added as a result of the acquisition of Maven. During the year Maven generated £6.9m of performance fees from successful fund, VCT and investor partner exits, highlighting the quality of its investment proposition and further supporting the acquisition rationale.

14. New personal clients includes from acquired businesses.
15. Includes personal wealth clients with SIPP and SSAS schemes operated by third parties.

Key performance indicators

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

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

Alternative performance measures

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

Accounting standards require the contingent consideration payable on certain acquisitions to be recognised as an expense in the income statement rather than as a capital payment. On certain acquisitions, the Board has included employment-related conditions for the payment of contingent consideration to protect shareholder value. While the Board accepts this is the required treatment for its reported results, adjusted measures of the Group's profitability, including adjusted EBITDA, adjusted PBT, adjusted PAT and adjusted EPS, have been amended to add-back items including £3.7m of acquisition-related costs and £9.7m of contingent consideration recognised as remuneration.

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

Supporting calculations for alternative performance measures and reconciliations between alternative performance measures and their IFRS equivalents are set out in the Alternative performance measure workings section of the Annual Report.

Financial performance and future developments

Revenue

Group revenue was up 72.8% to £108.2m (2021: £62.6m), reflecting the contribution of recent acquisitions and 10.0% organic growth (2021: 2.9% reduction), with the increased levels of new business offsetting the impact of negative market movements on the value of client assets.

Revenue grew across all business segments, with growth in investment and asset management revenues driven by aggregate net inflows (before market movements) of £341.4m (2021: £452.9m) into the Group's bespoke investment services. This, together with the addition of private equity management fees following the acquisition of Maven, increased revenues linked to the value of clients' assets to 52% (2021: 46%) of total revenues.

We continue to focus on delivering great client outcomes and addressing their evolving needs. In addition to increasing client caseloads within our consultancy and administration teams through improved operating efficiency, we are working to streamline and automate our administration processes through initiatives like the adoption of electronic signatures, creating a scalable operating model and making Mattioli Woods easier to do business with. Over time, we anticipate these changes will deliver improved margins and cost savings for both us and our clients.

Employee benefits expense

As in previous years, the major component of the Group's operating costs is our employee benefits expense of £59.6m (2021: £34.1m) representing 55.1% of revenue (2021: 54.5%), with the increase including £20.9m employee benefits expense at businesses acquired during the year, discretionary staff bonuses totalling £6.6m (2021: £3.1m) and deferred consideration presented as remuneration £9.7m (2021: £3.8m).

The Group's total headcount increased to 847 (2021: 663) as at 31 May 2022, with retention of the experienced teams at each of the acquired businesses adding 154 staff. The number of consultants increased to 185 (2021: 139) as we continued to train and recruit new consultants as well as experienced consultants to expand upon our distribution network.

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

Other administrative expenses

Other administrative expenses increased to £19.8m (2021: £13.3m), with £3.7m (2021: £2.6m) of costs incurred on the acquisitions completed or aborted during the year. Other overheads, including the regulatory fees and levies incurred by the Group, were broadly in line with the prior year with cost inflation partially offset by cost savings in marketing, travel and premises costs. Management have been monitoring costs closely and plan to mitigate increases where possible.

Share-based payments

Share-based payments costs of £1.7m (2021: £1.5m) represent the cost of options expected to vest under the Company's long-term incentive plans and the cost of matching shares awarded to employees under the Company's Share Incentive Plan.

Net finance costs

The Group has maintained a positive net cash position throughout the year, with increased net finance costs of £0.9m (2021: £0.2m) reflecting credit interest of £0.08m (2021: £0.03m) offset by £0.9m (2021: £0.1m) of non-cash notional finance charges on the unwinding of discounts on long-term provisions and £0.1m (2021: £0.1m) of interest on the lease liabilities recognised under International Financial Reporting Standards ("IFRS") 16.

Taxation

The effective rate of taxation on reported profit on ordinary activities was 49.1% (2021: 73.0%), above the standard rate of tax of 19.0% (2021: 19.0%). This is primarily due to significant non-deductible expenses from contingent and transaction specific consideration arrangements accounted for as remuneration and acquisition-related fees. In addition, certain expenses associated with sponsorship and other business development activities were not deductible for tax purposes.

The net deferred taxation liability carried forward at 31 May 2022 was £26.7m (2021: £8.5m).

Profitability and earnings per share

Profit before tax was up 56.9% to £8.0m (2021: £5.1m), with adjusted profit before tax up 107.7% to £29.5m (2021: £14.2m). The increased revenues were partially offset by the impact on employee benefits expense of the businesses acquired during the last two years, and increased discretionary staff bonuses, professional fees, insurance and acquisition-related costs. These changes translated into an increase in operating profit before financing of 73.8% to £7.3m (2021: £4.2m) and adjusted EBITDA up 88.4% to £32.6m (2021: £17.3m), with adjusted EBITDA margin of 30.1% (2021: 27.7%).

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:

	2022 ***£m***	*2021* *£m*
Statutory operating profit before financing	**7.3**	4.2
Amortisation of acquired intangibles	**7.2**	2.8
Amortisation of software	**0.3**	0.3
Depreciation	**2.8**	2.8
EBITDA[16],	**17.6**	10.1

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

Share of associate profits (net of tax)	**1.6**	1.1
Acquisition-related costs	**3.7**	2.6
Gain on bargain purchase	**-**	(0.3)
Deferred consideration as remuneration	**9.7**	3.8
Adjusted EBITDA[17]	**32.6**	17.3

16. Earnings before interest, taxation, depreciation, amortisation and impairment.
17. Figures in table may not add due to rounding.

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

	Profit 2022 £m	***EPS 2022 pps***	*Profit 2021 £m*	*EPS 2021 pps*
Statutory profit before tax	**8.0**	**16.2**	5.1	18.4
Income tax expense	**(3.9)**	**(7.8)**	(3.8)	(13.4)
Other comprehensive income	**-**	**-**	-	0.1
Total comprehensive income / Basic EPS	**4.1**	**8.3**	1.4	5.1
Statutory profit before tax	**8.0**	**16.2**	5.1	18.4
Amortisation of acquired intangibles	**7.2**	**14.6**	2.8	9.9
Acquisition-related costs	**3.7**	**7.5**	2.6	9.3
Acquisition-related notional finance cost	**0.9**	**1.8**	0.1	0.5
Gain on bargain purchase	**-**	**-**	(0.3)	(1.0)
Deferred consideration as remuneration	**9.7**	**19.6**	3.8	13.6
Adjusted PBT	**29.5**	**59.6**	14.2	50.7
Income tax expense at standard rate	**(5.6)**	**(11.3)**	(2.7)	(9.6)
Adjusted PAT / Adjusted EPS[18]	**23.9**	**48.3**	11.5	41.1

18. Figures in table may not add due to rounding.
19. Before acquisition–related costs, amortisation and impairment of acquired intangibles, gain on bargain purchase, deferred consideration as remuneration and acquisition-related finance costs.

As explained in Note 17, client portfolios and brands acquired through business combinations are recognised as intangible assets. The amortisation charge for the year of £7.2m (2021: £2.8m) associated

17 Figures in table may not add due to rounding.
18 Figures in table may not add due to rounding.

with these intangible assets has been excluded from adjusted PAT and adjusted EPS because the Board reviews the performance of the business before these charges, which are non-cash and do not apply evenly to all business units.

Adjusted EPS[19] was up 17.5% to 48.3p (2021: 41.1p), while basic EPS was up 62.7% to 8.3p (2021: 5.1p), driven by the positive impact of recent acquisitions and organic growth. EPS was also impacted by a higher effective tax rate of 49.1% (2021: 73.0%) and the issue of 489,788 (2021: 340,788) shares under the Company's share plans. During the year, 5,325,705 (2021: 970,409) shares were issued as consideration for acquisitions, with 16,969,697 (2021: nil) shares issued via a placing. Diluted EPS was 8.3p (2021: 5.1p).

Dividends

The Board is pleased to recommend a final dividend of 17.8p per share (2021: 13.5p). This makes a proposed total dividend for the year of 26.1p (2021: 21.0p) a year-on-year increase of 24.3% (2021: 5.0%), demonstrating our desire to deliver value to shareholders and confidence in the outlook for our business.

The Board remains committed to growing the dividend, while maintaining an appropriate level of dividend cover. If approved, the final dividend will be paid on 3 November 2022 to shareholders on the register at the close of business on 23 September 2022, with an ex-dividend date of 22 September 2022.

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

For the DRIP to apply to the proposed final dividend for the year ended 31 May 2022, shareholders' instructions must be received by Link by close of business on 13 October 2022.

Cash flow

Cash balances at 31 May 2022 totalled £53.9m (2021: £21.9m). Cash generated from operations was £19.6m or 111% of EBITDA (2021: £20.4m or 202%), including an increase in the Group's working capital requirement[20] of £8.9m (2021: £5.2m decrease), comprising:

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19 Before acquisition–related costs, amortisation and impairment of acquired intangibles, gain on bargain purchase, deferred consideration as remuneration and acquisition-related finance costs.

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

- A £1.8m increase (2021: £5.0m increase) in trade and other payables, primarily due to:
  - £2.9m increase in accruals and deferred income following an increase in staff and Directors' bonuses accrued for the year ended 31 May 2022, to be paid following the year-end;
  - £0.7m reduction in other payables relating to the payment of a balance of initial consideration payable for acquisitions in 2021; and
  - £0.4m reduction across other balances within trade and other payables.
- A £5.3m increase (2021: £1.0m reduction) in trade and other receivables, primarily due to:
  - £2.7m increase in trade receivables due to significant invoices raised in subsidiaries Custodian Capital and Maven pre-year end;
  - £1.9m increase prepayments and accrued income due delayed invoicing of fund management fees in Custodian Capital; and
  - £0.7m increase in other receivables.
- A £5.4m reduction in provisions during the year (2021: £0.7m decrease), primarily due to:
  - £5.9m reduction in provisions for contingent remuneration following the previous acquisition of SSAS Solutions (UK) Ltd, Hurley Partners Limited and Pole Arnold Financial Management Limited; and
  - £0.5m increase across other provision balances, including increases to provisions for client claims.

Adjusted cash generated from operations[21], which excludes items that are incurred as a result of the Group's acquisition activities, increased by 43.3% to £31.1m (2021: £21.7m), representing 95% of Adjusted EBITDA (2021: 125%).

Outstanding trade receivables increased to 37 days (2021: 30 days), with credit management continuing to be an area of focus, as well as moving from fee invoicing to deduction of income from client's holdings with platform providers where the opportunity arises. Outstanding trade payables increased to 15 days (2021: 14 days).

Net cash outflows from investing activities increased to a £65.3m (2021: £15.7m) with £64.0m (2021: £13.0m) of initial consideration paid on acquisitions completed in the period net of cash acquired. Investing activities also included £1.3m (2021: £2.7m) of other investments, including an increased stake in the Group's technology partner Tiller and the acquisition of the client portfolio of Ferguson Financial Management Limited.

Net cash from financing activities resulted in an £81.0m inflow (2021: £6.2m outflow), with proceeds from the issue of share capital of £109.4m (2021: £0.6m) following the placing of new ordinary shares in June 2021. This inflow was partially offset by the repayment of Ludlow's borrowings post-acquisition of £15.9m (2021: £nil) and dividends paid of £11.0m (2021: £5.7m) driven by the increased number of shares in

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

issue following the placing and the dividend per share paid increasing in line with the Group's progressive dividend policy.

20. Working capital defined as trade and other receivables less trade and other payables.
21. Cash generated from operations before acquisition-related costs paid and contingent remuneration paid.

Regulatory capital

The Group and Company continue to enjoy significant headroom on their regulatory capital and liquidity requirements, with completion of the fundraise in June 2021 allowing the Group to continue pursuing further acquisition opportunities.

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

In January 2022, following the introduction of the Investment Firm Prudential Regime ("IFPR"), the value of the Group's CET1 Capital was reduced due to the removal of reliefs on deduction of deferred tax assets and significant investments in financial services entities that were available under the previous regime. The Company has obtained approval from the FCA for the application of 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 parent simply needs to hold enough regulatory capital to support its capital investment in its subsidiaries.

Segmental review

Investment and asset management

The Group's gross discretionary assets, including the multi-asset funds that sit at the heart of our DPM service, Custodian REIT, the Mattioli Woods Property Securities and Responsible Equity funds, the funds managed by Maven and the Group's associate company, Amati, totalled £5.1bn (2021: £4.1bn) at the year-end including £341.4 net inflows, with movements during the year as follows:

Assets under management	*DPM £m*	*Custodian REIT £m*	*MTWSPF £m*	*MTWPSF[22] £m*	*MTWREF[23] £m*	*Amati £m*	*Maven £m*	*Gross AuM £m*	*Cross-holdings £m*	*Net AuM £m*

22 Mattioli Woods Property Securities Fund
23 Mattioli Woods Responsible Equities Fund

At 1 June 2021	2,143.1	408.0	197.5	-	-	1,308.1	-	4,056.6	(161.2)	3,895.4
Acquisitions	-	-	-	-	-	-	747.9	747.9	-	747.9
Transfers from SPF	182.1	-	-	-	-	-	-	182.1	-	182.1
Inflows	482.8	19.1	-	61.2	7.6	270.7	77.1	918.4	(8.5)	910.0
Outflows	(202.0)	-	(195.1)	(0.0)	(0.0)	(151.8)	(28.1)	(577.0)	-	(577.0)
Market movements	(78.4)	100.5	(2.3)	1.0	(0.3)	(218.1)	(25.8)	(223.4)	-	(223.4)
At 31 May 2022	**2,527.5**	**527.6**	**(0.0)**	**62.2**	**7.2**	**1,208.9**	**771.1**	**5,104.6**	**(169.7)**	**4,934.9**

Crossholdings comprises holdings in DPM[24], in Amati funds[25]and in other non-DPM crossholdings

22. Mattioli Woods Property Securities Fund.
23. Mattioli Woods Responsible Equities Fund.
24. Comprises £13.5m (2021: £26.6m) in Custodian REIT, £ nil (2021: £44.0m) in MW SPF, £60.5m (2021: nil) in MW PSF and £70.3m (2021: £73.3m) in Amati funds.
25. Crossholdings between Multi-Asset Fund ("MAF"): TB Amati Smaller Companies Fund and the Amati AIM VCT plc £16.4m (2021: £17.2m) and non-MAF cross holdings £8.9m (2021: nil).

Investment and asset management revenues generated from the Group's investment services, which include advising clients on both pension and personal investments, our DPM service and management of multi-asset and other specialist funds, increased 51% to £50.5m (2021: £33.4m). Fees for services provided by the Group's subsidiary Custodian Capital to Custodian REIT are included in the 'Property management' segment, with fees generated by the Group's subsidiary Maven included in the 'Private equity asset management' segment.

Income from both initial and ongoing portfolio management charges increased to £26.4m (2021: £23.1m), with £482.8m (2021: £204.2m) of inflows into our DPM service during the year.

Annual management charges on the Mattioli Woods Structured Products Fund ("MTW SPF") and individual structured plans were £0.4m (2021: £1.1m), with the reduction in revenues due to the wind-down of the MTW SPF during the year partially offset by the release of four individual plans in the year totalling £9.3m.

24 Comprises £13.5m (2021: £26.6m) in Custodian REIT, £ nil (2021: £44.0m) in MW SPF, £60.5m (2021: nil) in MW PSF and £70.3m (2021: £73.3m) in Amati funds.
25 Crossholdings between Multi-Asset Fund ("MAF"): TB Amati Smaller Companies Fund and the Amati AIM VCT plc £16.4m (2021: £17.2m) and non-MAF cross holdings £8.9m (2021: nil).

Adviser charges based on gross assets under advice of £3.5bn (2021: £2.6bn) increased to £20.9m (2021: £9.0m), driven by the revenue contribution from acquisitions in the year with gross assets under advice of £1.8bn.

While growth in total assets under management and advice continues to enhance the quality of earnings through an increase in recurring revenues, the proportion of the Group's total revenues which are recurring reduced to 86.5% (2021: 92.7%) due to the exceptional performance of Maven in generating non-recurring, but repeatable income of £8.9m, including £6.9m of performance and exit fees from VCT and investor partner transactions. As with other wealth and asset management firms, these income streams are linked to the value of funds under management and advice, and are therefore affected by the performance of financial markets, with the negative impact of market movements on the value of client assets more than offset by the impact of acquisitions and positive net inflows during the year.

Pension consultancy and administration

Pension consultancy and administration revenues were up 4.8% to £19.7m (2021: £18.8m), with a total of 11,084 (2021: 11,071) SIPP and SSAS schemes administered by the Group, following a 2.7% increase in the number of advised pensions being offset by an expected (4.2%) reduction in the number of schemes operated on an administration-only basis. Client activity returned to close to pre-pandemic levels, supporting the growth in revenue.

Direct[26] pension consultancy and administration fees increased 7.3% to £16.1m (2021: £15.0m). Retirement planning remains central to many of our clients' wealth management strategies and the number of direct schemes increased to 7,098 (2021: 6,912), with 448 new schemes gained in the year (2021: 408). Our focus remains on the quality of new business, with the value of a new scheme averaging £0.3m (2021: £0.3m). We continue to enjoy strong client retention, with a slight decrease in the external loss rate[27] to 2.1% (2021: 2.3%) and the overall attrition rate[28] remaining at 3.4% (2021: 3.4%).

The number of SSAS and SIPP schemes the Group operates on an administration-only basis fell to 3,986 (2021: 4,159) at the year-end. In prior years the Group has been appointed to administer a number of SIPPs following the previous operators' failure. Work continues in connection with schemes previously administered by Stadia Trustees Limited, HD Administrators, Pilgrim Trustees Services Limited and The Freedom SIPP Limited, with a 4.8% fall in scheme numbers reducing third party administration fees to £3.6m (2021: £3.8m).

The Group's banking revenue was £0.05m (2021: £0.05m) with the Bank of England's base rate at a historic low of 0.1% for the first half of the year, before rising to 1.0% by 31 May 2022. The Group's

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

banking revenue is currently expected to be negligible going forward but is an opportunity for future growth subject to structural changes in our banking arrangements for clients.

Segment margin reduced to 20.5% (2021: 30.8%), primarily due to new revenue share arrangements for our consultancy team to ensure we remain competitive in the market.

We anticipate continued regulatory scrutiny of the pension market, with some other SIPP and SSAS operators in the spotlight due to issues arising with DB transfers and esoteric or non-standard investments. However, the market opportunity remains strong, with SIPP and SSAS arrangements favoured as a way of allowing individuals to have greater access, control, flexibility and responsibility over their pension savings. SIPPs are increasingly the pension vehicle of choice for the mass affluent and we take great pride in seeing our clients withdrawing funds to enjoy in their retirement.

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

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

Private equity asset management

Revenue in the year totalled £26.2m or 24% of Group revenue, with Maven's results recognised from 1 July 2021. Recurring revenues of £17.6m were supplemented by £8.5m of non-recurring, but repeatable revenues primarily generated from fund, VCT and investor partner performance and exit fees in the period, highlighting the quality of Maven's investment team and further supporting the acquisition rationale.

Maven's trading for the year was ahead of our expectations, partly driven by delivery of some revenue and cost synergies. A few months after completion of the Maven acquisition, the Group completed its first co-investment between qualifying Mattioli Woods and Maven clients, which was oversubscribed. The Group has a pipeline of further co-investment opportunities to launch in the coming year, which will enable both the Maven team to access the significant distribution network of Mattioli Woods, and Mattioli Woods clients access to the range of investment opportunities offered by Maven.

Property management

Property management revenues were £6.3m (2021: £4.9m), with Custodian Capital having assets under management and administration of £618.1m (2021: £516.9m) at 31 May 2022. The increase in assets under management was driven by significant commercial property valuation increases, particularly in the industrial and logistics and retail warehouse sectors, which have been the key target sectors for Custodian REIT since IPO. Custodian REIT also issued £19.1m new shares during the period to acquire DRUM Income Plus REIT plc at a 28% discount to its net asset value, demonstrating Custodian Capital's ability to deliver successful corporate consolidation within its peer group.

Recurring annual management charges represented 98.5% (2021: 97.9%) of property management revenues, the majority of which are derived from Custodian Capital's services to Custodian REIT.

In addition, Custodian Capital continues to facilitate direct property ownership on behalf of pension schemes and private clients and manages our Private Investors Club alternative investments, which have been provided to suitable clients by way of private investor syndicates. Following the onset of the pandemic we temporarily paused the launch of new private investor syndicates due to market and economic uncertainty at that time. We are in the process of merging the Private Investors Club into Maven, and although no new syndicates completed during the current or prior financial year, since the year-end £4.5m has been raised for a new investment and a number of new opportunities are in the pipeline, which will be marketed to suitable clients.

Employee benefits

Employee benefits revenues were £5.7m (2021: £5.5m), with positive market conditions driven in part by the post-pandemic recovery. New client wins were up, alongside increased uptake of strategic benefit consultancy projects from existing clients. This was supported by strong client retention throughout the year and accretion in premiums for risk and healthcare cover.

Employers are increasingly encouraging staff wellbeing and retirement savings as part of remuneration packages and we believe greater emphasis will be placed on these as adoption of flexible working practices become more commonplace. This focus on employee benefits and retention of key staff will provide opportunities for growth over the coming years.

Acquisitions

We have developed considerable expertise and a strong track record in the execution and subsequent integration of acquisitions. At the year-end, we had invested over £238m since our admission to AIM in 2005, bringing 32 businesses or client portfolios into the Group.

All businesses acquired during the year, and in the prior year, are integrating well and continue to trade ahead of our expectations at the date of acquisition. All acquisitions have contributed positively to the

Group's trading results, increasing earnings and enhancing value and in doing so supporting the acquisition rationale.

We plan to build on our track record of successful acquisitions by continuing to assess and progress opportunities that meet our strict criteria. Consolidation within wealth management, asset management and SIPP administration is expected to continue for the foreseeable future, with many more opportunities coming to market.

Relationships

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

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

Resources

The Group aims to safeguard the assets that give it competitive advantage, including its reputation for quality and proactive advice, its technical competency and its people.

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

Our people

I sincerely thank and remain humbled by the continued professionalism, commitment, endeavour and agility that our people have shown in managing our clients' affairs throughout another challenging year.

As our business continues to evolve and grow, the Board recognises the importance of good communication and will seek to ensure the strong client-centric behaviours embedded within the business are preserved. The benefit of changes made to our governance structure in the prior year are now being realised.

David Kiddie has been appointed Independent Non-Executive Chair and brings many years of both international senior executive and investment management experiences that will benefit the Group. Outside of board meetings, Non-Executive Directors have held a number of meetings with employees and shareholders to share experiences more directly.

Total headcount at 31 May 2022 had increased to 847 (2021: 663), primarily as a result of recent acquisitions and recruitment. We remain committed to developing our people, including the professional development and training of our pension consultants, and maintaining capacity to deliver further growth. We continue to enjoy a strong team spirit and facilitate employee equity ownership through the Mattioli Woods plc Share Incentive Plan (“the Plan”) and other share schemes. At the end of the year, 65% of eligible staff had invested in the Plan (2021: 63%) and we continue to encourage broader staff participation.

The Mattioli Woods Employee Benefit Trust ("the Trust") holds shares for the benefit of the Group's employees and, in particular, to satisfy the vesting of awards made under the Company's various share schemes. The market purchase of shares by the Trust can help to avoid dilution of shareholders by reducing the need for the Company to issue new shares.

