

## Half-year Report

***Kingswood Holdings Limited ("Kingswood") continues to make strong progress against strategic objectives and is well positioned to accelerate the delivery of medium-term targets***

- ***Following record results in 2021, revenue has further grown by 31% in H1'22 (vs H1'21) and operating profit by 47% increasing by £1.5m to £4.5m confirming the resilience of the business with a highly scalable platform***
- ***UK trading in line with expectations and has completed 6 acquisitions so far in 2022, adding £2.8m annual operating profit and c.£0.9bn Assets under Management and Advice (AUM/A) to the Group. Kingswood has also signed Heads of Terms or is in exclusive discussions with a further 8 UK & Ireland businesses, most of which it expects to conclude in this financial and calendar year***
- ***Kingswood US increased the number of registered representatives in its Registered Investment Adviser (RIA) and Independent Broker Dealer (IBD) business by 6% in the first six months of the year, supporting growth in AUM/A by \$0.2bn to c.\$2.7bn***
- ***A complementary focus on organic growth is now delivering a positive trajectory across all operating segments in H1'22***
- ***Kingswood now manages £9.3bn of client assets, an increase of 37% compared to December 2021***

Kingswood Holdings Limited (AIM: KWG), the international, fully integrated wealth and investment management group, is pleased to announce its unaudited interim financial results for the half year ended 30 June 2022.

**David Lawrence, Kingswood Chief Executive Officer**, commented: "We delivered record levels of revenue and operating profit in all 3 of our Divisions in 2021 and I am delighted to report further growth in the first half of 2022. Whilst the business continues to build momentum through 2022, revenue and operating profit have been impacted by unfavourable market conditions, mainly from lower than expected capital market activity in the US. Despite this, our business continues to grow organically in both the UK and US and our acquisition strategy continues to progress as planned.

We have continued to implement our buy, build and grow strategy in the UK, successfully completing the acquisition of 6 UK IFA businesses and have a strong pipeline for future UK acquisitions. I would like to welcome our 6 recently acquired businesses to the Kingswood Group and wish them every success with us moving forwards. Under the leadership of Mike Nessim, we have also continued to expand our US footprint adding 12 new registered representatives and growing our AUM by \$0.2bn.

Whilst the external environment is less certain in the short-term, the strategy and trajectory of the business continues as planned. We have a strong leadership team that is driving tangible results and realising our ambition to become a leading fully integrated international wealth & investment management business and I would like to thank all colleagues and stakeholders for their