Forward-looking statements

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

Principal risks and uncertainties

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

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

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

Industry risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Changes in investment markets and poor investment performance	While the impact of the COVID-19 pandemic, and its effect on economic and financial markets globally, has dissipated somewhat, the war in Ukraine has had a significant impact on investment markets. Resulting volatility may adversely affect trading and/or the value of the Group's assets under management, administration and advice, from which we derive revenues.	• Majority of clients' funds held within registered pension schemes or ISAs, where clients are less likely to withdraw funds and lose tax benefits, due to the longer-term nature of financial planning. • Broad range of investment solutions enables clients to shelter from market volatility through diversification, while continuing to generate revenues for the Group. • Market volatility is closely monitored by the Asset Allocation Team, as delegated by the Investment Committee, and includes monthly assessment of what is changing in markets and the economic environment globally; regular risk analysis, including a sentiment survey of the individual members of the multi-asset team considering their own analysis of external analysts' reports on a rolling basis. There are also regular reviews of liquidity. Further, performance is considered every month, in detail, including attribution and contribution analysis. Reports are then discussed at Investment Committee every two months.	High	Medium	No change

Industry risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Compliance with environmental, social and governance ("ESG") standards	Failure to meet future ESG reporting requirements, the Group not being recognised as an ESG responsible business or ESG products offered not meeting target market requirements could result in: • Regulatory censure; • Loss of client or shareholder confidence; and • Clients looking elsewhere for ESG focused products.	Internal action plan in place to deliver short, medium, and longer-term initiatives. The Mattioli Woods Responsible Equity Fund, geared to the principles of ESG, launched during the year, attracting £7.2m of client investment at the year end. ESG holds a central consideration within the product governance framework of the Group. Planned recruitment into a dedicated ESG role underway. Continuing to explore positive actions, harnessing technology and solutions across the business to reduce our environmental footprint and make a positive contribution towards our ESG-related goals.	High	High	No Change
Climate change – physical impacts	Impacts from the increasing severity and frequency of extreme climate events, and longer-term progressive shifts in the climate might include: • Business interruption as a result of damage to infrastructure or loss of services; • Costs of improving resilience and adaptation; and • Lower productivity, income and profits.	• The Group occupies resilient buildings that can withstand damage from storms, strong winds and flooding. • Disaster Recovery ("DR") and Business Continuity Planning ("BCP") are in place to continue business as usual. • Leveraging experience gained during the COVID-19 outbreak, we support flexible working and work from home options, which have been tested as part of our continuity plans and contribute positively to our goal of being a paperless business where possible.	High	Medium	No Change

Industry risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Climate change – transition impacts	Transition impacts relate to the process of adjusting to a low-carbon economy. Transition risks can occur when moving towards a less polluting, greener economy. Transitions such as the UK ban on the sale of fossil-fuel-powered cars from 2040 could mean big shifts in asset values, higher costs of doing business, business disruptions or lower productivity, income and profits.	• DR/BCP in place to continue business as usual. • Plans in place to reduce negative impact of our activities through initiatives such as moving towards paperless offices and transitioning towards an all-electric car fleet. • Launch of The Mattioli Woods Responsible Equity Fund.	High	Medium	No Change
Changing markets and increased competition	The Group operates in a highly competitive environment with evolving characteristics and trends.	• The Group seeks to maintain strong working relationships with clients underpinned by high levels of service, quality products and a continued focus on product development and innovation. • Consolidating market position is enhancing the Group's competitive advantage. • Control over scalable and flexible bespoke pension administration platform. • Experienced management team with a strong track record. • Loyal customer base and strong client retention. • Broad service offering gives diversified revenue streams. • Our investment in people, cloud-based technology and infrastructure provides an operating model that includes home working for the majority of staff and specific shift rotations for our people carrying out essential tasks. • Harnessing efficiencies through our continued assessment of the changes to working patterns and methods.	High	High	No change

Industry risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Regulatory risk	The Group may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations.	• Strong compliance culture, with appropriate oversight and reporting supported by training. • External professional advisers are engaged to review and advise upon control environment. • Business model and culture embraces FCA principles, including treating customers fairly. • Decision to withdraw from providing advice on safeguarded pensions. • Financial strength provides comfort should there be a need to increase capital resource requirements.	Medium	Medium / High	No change

Operational risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Damage to the Group's reputation	There is a risk of reputational damage as a result of employee misconduct, failure to manage inside information or conflicts of interest, fraud, improper practice, poor client service or advice.	• Strong compliance culture with a focus on positive customer outcomes. • High level of internal controls, including checks on new staff. • Well-trained staff who ensure the interests of clients are met in the services provided.	Medium	High	No change
Errors, breakdown or security breaches in respect of the Group's software or information technology systems	Serious or prolonged breaches, errors or breakdowns in the Group's software or information technology systems could negatively impact customer confidence. It could also breach contracts with customers and data protection laws, rendering us liable to disciplinary action by governmental and regulatory authorities, as well as to claims by our clients.	• Ongoing reviews and testing of data security, including penetration testing and "phishing" exercises. • IT performance, scalability and security are deemed top priorities by the Board, with additional controls introduced during the year. • Experienced in-house team of IT professionals and established name suppliers. • Ongoing audits of secure remote working, information security and operational resilience undertaken in light of more flexible working practices.	High	High	No change

Operational risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Business continuity and operational resilience	In addition to the failure of IT systems, there is a risk of disruption to the business as a result of power failure, fire, flood, acts of terrorism, relocation problems and failure of external suppliers.	• Implementation of ICARA, backed up by a robust assessment of known risks and risks that emerge by the Operational Risk and Compliance Committee, which draws membership from across the business, embeds a culture of risk awareness to ensure early detection and implementation of mitigating steps. • Periodic review and approval of BCP, considering best practice methodologies. • Periodic review and approval of DRP and disaster recovery teams (including IT support) on call to deal with major incidents at short notice. Business impact analysis has been conducted by department. • Loss of revenue is covered by business interruption insurance (subject to certain limits and exclusions). • All Group operations can move to 'working from home' at short notice, with little or no interruption to day-to-day business operations. • Ongoing assessment of external suppliers' performance.	Medium	Medium	No change

Operational risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Fraud risk	There is a risk an employee or third party defrauds either the Group or a client.	• The Group ensures the control environment mitigates against the misappropriation of client assets, with additional controls being introduced to safeguard client assets. • The Group does not hold client money. • Strong corporate controls require dual signatures or online approvals for all payments. Executive committee approval for all expenditure greater than £100,000 and Board approval for all expenditure greater than £250,000. • Assessment of fraud risk every six months discussed with the Audit Committee, Risk and Compliance Committee and external auditors. • Clients have view-only access to information. • Ongoing review of risk of fraud due to external attack on the Group's IT systems, including audit of secure remote working, information security and operational resilience undertaken on an ongoing basis. • All staff are required to complete structured training on information security, cybercrime, fighting fraud and anti-money laundering each year.	High	Medium	No change
Key personnel risk	The loss of, or inability to recruit, key personnel could have a material adverse effect on the Group's business, results of operations or financial condition.	• Succession planning is a key consideration throughout the Group. • Success of the Group should attract high calibre candidates. • Share-based schemes in operation to incentivise staff and encourage retention. • Recruitment programmes in place to attract appropriate new staff. • Cross functional acquisition team brought into acquisition projects at an early stage. • Ensuring the health and well-being of our people remains a priority. The way our people work has changed, with the adoption of training, talent and resource management and leadership in a remote environment.	Low	Medium	No change

Operational risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Litigation or claims made against the Group	Risk of liability related to litigation from clients or third parties and assurance that a claim or claims will not be covered by insurance or, if covered, will exceed the limits of available insurance coverage, or that any insurer will become insolvent and will not meet its obligations to provide the Group with cover.	• Appropriate levels of Professional Indemnity insurance cover regularly reviewed with the Group's advisers. • Comprehensive internal review procedures, including compliance sign-off, for advice and marketing materials. • Maintenance of three charging models; time cost, fixed and asset based, which are aligned to specific service propositions and agreed with clients. • Restricted status for our consultants to enable the recommendation of our own products and others in the market.	High	Medium	No change
Reliance on third parties or outsourcing risk	Any regulatory breach or service failure on the part of an outsourced service provider could expose the Group to the risk of regulatory sanctions and reputational damage.	• Due diligence is part of the selection process for key suppliers, including assurance on their controls over shared data. • Key contracts with third parties handling sensitive data are escalated for review and approval. • Service level agreements in place with key suppliers. • Ongoing review of relationships and concentration of risk with key business partners. • Review of outsourcing is a key area of focus in Internal Audit plan. • Our operational risk assessment considers the impact of disruptions on critical business functions, with the BCP updated to include a range of scenarios, informed in part by our experience through the pandemic.	High	High	No change
SIPP administration for non-advised clients ("third party SIPP administration")	Risk that through the provision of SIPP administration services to clients with no adviser or a third party adviser, we facilitate the client acting with no or bad advice.	• The Group recognises the duty of care owed to these clients. • Evidence of the suitability of advice where pension investments are out of the ordinary (e.g. ensuring that the client is a sophisticated investor). • Credentials of third party advisers are checked against the FCA register.	High	Low	No change

Operational risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Strategic risk	Risk that management will pursue inappropriate strategies or implement the Group's strategy ineffectively.	• Experienced management team with successful track record to date. • Management has demonstrated a thorough understanding of the market and monitors this through regular meetings with clients. • Ongoing debate and counsel provided by a strong team of Non-Executive Board members.	Low	Low	No change
Conduct risk	The risk that we fail our clients through the flawed design or mis-selling of our products or services, or poor business conduct results in client outcomes that do not meet their needs and circumstances.	• Only appropriately authorised consultants can provide advice. • Robust training and competence scheme in place. • Operation of 'three lines of defence' model, including internal and external reviews to monitor suitability of advice being given to clients. • Compliance oversight by a dedicated team covering; conduct, product, complaints and technical. • Non-standard investments require review and approval by the Group's Non-Standard Investment team. • Professional Indemnity ("PI") insurance in place.	Medium	Medium	No change
Conduct risk (acquisitions)	The risk that acquired clients have been failed by the acquired business through the flawed design or mis-selling of products or services, or poor business conduct resulting in outcomes that do not meet their needs and circumstances.	• Due diligence process used to identify and assess risk in acquired client portfolios. • Run-off PI insurance cover and specific indemnities provided by the sellers of acquired businesses to mitigate the Group's risk exposure. • Active dialog with the FCA, especially where we identify specific risks associated with the target business. • Inclusion of warranties and indemnity clauses in purchase agreements.	High	Low	No change

Operational risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Information security (or cyber) risk	The risk that the security controls over our IT systems are compromised by internal or external influences, resulting in unauthorised access to our client or corporate confidential data.	• External security provider scans for intrusion threats across our network 24/7. • Electronic data is protected by user access controls. Data privacy training provided to all staff. • Robust firewalls and patches maintained to prevent unauthorised access to IT systems, including utilisation of third party providers to protect corporate networks. • Electronic data is protected by user access controls. Data privacy training is provided across the Group. • Compliance with the Data Protection Act and registration with the Information Commissioner's Office. • Two step verification of any client instruction received by email or post. • Audit of secure remote working, information security and operational resilience ongoing.	High	High	No change

Financial risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Counterparty default	That the counterparty to a financial obligation will default on repayments.	• The Group trades only with recognised, creditworthy third parties. • Customers who wish to trade on credit terms are subject to credit verification procedures. • All receivables are reviewed on an ongoing basis for risk of non-collection and any doubtful balances are provided against.	Medium	Medium	No change
Bank default	The risk that a bank could fail.	• We only use banks with strong credit ratings. • Client deposits spread across multiple banks. • Regular review and challenge of treasury policy by management.	Medium	High	No change
Concentration risk	A component of credit risk, arising from a lack of diversity in business activities or geographical risk.	• The client base is broad, without significant exposure to any individual client or group of clients. • Broad service offering gives diversified revenue streams.	Medium	Medium	No change

Financial risks					
Risk type	**Description**	**Mitigating factors**	**Chance**	**Impact**	**Change in risk**
Cost inflation	The risk that increases in the price of goods and services erode the Group's profits.	• The Group manages a significant amount of discretionary spend in areas such as marketing and IT development, which can be re-phased or postponed to mitigate the impact of rising prices. • The Group has sought to realise operational efficiencies and controlled wage inflation through the use of one-off awards to mitigate the impact of wage inflation.	High	Medium	New risk
Interest rate risk	The risk that the Group will sustain losses from adverse movements in interest bearing assets. In addition, Central Bank interest rate increases are increasingly being used in an attempt counter inflation, which in turn may encourage clients to leave available funds in cash.	• The Group maintains a strong balance sheet and currently has no interest bearing debt. • Exposure to movements in interest bearing assets is monitored to ensure that the Group is optimising its interest earning potential within accepted liquidity and credit constraints. • Good relationships with key banking partners. • Access to competitive interest rates due to scale of our business. • The Group has proven its ability to withstand challenging market conditions, with any reduction in traditional investment-related revenues typically offset by additional consultancy fees generated as a result of clients proactively seeking advice, or fees on new investment products created in response to client demand for higher-yielding investments. • Increasing interest rates provide an opportunity to improve client rates on pension scheme bank accounts, whilst generating an increased banking income for the Group.	Medium	Medium	New risk

Emerging risks, including legislative, regulatory change and biothreats emerging from the COVID-19 pandemic, have the potential to impact the Group and its strategy. The Board, Audit Committee and Risk and Compliance Committee continue to monitor emerging risks and threats to the financial services sector including, for example, the increased number of attempted cyber and attempted phishing attacks, regulatory change, climate change and scenarios potentially arising from political and economic developments, including implications from ongoing world conflicts, and change in political leadership. We intend to continue to focus on operational resilience and enhancing the control environment over the next 12 months.

Section 172 statement

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

Engaging with stakeholders

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

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

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

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

Section 172 factor	Approach taken
(a) Consequences of any decision in the long-term	The business model and strategy of the Company is set out within the Strategic Report. Any deviation from or amendment to that strategy is subject to Board and, if necessary, shareholder approval. At least annually, the Board considers a budget for the delivery of its strategic objectives based on a three year forecast model. The senior management team reports non-financial and financial key performance indicators to the Board each month, including but not limited to the measures set out in the 'Key performance indicators' section of the Strategic report, which are used to assess the outcome of decisions made.

Section 172 factor	Approach taken
	The Board's commitment to keeping in mind the long-term consequences of its decisions underlies its focus on risk, including risks to the long-term success of the business, leading to the conclusion that during the current period of heightened political and market uncertainty both in the UK and globally, a conservative level of cash resources should be maintained such that the payment of dividends to shareholders and variable remuneration to employees are balanced. The strategy of the Group is focused on positive client outcomes that can deliver sustainable shareholder returns over the long-term and as such the long-term is firmly within the sights of the Board when all material decisions are made.
(b) Interests of employees	The Group is committed to developing our people and maintaining the capacity to deliver sustainable growth. How the Directors have regard to the interests of the individuals responsible for delivery of its products and services is set out in the 'Our people' sections of the Strategic report and 'Employees' section of the Directors' report. Employees are represented on the Board by Martin Reason.
(c) Fostering business relationships with suppliers, customers and others	How the business manages relationships with suppliers, clients and other counterparties is set out in the 'Relationships' section of the Strategic report. Suppliers and other counterparties are typically professional firms such as banks, investment houses, platform providers, accounting firms and legal firms with which the senior management team often has a longstanding relationship. Where material counterparties are new to the business, checks, including anti-money laundering checks, are conducted prior to transacting any business to ensure that no reputational or legal issues would arise from engaging with that counterparty. The Company also periodically reviews the compliance of all material counterparties with relevant laws and regulations such as the Modern Slavery Act 2015. The Company pays suppliers in accordance with pre-agreed terms. Due to the Group's focus on holistic planning and providing high levels of personal service while maintaining close client relationships, it has open lines of communication with clients and can understand and resolve any issues promptly.

Section 172 factor	Approach taken
(d) Impact of operations on the community and the environment	The interaction of the Company with the wider community is explained in the 'Relationships' and 'Corporate Social Responsibility' sections of the Strategic report. The Group's impact on the environment is limited due to the nature of the Group's business operations as set out in the 'Environmental performance and strategy' section of the Strategic report and 'Environmental' section of the Directors' report. However, the Board is committed to limiting the impact of the business on the environment where possible. The Board takes overall responsibility for the Company's impact on the local communities in which we operate and the environment. The Company's approach to sustainability, preventing bribery, money laundering, slavery and human trafficking is disclosed in the 'Corporate Social Responsibility' section of the Strategic report.
(e) Maintaining high standards of business conduct	The Board believes that the ability of the Company to conduct its business and finance activities depends in part on the reputation of the Board and senior management team. The risk of falling short of the high standards expected and thereby risking its business reputation is included in the Board's review of the Company's risk register, which is conducted periodically. The Board is responsible to shareholders for the proper management of the Group and how the Board discharges its duties is set out in the Corporate governance report. The principal risks and uncertainties facing the business are set out in that section of the Strategic report.

Section 172 factor	Approach taken
(f) Acting fairly between members	The Company's shareholders are a very important stakeholder group. The Board oversees a formal investor relations programme which involves the Directors and senior management team engaging routinely with the Company's shareholders. The programme is managed by the Company's brokers and the Board receives prompt feedback from both its brokers and its financial public relations adviser on the outcomes of meetings. The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws. The Independent Non-Executive Chair of the Company and other Non-Executive Directors make themselves available for meetings as appropriate and all attend the Company's Annual General Meeting ("AGM"). The investor relations programme is designed to promote formal engagement with investors and is typically conducted after each half-yearly results announcement. The Group also has open lines of communication with existing investors who may request meetings and with potential new investors on an ad hoc basis throughout the year, including where prompted by Company announcements. For the last two years the Directors have also engaged with retail shareholders through the Investor Meet Company platform, a communication channel endorsed by the QCA. We plan to increase the level of retail investor engagement in the current year with publication of specific retail-focused research on the Group to coincide with the release of the annual report and accounts for the year ended 31 May 2022. Shareholder presentations are made available on the Company's website. The Company has a single class of shares in issue with all members of the Company having equal rights.

Methods used by the Board

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

- Board strategy days to review all aspects of the Group's business model and strategy and assess the long-term sustainable success of the Group and its impact on key stakeholders. An executive team strategy day was held during the year, with a Board strategy day and a number of other strategy days and sessions planned to take place in the current year;
- The Board meets regularly throughout the year as well as on an ad hoc basis, as required by time critical business needs, such as acquisitions. Board members regularly meet with members of the senior management team;

- The Board is responsible for the Company's ESG activities set out in the Strategic report. Iain McKenzie is appointed as the designated executive with responsibility for ESG;
- The Board's risk management procedures set out in the Corporate governance report identify the potential consequences of decisions in the short, medium and long-term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to the Company and wider stakeholders;
- The Board sets the Company's purpose, values and strategy, detailed in the 'Our approach' and 'Strategy' sections of the Strategic report, and the senior management team ensures they align with its culture;
- The Board carries out direct shareholder engagement via the AGM and Directors attend shareholder meetings on an ad hoc basis;
- External assurance is received through internal and external audits and reports from brokers and advisers; and
- Specific training for existing Directors and induction for new Directors is as set out in the Corporate governance report.

Principal decisions in the year

Mattioli Woods comprises a number of operating segments, through which the Executive team engages with each segments' unique stakeholders as well as other businesses in the Group. The governance framework in place during the year delegated day-to-day operational authority to the Management Engagement Committee, subject to a list of matters reserved for decision by the Governance Committee or the full Board only, up to defined levels of cost and impact.

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

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

- Final approval of the equity fundraise for £112m to fund the acquisitions of Maven, Ludlow and a pipeline of bolt-on acquisitions including the subsequent acquisitions of Richings Financial Management and Ferguson Financial Management. The Board considered the strategic rationale for each acquisition, the associated risks and the performance impact on the Group. Acquisitions during the year are further detailed in Note 3 to the financial statements;
- The review and decision not to progress with a number of other potential acquisitions during the year;
- The appointment of Moore Kingston Smith LLP ("MKS") as Group auditor for the financial year ended 31 May 2022. The Board had oversight of a detailed tender process undertaken by the Company's Audit Committee. The Board based its decision upon the development of the Group's core business

and positive impact of recent acquisitions, which have changed the Group's audit needs, with the primary focus on finding an audit firm that shares the Group's commercial and client-focused culture whilst retaining their independence in accordance with relevant ethical requirements;

- Approval to wind-down the Mattioli Woods Structured Products Fund based upon a review of client outcomes through performance of the fund compared to the benchmark index and cost of investment. The Board focused on ensuring all clients were treated with respect and equally during the wind-down, with alternative investment options offered to clients;
- Each year the Board conducts a review of its effectiveness and as part of this review approved changes to the Group's governance and management structure, including changes to committee structures and memberships. The Board believes that the revised structure will provide the appropriate knowledge, oversight and commercial challenge to support further growth, integration of acquired businesses and improvements in operational efficiency;
- The appointment of David Kiddie as independent Non-Executive Chair. The Board considered the balance of skills and leadership required for this role based on the respective roles and experience of each board member and the on-going requirements of the business; and
- Determination of dividend. The Board recommends a final dividend of 17.8p per share (2021: 13.5p). This decision was taken in conjunction with a review of returns to all key stakeholders, including staff in the form of salary awards and bonus payments.

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

Stakeholders

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

Stakeholder	Why we engage	How we engage	How we responded
Our clients	Clients are the central focus of our business. By engaging with them, we are able to gain a better understanding of their needs and ensure that we can provide them with bespoke solutions to address their financial goals.	• We engage with our clients in a variety of ways, driven by their requirements and preferences, including: • regular meetings with consultants and investment managers; • the use of video technology to enable virtual engagement with clients;	Our clients' desire to have easier on-boarding and better access to information about their financial affairs resulted in the Board supporting the Group's investment in Tiller Technology and their appointment to develop a new digital, self-investment platform. ESG has become an important topic for

Stakeholder	Why we engage	How we engage	How we responded
		• virtual seminars held for clients and introducers; • investment updates and quarterly statements; • regular market bulletins both in printed and electronic form; and • client portals, where investment management clients can view details of their investments.	our clients and the launch of The Mattioli Woods Responsible Equity Fund reflects this.
Employees	Our people are the key to our success, and we want them to be successful individually and as a team. The Board recognises that the firm's culture and corporate values underpin the effective delivery of its strategy. Our aim is to continue to attract, retain, develop and motivate the right people for our current and future business needs.	We have a comprehensive internal communication programme to engage with and listen to our people, including: • the CEO and other members of the senior management team frequently leading staff forums ranging from all staff video conferences to small group discussions; • Martin Reason was appointed as the designated Non-Executive Director with responsibility for engagement with the workforce; and • we undertake regular employee engagement surveys working closely with an external provider to provide an interactive feedback experience, the results of which are closely monitored with the Board and senior management team considering what actions need to be taken in response.	Post-pandemic there has been an increased focus on health and wellbeing, in addition to development opportunities, pay, benefits and flexible working arrangements. This focus on our staff enabled the successful transition and continued adoption of flexible working practices. We continue to strengthen our wellbeing capabilities, increasing the number of staff focused on this including creation of an internal team of mental health first aiders.

Stakeholder	Why we engage	How we engage	How we responded
Shareholders	As owners of the Group we rely on our shareholders' support. Their opinions are important to us and we want to give them a better understanding of our business. In addition, we have obligations as an AIM-listed company to provide information to our shareholders.	We engage with our shareholders through the following activities: • regular meetings with our investors throughout the year to discuss delivery of our strategy, current performance and plans for the business through our Executive and Non-Executive Directors; and • the provision of detailed financial reports and presentations on the business at the half-year and full year.	We have provided regular updates on company performance throughout the year, with dividends increased and paid during the year. We have a number of long-term, committed shareholders. The highly successful share placing to fund the acquisition of Maven, Ludlow and a pipeline of smaller bolt-ons reflects the strong relationships we have built with our shareholders.
Suppliers	We recognise the importance of our various suppliers in delivering services to clients and ensure we have shared values.	We engage with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis.	Key areas of focus have included innovation, enhancing our client propositions, health and safety and sustainability.
Communities	We seek both to support our community and to reduce our impact on the environment as much as possible. We recognise the responsibility we have to wider society and other key stakeholders. We believe that demanding high levels of corporate responsibility is the right thing to do.	We engage with the communities in which we operate to build trust and understand the local issues that are important to them. We seek our people's input on how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations at an	We continued to support a number of national and local charities during the year including our previous national charity Alzheimer's Research UK. In addition we supported over 30 local charities as selected by our staff teams across the UK, donating £0.1m during the year. We continue to support local charities in the communities in which we operate, as well as through

Stakeholder	Why we engage	How we engage	How we responded
		individual office level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of and disposal of paper and plastic.	continuation of our consultancy training programme with intake across the country and a marked increased recruitment of apprentices into the Group.
The Government and regulator	We seek to build positive relationships with the Government and our regulator who provide key oversight of how we run our business and we believe our clients' best interests are served by our working constructively with them.	We engage with the Government and our regulator through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Mattioli Woods is a member of the Association of Member-directed Pension Schemes and the Quoted Companies Alliance. Key areas of focus are compliance with laws and regulations, health and safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.	We held regular meetings with our regulators during the year and continue to have a proactive and transparent relationship with them. We ensured our payment terms with all suppliers were fair and in compliance with payment practices. We regularly assess our key suppliers for conformance to the Modern Slavery Act and conducted a risk assessment of our supply chain. Our modern slavery statement is reviewed and updated by the Board annually.

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

Environmental performance and strategy

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

Methodology

GHG emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption data has been collated and converted into CO_2 equivalent ("CO_2e") using the UK Government 2021 Conversion Factors for Company Reporting to calculate emissions from corresponding activity data. To collect consumption data, the Group has reviewed utility invoicing and its staff expense software to track business mileage in Group-owned vehicles and own vehicles.

This information has been prepared in accordance with the GHG Protocol's Scope 2 Guidance on both location-based and market-based Scope 2 emissions figures. Data collected relates to the most recent 12 month period where data was available.

We have calculated energy intensity and emissions intensity using total floor area which is considered to best represent the scale of the business compared to using alternative measure such as headcount, as the majority of energy usage is from buildings, with the impact of the COVID-19 pandemic reducing the level of fuel consumption by Group vehicles in the short-term.

As part of the data collection, a materiality assessment was applied to determine which indicators were relevant to the Group. We have assessed each indicator in terms of its impact on the Group and its perceived importance to stakeholders.

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

Reporting boundaries and limitations

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

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

Fuel connected with employee train travel for business use has been excluded as amounts are likely to be immaterial and we consider it impractical to make estimations as only the cost of travel is recorded in the Group's expense records. Fugitive gases from office air conditioning are also considered immaterial.

Assumptions and estimations

In some instances data is missing, including:

- Electricity costs for Mattioli Woods' Leatherhead and Edinburgh offices and Maven's Birmingham, Bristol, London, Nottingham, Newcastle, Edinburgh and Durham offices (which in aggregate represent circa 6.4% of the Group's total floor area), which are included in rent and service charges; and
- Gas and water costs for Mattioli Woods' Leatherhead, Manchester and Enderby offices, Ludlow's Liverpool, Southport and Preston offices and Maven's Glasgow, Birmingham, Bristol, London, Manchester, Nottingham, Newcastle, Edinburgh and Durham offices (which in aggregate represent circa 21.2% of the Group's total floor area), which are included in rent and service charge payable.

In such cases, estimations have been applied to fill the gaps, calculated through data from other similar offices as a proxy.

Performance

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

GHG emissions (tCO_2e)		**2022**	2021	**Change**
Scope 1	Fuel consumption (gas office heating) (kWh)	**493,032**	330,863	**49%**
	Associated GHG (tCO_2e)	**90**	61	**48%**
	Fuel consumption (company vehicles) (miles)	**197,643**	37,109	**433%**
	Fuel consumption (company vehicles) (MWh)	**260**	43	**505%**
	Associated GHG (tCO_2e)	**45**	10	**350%**
Scope 2	Electricity consumption (office and company car electricity) (kWh)	**796,319**	704,925	**13%**
	Associated GHG (tCO_2e)	**169**	164	**3%**
	Total Scope 1 & 2 emissions	**304**	235	**30%**
Scope 3	Fuel consumption (own cars for business use) (miles)	**78,765**	11,471	**587%**
	Fuel consumption (own cars for business use) (MWh)	**104**	13	**697%**
	Associated GHG (tCO_2e)	**21**	3	**597%**
	Water consumption (m3)	**4,863**	2,764	**76%**
	Associated GHG (tCO_2e)	**1**	3	**(76%)**

Total Scope 3 emissions	**22**	6	**261%**
Gross Scope 1, 2 and 3 emissions	**326**	241	**35%**
Total floor area (sqft)	**105,675**	90,742	**16%**
Scope 1 & 2 emissions intensity (tCO_2e/sqft/yr)	**0.0029**	0.0026	**11%**
Scope 3 emissions intensity (tCO_2e/sqft/yr)	**0.0002**	0.0001	**210%**

Corporate social responsibility

Our commitment to operating responsibly

As we emerge from the pandemic, we continue to work through the challenges placed in part by the ongoing level of market uncertainty. Our dedicated team has allowed us to rise to these challenges and continue making a positive contribution to our stakeholders – our clients, shareholders, staff, suppliers and chosen charity partners alike. We believe this is responsible business in action. In 2022, our Risk and Compliance Committee reviewed where the Group currently stands and have developed a strategy defining how we will prioritise and accelerate environmental, social and governance workstreams in the business.

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

Sustainability

The Group has continued to grow and we recognise that we have a responsibility to support our profitable expansion by operating in a sustainable manner. As we continue to manage the impacts of, and learn from, the recent COVID-19 pandemic, we have demonstrated we can deliver great client outcomes in different ways, with the majority of our staff working flexibly for most of the year. This will inform our thinking as to how we can deliver strong and sustainable shareholder returns, including investing in new technology to facilitate sustainable growth over the longer term. We consider our ability to address ESG risks for the business and consider how these could affect our stakeholders as important to our future success and a subject that we are focused on addressing.

Our environmental footprint has grown through the acquisitions completed in the last two years. We plan to consolidate our footprint as integration of acquired businesses continues, ensuring that wherever possible we minimise any negative impacts in this area. The modern design and construction methods used in our Leicester office means we are harnessing the latest technology to support our environmental aims and, while this is a major contributor in itself, we recognise that smaller changes to how we do things can make incremental contributions on our journey to net zero. These include reducing the amount of paper we use through the adoption of technology, including an on-line portal to deliver client valuations, supporting our move to a paperless environment. In addition, our consultancy team is making increasing use of hybrid and efficient fuel technology in the vehicles they use.

The Mattioli Woods Responsible Equities Fund was launched this year and continues to perform well, we are continuing to explore how we can offer our clients access to additional bespoke “ESG responsible” investment propositions.

Charities and communities

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

In 2019, we launched a national partnership with Alzheimer’s Research UK, a charity focused on boosting research, improving treatments and raising awareness about dementia. Like many charities, the impact of the COVID-19 pandemic on Alzheimer’s Research UK was significant and some of the activities we had planned to support had to be put on hold.

We believe dementia is one of the biggest problems facing health services today and one that is impacting the lives of many of our employees and clients. We will continue to explore ways of engaging employees, clients and partners to raise money for Alzheimer’s Research UK and other charities where and when we can.

We actively engaged both during and post-pandemic and our successful agreement with the charity came to an end at the end of the financial year.

To continue our strong charitable connections, we recently announced that the British Heart Foundation will be our national charity partner for the new financial year, a charity that embodies the values and culture of the Group and who we plan to support nationally.

Every year, the Group’s associate company Amati has a commitment to donate 10% of its profits to good causes. We want to further that tradition and this year asked our staff to suggest good causes they felt deserving of a donation. This meant we could contribute to numerous other charities throughout the UK that are local to where our staff live, which has helped to further enhance our impact on the communities where we live, with total charitable donations by the Group and its employees (through payroll giving) totalling £0.2m (2021: £0.2m) for the year.

We have also been able to offer work experience placements and summer internships to provide individuals with experience in financial services, some of which have resulted in permanent employment. We recognise that our tax contributions also play an important role for the communities in which we operate, with the Group's total tax contribution summarised as follows:

Total tax contribution	**2022 £000**	*2021 £000*
Corporation tax	**5,098**	2,428
Other taxes borne:		
Employer's National Insurance Contributions	**5,563**	2,843
Apprenticeship levy	**221**	118
Business rates	**614**	570
Irrecoverable input VAT	**1,495**	909
Insurance premium tax	**127**	108
Stamp Duty Land Tax and Stamp Duty Reserve Tax	**663**	153
Taxes collected:		
Income tax deducted under PAYE	**12,421**	5,378
Employees' National Insurance Contributions	**2,675**	1,630
Output VAT	**5,394**	4,579
Total	**34,271**	18,716

Developing our people

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

Trainees work alongside consultants in administrative roles and attend consultant-led client meetings. The scheme will continue to be rolled out for new groups of employees who demonstrate the potential to move into consultant roles at the firm. Mattioli Woods' graduate and apprenticeship schemes have been running for a number of years and, together with the trainee consultant programme, highlighting the firm's motivation to 'grow our own', and we plan to increase the number of applicants accepted by the Group as we encourage new talent to begin and develop their careers with us.

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

Equal Opportunities Employer including diversity and inclusion

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

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

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

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

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

Modern slavery

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

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

- Mattioli Woods holds a register of all its operations, regularly reviewing this in the context of its supply chain and business operations; and

- There are no high-risk activities identified which relate to modern slavery or human trafficking. The Group operates in the UK in financial services and does not source products or services from higher risk regions.

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

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

In September 2021, all employees' benefits were reviewed with some of the benefits being enhanced. In addition, there is an annual salary review which can result in the grant of a pay award, as well as a discretionary bonus.

Anti-bribery policy

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

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

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

Gender pay reporting

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

Approval

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

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

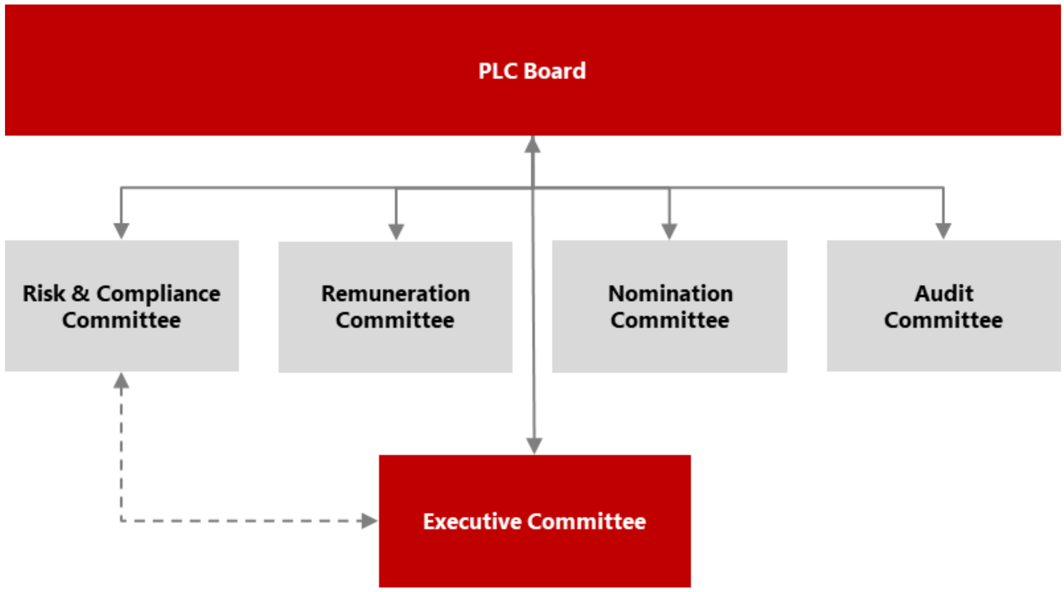
Ian Mattioli MBE
Chief Executive Officer
12 September 2022

Governance overview

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

Board structure

The Board has established a sub-committee structure comprising Risk and Compliance, Audit, Remuneration and Nomination Committees. During the financial year ended 31 May 2022 the Group undertook an internal review of the effectiveness of the Board, its sub-committees and the senior management framework. We created a new executive team forum designed to improve execution of strategy, corporate governance and risk management frameworks as determined by the Board, as well as bringing together a senior executive team with responsibility for operational oversight of all key areas in the Group, illustrated as follows:



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

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

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

Corporate governance code

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

Corporate governance principles applicable to the Group

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

1. Establish a strategy and business model which promotes long-term value for shareholders.
2. Seek to understand and meet shareholder needs and expectations.
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.
5. Maintain the Board as a well-functioning, balanced team led by the Chair.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
8. Promote a corporate culture that is based on ethical values and behaviours.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

Application of the QCA Code and required disclosures

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

Strategy and business model – QCA Principle One

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

Effective risk management – QCA Principle Four

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

Board balance and skills – QCA Principles Five and Six

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

In addition, the Directors are aware of the importance of keeping abreast of the industry's current activities and industry conferences, webinars and events throughout the year to keep their skills, contacts and knowledge current and simultaneously engage with the regulator, other operators and service providers to the financial services industry.

Board effectiveness – QCA Principle Seven

The Board began the process to undertake a self-evaluation during the financial year ending 31 May 2022 which is expected to complete in the year ending 31 May 2023 and annually thereafter. The criteria against which the Board collectively and individually will be assessed includes Board composition, roles and responsibilities, meetings and administration, Board committees, Board discussions, Board relationships and stewardships, monitoring and evaluation, strategy and internal control.

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

Ethical culture – QCA Principle Eight

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

Governance and communication with stakeholders – QCA Principle Ten

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

Board of Directors

The PLC Board was strengthened in the previous year to ensure that we continue to have a balanced and diverse board, with plans to further enhance these being developed. Following the conclusion of an independently led recruitment process, David Kiddie was appointed as Independent Non-Executive Chair in March 2022, bringing significant asset management and investment oversight expertise and international senior executive experience.

The Board currently comprises four executive Directors and four independent Non-Executive Directors, including the Chair. The Company has a balanced Board, which we believe represents the right governance structure for the business having been independent for several years with majority Independent Non-Executive Directors. The current Board includes a Senior Independent Director in addition to the other Non-Executive Directors.

The Nominations Committee leads on the succession plan for all Board members including recruitment as seen in the appointment of the new independent Non-Executive Chair.

A short biography of each Director is set out below.

David Kiddie – Independent Non-Executive Chair

Appointed to the Board: 2021
Tenure at Mattioli Woods: 2 years

Brings to the Board:

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

Previous roles:

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

Accreditations:

- BA Hons Economics, University of Kent

External appointments:

- Non-Executive Director of Marlborough Investment Management Ltd
- Non-Executive Director of Trade Union Fund Managers Limited and Trade Union Financial Management Services Limited
- Executive Director of David Kiddie Investment Solutions Limited

Ian Mattioli MBE – Chief Executive Officer

Co-founded Mattioli Woods in 1991

Tenure at Mattioli Woods: 31 years

Brings to the Board:

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

Accreditations:

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

External appointments:

- Non-Executive Chair of K3 Capital Group plc
- Non-independent Director of Custodian REIT plc

Ravi Tara – Chief Financial Officer

Appointed to the Board: 2021

Tenure at Mattioli Woods: 3 years

Brings to the Board:

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

Previous roles:

- Capita plc
- Weetabix Food Company
- JP Morgan

- Barclays Capital
- PwC

Accreditations:

- Chartered Accountant
- Fellow of the Institute of Chartered Accountants in England and Wales (“ICAEW”)
- A member of the ICAEW’s Corporate Finance Faculty

Michael Wright – Group Managing Director

Appointed to the Board: 2021

Tenure at Mattioli Woods: 18 years

Brings to the Board:

- Over 17 years’ experience in financial services
- Experienced adviser, assisting controlling directors, owner-managers and affluent individuals
- Inspiring leadership and operational management
- Acquisition and integration expertise
- Change and efficiency management

Accreditations:

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

External appointments:

- Vice-President of Gresley Male Voice Choir

Iain McKenzie – Chief Operating Officer

Appointed to the Board: 2021

Tenure at Mattioli Woods: 4 years

Brings to the Board:

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

Previous roles:

- Business consultancy
- Senior management

Accreditations:

- BA Design Management, De Montfort University, Leicester.

External appointments:

- Director of Leicestershire Business Voice

Anne Gunther – Senior Independent Director and Chair of Audit Committee

Appointed to the Board: 2016
Tenure at Mattioli Woods: 6 years

Brings to the Board:

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

Previous roles:

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

Accreditations:

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

External appointments:

- Non-Executive Director of Water Plus Group Limited (a jointly owned subsidiary of United Utilities plc and Severn Trent plc)

- Non-Executive Director of West Brom Building Society

Edward Knapp – Non-Executive Director and Chair of Risk Committee

Appointed to the Board: 2021

Tenure at Mattioli Woods: 2 years

Brings to the Board:

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

Previous roles:

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

Accreditations:

- BA Mathematics, Balliol College, University of Oxford

External appointments:

- Non-Executive Director of F&C Investment Trust Plc
- Senior Adviser to Board of Perenna FinTech and previously Revolut
- Director of Asia House

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

Appointed to the Board: 2021

Tenure at Mattioli Woods: 2 years

Brings to the Board:

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

Previous roles:

- Chief Executive Officer, Melton Mowbray Building Society

- Managing Director, Merrill Lynch HSBC
- HSBC/Midland Bank
- Managing Director, Pakawaste Group

Accreditations:

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

External appointments:

- Chair of Sitigrid Ltd

Time commitments of Board members

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

- David Kiddie's time commitment from his other Directorships averages four working days per month;
- Ian Mattioli's time commitment from his roles as Non-Executive Chair of K3 Capital Group plc and Non-Executive Director of Custodian REIT plc average two and one and a half working days per month respectively;
- Michael Wright's time commitment from other Directorships averages one day per quarter;
- Iain McKenzie's time commitment from other Directorships averages two days per month;
- Anne Gunther's time commitment from her other Directorships averages four and a half working days per month;
- Edward Knapp's time commitment from his other Directorships averages four working days per month; and
- Martin Reason's time commitments from his other Directorship averages four days per month respectively.

Corporate governance report

Operation of the Board

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

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

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

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

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

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

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

Board committees

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

Risk and Compliance Committee

The Risk and Compliance Committee comprises Edward Knapp (Chair), Anne Gunther, David Kiddie, Martin Reason and Joanne Lake up to the point of her stepping down from the Board in April 2022. Committee meetings are normally attended by George Houston (Group Compliance Officer) as Compliance Oversight Function, the Chief Executive, Group Managing Director, Chief Operating Officer, and by representatives of the external and internal auditors by way of invitation. In addition, senior managers and representatives from the internal audit, risk and compliance functions attend committee meetings as necessary.

The Risk and Compliance Committee is principally responsible for monitoring identified risks and the effectiveness of mitigating action, keeping risk assessment processes under review, reviewing the impact of key regulatory changes on the Group, assessing material breaches of risk limits and regulations as well as reviewing client complaints.

Risk management framework

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

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

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

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

Risk appetite

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

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

Risk assessment process

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

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

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

Activities during the year

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

- Review and challenge of the key components of the Group's risk management framework;

- Review and challenge of the Group's treating customers fairly ("TCF") and conduct risk policies and outcomes;
- Review and challenge of the Group's vulnerable client processes;
- Review and challenge of the Group's product governance processes;
- Review of recommendation of the Group's risk appetite statement including key risk indicators and tolerance for key risks to the Board and review of the risk register;
- Review and challenge of the ICAAP, exploring scenarios and stress tests to determine an appropriate regulatory capital requirement prior to recommendation to the Board;
- Review of the Group's training and competence regime;
- Oversight of the implementation of Markets in financial instruments directive 2 ("MiFID II");
- Approval of the Compliance monitoring plan for the year including implementation of identified actions for improvement; and
- Approval of the Compliance manual.

Audit Committee

The Audit Committee comprises Anne Gunther (Chair), Edward Knapp, Martin Reason and Joanne Lake until her stepping down from the Board in April 2022. Anne Gunther is a Chartered Banker and the Board is satisfied that all members of the committee have recent and relevant financial experience. The Board believes the committee is independent, with all members being Non-Executive Directors.

The key responsibilities of the Audit Committee are:

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

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

Activities during the year

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

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

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

Specific audit issues the committee discussed included:

- Oversight and approval of the process to change external auditor as delegated from the Board. This included leading the tender process through to assessment of the various audit proposals and selection of the preferred auditor;
- Assessment of whether each entity and the Group as a whole are going concerns, including whether forecast performance would result in an adequate level of headroom over the Group's available cash facilities;
- Review of the whether any impairment needed to be recognised in respect of the intangible assets of the Group, including the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment;
- Management's approach to estimating the recoverability of WIP, including the recovery rate applied and the length of historical data used to calculate that recovery rate;
- Provisions recognised in respect of contingent consideration payable on past business combinations and management's key assumptions and estimates applied in reaching these recognition and measurement decisions; and
- Review and approval of the internal audit plan.

Significant judgements and estimates

Significant critical accounting judgements and key estimates in connection with the Group's financial statements for the year ended 31 May 2022 and other matters considered by the committee included:

Goodwill and intangible assets

As set out in Note 17 to the Group financial statements, at 31 May 2022, the Group had goodwill of £83.5m (2021: £17.9m) with other intangible assets relating to client portfolios amounting in total to £112.2m (2021: £40.9m). Under IFRSs, these balances are assessed annually for impairment. Impairment testing requires the application of judgement, largely around the assumptions that are built into the calculation of the value in use of the cash generating unit being tested for impairment.	The committee considered the impairment reviews carried out by management. These reviews focused on the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment. The underlying cash flow assumptions were challenged by management and the committee, having regard to historical performance. This was supported by the challenge to the Group's budgets earlier in the year. The main assumptions reviewed by the committee were the achievability of long-term business plans and the discount rate used as outlined in Note 19. These assumptions were subject to sensitivity analysis by management which was also reviewed by the committee. The committee concluded that the carrying values of goodwill and intangibles included in the financial statements are appropriate.
Revenue recognition	
The Group recognises accrued income in respect of time costs and disbursements incurred on clients' affairs during the accounting period, which have not been invoiced at the reporting date ("work in progress" or "WIP"). This requires an estimation of the recoverability of the time costs and disbursements incurred but not invoiced to clients. The carrying amount of accrued time costs and disbursements at 31 May 2022 was £5.1m (2021: £4.2m).	The committee considered management's approach to estimating the recoverability of WIP, including the recovery rate applied and the length of historical data used to calculate that recovery rate. The committee concluded that the valuation of accrued WIP in the financial statements is appropriate.

Acquisition accounting	

Business combinations are accounted for using the purchase accounting method. This involves assessing the fair value of the assets acquired and whether any assets acquired meet the criteria for recognition as separately identifiable intangible assets. Intangible assets are measured on initial recognition at their fair value at the date of acquisition. Client portfolios are valued by discounting their expected future cash flows over their expected useful lives, based on the Group's historical experience. Expected future cash flows are estimated based on the historical revenues and costs associated with the operation of that client portfolio. The discount rates used estimate the cost of capital, adjusted for risk.	The committee reviewed the purchase price allocations prepared by management, supported by appointed third-party experts where required, on the purchase of Maven Capital Partners UK, Richings Financial Management and Ludlow Wealth Management Group during the year. These reviews focused on the underlying cash flow assumptions and the discount rate used to determine the present value of the cash flows attributable to the subject intangible assets. The committee concluded that the fair values of the identifiable assets and liabilities of these acquired businesses as at their respective dates of acquisition included in the financial statements are appropriate.
Contingent consideration payable on acquisitions	
The Group has entered into certain acquisition agreements that provide for a contingent consideration to be paid. A financial instrument is recognised for all amounts management anticipates will be paid under the relevant acquisition agreement. This requires management to consider whether contingent payments should be accounted for as consideration or remuneration, make an estimate of the expected future cash flows from the acquired business and determine a suitable discount rate for the calculation of the present value of any contingent consideration payments. The carrying amount of contingent consideration provided for at 31 May 2022 was £8.7m (2021: £2.9m), and contingent consideration recognised as remuneration provided for at 31 May 2022 was £7.8m (2021: £4.0m).	The committee considered management's assessment of the amounts that will be paid under the relevant acquisition agreements. These reviews focused on the assumptions underlying the cash flows covering the contingent consideration period. Following this review, the committee was satisfied that the judgements exercised were appropriate and that the contingent consideration payable on acquisitions was fairly stated in the financial statements.
Other liability provisioning	

As detailed in Note 26, the Group recognises provisions for client claims, commission clawbacks, dilapidations, onerous contracts and other obligations that exist at the reporting date. These provisions are estimates and the actual amount and timing of future cash flows are dependent on future events. Management reviews these provisions at each reporting date to ensure they are measured at the current best estimate of the expenditure required to settle the obligation. Any difference between the amounts previously recognised and the current estimate is recognised immediately in the statement of comprehensive income.	The committee considered and challenged the nature of the provisions, the potential outcomes, any developments relating to specific claims, and the prior history of obligations, provisions and claims in order to assess whether the provisions recorded are prudent and appropriate. The committee discussed with management the key elements of judgement to assure themselves as to the adequacy and appropriateness of the provisions. Following this discussion, the committee was satisfied that the judgements exercised were appropriate and that the provisions were fairly stated in the financial statements.
Use of alternative performance measures	
The Group has identified certain measures that it believes will assist in the understanding of the performance of the business. These measures are not defined under IFRS but can be used, subject to appropriate disclosure in the Annual Report and Accounts. These alternative performance measures are recurring revenue, adjusted EBITDA, adjusted profit before tax, adjusted profit after tax and adjusted earnings per share as set out in the Alternative performance measure workings section of the Annual Report.	The committee considered the measures and felt that these alternative performance measures are those considered by management to be important comparables and key measures used within the business for assessing performance. They are not substitute for, or superior to any IFRS measures. The committee was also satisfied that the disclosure of the alternative performance measures was appropriate.

Other matters

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

External auditor

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

Internal audit

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

- Developing our internal audit plan based on an analysis of the Group's corporate objectives, risk profile and assurance framework, as well as other factors such as emerging issues in our sector;

- Delivering audits providing assurance over the Group's governance arrangements, financial crime and whistleblowing activities, complaints, HR and training activities, wealth management services, cyber risk, investment services as well as client communications, costs and charges;
- The internal audit team has also continued to provide assurance activities in respect of the CREIT and going forward, the 2022/23 plan extends to coverage of Maven activity; and
- Looking ahead, the internal audit function has developed a forward-looking plan to provide the Group with assurance over key areas of regulatory focus into 2022/23 including; the Investment Firms Prudential Regime (IFPR), vulnerable clients, operational resilience and product governance and pricing. The Plan is complemented with additional reviews on core business areas e.g. client invoicing, integration management and conflicts of interest as well as work due under a cyclical approach; regulatory reporting.

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

Remuneration Committee

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

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

The committee met four times during the year with key items considered including:

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

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

Nomination Committee

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

The committee works in close consultation with the Executive Directors and met four times during the year, with the main items being considered including Board structure including proposed changes to Chair role and committee composition, review of key matters including Board and management succession planning, talent management and development and leadership development, undertaking a board evaluation during the year and considering engagement of an external service provider for the 2022 board evaluation.

Meetings and attendance

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

Meetings attended (eligible to attend)	*Board*	*Risk and Compliance Committee*	*Audit Committee*	*Remuneration Committee*	*Nomination Committee*
David Kiddie [29]	*6(6)	5(6)	-	1(1)	*4(4)
Ian Mattioli	4(6)	-	-	-	2(2)
Ravi Tara	6(6)	-	-	-	-
Michael Wright	6(6)	-	-	-	-

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

Iain McKenzie	5(6)	-	-	-	-
Anne Gunther	6(6)	5(6)	*5(5)	4(4)	4(4)
Edward Knapp	6(6)	*6(6)	5(5)	-	-
Martin Reason	6(6)	5(6)	5(5)	*4(4)	-
Joanne Lake[30]	4(5)	-	3(4)	3(4)	2(2)

* *Denotes Committee Chair*

29. David Kiddie appointed as Independent Non-executive Chair on 14 March 2022
30. Joanne Lake stepped down from Board on 8 April 2022.

Other committees

These committees form part of the Corporate Governance framework but are not sub-committees of the Board. The main committees comprise the Governance Committee, the Management Engagement Committee, the Investment Committee and the Executive Risk and Compliance Committee.

Governance Committee

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

The key responsibilities of the committee are to:

- Take a leadership role in shaping the corporate governance principles, culture and ethical values of the Group in line with the Group's strategic priorities;
- Oversee the brand and reputation of the Group, ensuring that reputational risk is consistent with the risk appetite approved by the Board and the creation of long-term shareholder value;
- Develop strategy and growth initiatives, such as possible acquisitions and new products and services;

30 Joanne Lake stepped down from Board on 8 April 2022

- Implement the agreed strategy and support the day-to-day management of the Group by the Management Engagement Committee;
- Review and discuss the annual business plan and budget prior to its submission to the Board for approval;
- Oversee the Group's compliance with its statutory and regulatory obligations, including conduct of the firm and TCF; and
- Oversee the Group's conduct in relation to its corporate and societal obligations, including setting the guidance, direction and policies for the Group's TCF, corporate responsibility agenda and related activities and advising the Board and management on these matters.

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

Management Engagement Committee

The Board has delegated its day-to-day operational authority to the Management Engagement Committee, subject to a list of matters that are reserved for decision by the Governance Committee or the full Board only. The Management Engagement Committee is primarily responsible for:

- Managing and monitoring all aspects of the Group's business on a continuing basis;
- Implementing the business strategy and business plans agreed by the Board from time to time;
- Ensuring that day-to-day operations are conducted in accordance with the relevant regulatory and statutory requirements;
- Monitoring the management and performance of the Group's business units and operating subsidiaries (including their results compared to budget, risks and regulatory compliance); and
- Reviewing employee talent management and development programmes, ensuring they consider the benefits of diversity, including gender, social and ethnic backgrounds, cognitive ability and personal strengths.

The Management Engagement Committee meets at least monthly but more frequently if required. The committee is Chaired by the Executive Directors on behalf of the Chief Executive and committee meetings may be attended by any number of a broad range of senior managers from across the Group, depending on the meeting agenda.

Investment Committee

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

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

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

Executive Risk and Compliance Committee

The Board has delegated authority to the Executive Risk and Compliance Committee to oversee the operation of the Group's risk and compliance framework and activity. The Executive Risk and Compliance Committee is responsible for ensuring that risk, compliance and internal audit are considered, reviewed and actions implemented across all areas of the Group including wealth management advice, asset management, pension administration and employee benefits. The committee is also responsible for ensuring that risks are fully considered in context of the Group's ICARA and the impact on the Group's capital requirements.

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

Induction, training and performance evaluation

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

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

Evaluation of the Board's performance

During the year ended 31 May 2022 an internal review of the Board's effectiveness was undertaken and led by the senior independent Director. This involved one-to-one interviews with Directors and a review of Board and Board committee papers and minutes. The key points raised in the review were around board composition and succession planning.

The Board plans to undertake a self-evaluation during the financial year ended 31 May 2023, which will be led and facilitated by an external third party provider.

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

Retirement and re-election

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

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

Communications with shareholders

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

It is intended that all Directors will attend each AGM and shareholders will be given the opportunity to ask questions at the AGM on 28 October 2022. In addition, the Chair, Chief Executive Officer, Chief Financial

Officer and Group Managing Director welcome dialogue with individual institutional and retail shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the annual and interim results as well as additional presentations dependent upon the circumstances and include for acquisition activity, investment in the Group or for fund-raising.

Internal control and risk management

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

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

The Board routinely reviews the effectiveness of the systems of internal control and risk management to ensure controls react to changes in the nature of the Group's operations.

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

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

On behalf of the Board

Ravi Tara
Chief Financial Officer
12 September 2022

Directors' remuneration report

Remuneration policy

Mattioli Woods recognises the importance of its employees to the success of the Group and consequently the remuneration policy is designed to be market competitive to attract, motivate and retain high-calibre individuals. The main focus of the Group's remuneration policy is to align the interests of the Executive Directors with the Group's strategic priorities and the long-term creation of shareholder value.

The Remuneration Committee reviews the regulatory and legislative framework with the aim of ensuring that the remuneration policy is in line with best practice, including the FCA codes of practice ("the FCA Codes") which set out the standards and policies that regulated firms are required to meet when setting pay and bonus awards for staff. External data is used to validate rather than to benchmark the total rewards granted and the Remuneration Committee takes into consideration the current economic climate, remuneration policies of comparable businesses and pay and employment conditions elsewhere in the Group when considering Executive Directors' and other senior managers' pay.

The remuneration arrangements are designed to:

- Promote value creation;
- Support the business strategy;
- Promote the long-term success of the Group;
- Deliver a competitive level of pay for the Executive Directors and senior management;
- Encourage the retention of staff through deferred variable compensation, where appropriate;
- Ensure greater alignment between the interests of the Executive Directors and the long-term interests of shareholders through significant long-term equity participation;
- Be fair for both the Director and the Group, with some element of discretion;
- Comply with financial services rules and regulations;
- Discourage excessive risk taking and short-termism;
- Encourage more effective risk management; and
- Support positive behaviours and a strong and appropriate conduct culture.

The Group's policy is to remunerate Executive Directors and senior management through basic salary and benefits, annual performance-related discretionary bonuses and participation in long-term incentive plans which promote the creation of sustainable shareholder value. The total reward is designed to include a balance of fixed and variable pay with an element of deferral attached to a proportion of the variable pay element.

Fees for the Non-Executive Directors are determined by the Board and are reviewed annually, having regard to fees paid to Non-Executive Directors in other UK quoted companies, the time commitment and responsibilities of the role. Non-Executive Directors do not receive bonuses or share entitlements, although they are able to purchase shares in the Group. No Director is permitted to participate in decisions concerning their own remuneration.

The effective date for annual changes in Directors' remuneration is 1 September, in line with the Group's other employees, unless otherwise agreed by the Remuneration Committee.

Shareholders will be asked to approve the Directors' Remuneration Report, including the remuneration policy which applies to the Directors and employees of the Group, at the Company's next AGM on 28 October 2022.

Single total figure of remuneration for each Director (audited)

Directors' remuneration payable in respect of the years ended 31 May 2022 and 2021 was as follows:

	Salary and fees		*Benefits*		*Bonus*		*Long-term incentive plan*[12]		*Pension-related benefits*		*Share incentive plan*		*Total*	
	2022 £000	*2021 £000*	***2022 £000***	*2021 £000*	***2022 £000***	*2021 £000*	***2022 £000***	*2021 £000*	***2022 £000***	*2021 £000*	***2022 £000***	*2021 £000*	***2022 £000***	*2021 £000*
Executives[1]														
Ian Mattioli[2]	**592**	372	**5**	9	**653**	600	**481**	433	**28**	52	**2**	2	**1,761**	1,468
Ravi Tara[2,3]	**249**	57	**2**	1	**199**	190	-	-	**23**	3	**2**	2	**475**	253
Michael Wright[4,6]	**268**	-	**3**	-	**214**	-	**23**	-	**13**	-	**2**	-	**524**	-
Iain McKenzie[5,6]	**228**	5	**2**	-	**183**	100		-	**34**	-	**2**	-	**449**	105
Nathan Imlach[6,7]	**-**	72	**-**	7	**-**	-	**-**	203	**-**	11	**-**	2	**-**	295
Sub-total	**1,337**	506	**12**	17	**1,249**	890	**504**	636	**99**	66	**8**	6	**3,209**	2,121
Non-Executives														
David Kiddie[7]	**75**	17	-	-	-	-	-	-	-	-	-	-	**75**	17
Anne Gunther	**59**	56	-	-	-	-	-	-	-	-	-	-	**59**	56
Edward Knapp	**47**	16	-	-	-	-	-	-	-	-	-	-	**47**	16
Martin Reason	**48**	17	-	-	-	-	-	-	-	-	-	-	**48**	17
Joanne Lake[8]	**86**	95	-	-	-	-	-	-	-	-	-	-	**86**	95
Carol Duncumb[9]	**-**	38	-	-	-	-	-	-	-	-	-	-	**-**	38
Sub-total	**315**	239	-	-	-	-	-	-	-	-	-	-	**315**	239
Total	**1,652**	745	**12**	17	**1,249**	890	**504**	636	**99**	66	**8**	6	**3,524**	2,360

Notes:
1. The benefit package of each Executive Director includes the provision of life assurance under a group scheme;
2. The salary packages of Ian Mattioli and Ravi Tara includes a car allowance;
3. Ravi Tara appointed as a director of the Company on 17 February 2021;
4. Michael Wright appointed as a director of the Company on 8 June 2021;
5. Iain McKenzie appointed as a director of the Company on 24 May 2021;
6. The benefit packages of Michael Wright, Iain McKenzie and Nathan Imlach include the provision of a company car;
7. Nathan Imlach ceased to be a director on 19 October 2020;
8. David Kiddie, Edward Knapp and Martin Reason appointed as non-executive directors of the Company on 5 January 2021;
9. David Kiddie appoint as independent non-executive Chair on 14 March 2022;
10. Joanne Lake ceased to be a non-executive director of the Company on 8 April 2022;
11. Carol Duncumb resigned as a non-executive director of the Company on 19 March 2021; and
12. Total market price of shares under option vesting during the year as at their vesting date, less any option exercise price payable.

Notes to Directors' remuneration table

Salary

The base salaries of the Executive Directors are reviewed annually having regard to personal performance, divisional or Group performance, significant changes in responsibilities and competitive market practice in their area of operation.

Fees

The Non-Executive Directors are only paid fees, which are not pensionable. In addition to a basic fee, Non-Executive Directors also receive additional responsibility fees in recognition of them being a member of or chairing a committee or being the senior independent Director.

Benefits

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

Bonus

Bonus awards to Executive Directors and some other senior employees of the Group for profit-related performance are made from a pool of the Group's earnings before interest, taxation, depreciation and amortisation after payment of bonuses payable to all other staff. Executive Directors' bonuses in respect of the year ending 31 May 2022 will be payable on a purely discretionary basis as follows:

- A discretionary personal performance award based on the achievement of personal key objectives.

The maximum award as a proportion of salary and the actual award payable in respect of the year ended 31 May 2022 are summarised as follows:

Director	*Actual award as a proportion of salary*	*Maximum award as a proportion of salary*	*Linked to corporate objectives*	*Linked to personal objectives*
Ian Mattioli	110%	130%	0%	100%
Ravi Tara	80%	100%	0%	100%

Michael Wright	80%	100%	0%	100%
Iain McKenzie	80%	100%	0%	100%

The awards for the current year include an element linked to corporate objectives in line with the discretionary bonus paid out to all staff, and an additional award related to meeting personal objectives. These awards are reviewed and approved by the Remuneration Committee at the start of each financial year, with the payment of personal awards being made at the committee's discretion. In recognition of the markets that the Group operates in, the Remuneration Committee has resolved that more flexible remuneration arrangements are required to protect the Group's financial position and to retain talent which will be reviewed in the next financial year. Executive Directors' bonuses in respect of the year ending 31 May 2023 will be payable on a purely discretionary basis, as follows:

Director	*Maximum award as a proportion of salary*	*Linked to corporate objectives*	*Linked to personal objectives*
Ian Mattioli	200.0%	0%	200.0%
Ravi Tara	200.0%	0%	200.0%
Michael Wright	200.0%	0%	200.0%
Iain McKenzie	200.0%	0%	200.0%

Long-term incentive plan

To assist the Group to attract and retain appropriately qualified staff, the Mattioli Woods 2010 Long-Term Incentive Plan ("the LTIP") and the new Mattioli Woods 2021 Long-Term Incentive Plan scheme introduced in the year following approval at the last AGM are to incentivise and reward certain of its senior employees and Executive Directors. Awards made to the Executive Directors under the LTIP are set out below.

Pension related benefits

Executive Directors may participate in the pension arrangements of the Group or elect to have pension payments paid into a personal pension plan or as cash in lieu of pension on the same basis as other employees. Pension payments in respect of Executive Directors are currently in line with all staff of up to 5% of base salary. Pension payments for the Chief Executive and executive Directors are currently 5% of base salary (before any temporary reductions).

Share Incentive Plan

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

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

Mattioli Woods 2010 Long-Term Incentive Plan

The current LTIP was approved by shareholders at the Company's 2010 AGM with the new 2021 LTIP scheme approved at the last AGM in October 2021. During the year ended 31 May 2022 the Remuneration Committee granted further awards under the LTIP in respect of the year ended 31 May 2021. The LTIP allows a significant element of deferred variable remuneration to be paid in equity or a cash equivalent award.

Eligibility

Any employee (including an Executive Director) of the Company or any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

Form of award

Awards under the LTIP may be in the form of an option granted to the participant to acquire ordinary shares with a nominal exercise price of 1p. Alternatively, the Remuneration Committee may at its discretion grant participants a right to receive a cash amount which relates to the value of a certain number of notional shares.

Performance conditions

Options granted under the LTIP are only exercisable subject to the satisfaction of the following performance conditions which will determine the proportion of the option that will vest at the end of a three-year or five-year performance period:

Compound annual growth in normalised EBITDA over the performance period	Percentage of maximum award vesting
<5%	Nil

5%	30%
12%	100%

The percentage of maximum award vesting will be calculated pro rata between the minimum and maximum hurdles. If the performance conditions are not met over the three or five financial years commencing on 1 June before the date of grant, the options lapse. The options will generally be exercisable after approval of the financial statements for the financial year two years or four years after the year of grant, or on a change of control (if earlier).

The Remuneration Committee believes that extending the performance period for awards under the LTIP to a five-year period creates greater alignment between award-holders and shareholders and will encourage a long-term perspective.

Individual and overall limits

The maximum award for any eligible employee under the LTIP for any one year is 100% of salary. The LTIP is subject to an overall limit on the total number of shares which may be issued within a 10 year period under the LTIP or any other employee share plan operated by the Group of 10% of the issued ordinary share capital of the Company.

Clawback

Vested and unvested LTIP awards are subject to a formal malus and clawback mechanism.

Grant of equity share options under the LTIP

As at 31 May 2022, the Company had granted options to certain of its senior employees and Executive Directors to acquire (in aggregate) up to 2.06% (2021: 3.31%) of its share capital. The maximum entitlement of any individual was 0.31% (2021: 0.85%). The options are exercisable at 1p per share.

Terms of awards

Options may be granted over newly issued shares, treasury shares or shares purchased in the market. Options are not transferable other than on death. Shares acquired through the LTIP may be delivered to participants by the trustees of the Mattioli Woods 2010 Employee Benefit Trust ("the EBT"), which was established for this purpose. The trustees may either subscribe for new shares from the Company or purchase shares on the market. The EBT may never hold more than 5% of the ordinary share capital of the Company at any time. At 31 May 2022 the EBT held 76,578 shares (2021: 76,578) and the Company held no shares in treasury (2021: nil) having suspended monthly purchases in response to the COVID-19 pandemic in April 2020.

Directors' interest in share options (audited)

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

Director	*Exercise price £*	*31 May 2021 No.*	*Granted during the year No.*	*Exercised during the year No.*	*Forfeited during the year No.*	*31 May 2022 No.*
Ian Mattioli	0.01	240,016	120,000	(200,016)	-	160,000
Ravi Tara	0.01	7,500	40,000	-	-	47,500
Michael Wright[1]	0.01	38,000	45,000	(3,000)	-	80,000
Iain McKenzie	0.01	17,500	30,000	-	-	47,500
Total		303,016	235,000	(203,016)	-	335,000

Notes:
1. Michael Wright appointed as a Director of the Company on 8 June 2021.

Note 20 to the financial statements contains a detailed schedule of all options granted to Directors and employees as at 31 May 2022. All of the options were granted for nil consideration.

The Remuneration Committee expects to be able to grant additional awards under the LTIP following the announcement of the Group's trading update in respect of the year ended 31 May 2022 and subject to compliance with Market Abuse Regulation requirements.

Service contracts

It is the Group's policy for all Executive Directors to have contracts of employment that contain a termination notice period not exceeding 12 months. Ian Mattioli's appointment continues until terminated by either party on giving not less than 12 months' notice to the other party. The other Executive Directors' appointments continue until termination by either party on giving not less than six months' notice to the other party.

David Kiddie, Anne Gunther, Edward Knapp and Martin Reason do not have service contracts. A letter of appointment provides for an initial period of 12 months and continues until terminated by either party giving six months' prior written notice to expire at any time on or after the initial 12-month period.

Directors' shareholdings (audited)

As at 12 September 2022, the interest of the Directors in the issued shares of the Company, as shown in its register maintained under section 809 (2) and (3) of the Companies Act 2006 were:

Director	*2022[31] No.*	*%*	*2021 No.*	*%*
Ian Mattioli	3,010,979	5.90	3,402,925	6.73
Ravi Tara	11,225	0.02	10,690	0.02
Michael Wright	21,208	0.04	18,994	0.05
Iain McKenzie	4,989	0.01	4,459	0.01
David Kiddie	3,030	0.01	3,030	0.01
Anne Gunther	11,576	0.02	11,576	0.02
Edward Knapp	-	-	-	-
Martin Reason	15,152	0.03	15,152	0.03

Directors' shareholdings include any shareholdings of trusts or family members deemed to be connected persons.

31. Percentage shareholdings are based upon the total issued share capital of 51,084,759.

The mid-market closing price of the Company's ordinary shares at 31 May 2022 was 710.0p and the range during the financial year was 700.0p to 892.5p.

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

There was no change in the Directors' shareholdings or interests in options between 1 June 2022 and 12 September 2022.

On behalf of the Board

Martin Reason
Chair of the Remuneration Committee
12 September 2022

Directors' report

Report and financial statements

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 May 2022. For the purposes of this report, the expression 'Company' means Mattioli Woods plc and the expression 'Group' means the Company and its subsidiaries.

31 Percentage shareholdings are based upon the total issued share capital of 51,084,759.

Business review

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

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

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

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

Statement by the Directors under section 172 Companies Act 2006

The Directors consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Act in the decisions taken during the year ended 31 May 2022. This is demonstrated in the Section 172 statement included in the strategic report.

Results and dividends

The results are summarised in the Strategic report. The final dividend in respect of the year ended 31 May 2021 of 13.5p per share was paid in November 2021. An interim dividend in respect of the year ended 31 May 2022 of 8.3p per share was paid to shareholders in March 2022. In light of the current trading conditions and need to protect the Group's financial position and balance the interests of all stakeholders, the Board is pleased to recommend a final dividend of 17.8p per share (2021: 13.5p). This makes a proposed total dividend for the year of 26.1p (2021: 21.0p) a year-on-year increase of 24.3% (2021: 5.0%). This has not been included within the Group financial statements as no obligation existed at 31 May 2022. If approved, the final dividend will be paid on 3 November 2022, to ordinary shareholders whose names are on the register at the close of business on 23 September 2022, having an ex-dividend date of 22 September 2022.

Share capital

Mattioli Woods plc is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of London Stock Exchange plc. The Company's authorised and issued share capital during the year and as at 31 May 2022, is shown in Note 23. The ordinary shares rank pari passu in all respects. As agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by section 561 of the Companies Act 2006.

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

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

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

Employee share trust

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

During the year ended 31 May 2022, the EBT purchased no shares in the Company (2021: nil) at a cost of £nil (2021: £nil).

At 12 September 2022, the Company had been notified of the following interests representing 3% or more of its issued share capital:

Shareholder	*Number of ordinary shares*	*Percentage holding*[32]
Octopus Investments	5,094,431	9.97
Liontrust Asset Management	3,874,150	7.59
Investec Wealth & Investment	3,176,709	6.22
Ian Mattioli	3,010,979	5.90
William Nixon	2,557,306	5.01
Abrdn plc	2,325,197	4.55

32 Percentage shareholdings are based upon the total issued share capital of 51,084,759.

Royal London Mutual Assurance Society	2,302,375	4.51
Gresham House	2,224,035	4.35
Canaccord Genuity Group	2,060,974	4.04
Chelverton Asset Management	1,850,000	3.62
BlackRock Investment Management	1,575,113	3.08

32. Percentage shareholdings are based upon the total issued share capital of 51,084,759.

In addition to the above shareholdings, 804,004 (2021: 701,259) ordinary 1p shares representing 1.6% (2021: 1.4%) of the issued share capital are held by employees via the Mattioli Woods plc Share Incentive Plan ("the SIP"). The Group intends to actively encourage wider share ownership by its employees through the SIP and other share-based incentive schemes.

Directors

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

The Board has a process for the evaluation of its own performance and that of the individual Directors and, following the evaluation of the performance of the Directors during the year ended 31 May 2022, it was confirmed that each Director continues to be an effective member of the Board and to demonstrate commitment to the role.

Directors' interests

Directors' emoluments, beneficial interests in the shares of the Company and their options to acquire shares are disclosed in the Directors' Remuneration Report. During the period covered by this report, no

Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006.

Conflicts of interest

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

Directors' indemnity

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

Employees

The Group continues to involve its staff in the future development of the business. Information is provided to employees through briefing sessions, webinars, the Group's website and its intranet, 'MWeb', which is continually updated. How the Group has engaged with employees and had due regard to their interests in considering the principal decisions taken during the year are demonstrated in the Section 172 statement included in the strategic report.

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

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

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

Date	*Employer contribution*	*Minimum employee contribution*
6 April 2020 onwards	5%	5%

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

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

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

Following the relaxation of COVID-19 restrictions, we have reopened our graduate and training programme and apprenticeships schemes, working in partnership with schools, colleges and universities, as well as the YMCA. We will be opening up our own work-based training to develop new and existing staff across a range of business areas as the office is now fully open after the pandemic, fulfilling the Group's commitment to creating opportunities that offer a clear progression path both in the short and long-term. Recruiting remains our focus as we continue to grow, hiring into new roles during the pandemic was successful, continuation of recruitment continues, albeit with the pressure of the current market.

We recognise that the pandemic is likely to have a lasting impact on the way we work and we have already been through a review of our current roles, training and engagement, allowing us to introduce new roles where training can be provided.

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

Research and development

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

Related party transactions

Details of related party transactions are given in Note 29.

Environmental

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

Annual General Meeting

The AGM of the Company will be held on 28 October 2022. The notice of the meeting together with details of the resolutions proposed and explanatory notes will be available on the Group's website.

Principal risks and uncertainties

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

Financial risk management

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

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

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet the identifiable needs of the Group and to invest cash assets safely and profitably. If required, short-term flexibility is achieved through the use of bank overdraft facilities. The Group does not undertake any trading activity in financial instruments. All activities are transacted in Sterling. The Group does not engage in any hedging activities.

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

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

Corporate governance

A full review of Corporate Governance appears in the Corporate Governance Report.

Auditor

A resolution to approve the re-appointment of Moore Kingston Smith LLP will be put to shareholders at the Company's AGM on 28 October 2022.

Directors' statement as to disclosure of information to the auditor

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

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

Going concern

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

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

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

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

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

Events after the balance sheet date

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

Approved on behalf of the Board

Ravi Tara
Chief Financial Officer
12 September 2022

Directors' responsibilities for the financial statements

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

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of Mattioli Woods plc (the 'parent company' and its subsidiaries (the 'group') for the year ended 31 May 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards, and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

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

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

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

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

Key audit matters

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

The key audit matters were:

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

Revenue recognition and valuation of accrued income

<table>
<tr><th>Description</th><th>How our scope addressed this matter</th></tr>
<tr><td>
Revenue is a significant item in the consolidated statement of comprehensive income and impacts a number of management's key judgements, performance indicators and key strategic indicators.
The total revenue reported in the group financial statements is £108.8m (2021: £62.6m) which is recognised both over time and at a point in time across five operating segments.
Management uses average recovery rates to calculate the accrued income balance at the year end, which is a significant estimate. The rate used in 2022 is 71.9% (2021: 67.8%)
There is a risk of incorrect revenue recognition due to fraud or error, arising from:

recognition of revenue in the incorrect period;
revenue not being recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and
manipulation of revenues around the year-end through management override of controls.

We therefore identified revenue recognition as a key audit matter.
</td><td>
Our audit work included, but was not restricted to:

Evaluating the group's accounting policy in respect of revenue recognition to ensure it was in compliance with IFRS 15 and testing of certain key controls identified in relation to revenue.
Performing substantive testing on a sample of individual revenue transactions throughout the year across all significant revenue streams to evaluate whether revenue is recognised in accordance with the accounting policy set out in note 2.4.
Reviewing material credit notes, invoices and receipts post year end.
Performing sales cut off tests by analysing the records of time spent on client matters at the balance sheet date to ensure revenue had been recognised in the correct period, and by analysing amounts received for the services not yet rendered, thus resulting in the revenue being deferred.
Understanding of the relevant controls over the recording of time costs and the setting of the recovery rate for accrued revenue.
Examining the historical recovery rates to assess whether twelve months is an appropriate period of data to set the current recovery rate and to identify evidence of patterns or outliers that might indicate it is not,
Analysing the movement in recoverability rates post year end for evidence of deterioration in the same and performing a retrospective review of management estimates.

Key observations
</td></tr>
</table>

	From our audit testing, we did not identify any material misstatements in respect of revenue recognition.

Carrying value of intangible fixed assets

Description	How our scope addressed this matter

The directors are required to make an assessment to determine whether there are indicators of impairment relating to the group's intangible assets and goodwill at the reporting date. Goodwill arising on business combinations is required to be tested for impairment at each reporting date. At the reporting date the group had intangible assets of £115.8m (2021: £45.6m) and goodwill of £83.5m (2021: £17.9m). Management have prepared an impairment model which covers all of the group’s operating segments, as each operating segment is treated as a cash generating unit (“CGU”) for the purposes of the impairment assessment and has a portion of goodwill and intangible assets allocated to it. There is significant headroom in all CGUs using the forecasted revenues and cost allocation as estimated by management. Based on the judgemental nature of an impairment review, we identified valuation of intangible assets and goodwill as a key audit matter.	Our audit work included, but was not restricted to: • Obtaining management’s analysis of their assessment of whether there were any indicators of impairment. • Critically assessing the impairment workings prepared by the client in relation to intangible assets and goodwill to ensure that no impairment was required, including recalculating the weighted average cost of capital (WACC) used as a discounting rate. • Comparing carrying values to other indicators such as market capitalisation and industry multiples. • Performing sensitivity analysis on and critically assessing key assumptions used in the impairment workings, and assessing the accuracy of the forecasts used based on historical trading performance for each segment. • Evaluating the accounting policy and detailed disclosures in the notes to the financial statements to determine whether information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review. • Reviewing of the amortisation accounting policy for intangible fixed assets to ensure it was reasonable. ***Key observations*** Based on our audit work, we concluded that intangible assets and goodwill are not materially misstated at the reporting date and that management’s assessment that no impairment was required was appropriate.

Disclosure and accounting for acquisitions

Description	How our scope addressed this matter
The group completed 3 acquisitions (2021: 5) in the year, as further described in note 3 to these accounts. IFRS 3 Business Combinations requires that the acquired assets and liabilities of subsidiaries should be recognised initially at fair value and this may include the recognition of certain intangible assets, such as for the value of the existing customer portfolios, which were not previously recognised in the acquiree's financial statements.. Management has carried out a purchase price allocation ('PPA') exercise to determine the fair value of the assets acquired and the liabilities assumed, including intangible assets, using both external and internal experts. The total acquisition costs include contingent deferred consideration, the value of which is subjective and is dependent on a number of factors as detailed in the relevant share and purchase agreements. This contingent consideration is then subject to fair value adjustment using a discount rate, which is also subjective and can cause a material difference to the allocation of the fair value of assets acquired. Additionally, where consideration payments are contingent on the future employment of the seller subsequent to the acquisition, these amounts are recognised as a post-acquisition remuneration cost over the relevant period. Given the subjective nature of the fair value allocation and recognition of contingent	Our audit work included, but was not restricted to: • Reviewing the methodology applied by the external experts on preparing PPA on Maven and Ludlow, including review of the forecasts and discounting rate. • Assessing the level of reliance placed by management on the external expert's workings. • Agreeing the balances to underlying workings and assessing the accounting treatment against the requirements of IFRS 3 Business Combinations. • Reviewing the model used for mathematical accuracy and consistency. • Challenging management's paper on the purchase price allocation and critically assessing the assumptions made. • Assessing all share purchase agreements in order to identify business combinations with conditions for the contingent consideration, the value of contingent consideration that should be recognised and whether this should be recognised as part of the acquisition cost or as a post acquisition remuneration expense. • Assessing the disclosures made in Note 3 to the accounts and agreeing them to the underlying data. ***Key observations*** Based on our audit work, we concluded that the accounting for acquisitions is in line with the requirements of IFRS 3 and that the relevant disclosures are appropriate.

payments, we identified acquisition accounting and disclosure as a key audit matter.	

Our application of materiality

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

Due to the nature of the group we considered revenue to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the group to be £1,089,000 and for the parent company to be £602,000 based on one percent of revenue generated by the group and parent company respectively during the period.

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group and parent company was 50% of materiality, namely £545,000 and £301,000 respectively

We agreed to report to the Audit Committee all audit differences in excess of £54,000 for the Group and £30,000 for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's Responsibilities for the audit of the financial statements

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

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

This description forms part of our auditor's report.

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted International Accounting Standards, the rules of the Alternative Investment Market, the rules of the Financial Conduct Authority (where applicable) and UK taxation legislation.

- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations, and reviewed minutes of the meetings of the Board and the various Committees.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of our report

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

Matthew Meadows (Senior statutory auditor)
For and on behalf of Moore Kingston Smith LLP
Statutory Auditor
London, United Kingdom
12 September 2022

Consolidated Statement of Comprehensive Income
For the year ended 31 May 2022

	Note	***2022 £000***	*2021 £000*
Revenue	4	**108,226**	62,615
Employee benefits expense	11	**(59,571)**	(34,141)
Other administrative expenses		**(19,803)**	(13,332)
Share-based payments	20	**(1,729)**	(1,475)
Amortisation and impairment	17	**(7,546)**	(3,078)
Depreciation	15, 16	**(2,762)**	(2,772)
Impairment loss on financial assets	21	**(258)**	(25)
Profit on disposal of fixed asset investments		**406**	-
Profit/(loss) on disposal of property, plant and equipment		**3**	(46)
Gain on bargain purchase		**-**	288
Deferred consideration presented as remuneration	26, 28	**(9,664)**	(3,803)
Operating profit before financing	10	**7,302**	4,231
Finance revenue	8	**79**	34
Finance costs	9	**(1,006)**	(258)
Net finance costs		**(927)**	(224)

Share of profit from associate, net of tax	18	**1,614**	1,141
Profit before tax		**7,989**	5,148
Income tax expense	12	**(3,870)**	(3,757)
Profit for the year		**4,119**	1,391
Items that will not be reclassified to profit or loss			
Other comprehensive (loss)/income for the year, net of tax	18	**(19)**	28
Total comprehensive income for the year, net of tax		**4,100**	1,419
Attributable to:			
Equity holders of the parent		**4,100**	1,419
Earnings per ordinary share:			
Basic (pence)	13	**8.3**	5.1
Diluted (pence)	13	**8.3**	5.1
Proposed total dividend per share (pence)	14	**26.1**	21.0

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

Consolidated and Company Statements of Financial Position
As at 31 May 2022

Registered number: 03140521

	Note	***2022*** Group £000	Company £000
Assets			
Property, plant and equipment	15	**14,126**	**2,453**
Right of use assets	16	**3,322**	**1,066**
Intangible assets	17	**199,325**	**58,019**
Deferred tax asset	12	**776**	**751**
Investments in subsidiaries	18	**-**	**137,508**
Investment in associate	18	**4,165**	**4,165**
Other investments	18	**5,509**	**1,526**
Total non-current assets		**227,223**	**205,488**
Trade and other receivables	21	**28,446**	**50,883**
Income tax receivable	12	**-**	**146**
Finance lease receivable		**354**	**354**
Investments	18	**253**	**-**
Cash and short-term deposits	22	**53,912**	**25,864**
Total current assets		**82,965**	**77,247**

Total assets		**310,188**	**282,735**
Equity			
Issued capital	23	**510**	**510**
Share premium	23	**143,373**	**143,373**
Merger reserve	23	**57,225**	**57,225**
Equity - share based payments	23	**2,804**	**2,804**
Capital redemption reserve	23	**2,000**	**2,000**
Own shares	23	**(597)**	**-**
Retained earnings	23	**24,784**	**33,007**
Total equity attributable to equity holders of the parent		**230,099**	**238,919**
Non-current liabilities			
Trade and other payables	25	**-**	**-**
Lease liability	27	**2,772**	**862**
Deferred tax liability	12	**27,474**	**6,352**
Provisions	26	**8,611**	**7,621**
Total non-current liabilities		**38,857**	**14,835**
Current liabilities			
Trade and other payables	25	**25,055**	**15,489**
Income tax payable	12	**1,953**	**-**
Lease liability	27	**985**	**534**
Provisions	26	**13,239**	**12,958**
Total current liabilities		**41,232**	**28,981**
Total liabilities		**80,089**	**43,816**
Total equities and liabilities		**310,188**	**282,735**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The profit of the Company for the financial year, after taxation, was £9.9m (2021: £1.0m loss).

The notes to the financial statements form part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 12 September 2022 and are signed on its behalf by:

Ian Mattioli MBE
Chief Executive Officer

Ravi Tara
Chief Financial Officer

Consolidated and Company Statements of Changes in Equity
For the year ended 31 May 2022

Group	*Issued capital (Note)*	*Share premium*	*Merger reserve*	*Equity – share base*	*Capital redemption res*	*Own shares (Note)*	*Retained earnings*	*Total equity £000*

	23) £000	*(Note 23) £000*	*(Note 23) £000*	*d payments (Note 23) £000*	*erve (Note 23) £000*	*23) £000*	*(Note 23) £000*	
As at 1 June 2020	269	32,891	10,639	3,848	2,000	(597)	32,460	81,510
Profit for the year	-	-	-	-	-	-	1,391	1,391
Share of other comprehensive income from associates	-	-	-	-	-	-	28	28
Total comprehensive income	-	-	-	-	-	-	1,419	1,419
Transactions with owners of the Group, recognised directly in equity								
Issue of share capital	14	943	6,819	-	-	-	-	7,776
Share-based payment transactions	-	-	-	1,080	-	-	-	1,080
Deferred tax recognised in equity	-	-	-	(46)	-	-	(32)	(78)
Current tax taken to equity	-	-	-	31	-	-	-	31
Reserves transfer	-	-	-	(1,354)	-	-	1,354	-
Dividends	-	-	-	-	-	-	(5,651)	(5,651)
As at 31 May 2021	283	33,834	17,458	3,559	2,000	(597)	29,550	86,087
Profit for the year	-	-	-	-	-	-	4,119	4,119
Share of other comprehensive income from associates	-	-	-	-	-	-	(19)	(19)
Total comprehensive income	-	-	-	-	-	-	4,100	4,100

Transactions with owners of the Group, recognised directly in equity								
Issue of share capital	227	109,539	39,767	-	-	-	-	149,533
Share-based payment transactions	-	-	-	1,292	-	-	-	1,292
Deferred tax recognised in equity	-	-	-	(13)	-	-	-	(13)
Current tax taken to equity	-	-	-	141	-	-	-	141
Reserves transfer	-	-	-	(2,175)	-	-	2,175	-
Dividends	-	-	-	-	-	-	(11,041)	(11,041)
As at 31 May 2022	**510**	**143,373**	**57,225**	**2,804**	**2,000**	**(597)**	**24,784**	**230,099**

Consolidated and Company Statements of Changes in Equity
For the year ended 31 May 2022 (continued)

Company	*Issued capital (Note 23) £000*	*Share premium (Note 23) £000*	*Merger reserve (Note 23) £000*	*Equity – share based payments (Note 23) £000*	*Capital redemption reserve (Note 23) £000*	*Retained earnings (Note 23) £000*	*Total equity £000*
As at 1 June 2020	269	32,891	10,639	3,848	2,000	37,236	86,883
Loss for the year	-	-	-	-	-	(960)	(960)
Share of other comprehensive income from associates	-	-	-	-	-	28	28
Total comprehensive income	-	-	-	-	-	(932)	(932)
Transactions with owners of the Company, recognised directly in equity							

Issue of share capital	14	943	6,819	-	-	-	7,776
Share-based payment transactions	-	-	-	1,080	-	-	1,080
Deferred tax recognised in equity	-	-	-	(46)	-	(32)	(78)
Current tax taken to equity	-	-	-	31	-	-	31
Reserves transfer	-	-	-	(1,354)	-	1,354	-
Dividends	-	-	-	-	-	(5,651)	(5.651)
As at 31 May 2021	283	33,834	17,458	3,559	2,000	31,975	89,109
Profit for the year	-	-	-	-	-	9,917	9,917
Share of other comprehensive income from associates	-	-	-	-	-	(19)	(19)
Total comprehensive loss	-	-	-	-	-	9,898	9,898
Transactions with owners of the Company, recognised directly in equity							
Issue of share capital	227	109,539	39,767	-	-	-	149,533
Share-based payment transactions	-	-	-	1,292	-	-	1,292
Deferred tax recognised in equity	-	-	-	(13)	-	-	(13)
Current tax taken to equity	-	-	-	141	-	-	141
Reserves transfer	-	-	-	(2,175)	-	2,175	-
Dividends	-	-	-	-	-	(11,041)	(11,041)
As at 31 May 2022	**510**	**143,373**	**57,225**	**2,804**	**2,000**	**33,077**	**238,919**

Consolidated and Company Statements of Cash Flows
For the year ended 31 May 2022

	Note	***Group 2022 £000***	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*

Operating activities					
Profit for the year		**4,119**	**9,917**	1,391	(960)
Adjustments for:					
Depreciation	15,16	**2,762**	**1,580**	2,772	1,884
Amortisation	17	**7,546**	**2,963**	3,078	2,204
Impairment of investment in subsidiaries	18	**-**	**21,743**	-	21
Gain on bargain purchase	3	**-**	**-**	(288)	(288)
Deferred consideration presented as remuneration	26,28	**9,664**	**9,664**	3,803	3,803
Investment income	8	**(79)**	**(792)**	(34)	(367)
Interest expense	9	**1,006**	**1,831**	258	448
Share of profit from associates	18	**(1,614)**	**(1,614)**	(1,141)	(1,141)
Share of profit from partnerships		**-**	**(10,461)**	-	-
(Profit)/loss on disposal of property, plant and equipment		**(3)**	**(3)**	46	46
Profit on disposal of fixed asset investments	18	**(406)**	**-**	-	-
Gain on revaluation of fixed asset investments	18	**(32)**	**-**	-	-
Equity-settled share-based payments	20	**1,729**	**1,729**	1,475	1,475
Dividend income		**-**	**(33,561)**	-	(2,000)
Income tax expense	12	**3,870**	**2,508**	3,757	1,936
Cash flows from operating activities before changes in working capital and provisions		**28,562**	**5,504**	15,117	7,061
(Increase)/decrease in trade and other receivables		**(5,251)**	**7,205**	996	2,368
Increase/(decrease) in trade and other payables		**1,771**	**823**	4,962	6,002
(Decrease)/increase in provisions		**(5,441)**	**(5,723)**	(713)	(613)
Cash generated from operations		**19,641**	**7,809**	20,362	14,818
Interest paid		**(6)**	**(6)**	(2)	(11)
Income taxes paid		**(3,258)**	**(2,600)**	(2,543)	(2,255)
Net cash flows from operating activities		**16,377**	**5,195**	17,817	12,552
Investing activities					
Proceeds from sale of property, plant and equipment		**116**	**116**	169	169
Purchase of property, plant and equipment	15	**(1,001)**	**(959)**	(419)	(416)
Purchase of software	17	**(427)**	**(427)**	(391)	(387)
Purchase of client portfolio	17	**(660)**	**-**	-	-
Contingent consideration paid on acquisition of subsidiaries	26	**(1,554)**	**(1,554)**	(1,111)	(1,111)
Acquisition of subsidiaries	3	**(72,894)**	**(72,894)**	(17,736)	(17,736)
Cash received on acquisition of subsidiaries	3	**8,868**	**-**	4,750	-
Investment in other equity holdings	18	**(1,574)**	**(1,000)**	(500)	(500)
Cash received on hive up of group companies		**-**	**-**	-	5,230
Dividends received from associate undertakings	18	**1,715**	**1,715**	588	588
Proceeds on disposal of other investments		**686**	**-**	8	8
Loans advanced to subsidiary undertakings		**-**	**(15,945)**	-	-
Loans advanced to property syndicates		**(3)**	**(3)**	(1,108)	(1,108)
Loan repayments from property syndicates		**1,348**	**1,348**	20	20
Interest received	8	**34**	**29**	19	11
Dividends received		**-**	**2,000**	-	2,000
Net cash flows from investing activities		**(65,346)**	**(87,574)**	(15,711)	(13,232)
Financing activities					
Proceeds from the issue of share capital		**109,277**	**109,277**	551	551
Dividends paid	14	**(11,041)**	**(11,041)**	(5,651)	(5,651)
Repayment of borrowings		**(15,945)**	**-**	-	-
Payment of lease liabilities	27	**(1,298)**	**(910)**	(1,077)	(895)
Net cash flows from financing activities		**80,993**	**97,326**	(6,177)	(5,995)
Net increase/(decrease) in cash and cash equivalents		**32,024**	**14,955**	(4,071)	(6,675)
Cash and cash equivalents at start year	22	**21,888**	**10,909**	25,959	17,584
Cash and cash equivalents at end of year	22	**53,912**	**25,864**	21,888	10,909

Notes to the financial statements

1 Corporate information

Mattioli Woods plc ("the Company") is a public limited company incorporated and domiciled in England and Wales, whose shares are publicly traded on the AIM market of the London Stock Exchange plc. The Company's registered address is 1 New Walk Place, Leicester, LE1 6RU. The nature of the Group's operations and its principal activities are set out in the Chief Executive's Review.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

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

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

The principal accounting policies adopted are set out in this note and, unless otherwise stated, have been applied consistently to all periods presented in the financial statements. The financial statements were authorised for issue in accordance with a resolution of the directors on 12 September 2022.

2.2 Going concern

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

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

2.3 Developments in reporting standards and interpretations

Standards not affecting the financial statements

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

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

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

Future new standards and interpretations

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

Standard or interpretation	*Periods commencing on or after*
Annual improvements to IFRS 2018-2020	1 January 2022
Amendments to IAS 37 ‘Cost of fulfilling a contract’	1 January 2022
Amendments to IAS 16 ‘Proceeds before intended use’	1 January 2022
Amendments to IFRS 3 ‘Reference to the conceptual framework’	1 January 2022
IFRS 17 Insurance contracts (including amendments to IFRS 17)	1 January 2023
Amendments to IAS 1 ‘Classification of liabilities as current or non-current’	1 January 2023
Amendments to IAS 12 ‘Deferred tax related to assets and liabilities arising from a single transaction’	1 January 2023
Amendments to IAS 1 and IFRS PS2 ‘Disclosure of accounting policies’	1 January 2023
Amendments to IAS 1 and IFRS PS2 ‘Definition of accounting estimates’	1 January 2023

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

2.4 Principal accounting policies

Basis of consolidation

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

Business combinations

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

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

Associates

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

Property, plant and equipment

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

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

- Freehold buildings — 2% per annum on cost;
- Computer equipment — 10-33% per annum on cost;
- Office equipment — 20% per annum on written down values;
- Fixtures and fittings — 20% per annum on written down values;
- Motor vehicles — 33% per annum on written down values; and

- Leasehold improvements — Straight line over the remaining term of the lease.

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

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

Investments

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

Other fixed asset investments

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

Goodwill

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

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

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

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

Intangible assets

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

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

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

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

Client portfolio	**Date of acquisition**	**Estimated useful life**
Mattioli Woods Pension Consultants ("the Partnership Portfolio")	2 September 2003	25 Years
Geoffrey Bernstein	20 June 2005	25 Years
Suffolk Life	27 January 2006	25 Years
PCL	10 July 2007	25 Years
JBFS	18 February 2008	25 Years
CP Pensions	30 April 2010	25 Years
City Pensions	9 August 2010	20 Years
Kudos	26 August 2011	20 Years
Ashcourt Rowan	23 April 2013	10 Years
Atkinson Bolton	29 July 2013	20 Years
UK Wealth Management	8 August 2014	10 Years
Torquil Clark	23 January 2015	10 Years
Boyd Coughlan	23 June 2015	20 Years
Taylor Patterson	8 September 2015	20 Years
Lindley Trustees	5 October 2015	10 Years
Maclean Marshall Healthcare	22 January 2016	10 Years
Stadia Trustees	15 February 2016	10 Years
MC Trustees	7 September 2016	20 Years
Broughtons	8 August 2018	15 Years
SSAS Solutions	27 March 2019	20 Years
The Turris Partnership	19 December 2019	15 Years
Hurley Partners	31 July 2020	15.7 Years
Exempt Property Unit Trust	14 January 2021	10 Years

Montagu	2 February 2021	20 Years
Pole Arnold	12 April 2021	20 Years
Caledonia	16 April 2021	20 Years
Maven Capital Partners UK	30 June 2021	7-20 Years
Richings Financial Management	26 August 2021	15 Years
Ludlow Wealth Management Group	3 September 2021	10-20 Years
Ferguson Financial Management	10 May 2022	10 Years

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

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

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

Impairment of non-financial assets

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

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

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

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

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 May.

Financial assets

<u>Loans and receivables</u>

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

Cash and short-term deposits

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

Impairment of non-derivative financial assets

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

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

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

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

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

Financial liabilities
<u>Trade and other payables</u>

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

Leases

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

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

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

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

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

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

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

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

Interest bearing loans and borrowings

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

Contingent consideration

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

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

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

Provisions

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

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

Share-based payments

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

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

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

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

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

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

Own shares

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

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

Revenue recognition

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

<u>Investment and asset management</u>

Commission income and adviser charges are recognised as follows:

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

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

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

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

<u>Private equity asset management</u>

Private equity asset management fees are recognised as follows:

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

<u>Pension consultancy and administration</u>

Pension consultancy and administration fees are recognised as follows:

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

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

Property management

Property management fees are recognised as follows:

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

Employee benefits

Employee benefits fees are recognised as follows:

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

Interest income

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

Taxes

Current income tax

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

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

Deferred income tax

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

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

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

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

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

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

Sales tax

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

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

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

Dividend recognition

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

Pension costs

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

2.5 Critical accounting judgements and sources of significant estimation uncertainty

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

Critical accounting judgements

Contingent payments to selling shareholders arising from a business combination

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

Two acquisitions were completed in the year ended 31 May 2022 which include contingent consideration classified as remuneration. If these had been classified as part of acquisition cost, overhead expenses would be lower by £4,572,000, finance costs would be higher by £1,715,000, therefore profit before tax would be higher by £2,857,000. In addition, goodwill would be higher by £14,718,000 and provisions for contingent consideration would be higher by £16,433,000.

Sources of significant estimation uncertainty

Acquisitions and business combinations

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

Subjectivity is also involved in the PPA with the estimation of the future value of brands, technology, customer relationships and goodwill. The fair value of separately identifiable intangible assets acquired during the year was £67.7m (2021: £18.3m), with the key assumptions used to calculate these fair values being those around the estimated useful lives of the acquired customer relationships, the estimated future cash flows expected to arise from these relationships and the appropriate discount rate to be used to discount these cash flows to their present value.

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

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

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

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

Other areas of estimation uncertainty

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

Impairment of intangible assets

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

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

Value in use calculations are utilised to calculate recoverable amounts of a CGU. Value in use is calculated as the net present value of the projected pre-tax cash flows of the CGU in which the client portfolio is contained. The net present value of cash flows is calculated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, based on the Group's pre-tax Weighted Average Cost of Capital ("WACC"). The Group has applied a WACC of 9.8% (2021: 10.5%) 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 budget for the three years to 31 May 2024, extrapolated for a further two years assuming medium-term growth of 5.0% (2021: 5.0%), thereafter extrapolating these cash flows using a long-term growth rate of 2.0% (2021: 2.0%), which management considers conservative against industry average long-term growth rates.

The carrying amount of client portfolios at 31 May 2022 was £112.2m (2021: £40.6m). No impairment provisions have been made during the year (2021: £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 9.8%, reflecting current market assessments of the time value of money and the risks specific to that asset, based on the Group's WACC.

The carrying amount of goodwill at 31 May 2022 was £83.5m (2021: £17.9m). No impairment provisions have been made during the year (2021: £nil) based upon the Directors' review.

The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the period covered by the calculations, based upon management's expectation, and discount rates. Sensitivities to key assumptions are disclosed in Note 19.

Contingent consideration and contingent remuneration payable on acquisitions

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

Using forecasts approved by the Board covering the period of the contingency, provisions for consideration and remuneration are recognised based on the maximum expected value expected to fall due. A material change to the carrying value would only occur if the acquired business fell significantly short of the target earnings, or if termination of employment of a management seller results in forfeiture of rights to future contingent payments. The carrying amount of contingent consideration provided for at 31 May 2022 was £9.3m (2021: £2.9m) and contingent remuneration provided for at 31 May 2022 was £7.8m (2021: £4.0m).

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

Provisions

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

Recoverability of accrued time costs and disbursements

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

The estimated rate of recovery of 71.9% (2021: 67.8%) is based on historic actual recovery rates measured over a period of twelve (2021: twelve) months, calculated based on the value of invoices, net of credit losses, divided by the gross value of the charges based on internal charge out rates. The carrying amount of accrued time costs and disbursements at 31 May 2022 was £4.8m (2021: £4.2m).

The sensitivity of a 5.0% change in the estimated recoverability of accrued time costs and disbursements is appropriate as rates have fluctuated +/- 2.0% over the past 12 months, with 5.0% representing a severe but plausible degradation of recovery rates. Sensitivity to a 5.0% (2021: 5.0%) change with all other variables held constant, is £0.3m (2021: £0.3m) of the Group's profit before tax respectively. There is no material impact on the Group's equity.

3. Business combinations

The Group completed three (2021: five) acquisitions during the year which are treated as business combinations. Transaction costs of £3.7m (2021: £2.6m) incurred during the year to 31 May 2022 have been expensed and are included in administrative expenses in the consolidated statement of comprehensive income and operating cash flows in the consolidated statement of cash flows in the period in which they were incurred.

Acquisitions completed during the year

Acquisition of Maven Capital Partners UK LLP

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

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

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

Maven manages £767m in AuM, comprising:

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

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

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

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

The fair values of the assets and liabilities of Maven 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	333	-	333
Right of use assets	1,972	1,972	-
Intangible assets – Client portfolio	54,483	54,483	-
Intangible assets – Brand	1,951	1,951	-
Investments	3,909	-	3,909
Trade and other receivables	4,548	-	4,548
Cash at bank	4,648	-	4,648
Assets	71,844	58,406	13,438
Trade and other payables	(6,146)	26	(6,172)
Lease liabilities	(1,998)	(1,998)	-

Provisions	(266)	-	(266)
Deferred tax liability	(13,851)	(13,851)	-
Liabilities	(22,261)	(15,823)	(6,438)

Total identifiable net assets at fair value	49,583
Goodwill	39,787
Total acquisition cost	89,370
Analysed as follows:	
Initial cash consideration	50,000
Net shares in Mattioli Woods	33,773
Net asset excess	5,000
Contingent deferred consideration	800
Discounting of contingent deferred consideration	(203)
Total acquisition cost	89,370
Cash outflow on acquisition:	
Cash paid	50,000
Cash acquired	(4,648)
Net asset excess	5,000
Acquisition costs	1,669
Net cash outflow	52,021

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

Acquisition of Richings Financial Management

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

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

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

The total consideration comprises:

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

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

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

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

Acquisition of Ludlow Wealth Management

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

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

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

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

The total consideration comprises:

- An initial consideration of £36.1m, calculated on a cash free, debt free basis as at the agreed locked box balance sheet date of 30 September 2020, and which will be satisfied as follows:
  - an aggregate amount of £30.3m will be payable in cash on Ludlow Wealth Management completion in respect of consideration for the acquisition of Ludlow Wealth Management and repayment of indebtedness and borrowings of Ludlow Wealth Management; and
  - £5.8m will be satisfied by the issue of new Ordinary Shares to certain individual sellers who are members of the Ludlow Wealth Management management team; and, in addition

- in accordance with the locked box adjustment mechanism, in respect of the period commencing on the locked box date of 30 September 2020 and ending on the date of completion of the Ludlow Wealth Management acquisition, the Company has agreed to pay to the sellers of Ludlow Wealth Management an amount in respect of the estimated cash profits of Ludlow Wealth Management during such post-locked box date period calculated at a daily rate of £6,173.24 for the total number of days during such period; and

- Deferred consideration, subject to the satisfaction of certain performance conditions, up to £6.4m and up to £1.0m of bonuses payable to non-shareholder employees of Ludlow Wealth Management, in each case, payable in cash and calculated on the basis of (a) the amount of the adjusted EBITDA of Ludlow Wealth Management for the 12 months ending 30 September 2023 multiplied by 8.25; less (b) the amount of the Initial Ludlow Wealth Management Consideration; and less (c) the aggregate value of all consideration paid or payable by Mattioli Woods in respect of any eligible acquisition of any company or business that is integrated into Ludlow Wealth Management and which completes between Ludlow Wealth Management Completion and 30 September 2023.

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

The fair values of the assets and liabilities of Ludlow Wealth Management 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	179	-	179
Right of use assets	263	263	-
Intangible assets – Goodwill	1,317	(8,261)	9,578
Intangible assets – Client portfolio	21,337	18,148	3,189
Trade and other receivables	682	(11)	693
Cash at bank	3,815	-	3,815
Assets	27,593	10,139	17,454
Trade and other payables	(1,785)	-	(1,785)
Loans and other borrowings	(15,945)	-	(15,945)
Lease liabilities	(253)	(253)	-
Provisions	(124)	-	(124)
Deferred tax liability	(5,238)	(5,196)	(42)
Liabilities	(23,345)	(5,449)	(17,896)
Total identifiable net assets at fair value	4,248		
Goodwill	24,302		
Total acquisition cost	28,550		

Analysed as follows:	
Initial cash consideration	16,701
Net shares in Mattioli Woods	6,047
Contingent consideration	7,407
Discounting of contingent consideration	(1,605)
Total acquisition cost	28,550
Cash outflow on acquisition:	
Cash paid	16,701
Cash acquired	(3,815)
Acquisition costs	1,012
Net cash outflow	13,898

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

Acquisitions completed during the prior year

On 31 July 2020, Mattioli Woods acquired the entire issued share capital of Hurley Partners Limited ("Hurley"), a private client adviser and asset management business with offices in London, Surrey and Manchester.

On 11 January 2021, Mattioli Woods completed the acquisition of the Exempt Property Unit Trust ("EPUT") administration business of BDO Northern Ireland ("BDO NI") for a nominal initial consideration plus (capped) deferred consideration representing 50% of BDO NI EPUT profits before tax for the 30 months following completion. Mattioli Woods has also acquired the entire issued share capital of Callender Street Nominees Limited ("CSNL") from Aqua Trust Company Limited in Jersey as part of the transaction.

On 2 February 2021, Mattioli Woods acquired the entire issued share capital of Montagu Limited ("Montagu"), a financial planning and wealth management business based in Twickenham, London.

On 12 April 2021, Mattioli Woods acquired the entire issued share capital of Pole Arnold Financial Management Limited ("Pole Arnold"), a financial planning and wealth management business with offices in Leicester and London.

On 12 April 2021, Mattioli Woods acquired the entire issued share capital of Caledonia Asset Management Limited ("Caledonia"), a financial planning and wealth management business based in Edinburgh.

Further details of each of the acquisitions competed in the prior year can be found in the Annual Report and Accounts for the year ended 31 May 2021.

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:	*Hurley Partners Limited £000*	*EPUT business £000*	*Montagu Limited £000*	*Pole Arr Manage*
Property, plant and equipment	112	-	3	
Right of use assets	606	-	53	
Client portfolio	11,595	537	1,716	
Trade and other receivables	825	-	74	
Prepayments and accrued income	630	138	17	
Cash at bank	2,271	-	1,173	
Assets	16,039	675	3,036	
Trade and other payables	(273)	-	(1)	
Accruals and deferred income	(71)	-	(130)	
Other taxation and social security	(116)	-	(17)	
Corporation tax	(275)	-	(82)	
Lease liabilities	(577)	-	(53)	
Provisions	(162)	-	-	
Deferred tax liability	(2,215)	(102)	(326)	
Liabilities	(3,689)	(102)	(609)	
Total identifiable net assets at fair value	12,350	573	2,428	
Goodwill	5,067	(288)	800	
Acquisition cost	17,417	285	3,228	
Analysed as follows:				
Initial cash consideration	10,666	107	1,090	
Net assets adjustment to initial cash consideration	-	-	1,003	
Net shares in Mattioli Woods	5,921	-	300	
Contingent consideration	972	201	950	
Discounting of contingent consideration	(142)	(23)	(115)	
Acquisition cost	17,417	285	3,228	
Cash outflow on acquisition:				
Cash paid	10,666	107	2,093	
Cash acquired	(2,271)	-	(1,173)	
Acquisition-related costs	293	24	103	
Net cash outflow	8,688	131	1,023	

Negative goodwill of £288,000 on the acquisition of the EPUT business was recognised in the statement of comprehensive income as a gain on bargain purchase in the prior year.

In addition to the acquisition cost, management sellers of Hurley Partners will receive remuneration of up to £7.0m over a two year earn out to 31 July 2022, subject to the achievement of certain performance conditions including the financial performance of Hurley meeting financial targets.

In addition to the acquisition cost, management sellers of Pole Arnold will receive remuneration of up to £3.0m 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.

See Note 28 for further details of commitments and contingencies.

4. Revenue

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

Timing of revenue recognition	***2022 £000***	*2021 £000*
At a point in time:		
Investment and asset management	**3,654**	2,041
Private equity asset management	**8,543**	-
Pension consultancy and administration	**607**	1,018
Property management	**92**	104
Employee benefits	**1,346**	917
	14,242	4,080
Over time:		
Investment and asset management	**46,771**	31,329
Private equity asset management	**17,610**	-
Pension consultancy and administration	**19,111**	17,789
Property management	**6,181**	4,806
Employee benefits	**4,311**	4,611
	93,984	58,535
	108,226	62,615

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

Contract liabilities	***Group 2022 £000***	*Group 2021 £000*	***Company 2022 £000***	*Company 2021 £000*
Investment and asset management	**13**	52	**-**	-
Private equity asset management	**2,866**	-	**-**	-
Pension consultancy and administration	**2,303**	2,218	**1,087**	967
Property management	**-**	204	**-**	-
Employee benefits	**647**	485	**647**	485
	5,829	2,959	**1,734**	1,452

The Group expects that 100% of the transaction price allocated to the unsatisfied contracts as at 31 May 2022 will be recognised as revenue during the next reporting period, amounting to £5,829,000 (2021: £2,959,000).

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

Contract liabilities	*Group £000*	*Company £000*
At 1 June 2021	2,959	1,452
Revenue recognised on completion of performance obligations	(2,959)	(1,452)
Contract liabilities acquired	2,037	-
Consideration received allocated to performance obligations that are unsatisfied at the period end	3,792	1,734
At 31 May 2022	**5,829**	**1,734**

5. Seasonality of operations

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

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

6. Segment information

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

- Pension consultancy and administration – Fees earned by Mattioli Woods for setting up and administering pension schemes. Additional fees are generated from consultancy services provided for special one-off activities and the provision of bespoke scheme banking arrangements;
- Private equity asset management – Income generated where Maven Capital Partners manages VCTs and other investments, including fund management, administration, establishment, exit and performance fees in respect of the investments for which it is manager;
- Investment and asset management – Income generated from the management and placing of investments on behalf of clients;
- Property management – Income generated where Custodian Capital manages private investor syndicates, facilitates direct commercial property investments on behalf of clients or acts as the external discretionary manager for Custodian REIT plc; and
- Employee benefits – Income generated from corporate clients for consultancy and administration of employee 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 two years ended 31 May 2022 and 2021 respectively.

Year ended 31 May 2022	*Investment and asset management £000*	*Private equity asset management £000*	*Pension consultancy and administration £000*	*Property management £000*	*Employee benefits £000*	*Total segments £000*	*Corporate costs £000*	*Consolidated £000*
Revenue								
External customers	50,425	26,153	19,718	6,273	5,657	108,752	-	108,226
Results								
Segment profit before tax	12,889	7,220	3,918	1,541	760	26,328	(18,339)	7,989

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

Segment assets

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

	31 May 2022 £000	*31 May 2021 £000*
Investment and asset management	**94,206**	46,042
Private equity asset management	**102,502**	-
Pension consultancy and administration	**23,803**	24,096
Property management	**4,889**	2,189
Employee benefits	**5,552**	5,511
Segment operating assets	**230,952**	77,838
Corporate assets	**79,236**	46,327
Total assets	**310,188**	124,165

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

Reconciliation of assets	***31 May 2022 £000***	*31 May 2021 £000*
Segment operating assets	**230,952**	77,838
Property, plant and equipment	**14,126**	14,340
Right of use assets	**3,322**	2,180
Intangible assets	**1,761**	1,666
Deferred tax asset	**776**	951
Prepayments and other receivables	**4,985**	4,956
Income tax receivable	**-**	30
Finance lease receivable	**354**	290
Investments	**-**	26
Cash and short-term deposits	**53,912**	21,888
Total assets	**310,188**	124,165

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

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

Corporate costs

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

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

Reconciliation of profit before tax	***2022 £000***	*2021 £000*
Total segments	**26,328**	15,201
Deferred consideration as remuneration	**(9,664)**	(3,803)
Acquisition-related costs	**(3,408)**	(2,595)
Depreciation	**(2,762)**	(2,772)
Irrecoverable VAT	**(1,431)**	(981)
Professional indemnity insurance	**(1,397)**	(706)
Finance costs	**(1,006)**	(258)
Amortisation and impairment	**(331)**	(304)
Bank charges	**(36)**	(48)
Foreign exchange loss	**-**	(3)
Gain on bargain purchase	**-**	288
Profit/(loss) on disposal of property, plant and equipment	**3**	(46)
Finance income	**79**	34
Share of profit from associate, net of tax	**1,614**	1,141
Group profit before tax	**7,989**	5,148

Country-by-country reporting

HM Treasury has transposed the requirements set out under the Capital Requirements Directive IV ("CRD IV") and issued the Capital Requirements Country-by-Country Reporting Regulations 2013, effective 1 January 2014. The legislation requires Mattioli Woods plc (together with its subsidiaries) to publish certain additional information split by country, on a consolidated basis, for the year ended 31 May 2022.

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

7. Auditor's remuneration

Remuneration paid by the Group to its current auditor, Moore Kingston Smith LLP (2021: Deloitte LLP), for the audit of the financial statements, fees other than for the audit of the financial statements and the total of non-audit fees for the Group were as follows:

	Moore Kingston Smith LLP £000	*Deloitte LLP £000*	***2022 £000***	*2021 £000*
Audit services:				
Audit of the financial statements of the Company	110	-	**110**	225
Audit of the financial statements of subsidiaries	130	-	**130**	37
	240	-	**240**	262
Audit-related services:				
Other assurance – CASS reporting	10	-	**10**	20
Interim review	-	40	**40**	28
	10	40	**50**	48
Non-audit services:				
Provision of indirect tax software for clients' VAT returns	-	-	**-**	19
	-	-	**-**	19
	250	40	**290**	329

8. Finance revenue

	2022 £000	*2021 £000*
Bank interest receivable	**31**	20
Other interest receivable	**14**	-
Unwinding of discount on finance lease receivable	**31**	14
Dividend income	**3**	-
	79	34

9. Finance costs

	2022 £000	*2021 £000*
Unwinding of discount on provisions (Note 26)	**904**	145
Unwinding of discount on lease liabilities	**96**	110
Interest payable	**6**	3
	1,006	258

10. Operating profit

Included in operating profit before financing:	***2022 £000***	*2021 £000*

Depreciation and impairment of tangible assets (Note 15)	**(1,625)**	(1,638)
Depreciation and impairment of right of use assets (Note 16)	**(1,137)**	(967)
Amortisation and impairment of intangible assets (Note 17)	**(7,546)**	(3,078)

11. Employee benefits expense

The average monthly number of employees during the year was:

	Group 2022 No.	*Group 2021 No.*	***Company 2022 No.***	*Company 2021 No.*
Executive directors	**4**	2	**4**	2
Non-executive directors	**5**	4	**5**	4
Consultants	**169**	133	**127**	116
Administrators	**271**	251	**225**	221
Support staff	**351**	246	**248**	220
	800	636	**609**	563

Staff costs for the above persons were:

	Group 2022 £000	*Group 2021 £000*	***Company 2022 £000***	*Company 2021 £000*
Wages and salaries	**51,164**	28,817	**32,261**	25,220
Social security costs	**4,988**	3,118	**3,646**	2,650
Pension costs and life insurance	**1,976**	1,402	**1,388**	1,202
Other staff costs	**1,443**	804	**1,360**	776
	59,571	34,141	**38,655**	29,848

In addition, the cost of share-based payments disclosed separately in the consolidated statement of comprehensive income was £1,729,000 (2021: £1,475,000), and the cost of contingent consideration treated as remuneration disclosed separately in the consolidated statement of comprehensive income was £9,664,000 (2021: £3,803,000).

Details of the remuneration payable to each director in respect of the year ended 31 May 2022 is disclosed in the Directors' Remuneration Report.

	2022 £000	*2021 £000*
Emoluments	**3,008**	1,707
Benefits in kind	**12**	17
Market value of share options vesting	**504**	636
	3,524	2,360

Four directors (2021: five) accrued benefits under personal pension schemes, or through an equivalent cash award when they have reached their maximum lifetime allowance. During the year 235,000 share options were issued to directors (2021: 20,000) and directors exercised 203,016 share options (2021: 64,740). The aggregate amount of gains made by directors on the exercise of share options during the year was £1,629,000 (2021: £433,000). For terms of share options awarded, please see Note 20.

The amounts in respect of the highest paid director are as follows:

	2022 £000	*2021 £000*
Emoluments	**1,276**	1,026
Benefits in kind	**4**	9
Market value of share options vesting	**481**	433
	1,761	1,468

The amount of gains made by the highest paid director on the exercise of share options during the year was £1,605,000 (2021: £nil).

The Group makes discretionary and contractual payments into the personal defined contribution pension schemes of employees and contributions are charged in the statement of comprehensive income as they become payable. The charge for the year was £1,440,000 (2021: £1,114,000).

12. Income tax

The major components of income tax expense for the years ended 31 May 2022 and 2021 are:

Consolidated statement of comprehensive income	***2022 £000***	*2021 £000*
Current tax	**5,092**	2,390
Under provision in prior periods	**6**	38
	5,098	2,428
Deferred tax credit	**(1,132)**	(498)
Adjustments in respect of change in tax rate	**(161)**	1,974
Adjustments in respect of prior periods	**65**	(147)
Income tax expense reported in the statement of comprehensive income	**3,870**	3,757

The over provision for current tax in prior periods includes £118,000 (2021: £98,000) arising from a Research and Development tax credit in respect of the financial year ending 31 May 2021 (2021: Nil).

For the year ended 31 May 2022 the current tax credit on the Group's share-based payment arrangements recognised directly in equity was £141,000 (2021: £31,000). The deferred tax charged on the Group's outstanding share-based payment arrangements recognised directly in equity was £13,000 (2021: £46,000).

Factors affecting the tax charge for the period

The tax charge assessed for the period is higher (2021: higher) than the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are explained below:

	2022 £000	*2021 £000*
Accounting profit before income tax	**7,989**	5,148
Multiplied by standard rate of UK corporation tax of 19.0% (2021: 19.0%)	**1,518**	978
Effects of:		
Expenses not deductible for tax	**2,767**	1,180
Effects of changes in tax rates	**(161)**	1,974
Deferred tax on share options	**(6)**	7
Income not taxable	**(307)**	(271)
Under/(over) provision in prior periods	**71**	(108)
Tax reliefs	**(12)**	(1)
Income tax expense for the year	**3,870**	3,757
Effective income tax rate	**49.1%**	73.0%

Deferred income tax

Deferred income tax at 31 May relates to the following:

	Group 2022 £000	*Group 2021 £000*	***Company 2022 £000***	*Company 2021 £000*
Deferred income tax liability				
Temporary differences on:				
Acquired intangibles	**(27,324)**	(9,291)	**(6,327)**	(6,730)
Accelerated capital allowances	**(150)**	(151)	**(25)**	(10)
Deferred tax liability	**(27,474)**	(9,442)	**(6,352)**	(6,740)
Deferred income tax asset				
Temporary differences on:				
Provisions	**316**	372	**291**	353
Share-based payments	**460**	579	**460**	578
Deferred tax asset	**776**	951	**751**	932
Net deferred tax liability	**(26,698)**	(8,491)	**(5,601)**	(5,808)

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

The primary components of the entity's recognised deferred tax assets include temporary differences related to share-based payments, provisions and other items. The primary components of the entity's deferred tax liabilities include temporary differences related to property, plant and equipment and intangible assets. The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

The recognition of deferred tax in the statement of comprehensive income arises from the origination and the reversal of temporary differences and the effects of changes in tax rates. The total deferred tax movement in the statement of financial position is summarised as follows:

Deferred tax reconciliation	***2022 £000***	*2021 £000*
Opening net deferred tax liability	**(8,491)**	(3,594)
Credit/(debit) recognised in statement of comprehensive income	**1,228**	(1,329)
Deferred tax charge recognised in equity	**(13)**	(78)
Movement arising from transfer of trade	**-**	(102)
Deferred tax arising on acquisitions or disposal of trade	**(19,422)**	(3,388)
Closing net deferred tax liability	**(26,698)**	(8,491)

There are no income tax consequences for the Group attaching to the payment of dividends by Mattioli Woods plc to its shareholders in either 2021 or 2022.

Impact of future tax changes

On 10 June 2021 The Finance (No. 2) Bill 2019-21 received Royal Asset, enacting proposals that were announced in the 2021 budget. The main rate of corporation tax will remain at 19% for the years starting 1 April 2021 and 2022 before increasing to 25% for the year starting 1 April 2023 and thereafter.

Deferred taxation assets and liabilities have been revalued taking in to account the upcoming change in corporation tax rates.

13. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, excluding own shares of 76,578 (2021: 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:

	2022	*2021*
	£000	*£000*
Net profit and diluted net profit attributable to equity holders of the Company	**4,100**	1,419
Weighted average number of ordinary shares:	***000s***	*000s*
Issued ordinary shares at start of period	**28,151**	26,940
Effect of shares issued during the year	**21,142**	996
Basic weighted average number of shares	**49,393**	27,936
Effect of dilutive options at the statement of financial position date	**81**	73
Diluted weighted average number of shares	**49,474**	28,009
Earnings per ordinary share:		
Basic (pence)	**8.3**	5.1
Diluted (pence)	**8.3**	5.1

The Company has granted options under the Share Option Plan, the Consultants' Share Option Plan and the LTIP to certain of its senior managers and directors to acquire (in aggregate) up to 2.06% of its issued share capital (see Note 20). Under IAS 33 'Earnings Per Share', contingently issuable ordinary shares are treated as outstanding and are included in the calculation of diluted earnings per share if the conditions (the events triggering the vesting of the option) are satisfied. At 31 May 2022 the conditions attached to 970,100 options granted under the LTIP were not satisfied (2021: 702,238). If the conditions had been satisfied, diluted earnings per share would have been 8.1p per share (2021: 4.9p).

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 45,252 ordinary shares under the Mattioli Woods plc Share Incentive Plan; and
- The issue of 3,258 ordinary shares to satisfy the exercise of share options under the LTIP.

14. Dividends paid and proposed

	2022	*2021*
	£000	*£000*

Declared and paid during the year:		
Equity dividends on ordinary shares:		
- Final dividend for 2021: 13.5p (2020: 12.7p)	**6,818**	3,547
- Interim dividend for 2022: 8.3p (2021: 7.5p)	**4,223**	2,103
Dividends paid	**11,041**	5,650
Proposed for approval by shareholders at the AGM:		
Final dividend for 2022: 17.8p (2021: 13.5p)	**9,079**	6,818

15. Property, plant and equipment

Group	*Land and buildings £000*	*Computer and office equipment £000*	*Fixtures and fittings £000*	*Motor vehicles £000*	*Total £000*
Gross carrying amount:					
At 1 June 2020	10,780	2,654	5,676	1,631	20,741
Additions	-	93	18	307	418
Arising on acquisitions	-	130	3	-	133
Disposals	-	(770)	(725)	(467)	(1,962)
At 31 May 2021	10,780	2,107	4,972	1,471	19,330
Additions	-	247	181	573	1,001
Arising on acquisitions	-	426	95	-	521
Disposals	-	-	-	(257)	(257)
At 31 May 2022	**10,780**	**2,780**	**5,248**	**1,787**	**20,595**
Depreciation:					
At 1 June 2020	420	1,823	2,207	653	5,103
Charged for the year	252	327	825	234	1,638
On disposals	-	(758)	(705)	(288)	(1,751)
At 31 May 2021	672	1,392	2,327	599	4,990
Charged for the year	199	361	831	232	1,623
On disposals	-	-	-	(141)	(141)
At 31 May 2022	**871**	**1,753**	**3,158**	**687**	**6,469**
Carrying amount:					
At 31 May 2022	**9,909**	**1,027**	**2,090**	**1,100**	**14,126**
At 31 May 2021	10,108	714	2,646	872	14,340
At 31 May 2020	10,360	831	3,469	978	15,638

Company	*Computer and office equipment £000*	*Fixtures and fittings £000*	*Motor vehicles £000*	*Total £000*
Gross carrying amount:				
At 1 June 2020	2,499	2,745	1,636	6,880

Additions	92	17	307	416
Disposals	(770)	(724)	(467)	(1,961)
Transfer between companies	68	7	-	75
At 31 May 2021	1,889	2,044	1,476	5,410
Additions	221	165	573	959
Disposals	-	-	(257)	(257)
At 31 May 2022	**2,110**	**2,209**	**1,792**	**6,111**
Depreciation:				
At 1 June 2020	1,672	1,433	661	3,766
Charged for the year	274	401	234	909
On disposals	(752)	(696)	(289)	(1,737)
At 31 May 2021	1,194	1,138	606	2,938
Charged for the year	244	388	232	864
On disposals	-	-	(144)	(144)
At 31 May 2022	**1,438**	**1,526**	**694**	**3,658**
Carrying amount:				
At 31 May 2022	**672**	**683**	**1,098**	**2,453**
At 31 May 2021	695	906	870	2,472
At 31 May 2020	827	1,312	976	3,115

16. Right of use assets

Group	*Properties £000*	*Computer and office equipment £000*	*Total £000*
Gross carrying amount:			
At 1 June 2020	2,706	717	3,423
Additions	64	-	64
Arising on acquisitions	689	-	689
Disposals	(75)	-	(75)
At 31 May 2021	3,384	717	4,101
Arising on acquisitions	2,344	-	2,344
Changes in value	(65)	-	(65)
At 31 May 2022	**5,663**	**717**	**6,380**
Depreciation:			
At 1 June 2020	650	189	839
Charged for the period	734	233	967
On disposals	(52)	-	(52)
Impairment	167	-	167

	Properties £000	Computer and office equipment £000	Total £000
At 31 May 2021	1,499	422	1,921
Charged for the period	904	233	1,137
At 31 May 2022	**2,403**	**655**	**3,058**
Carrying amount:			
At 31 May 2022	**3,260**	**62**	**3,322**
At 31 May 2021	1,885	295	2,180
At 31 May 2020	2,056	528	2,584

Company	*Properties £000*	*Computer and office equipment £000*	*Total £000*
Gross carrying amount:			
At 1 June 2020	2,223	717	2,940
Additions	64	-	64
Transfer between companies	532	-	532
At 31 May 2021	2,819	717	3,536
Changes in value	(46)	-	(46)
At 31 May 2022	**2,773**	**717**	**3,490**
Depreciation:			
At 1 June 2020	563	189	752
Charged for the period	561	233	794
Impairment	167	-	167
At 31 May 2021	1,291	422	1,713
Charged for the period	478	233	717
At 31 May 2022	**1,769**	**655**	**2,424**
Carrying amount:			
At 31 May 2022	**1,004**	**62**	**1,066**
At 31 May 2021	1,528	295	1,823
At 31 May 2020	1,660	528	2,188

17. Intangible assets

Group	*Internally generated software £000*	*Software £000*	*Client portfolios £000*	*Brand £000*	*Goodwill £000*	*Other £000*	*Total £000*

Gross carrying amount:							
At 1 June 2020	1,746	1,927	39,256	-	10,426	35	53,390
Arising on acquisitions	-	-	18,293	-	7,470	-	25,763
Additions	386	4	-	-	-	-	390
At 31 May 2021	2,132	1,931	57,549	-	17,896	35	79,543
Arising on acquisitions	-	-	77,144	1,951	65,620	-	144,715
Additions	427	-	1,261	-	-	-	1,688
Disposals	-	-	-	-	-	(35)	(35)
At 31 May 2022	**2,559**	**1,931**	**135,954**	**1,951**	**83,516**	**-**	**225,911**
Amortisation and impairment:							
At 1 June 2020	884	1,209	13,869	-	-	35	15,997
Amortisation during the year	187	117	2,774	-	-	-	3,078
At 31 May 2021	1,071	1,326	16,643	-	-	35	19,075
Amortisation during the year	219	112	7,126	89	-	-	7,546
Disposals	-	-	-	-	-	(35)	(35)
At 31 May 2022	**1,290**	**1,438**	**23,769**	**89**	**-**	**-**	**26,586**
Carrying amount:							
At 31 May 2022	**1,269**	**493**	**112,185**	**1,862**	**83,516**	**-**	**199,325**
At 31 May 2021	1,061	605	40,906	-	17,896	-	60,468
At 31 May 2020	862	718	25,387	-	10,426	-	37,393

Company	*Internally generated software £000*	*Software £000*	*Client portfolios £000*	*Goodwill £000*	*Total £000*
Gross carrying amount:					
At 1 June 2020	1,745	1,768	28,979	16,384	48,876
Arising on acquisitions	-	-	537	-	537
Arising on hive up	-	-	13,065	12,132	25,197
Additions	387	-	-	-	387
At 31 May 2021	2,132	1,768	42,581	28,516	74,997
Additions	427	-	-	-	427
At 31 May 2022	**2,559**	**1,768**	**42,581**	**28,516**	**75,424**
Amortisation and impairment:					
At 1 June 2020	884	1,099	10,255	-	12,238
Amortisation during the year	187	114	1,903	-	2,204

At 31 May 2021	1,071	1,213	12,158	-	14,442
Amortisation during the year	219	101	2,643	-	2,963
At 31 May 2022	**1,290**	**1,314**	**14,801**	**-**	**17,405**
Carrying amount:					
At 31 May 2022	**1,269**	**454**	**27,780**	**28,516**	**58,019**
At 31 May 2021	1,061	555	30,423	28,516	60,555
At 31 May 2020	861	669	18,724	16,384	36,638

Software

Software is amortised over its useful economic life of four years on a reducing balance basis. Internally generated software represents the development costs of the Group's bespoke customer relationship management, administration and trading platform. The directors believe this technology will be the principal technology platform used throughout the Group for the foreseeable future. Internally generated software is amortised on a straight-line basis over an estimated useful life of 10 years.

Client portfolios

Client portfolios represent individual client portfolios acquired through business combinations. Client portfolios are amortised on a straight-line basis over an estimated useful life of between 10 and 25 years, based on the Group's historic experience.

Goodwill

Goodwill arises where the price paid for an acquisition is greater than the fair value of the net assets acquired. Goodwill arising on business combinations is subject to annual impairment testing (see Note 19).

18. Investments

Details of the investments in related entities, comprising subsidiaries, associates and other significant holdings which the Group holds 20% or more of the nominal value of any class of share capital, are included in the appendices to the annual report and accounts.

Investments in subsidiaries

Investments in subsidiaries	*Company* *£000*

At 1 June 2020	13,141
Investment in Hurley Partners Limited	17,417
Investment in Montagu Limited	3,228
Investment in Pole Arnold Financial Management Limited	4,402
Investment in Caledonia Asset Management Limited	1,638
Reduction in value of Broughtons Financial Planning Limited	(21)
At 31 May 2021	39,805
Investment in Maven Capital Partners UK LLP	89,370
Investment in Richings Financial Management Limited	1,567
Investment in LWMG Topco Limited	28,550
Reduction in value of Hurley Partners Limited	(17,417)
Reduction in value of Broughtons Financial Planning Limited	(4,326)
Strike-off of other dormant subsidiaries	(41)
At 31 May 2022	**137,508**

Reduction in value of investments in Broughtons Financial Planning Limited ("Broughtons") and Hurley Partners Limited ("Hurley") investments were recognised following their dividend in specie, settled by the partial waiver of loan notes due to them from Mattioli Woods please. Subsequently, the Company's investments in Broughtons and Hurley were written down to £nil. The impairment charge recognised by the Company of £21,743,000 was eliminated on consolidation.

Investment in associate

The Group holds 49% of the ordinary share capital of Amati Global Investors Limited ("Amati"), with the remaining 51% of the ordinary share capital held by Amati Global Partners LLP.

Amati is an independent specialist fund management business managing funds investing in small and mid-sized companies. Amati's gross assets under management at 31 May 2022 was £1,208m (2021: £1,308m) comprising; Amati AIM VCT plc, Amati AIM IHT Portfolio Service, TB Amati UK Smaller Companies Fund, TB Amati Strategic Metals Fund and TB Amati Strategic Innovation Fund.

The Group exercises significant influence by virtue of its contractual right to appoint a minority of directors to Amati's board of directors. The Group has no other rights which would allow it to exercise control over Amati's operations. Therefore, the Group is not judged to control Amati and it is not consolidated.

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

Investment in associate – Group and Company	***2022 £000***	*2021 £000*
At 1 June	**4,295**	3,732

Share of profit for the year	**1,672**	1,191
Amortisation of fair value intangibles	**(68)**	(68)
Share of other comprehensive income	**(19)**	28
Dividends received from associate	**(1,715)**	(588)
At 31 May	**4,165**	4,295

Share of profit from associates in statement of comprehensive income	***2022 £000***	*2021 £000*
Share of profit for the year	**1,672**	1,191
Amortisation of fair value intangibles	**(68)**	(68)
Elimination of transactions with associate	**10**	18
	1,614	1,141

Other comprehensive income represents the Company's share of revaluation gains and losses on financial assets designated as fair value through profit and loss by Amati.

The results of Amati and its aggregated assets and liabilities as at 31 May 2022 are as follows:

Name	*Country of incorporation*	*Assets £000*	*Liabilities £000*	*Revenue £000*	*Profit £000*	*Interest held*
Amati Global Investors Limited	Scotland	6,420	2,831	13,246	3,373	49%
Group's share of profit					1,672	

The net assets of Amati as at 1 June 2021 were £3,589,000. At 31 May 2022 the net assets of Amati were £3,462,000 following payment of dividends of £3,500,000 and other increases in net assets of £3,373,000, increasing the Group's interest in the associate (net of tax) by £1,653,000 during the year, comprising Mattioli Woods' share of Amati's profit after tax recognised in the statement of comprehensive income and Mattioli Woods' share of the movement in Amati's revaluation reserve recognised directly in equity.

Other Fixed Asset Investments

	Group £000	*Company £000*
At 1 June 2020	40	40
Additions	500	500
Disposals	(14)	(14)
At 31 May 2021	526	526
Arising on acquisition of Maven	3,909	-
Additions	1,574	1,000
Disposals	(279)	-
Revaluation	32	-

At 31 May 2022	**5,762**	**1,526**
Listed investments 2022	**2,991**	**-**
Unlisted investments 2022	**2,771**	**1,526**
At 31 May 2022	**5,762**	**1,526**
Current 2022	**253**	**-**
Non-current 2022	**5,509**	**1,526**
At 31 May 2022	**5,762**	**1,526**
Current 2021	26	26
Non-current 2021	500	500
At 31 May 2021	526	526

On 29 September 2021 the Company increased its investment in Tiller Group Limited ("Tiller") as part of a new strategic relationship to develop a digital, self-investment application. The investment sees the Company increase its shareholding to 9.9%, through a subscription of new shares in Tiller.

Tiller provides a Software as a Service wealth management platform designed specifically for wealth managers and other regulated financial services businesses. We will work closely with Tiller to develop its market-leading, automated investment management platform that will extend our discretionary investment management services to a new range of clients.

At 31 May 2022 the Company owned 9.40% (2021: 9.40%) of the shareholding in MW Properties (No.25) Limited (“MWPS25”), acquired at a total cost of £91,000. At 31 May 2022 these shares are included within investments at a value of £26,000 (2021: £26,000).

Other fixed asset investments held by the Group of £4,235,000 at 31 May 2022 include the following:

- Listed investments valued at £2,991,000 (2021: £nil) predominantly comprising Maven’s holding of shares in the four listed VCTs for which Maven acts as fund manager (Maven Income and Growth VCT PLC, Maven Income and Growth VCT 3 PLC, Maven Income and Growth VCT 4 PLC, Maven Income and Growth VCT 5 PLC); and
- Unlisted investments valued at £1,244,000 (2021: £nil) predominantly comprising Maven’s holdings of its seven regional funds.

19. Impairment of goodwill and client portfolio 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*
At 1 June 2020	14,125	15,965	-	263	5,460	35,813
Arising on acquisitions	2,166	23,060	-	537	-	25,763
Amortisation during the year	(933)	(1,437)	-	(8)	(396)	(2,774)
At 31 May 2021	15,358	37,588	-	792	5,064	58,802
Arising on acquisitions	-	48,494	96,221	-	-	144,715
Additions	-	1,261	-	-	-	1,261
Amortisation during the year	(948)	(2,684)	(3,107)	(80)	(396)	(7,215)
At 31 May 2022	**14,410**	**84,659**	**93,114**	**712**	**4,668**	**197,563**
Goodwill	**5,489**	**37,414**	**39,787**	**188**	**638**	**83,516**
Client portfolios	**8,921**	**47,245**	**51,465**	**524**	**4,030**	**112,185**
Brand	**-**	**-**	**1,862**	**-**	**-**	**1,862**
At 31 May 2022	**14,410**	**84,659**	**93,114**	**712**	**4,668**	**197,563**

Company	*Pension consultancy and admin £000*	*Investment and asset management £000*	*Property management £000*	*Employee benefits £000*	*Total £000*
At 1 June 2020	10,162	16,204	263	8,479	35,108
Arising on acquisitions	-	-	537	-	537
Transferred to the Company	2,834	22,363	-	-	25,197
Amortisation during the year	(656)	(842)	(8)	(397)	(1,903)
At 31 May 2021	12,340	37,725	792	8,082	58,939
Amortisation during the year	(728)	(1,439)	(80)	(396)	(2,643)
At 31 May 2022	**11,612**	**36,286**	**712**	**7,686**	**56,296**
Goodwill	**6,211**	**18,461**	**188**	**3,656**	**28,516**

Client portfolios	**5,401**	**17,825**	**524**	**4,030**	**27,780**
At 31 May 2022	**11,612**	**36,286**	**712**	**7,686**	**56,296**

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 9.8% (2021: 10.5%), reflecting current market assessments of the time value of money and the risks specific to these assets, based on the Group's WACC. The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the period covered by the calculations, based upon management's expectation. The estimated cash flows for each segment are derived from the budget for the three years to 31 May 2025, extrapolated for a further two years assuming medium-term growth of 5.0% (2021: 5.0%) and a long-term growth rate of 2.0% (2021: 2.0%), which management considers conservative against actual average long-term growth rates.

The value in use calculated at 31 May 2022 was £548.7m. Comparing this to the net asset value of the operating segments identified above, the directors believe the value of goodwill is not impaired at 31 May 2022. This accounting treatment resulted in an impairment loss of £nil (2021: £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 31 May 2022 to changes in the key assumptions is as follows:

Assumption	*Base assumption*	*Change in assumption*	*Increase/(decrease) in value in use £m*
Discount rate	9.8%	+1.0%	(66.3)
Years 1-3 cashflows	Var.	-5.0%	(24.8)
Medium-term growth rate	5.0%	-5.0%	(43.3)
Long-term growth rate	2.0%	-2.0%	(112.3)

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

20. Share-based payments

Share-based payments expense

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

	31 May 2022 Equity-settled £000	*31 May 2021 Equity-settled £000*
Long-Term Incentive Plan	**1,414**	1,149
Share Inventive Plan	**315**	326
Total	**1,729**	1,475

The share-based payment expense in respect of the LTIP for the year ended 31 May 2021 included the impact of the modification of the performance period of the 4 September 2019 Tranche B LTIP awards.

Long-Term Incentive Plan

During the year, Mattioli Woods granted awards to the Company's executive directors and certain senior employees under the Long-Term Incentive Plan (“LTIP”). Conditional share awards ("Equity-settled") grant participating employees a conditional right to become entitled to options with an exercise price of 1 pence over ordinary shares in the Company. Conditional cash awards ("Cash-settled") grant participating employees a conditional right to be paid a cash amount based on the proceeds of the sale of a specified number of Ordinary Shares following the vesting of the award. Movements in the LTIP scheme during the period were as follows:

LTIP options	***31 May 2022 Equity-settled No.***	*31 May 2021 Equity-settled No.*
Outstanding as at 1 June	**933,809**	889,504
Granted during the year	**488,000**	255,800
Exercised during the year	**(353,182)**	(207,295)
Forfeited during the year	**(17,500)**	(4,200)
Outstanding at 31 May	**1,051,127**	933,809
Exercisable at 31 May	**81,027**	235,571

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

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

Date of grant	*Exercise price*	*At 1 June 2021 No.*	*Granted during the period No.*	*Forfeited during the period No.*	*Exercised during the period No.*	***At 31 May 2022 No.***
15 October 2015	£0.01	39,864	-	-	(39,554)	**310**
6 September 2016	£0.01	120,172	-	-	(84,513)	**35,659**
5 September 2017	£0.01	75,535	-	-	(66,177)	**9,358**
6 September 2018	£0.01	198,638	-	-	(162,938)	**35,700**
4 September 2019 – Tranche A	£0.01	108,000	-	(10,000)	-	**98,000**
4 September 2019 – Tranche B	£0.01	139,800	-	-	-	**139,800**
1 June 2020 – Tranche A	£0.01	137,550	-	(5,000)	-	**132,550**
1 June 2020 – Tranche B	£0.01	114,250	-	(2,500)	-	**111,750**
24 December 2021 – Tranche A	£0.01	-	144,400	-	-	**144,400**
24 December 2021 – Tranche B	£0.01	-	343,600	-	-	**343,600**
		933,809	488,000	(17,500)	(353,182)	**1,051,127**

The weighted average share price at the date of exercise for share options exercised during the year was £8.43 (2021: £6.71). For the share options outstanding at 31 May 2022, the weighted average exercise prices ("WAEP") was £0.01 (2021: £0.01), and the weighted average remaining contractual life is 2.20 years (2021: 1.46 years).

As a result of the exercise of 353,182 (2021: 207,295) 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 £2,175,000 (2021: £1,354,000).

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 26).

Valuation assumptions

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black Scholes Merton model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to estimate the fair value of options granted during the year ended 31 May 2022:

	Tranche A	*Tranche B*
Date of grant	24 December 2021	24 December 2021
Share price at date of grant	£8.70	£8.70
Option exercise price	£0.01	£0.01
Expected life of option (years)	6.5	4.5
Expected share price volatility (%)	25.0	25.0
Dividend yield (%)	2.66	2.66
Risk-free interest rate (%)	0.78	0.74

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

The share price at 31 May 2022 and movements during the year are set out in the Directors' Remuneration Report.

Share Incentive Plan

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

SIP shares	***31 May 2022 No.***	*31 May 2021 No.*
Scheme shares as at 1 June	**701,259**	599,662
Employee shares purchased	**64,186**	58,753
Matching shares awarded	**64,186**	58,753
Matching shares recycled	**(8,006)**	(3,376)
Reinvestment of dividends	**19,240**	19,364
Shares transferred out	**(57,500)**	(31,896)
Scheme shares at 31 May	**783,365**	701,259
Conditional matching shares at 31 May	**149,667**	144,483

A total of 467 (2021: 389) employees participated in the SIP during the year.

21. Trade and other receivables (current)

	Group 2022 £000	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*

Trade receivables due from Group companies	**-**	**35,787**	-	13,093
Other trade receivables	**11,000**	**4,069**	5,184	3,801
Other receivables	**2,072**	**343**	2,625	1,447
Prepayments and accrued income	**15,374**	**10,684**	11,388	9,906
	28,446	**50,883**	19,197	28,247

Trade receivables due from Group companies are recognised at amortised cost, eliminate on consolidation, and include £12.1m (2021: £12.6m) receivable from subsidiary Mattioli Woods (New Walk) Limited on which interest is incurred at the Bank of England's base rate plus a margin of 3%, and £16.3m (2021: £nil) receivable from subsidiary LWMG Midco Limited on which interest is incurred at the Bank of England's base rate plus a margin of 3.5%. All other balances due from Group companies incur no interest and are due on demand. None of the trade receivables from Group companies were overdue at the reporting date, and no provisions for impairment of receivables from Group companies is required on review.

Other trade receivables are non-interest bearing and are generally on 30-90 days' terms. As at 31 May 2022, the nominal value of non-related party trade receivables impaired and fully provided for, and movements in the lifetime loss provision for impairment (with no 12 month expected credit losses or transfers between stages) of receivables were as follows:

	Group 2022 £000	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*
As at 1 June	**1,412**	**1,208**	1,753	1,346
Charge for year	**258**	**61**	25	50
Utilised during the year	**(195)**	**(129)**	(366)	(188)
Acquired on acquisition	**71**	**-**	-	-
At 31 May	**1,936**	**1,140**	1,412	1,208

At 31 May 2022, the analysis of non-related party trade receivables that were past due but not impaired is as follows:

			Past due but not impaired			
	Total £000	*Neither past due nor impaired £000*	*< 30 days £000*	*30-60 days £000*	*60-90 days £000*	*>90 days £000*
Gross carrying amount	12,936	4,079	2,649	2,022	395	3,791
Provisions for ECL	(1,936)	(100)	(99)	(24)	(14)	(1,699)
At 31 May 2022	**11,000**	**3,979**	**2,550**	**1,998**	**381**	**2,092**
Gross carrying amount	6,596	2,213	1,837	589	235	1,722
Provisions for ECL	(1,412)	(98)	(69)	(16)	(13)	(1,216)

At 31 May 2021	5,184	2,115	1,768	573	222	506

Prepayments and accrued income balances include the following contract assets accrued under IFRS 15:

Contract assets accrued	*Group £000*	*Company £000*
At 1 June 2021	11,388	9,906
Arising from acquisitions	1,055	-
Net increase/(decrease) in contract assets accrued	18	(1,538)
At 31 May 2022	**12,461**	**8,368**

For all receivables above, including neither past due nor impaired, the carrying amount is deemed to reflect the fair value.

22. Cash and short-term deposits

For the purpose of the statement of cashflows, cash and cash equivalents comprise the following at 31 May 2022:

	Group 2022 £000	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*
Cash at banks and in hand	**53,912**	**25,864**	21,888	10,909
Cash and cash equivalents	**53,912**	**25,864**	21,888	10,909

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is £53.9m (2021: £21.9m).

23. Issued capital and reserves

Group and Company	*Ordinary shares of 1p*	*Share capital £000*	*Share premium £000*	*Merger reserve £000*
Issued and fully paid				
At 1 June 2020	26,939,862	269	32,891	10,639
Exercise of employee share options	207,295	2	-	-
Shares issued under the SIP	133,493	2	943	-
Shares issued for consideration	970,409	10	-	6,819
At 31 May 2021	28,251,029	283	33,834	17,458

Exercise of employee share options	350,212	4	-	-
Shares issued under the SIP	139,606	1	1,098	-
Shares issued under a placing	16,969,697	169	108,441	-
Shares issued for consideration	5,325,705	53	-	39,767
At 31 May 2022	**51,036,249**	**510**	**143,373**	**57,225**

Rights, preferences and restrictions on shares

All ordinary shares carry equal rights and no privileges are attached to any shares in the Company. All the shares are freely transferable, except as otherwise provided by law. However:

- The former shareholders of Hurley Partners have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 842,866 ordinary shares in Mattioli Woods during the two years ending 31 July 2022;
- The former shareholder of Montagu has entered into a lock-in deed with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 40,161 ordinary shares in Mattioli Woods during the two years ending 2 February 2023;
- The former shareholders of Pole Arnold Financial Management have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 72,940 ordinary shares in Mattioli Woods during the two years ending 12 April 2023;
- The former shareholders of Caledonia Asset Management have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 12,724 ordinary shares in Mattioli Woods during the two years ending 16 April 2023;
- The former members of Maven Capital Partners UK LLP have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 4,545,455 ordinary shares in Mattioli Woods during the four years ending 30 June 2025; and
- The former shareholders of Ludlow Wealth Management Group have entered into lock-in deeds with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of that part of the consideration comprising 780,250 ordinary shares in Mattioli Woods during the two years ending 3 September 2023.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Share schemes and share incentive plan

The Company has two share schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (Note 20).

The Company also operates a share incentive plan. Participants in the SIP are entitled to purchase up to a prescribed number of new ordinary shares in the Company in any year. At the Directors' discretion, the Company may also award additional shares to participants in the SIP. Ordinary shares issued under the SIP rank pari passu with existing issued ordinary shares of the Company. Dividends paid on shares held within the SIP are used to buy new ordinary shares in the Company of 1p each.

Own shares

	Number of shares	*Own shares £000*
At 1 June 2020, 31 May 2021 and 31 May 2022	76,578	597

Own shares represent the cost of the Company's own shares, either purchased in the market or issued by the Company, that are held by the Company or in an employee benefit trust to satisfy future awards under the Group's share-based payment schemes (Note 20). At 31 May 2022 76,578 (2021: 76,578) shares were held in the Mattioli Woods Employee Benefit Trust, representing 0.15% of issued share capital (2021: 0.27%).

Other reserves

Movements recognised in other reserves in the year are disclosed in the statement of changes in equity. The following table describes the nature and purpose of each reserve within equity:

Reserve	*Description and purpose*
Share premium	Amounts subscribed for share capital in excess of nominal value less any associated issue costs that have been capitalised.
Merger reserve	Where shares are issued as consideration for >90% of the shares in a subsidiary, the excess of the fair value of the shares acquired over the nominal value of the shares issued is recognised in the merger reserve.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Equity – share based payments	The fair value of equity instruments granted by the Company in respect of share-based payment transactions less options exercised.
Own shares	The cost of the Company's own shares, purchased in the market, that are held in an employee benefit trust to satisfy future awards under the Group's share-based payment schemes (Note 20).
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The Company has issued options to subscribe for the Company's shares under two employee share schemes (Note 20). The cost of exercised or lapsed share options has been derecognised from equity-share based payments and re-allocated to retained earnings as required by IFRS 2 'Share-based Payments'.

24. Cash flows arising from financing liabilities

The financing liabilities of the Group are £3,757,000 (2021: £2,585,000), comprising lease liabilities as disclosed in Note 27. Cash flows arising from financing liabilities include payment of lease liabilities of £1,298,000 (2021: £1,077,000).

The financing liabilities of the Company are £1,396,000 (2021: £2,216,000), comprising lease liabilities as disclosed in Note 27. Cash flows arising from financing liabilities include payment of lease liabilities of £910,000 (2021: £895,000).

The net cash flows from financing activities of the Group and the Company, as reported in the Statements of Cash Flows, relate entirely to financing balances reported within equity.

25. Trade and other payables

Trade and other payables	***Group 2022 £000***	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*
Trade payables due to Group companies	**-**	**2,093**	-	2,064
Loan notes due to subsidiary undertakings	**-**	**-**	-	28,143
Other trade payables	**1,027**	**751**	633	697
Other taxation and social security	**2,632**	**1,902**	2,052	1,810
Other payables	**647**	**465**	1,197	1,239
Accruals and deferred income	**20,749**	**10,278**	11,633	8,841
Trade and other payables	**25,055**	**15,489**	15,515	42,794
Current	**25,055**	**15,489**	15,515	14,651
Non-current	**-**	**-**	-	28,143

Trade payables due to Group companies reported by the Company incur no interest, are repayable on demand and eliminate on consolidation. Terms and conditions of the other financial liabilities set out above are as follows:

- Trade payables are non-interest bearing and are normally settled on 30-day terms;
- Other taxation and social security become interest bearing if paid late and are settled on terms of one or three months; and

- Accruals and deferred income are non-interest bearing and are normally settled monthly throughout the financial year.

Loan notes due to subsidiary undertakings

On 28 February 2021 the trade and assets of Broughtons Financial Planning Limited and Hurley Partners Limited were transferred to the Company. The trade and assets were exchanged for loan notes equal to the book value of the assets and assumed liabilities of Broughtons Financial Planning Limited and Hurley Partners Limited as at the date of hive up, and attracting annual interest on the outstanding principal at a rate of 3% above the Bank of England base rate.

During the year, interest costs of £924,000 (2021: £218,000) were borne by the Company with £nil (2021: £nil) impact on consolidation.

On 30 May 2022 the loan notes were waived in settlement of in specie distributions totalling £28,849,000 from Broughtons Financial Planning Limited and Hurley Partners Limited, with £nil carrying value remaining outstanding. This also gave rise to the impairment of the Company's investment in these subsidiaries totalling £21,743,000 to £nil carrying value, with £nil impact on consolidation.

26. Financial liabilities and provisions

Group	*Contingent consideration £000*	*Contingent remuneration £000*	*Client claims £000*	*Dilapid*
At 1 June 2020	1,454	797	1,880	
Unwinding of discount	133	-	-	
Arising during the year	-	3,803	568	
Arising on acquisitions	2,405	-	-	
Paid during the year	(1,111)	(609)	(519)	
Unused amounts reversed	-	-	(19)	
Reclassification	-	-	450	
At 31 May 2021	2,881	3,991	2,360	
Unwinding of discount	871	-	-	
Arising during the year	186	9,664	1,225	
Arising on acquisitions	7,375	-	-	
Paid during the year	(1,554)	(5,905)	(209)	
Unused amounts reversed	-	-	(111)	
Reclassification	(475)	-	-	
At 31 May 2022	**9,284**	**7,750**	**3,265**	
Current 2021	1,709	3,991	2,358	
Non-current 2021	1,172	-	-	

At 31 May 2021	2,881	3,991	2,358
Current 2022	**1,605**	**7,750**	**3,265**
Non-current 2022	**7,679**	**-**	**-**
At 31 May 2022	**9,284**	**7,750**	**3,265**

Company	*Contingent consideration £000*	*Contingent remuneration £000*	*Client claims £000*	*Dilapidations £000*	*Clawbacks £000*	*Employers' NIC on share options £000*	*Onerous contracts £000*	*FSCS levy £000*	*Total £000*
At 1 June 2020	1,454	797	1,639	347	54	634	22	101	5,048
Finance costs	133	-	-	19	-	-	-	-	152
Arising during the year	-	3,803	568	72	88	173	-	15	4,718
Arising on acquisitions	2,405	-	-	-	-	-	-	-	2,405
Transferred from Group companies	-	-	-	87	-	-	7	-	94
Paid during the year	(1,111)	(609)	(503)	(4)	(88)	(193)	(29)	(15)	(2,551)
Unused amounts reversed	-	-	(13)	-	-	-	-	-	(13)
Reclassification	-	-	450	-	-	-	-	-	450
At 31 May 2021	2,881	3,991	2,141	521	54	614	-	101	10,303
Finance costs	871	-	-	25	-	-	-	-	896
Arising during the year	186	9,664	1,174	(96)	4	433	-	-	11,365
Arising on acquisitions	6,774	-	-	-	-	-	-	-	6,774
Paid during the year	(1,554)	(5,905)	(209)	(29)	(4)	(371)	-	-	(8,072)
Unused amounts reversed	-	-	(111)	-	-	-	-	(101)	(212)

Reclassification	(475)	-	-	-	-	-	-	-	(475)
At 31 May 2022	**8,683**	**7,750**	**2,995**	**421**	**54**	**676**	**-**	**-**	**20,579**
Current 2021	1,709	3,991	2,141	343	54	419	-	101	8,758
Non-current 2021	1,172	-	-	178	-	195	-	-	1,545
At 31 May 2021	2,881	3,991	2,141	521	54	614	-	101	10,303
Current 2022	**1,605**	**7,750**	**2,995**	**285**	**54**	**269**	**-**	**-**	**12,958**
Non-current 2022	**7,078**	**-**	**-**	**136**	**-**	**407**	**-**	**-**	**7,621**
At 31 May 2022	**8,683**	**7,750**	**2,995**	**421**	**54**	**676**	**-**	**-**	**20,579**

Contingent consideration

The Group has entered into certain acquisition agreements that provide for contingent consideration to be paid. Details of these agreements and the basis of calculation of the net present value of the contingent consideration are summarised in Note 3. The Group estimates the net present value of the financial liability payable within the next 12 months is £1.6m (2021: £1.7m) and the Group expects to settle the non-current balance of £7.7m (2021: £1.2m) within the subsequent 3-year period.

Contingent remuneration

Certain business acquisitions made by the Group include arrangements for remuneration payable to selling shareholders which is contingent upon certain performance conditions including the financial performance of the acquired business in meeting financial targets and links to continuing employment of management sellers. Details of these agreements and the basis of calculation of the net present value of the contingent remuneration are summarised in Note 28. The Group estimates remuneration payable within the next 12 months is £10.0m (2021: £6.3m).

Client claims

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

Dilapidations

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

Clawbacks

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

FSCS levy

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

There is uncertainty over the level of future FSCS levies as they depend on the ultimate cost to the FSCS of industry failures. The Group contributes to the investment intermediation levy class and accrues levy costs for future levy years when the obligation arises. A provision of £nil (2021: £0.1m) has been made in these financial statements for FSCS interim levies expected in relation to the year ending 31 May 2022.

27. Lease liability

Group	***2022*** ***£000***	*2021* *£000*
Maturity analysis – Contractual undiscounted cash flows:		
Less than one year	**1,121**	989
One to five years	**2,365**	1,409
More than five years	**731**	442
Total undiscounted cash flows	**4,217**	2,840
Total lease liabilities	**3,757**	2,585
Current	**985**	905
Non-current	**2,772**	1,680

Company	***2022*** ***£000***	*2021* *£000*

Maturity analysis – Contractual undiscounted cash flows:

Less than one year	**579**	894
One to five years	**767**	1,212
More than five years	**177**	309
Total undiscounted cash flows	**1,523**	2,415
Total lease liabilities	**1,396**	2,216
Current	**534**	821
Non-current	**862**	1,395

28. Commitments and contingencies

Remuneration of management sellers including contingencies

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

Following the acquisition of Hurley Partners Limited (“Hurley”) on 31 July 2020, management sellers will receive remuneration of up to £7,028,000 over a two year earn out to 31 July 2022, subject to the achievement of certain performance conditions including the financial performance of Hurley meeting financial targets and continuing employment of management sellers. In the year to 31 May 2022 remuneration costs of £3,514,000 (2021: £2,928,000) have been recognised in the statement of comprehensive income, and provision of £2,928,000 (2021: £2,928,000) is recognised in Note 26. Based on management’s latest forecasts we anticipate that a further remuneration costs of £586,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 31 July 2022.

Following the acquisition of Pole Arnold Financial Management Limited (“Pole Arnold”) on 12 April 2021, management sellers will receive remuneration of up to £3,000,000 over a two year earn out to 12 April 2023, subject to the achievement of certain performance conditions including the financial performance of Pole Arnold meeting financial targets and continuing employment of management sellers. In the year to 31 May 2022 remuneration costs of £1,500,000 (2021: £250,000) have been recognised in the statement of comprehensive income, and provision of £250,000 (2021: £250,000) is recognised in Note 26. Based on management’s latest forecasts we anticipate that a further remuneration costs of £1,250,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 12 April 2023.

Following the acquisition of Maven Capital Partners UK LLP (“Maven”) on 30 June 2021, management sellers will receive remuneration of up to £19,200,000 over a four year earn out to 30 June 2025, subject to the achievement of certain performance conditions including the financial performance of Maven meeting financial targets and continuing employment of management sellers. In the year to 31 May 2022 remuneration costs of £4,400,000 (2021: £nil) have been recognised in the statement of comprehensive income, and provision of £4,400,000 (2021: £nil) is recognised in Note 26. Based on management's latest forecasts we anticipate that a further remuneration costs of £14,800,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 30 June 2025.

Following the acquisition of Richings Financial Management Limited ("Richings") on 26 August 2021, management sellers will receive remuneration of up to £459,000 over a two year earn out to 26 August 2023, subject to the achievement of certain performance conditions including the financial performance of Richings meeting financial targets and continuing employment of management sellers. In the year to 31 May 2022 remuneration costs of £172,000 (2021: £nil) have been recognised in the statement of comprehensive income, and provision of £172,000 (2021: £nil) is recognised in Note 26. Based on management's latest forecasts we anticipate that a further remuneration costs of £287,000, representing the maximum remuneration available to management sellers, will be recognised over the remaining period of contingency to 26 August 2023.

Capital commitments

At 31 May 2022 the Group had no capital commitments (2021: £nil).

Sponsorship agreement

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

Client claims

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

In-specie pension contributions

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

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

Transfers from defined benefit schemes

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

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

29. Related party disclosures

Custodian REIT plc

In March 2014 the Company's subsidiary, Custodian Capital, was appointed as the discretionary investment manager of Custodian REIT, a closed-ended property investment company listed on the Main Market of the London Stock Exchange.

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

During the year the Group received revenues of £4.6m (2021: £3.8m) in respect of annual management charges, administration and marketing fees from Custodian REIT. Custodian REIT owed the Group £1,174,466 at 31 May 2022 (2021: £2,733).

Amati Global Investors Limited

The Company holds 49% of the issued share capital of Amati Global Investors Limited ("Amati"), an independent specialist fund management business.

Two of the Company's senior management team have been appointed to the board of Amati. Ian Mattioli is Deputy Chair and the Group's Chief Investment Officer, Simon Gibson, is a Non-Executive Director.

On 14 August 2018 the Group entered into an agreement to sublet space in its Edinburgh office to Amati for a term of five years. During the year the Group received rent of £55,000 (2021: £48,000) from Amati as lessee, £5,000 (2021: £16,000) from the recharge of other property related costs and consultancy fees of £47,000 (2021: £43,000).

Gateley (Holdings) Plc

The Company's former Chair, Joanne Lake, is a Non-Executive Director of Gateley (Holdings) Plc, which is the holding company of Gateley Plc, a provider of commercial legal services. During the year the Group received revenues of £20,000 (2021: £41,000) in respect of employee benefits services provided to Gateley Plc.

K3 Capital Group Plc

The Company's Chief Executive Officer, Ian Mattioli, is a Non-Executive Chairman of K3 Capital Group Plc, a multi-disciplinary group of professional services firms. During the year the Group paid fees of £26,927 (2021: £nil) to a subsidiary of K3 Capital Group Plc in respect of R&D tax credit consultancy fees.

Key management compensation

Key management personnel, representing those Executive Directors that served throughout the year and 8 (2021: 8) other executives, received compensation in the form of short-term employee benefits and equity compensation benefits (see Note 11) which totalled £5.5m for the year ended 31 May 2022 (2021: £4.4m).

Total remuneration of key management personnel is included in "employee benefits expense" and analysed as follows:

	2022 £000	*2021 £000*
Wages and salaries	**4,567**	3,855
Social security costs	**914**	405
Pension	**127**	42
Benefits in kind	**23**	101
	5,631	4,403

In addition, the cost of share-based payments, disclosed separately in the statement of comprehensive income, to key management personnel was £0.8m (2021: £0.7m).

Transactions with other related parties

Following the transfer of Mattioli Woods' property syndicate business to Custodian Capital, the legal structure of the arrangements offered to investors changed to a limited partnership structure, replacing the previous trust-based structure. Each limited partnership is constituted by its general partner and its limited partners (the investors), with the general partner being a separate limited company owned by Custodian Capital (see Note 18).

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

MW Properties No 25 Limited

The Group holds a 9.40% interest in MW Properties No 25 Limited, a nominee for a property syndicate. As at 31 May 2022 the Group held an investment with a market value of £30,890 (2021: £28,095) in the syndicate.

30. Financial risk management

Financial assets principally comprise trade and other receivables, cash and short-term deposits, which arise directly from its operations. Financial liabilities comprise certain provisions and trade and other payables. The main risks arising from financial instruments are market risk (including interest rate risk, foreign exchange risk and price risk), credit risk, and liquidity risk. Each of these risks is discussed in detail below.

The Group monitors financial risks on a consolidated basis, with its financial risk management based upon sound economic objectives and good corporate practice. No hedging transactions have taken place during the years presented.

Market risk

(a) *Interest rate risk*

Interest rate risk is the risk that the Group's financial performance will be adversely impacted by movements in interest rates. The Group does not have any derivative financial assets whose value is linked to interest rates, therefore exposure to interest rate risk arises from financial assets and liabilities incurring a market interest rate including cash and cash equivalents, as well as certain intercompany loan agreements to which the company is exposed. At 31 May 2022 the value of market interest bearing financial instruments on the Group's statement of financial position exposed to interest rate risk was £53.9m (2021: £21.9m), and Company £54.3m (2021: £23.5m) (Note 31). This exposure is monitored to ensure that the Group is managing its interest earning potential within accepted liquidity and credit constraints. Other than short-term overdrafts, the Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are also made for varying periods of between one day and 3 months depending on the immediate cash requirements of the Group and earn interest at the respective fixed term deposit rates.

A source of revenue is based on the value of client cash under administration. The Group has an indirect exposure to interest rate risk on these cash balances held for clients. These balances are not on the Company or Group Statements of Financial Position.

The following table demonstrates the sensitivity to a 50bps (0.5%) change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax (through the impact on floating rate deposits). 50bps is considered the appropriate impact to consider sensitivity given the reduction in the Bank of England's base rate to a historic low and the reduced likelihood of increases in this rate over the coming financial year. There is no impact on the Group's equity.

	Increase/decrease in basis points	*Group Effect on profit before tax £000*	*Company Effect on profit before tax £000*
2022			
£ Sterling	**+50**	**270**	**272**
£ Sterling	**-50**	**(270)**	**(272)**
2021			
£ Sterling	+50	109	117
£ Sterling	-50	(109)	(117)

(b) *Foreign exchange translation and transaction risk*

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. With all of the Group's business located within the UK, the Group has no material exposure to foreign exchange translation or transaction risk and does not hedge any foreign current assets or liabilities.

(c) *Price risk*

Price risk is the risk that a decline in the value of assets adversely impacts the profitability of the Group as a result of an asset not meeting its expected value.

Property administration fees, discretionary management charges and adviser charges for intermediation are based on the value of client assets under administration and hence the Group has an indirect exposure to security price risk on investments held by clients. These assets are not on the Group's statement of financial position. The risk of lower revenues is partially mitigated by asset class diversification. The Group does not hedge its revenue exposure to movements in the value of client assets arising from these risks and so the interests of the Group are aligned to those of its clients.

Credit risk

The Group and Company trades only with third parties it recognises as being creditworthy. In addition, receivable balances are monitored on an ongoing basis and under the simplified approach, provisions for credit risk are assessed under the lifetime losses approach as explained in Note 2, with all assets assessed as one portfolio (Notes 21 and 31).

Credit risk from the other financial assets of the Group and Company, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the possible use of bank overdrafts, bank loans and leases. The table below summarises the maturity profile of the Group's and the Company's financial liabilities at 31 May 2022 and 2021 based on contractual payments:

			Maturity of liability			
Group	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years £000*	*> 5 years £000*	*Total £000*

	£000	£000	£000			
Trade and other payables	-	19,226	-	-	-	19,226
Contingent consideration	-	579	1,701	8,308	-	10,588
Lease liabilities	-	308	813	2,365	731	4,217
At 31 May 2022	**-**	**20,113**	**2,514**	**10,673**	**731**	**34,031**
Trade and other payables	-	12,695	-	-	-	12,695
Contingent consideration	-	44	1,730	1,329	-	3,103
Lease liabilities	-	227	679	1,261	418	2,585
At 31 May 2021	-	12,966	2,409	2,590	418	18,383

			Maturity of liability			
Company	*On demand £000*	*Less than 3 months £000*	*3 to 12 months £000*	*1 to 5 years £000*	*> 5 years £000*	*Total £000*
Trade and other payables	-	13,755	-	-	-	13,755
Contingent consideration	-	579	1,100	8,308	-	9,987
Lease liabilities	-	170	408	767	177	1,522
At 31 May 2022	**-**	**14,504**	**1,508**	**9,075**	**177**	**25,264**
Trade and other payables	-	13,194	-	28,143	-	41,337
Contingent consideration	-	44	1,730	1,329	-	3,103
Lease liabilities	-	205	616	1,100	294	2,215
At 31 May 2021	-	13,443	2,346	30,572	294	46,655

Capital management

The Company and certain of its subsidiaries are supervised in the UK by the Financial Conduct Authority ("FCA"). The Group manages its capital through continuous review of the capital requirements of the Company and its regulated subsidiaries, which are monitored by the Group's management and reported monthly to the Board. The Group's objectives when managing capital are:

- To comply with the regulatory capital requirements set by the FCA;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital of the Group at 31 May 2022 was £230.3m (2021: £86.1m) and Company was £239.1m (2021: £89.1m). The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Regulatory capital and capital resource requirements of the Group and Company are determined in accordance with the requirements of the Investment Firms Prudential Regime ("IFPR") prescribed in the UK by the FCA, which came into effect 1 January 2022. Previously the Company had to comply with the requirements of the Capital Requirements Directive ("CRD IV"). Both CRD IV and IFPR require continual assessment of the Group's risks to ensure that sufficient capital resources are maintained to remain financially viable throughout the economic cycle, address potentially material harms from its ongoing activities, and to enable the Company to conduct an orderly wind down while minimising harm to customers.

The Group's regulatory capital comprises Tier 1 capital, which is the total of issued share capital, retained earnings (net of foreseeable dividends) and reserves created by appropriations of externally verified retained earnings, net of the carrying value of goodwill, other intangible assets, deferred tax assets and investment in associates. The Company's regulatory capital is calculated on the same basis as that of the Group, with additional deduction made for the carrying value of investments in financial sector entities and certain other qualifying holdings outside the financial sector. Neither the Group or Company hold any Tier 2 or Tier 3 capital.

The Company and regulated subsidiary companies submit quarterly returns to the FCA relating to their capital resources. Including the audited results to 31 May 2022, shares issued during the year and admitted to Core Equity Tier 1 capital following the year end, the proposed final dividend and retained earnings for the year, the total surplus on regulatory capital requirements was as follows:

	IFPR		*CRD IV*	
	Group 2022 £000	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*
Regulatory capital resources	**41,273**	**40,104**	21,740	22,146
Regulatory capital requirements	**20,703**	**14,899**	13,346	12,237
Surplus on regulatory capital requirements	**20,570**	**25,205**	8,394	9,909

All the regulated firms within the Group maintained surplus regulated capital throughout the year. The regulated subsidiaries are limited in the distributions that can be paid up to the Company by each of their individual capital resource requirements.

31. Financial instruments

The carrying amount of financial assets and financial liabilities recorded by category is as follows:

Financial assets	***Group 2022 £000***	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*
Cash and short-term deposits	**53,912**	**25,864**	21,888	10,909
Amortised cost loans and receivables (including trade and other receivables) (Note 21)	**25,532**	**48,646**	16,957	26,180
Amortised cost financial assets	**79,444**	**74,510**	38,845	37,089
Fair value through profit or loss (Note 18)	**4,262**	**26**	-	-
Fair value through other comprehensive income (Note 18)	**1,500**	**1,500**	526	526
	85,206	**76,036**	39,371	37,615

Financial liabilities	***Group 2022 £000***	***Company 2022 £000***	*Group 2021 £000*	*Company 2021 £000*
Amortised cost (including trade and other payables and loan notes payable)	**19,226**	**10,125**	12,695	41,337
Fair value through profit and loss (including contingent consideration) (Note 26)	**9,284**	**8,683**	2,881	2,881
	28,510	**18,808**	15,576	44,218

Fair values

The directors consider that the carrying value of financial instruments in the Company's and the Group's financial statements is equivalent to fair value. The following table summarises the fair value measurements recognised in the statement of financial position by class of asset or liability, grouped into different levels, defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

	Carrying amount as at 31 May 2022	*Level 1*	*Level 2*	*Level 3*

Group and Company	£000	£000	£000	£000
Financial assets				
Fixed asset investments at fair value through profit or loss (Note 18)	4,262	2,991	-	1,271
Fixed asset investments at fair value through other comprehensive income (Note 18)	1,500	-	-	1,500
At 31 May 2022	**5,762**	**2,991**	**-**	**2,771**
Financial liabilities				
Contingent consideration (Note 26)	9,284	-	-	9,284
At 31 May 2022	**9,284**	**-**	**-**	**9,284**

Company	Carrying amount as at 31 May 2022 £000	Level 1 £000	Level 2 £000	Level 3 £000
Financial assets				
Fixed asset investments at fair value through profit or loss (Note 18)	26	-	-	26
Fixed asset investments at fair value through other comprehensive income (Note 18)	1,500	-	-	1,500
At 31 May 2022	**1,526**	**-**	**-**	**1,526**
Financial liabilities				
Contingent consideration (Note 26)	9,284	-	-	9,284
At 31 May 2022	**9,284**	**-**	**-**	**9,284**

The group has elected to designate its investment in Tiller Group Limited as a fair value through other comprehensive income, due to the Group's intention to retain this equity investment as part of its strategic relationship with Tiller, held at a fair value of £1,500,000 (2021: £500,000). This investment has been accounted for at cost as the most appropriate estimate of fair value, until additional information is available to enable fair value measurement following launch of the application. Dividends from fixed asset investments designated as fair value through other comprehensive during the year was £nil (2021: £nil).

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

Contingent consideration

As set out in Note 3, the Group has entered into certain acquisition agreements that provide for contingent consideration to be paid. The exact amounts payable cannot be determined as these depend on the future performance of the acquired businesses, but the basis on which the valuation is prepared, along with detail of sensitivity to key assumptions, is set out in Note 2. The Group estimates the fair value of contingent consideration payable on acquisitions to be £9.3m (2021: £2.9m).

Interest rate risk

The following table sets out the carrying amount after taking into account provisions for impairment, by maturity, of the Company's and the Group's financial instruments that are exposed to interest rate risk:

Group Floating rate	*< 1 year £000*	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*> 5 years £000*	*Total £000*
Cash and cash equivalents	53,912	-	-	-	-	-	53,912
At 31 May 2022	**53,912**	**-**	**-**	**-**	**-**	**-**	**53,912**

Group Floating rate	*< 1 year £000*	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*> 5 years £000*	*Total £000*
Cash and cash equivalents	21,888	-	-	-	-	-	21,888
At 31 May 2021	21,888	-	-	-	-	-	21,888

Company Floating rate	*< 1 year £000*	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*> 5 years £000*	*Total £000*
Financial assets (current)	28,443	-	-	-	-	-	28,443
Cash and cash equivalents	25,864	-	-	-	-	-	25,864
At 31 May 2022	**54,307**	**-**	**-**	**-**	**-**	**-**	**54,307**

Company Floating rate	*< 1 year £000*	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*> 5 years £000*	*Total £000*
Financial assets (current)	12,576	-	-	-	-	-	12,576
Cash and cash equivalents	10,909	-	-	-	-	-	10,909
At 31 May 2021	23,485	-	-	-	-	-	23,485

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Other financial instruments of the Company and Group that are not included in the above table are non-interest bearing and therefore not subject to interest rate risk.

Credit risk

The Group's principal financial assets are cash and short-term deposits and trade and other receivables.

The only significant concentrations of credit risk relate to the Group’s bank deposits and exposure to credit risk arising from default of the counterparty. The maximum exposure is equal to the carrying amount of these deposits. Credit risk mitigation practices employed by the Group include monitoring of the creditworthiness of the financial institutions we hold deposits with and spreading funds accordingly to reduce exposure to institutions with lower credit ratings. At 31 May 2022, the Group’s bank deposits were held across the following banks: Royal Bank of Scotland plc, Lloyds Bank plc, Bank of Scotland plc, Barclays Bank UK plc, Metro Bank plc, Santander UK plc, Cater Allen Limited, Investec Bank plc, Northern Bank Limited (Danske Bank), Clydesdale Bank plc, Hinckley & Rugby Building Society and Market Harborough Building Society.

Given the nature of the Group's operations, it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. Credit risk mitigation practices employed by the Group include reviewing the credit quality of customers and limiting credit exposures accordingly, arranging for the settlement of trade receivables directly from customers investments where possible, and monitoring aged trade receivables and engaging with customers where trade receivables become overdue.

A provision for lifetime expected credit losses on financial assets is made, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The basis of our calculation of credit loss experience and provisions for expected credit losses are explained in Note 2, and details of financial assets and the associated provision for impairment are disclosed in Note 21.

32. Ultimate controlling party

The Company has no ultimate controlling party.

Alternative performance measure workings

Recurring revenue

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

Timing of revenue recognition	***2022*** ***£000***	*2021* *£000*

At a point in time:		
Investment and asset management	**3,654**	2,041
Private equity asset management	**8,543**	-
Pension consultancy and administration	**607**	1,018
Property management	**92**	625
Employee benefits	**1,346**	917
Non-recurring revenue	**14,242**	4,601
Over time:		
Investment and asset management	**46,771**	31,329
Private equity asset management	**17,610**	-
Pension consultancy and administration	**19,111**	17,789
Property management	**6,181**	4,285
Employee benefits	**4,311**	4,611
Recurring revenue	**93,984**	58,014
Total revenue	**108,226**	62,615
Recurring revenue	**86.8%**	92.7%

Organic revenues

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

Group	***2022 £000***	*2021 £000*
Total revenue	**108,226**	62,615
Revenue from acquisitions in the prior year	**(10,800)**	(6,050)
Revenue from acquisitions in the current year	**(35,270)**	-
Organic revenue	**62,156**	56,565

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), gain on bargain purchase and contingent consideration recognised as remuneration.

Group	***2022 £000***	*2021 £000*
Statutory operating profit before financing	**7,302**	4,231

Amortisation of acquired intangibles	**7,215**	2,774
Amortisation of software	**331**	304
Depreciation	**2,762**	2,772
EBITDA	**17,610**	10,081
Share of profit from associates, net of tax	**1,614**	1,141
Acquisition-related costs	**3,721**	2,595
Gain on bargain purchase	**-**	(288)
Deferred consideration presented as remuneration	**9,664**	3,803
Adjusted EBITDA	**32,609**	17,332

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, gain on bargain purchase, contingent consideration recognised as remuneration and acquisition-related notional interest charges.

Group	***2022 £000***	*2021 £000*
Statutory profit before tax	**7,989**	5,148
Amortisation of acquired intangibles	**7,215**	2,774
Acquisition-related costs	**3,721**	2,595
Gain on bargain purchase	**-**	(288)

Deferred consideration presented as remuneration	**9,664**	3,803
Acquisition-related notional finance cost	**872**	133
Adjusted PBT	**29,461**	14,165

Adjusted PAT

A measure of profitability, net of taxation, based on Adjusted PBT and deducting tax at the standard rate of 19% (2021: 19%).

Group	***2022 £000***	*2021 £000*
Adjusted PBT	**29,461**	14,165
Income tax expense at standard rate of 19%	**(5,598)**	(2,691)
Adjusted PAT	**23,863**	11,474

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, gain on bargain purchase, contingent consideration recognised as remuneration and acquisition-related notional interest charges, divided by the weighted average number of ordinary shares in issue.

Group	***2022 £000***	*2021 £000*
Adjusted PAT	**23,863**	11,474
Basic weighted average number of shares (see Note 13)	**49,393**	27,936

Adjusted EPS	**48.3p**	41.1p

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	***2022 £000***	*2021 £000*
Statutory cash generated from operations	**19,641**	20,362
Contingent remuneration paid on acquisition of subsidiaries (see Note 26)	**5,905**	609
Acquisition costs paid	**5,587**	732
Adjusted cash generated from operations	**31,133**	21,703

Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings which is set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Group either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Group's assets.

Details of the Group's related undertakings along with the country of incorporation, the registered address, the classes of shares held and the effective percentage of equity owned at 31 May 2022 are as follows:

Company name	*Holding*	*Holding %*	*Nature of business*
England and Wales			
1 New Walk Place, Leicester, LE1 6RU			
Acomb Trustees Limited	Ordinary	100%	Trustee company

Company name	*Holding*	*Holding %*	*Nature of business*
APUK14002 Limited	Ordinary	100%	Trustee company
APUK15001 Limited	Ordinary	100%	Trustee company
APUK15002 Limited	Ordinary	100%	Trustee company
AR Pension Trustees Limited	Ordinary	100%	Trustee company
Bank Street Trustees Limited	Ordinary	100%	Trustee company
Brogan Group Investments Limited	Ordinary	100%	Trustee company
Broughtons Financial Planning Limited	Ordinary	100%	Non-trading
CC Private (202) Limited	Ordinary	100%	Trustee company
CC Private (204) Limited	Ordinary	100%	Trustee company
CC Private (205) Limited	Ordinary	100%	Trustee company
Chapel Trustees Limited	Ordinary	100%	Trustee company
City Trustees Limited	Ordinary	100%	Trustee company
CP SIPP Trustees Limited	Ordinary	100%	Trustee company
CP SSAS Trustees Limited	Ordinary	100%	Trustee company
Custodian (Inland RCF) General Partner Limited	Ordinary	100%	General partner
Custodian Capital Limited	Ordinary	100%	Asset management
Eltek House Limited	Ordinary	100%	Trustee company
GB Pension Trustees Limited	Ordinary	100%	Trustee company
Great Marlborough Street Pension Trustees Limited	Ordinary	100%	Trustee company
Hurley Partners Limited	Ordinary	100%	Non-trading
Hurley Trustees Services Limited	Ordinary	100%	Trustee company
JB Trustees Limited	Ordinary	100%	Trustee company
Lindley Trustees Limited	Ordinary	100%	Trustee company
M C Trustees (Administration) Limited	Ordinary	100%	Pension administration
M C Trustees (Pensions) Limited	Ordinary and preference	100%	Pension administration
M C Trustees Limited	Ordinary	100%	Trustee company
M.W. Trustees Limited	Ordinary	100%	Trustee company
Mattioli Woods (New Walk) Limited	Ordinary	100%	Property development
Maven Capital Partners UK LLP	Ordinary	100%	Asset management
Mayflower Trustees Limited	Ordinary	100%	Trustee company
MC Nominees Limited	Ordinary	100%	Nominee company
MCT (Properties) Limited	Ordinary	100%	Dormant
Montagu Limited	Ordinary	100%	Wealth Management
MW Personal Equity (Harbinger Self Storage) Limited	Ordinary	100%	Trustee company
MW Private Equity (Harbinger Self Storage) General Partner Limited	Ordinary	100%	General partner
MW Private Equity (Rotherhill) Limited	Ordinary	100%	Trustee company
MW Private Investors (102) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (103) EPUT Limited	Ordinary	100%	Trustee company
MW Private Investors (103) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (105) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (106) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Beech Properties) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (CITU) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Clear Nursery) Limited	Ordinary	100%	Trustee company
MW Private Investors (Expedia Dental) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Highcross BTR) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Heaton Group) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Newstead Relf) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Proseed) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Prosperity Liverpool) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Swift Point) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (The Priest House Hotel) Limited	Ordinary	100%	Trustee company
MW Private Investors (The Square) Limited	Ordinary	100%	Trustee company
MW Private Investors (Tungsten Frimley) General Partner Limited	Ordinary	100%	General partner

Company name	*Holding*	*Holding %*	*Nature of business*
MW Private Investors (Tungsten Witney) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Versant) General Partner Limited	Ordinary	100%	General partner
MW Private Investors (Walrus) Limited	Ordinary	100%	Trustee company
MW Private Investors (Welbeck Land) General Partner Limited	Ordinary	100%	General partner
MW Properties (No 42) Limited	Ordinary	100%	Trustee company
MW Properties (No 46) Limited	Ordinary	100%	Trustee company
MW Properties (No 49) Limited	Ordinary	100%	Trustee company
MW Properties (No 60) Limited	Ordinary	100%	Trustee company
MW Properties No 17 Limited	Ordinary	100%	Trustee company
MW Properties No 20 Limited	Ordinary	100%	Trustee company
MW Properties No 25 Limited	Ordinary	100%	Trustee company
MW Properties No 32 Limited	Ordinary	100%	Trustee company
MW Properties No 35 Limited	Ordinary	100%	Trustee company
Old Station Road Holdings Limited	Ordinary	100%	Holding company
PC Trustees Limited	Ordinary	100%	Trustee company
Pension Consulting Limited	Ordinary	100%	Holding company
Pole Arnold Financial Management Limited	Ordinary	100%	Wealth Management
Professional Independent Pension Trustees Limited	Ordinary	100%	Trustee company
Richings Financial Management Limited	Ordinary	100%	Wealth Management
Robinson Gear (Management Services) Limited	Ordinary	100%	Trustee company
Ropergate Trustees Limited	Ordinary	100%	Trustee company
Simmonds Ford Trustees Limited	Ordinary	100%	Trustee company
SLT Trustees Limited	Ordinary	100%	Trustee company
Taylor Patterson Trustees Ltd	Ordinary	100%	Trustee company
Welbeck Strategic Land III Limited	Ordinary	100%	Trustee company
1-2 Royal Exchange Buildings, London, United Kingdom, EC3V 3LF			
Dvest Nominees Limited	Ordinary	100%	Nominee company
Finance Durham GP Limited	Ordinary	100%	General partner
Maven GPCO 1 Limited	Ordinary	100%	Designated member services
Maven GPCO 2 Limited	Ordinary	100%	Designated member services
Maven MEIF (EM) GP (ONE) Limited	Ordinary	100%	General partner
Maven MEIF (WM) GP (ONE) Limited	Ordinary	100%	General partner
Maven UK Regional Buyout 1 GP LLP	Partnership	100%	General partner
Clarence House, Clarence Street, Manchester, England, M2 4DW			
GMLF GP Limited	Ordinary	100%	General partner
NPIF NW Equity (GP) Limited	Ordinary	100%	General partner
172 Lord Street, Southport, Merseyside, PR9 0QA			
Ludlow Wealth Management Limited	Ordinary	100%	Wealth Management
LWMG Midco Limited	Ordinary	100%	Holding company
LWMG Topco Limited	Ordinary	100%	Holding company
Scotland			
Kintyre House, 205 West George Street, Glasgow, Scotland, G2 2LW			
GMLF GP A LLP	Partnership	100%	General partner
Maven (CL) Limited	Ordinary	100%	Designated member services
Maven Capital (TH) Limited	Ordinary	100%	Trustee company
Maven Capital Cardiff Trustee Limited	Ordinary	100%	Trustee company
Maven Capital GCM Limited	Ordinary	100%	LLP corporate member
Maven Capital Investments Limited	Ordinary	100%	Holding company
Maven Coinvest GP A LLP	Partnership	100%	General partner

Company name	*Holding*	*Holding %*	*Nature of business*
Maven Co-Invest B1 GP LLP	Partnership	100%	General partner
Maven Co-Invest GP Limited	Ordinary	100%	General partner
Maven MIP GP LLP	Partnership	100%	General partner
Maven NEDF GP Limited	Ordinary	100%	General partner
Maven Nominee Limited	Ordinary	100%	Holding company
Maven Partners (ABZ) GP LLP	Partnership	100%	General partner
Maven Partners (Ambassador Homes) GP LLP	Partnership	100%	General partner
Maven Partners (Barrow HIEX) GP LLP	Partnership	100%	General partner
Maven Partners (Brighton) GP LLP	Partnership	100%	General partner
Maven Partners (Carters Yard) GP LLP	Partnership	100%	General partner
Maven Partners (Dalian House) GP LLP	Partnership	100%	General partner
Maven Partners (Douglas House Glasgow) GP LLP	Partnership	100%	General partner
Maven Partners (Goldcrest) GP LLP	Partnership	100%	General partner
Maven Partners (Greenock) GP LLP	Partnership	100%	General partner
Maven Partners (HbH Manchester) GP LLP	Partnership	100%	General partner
Maven Partners (Inverness) GP LLP	Partnership	100%	General partner
Maven Partners (Mansfield) GP LLP	Partnership	100%	General partner
Maven Partners (Middleton St George) GP LLP	Partnership	100%	General partner
Maven Partners (Murieston) GP LLP	Partnership	100%	General partner
Maven Partners (Nottingham) GP LLP	Partnership	100%	General partner
Maven Partners (Westerhill Road) GP LLP	Partnership	100%	General partner
Maven Property (Inverness Campus) Ltd (dissolved 21 June 2022)	Ordinary	100%	Dormant
Maven Property Investments Limited	Ordinary	100%	Asset management
Maven SLF FP Limited	Ordinary	100%	Limited partner
Maven UK Regional Buyout 1 Founder Partner GP LLP	Partnership	100%	General partner
MC Cardiff General Partner LLP	Partnership	100%	General partner
MP (CPPI) GP LLP	Partnership	100%	General partner
MP (Maidenhead) GP LLP	Partnership	100%	General partner
MP (Shire Hall Durham) GP LLP	Partnership	100%	General partner
SLF GP A LLP	Partnership	100%	General partner
SLF GP Limited	Ordinary	100%	General partner
The Turris Partnership Limited	Ordinary	100%	Wealth management
Daerven Barrow LLP	Partnership	30%	Holding company
8 Coates Crescent, Edinburgh, Scotland, EH3 7AL			
Caledonia Asset Management Limited	Ordinary	100%	Wealth Management
Amati Global Investors Limited	Ordinary	50%	Asset management
Northern Ireland			
Rivers Edge, 11 Ravenhill Road, Belfast, BT6 8DN			
Callender Street Nominees Limited	Ordinary	100%	Holding company
Callender Street Trustees Limited	Ordinary	100%	Trustee company
Fitzwilliam (Ascot) Holdings Limited	Ordinary	100%	Holding company
Fitzwilliam (GYLO) Holdings Limited	Ordinary	100%	Holding company
Fitzwilliam (President) Holdings Limited	Ordinary	100%	Holding company
Fitzwilliam (Waltham Forest) Holdings Limited	Ordinary	100%	Holding company
Fitzwilliam Trustees (Marylebone & Cotswold) Holdings Limited	Ordinary	100%	Holding company
Fitzwilliam Trustees Number 1 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 10 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 11 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 12 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 2 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 3 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 4 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 5 Limited	Ordinary	100%	Trustee company

Company name	*Holding*	*Holding %*	*Nature of business*
Fitzwilliam Trustees Number 6 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 7 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 8 Limited	Ordinary	100%	Trustee company
Fitzwilliam Trustees Number 9 Limited	Ordinary	100%	Trustee company
SSAS Solutions (UK) Ltd	Ordinary	100%	Pension administration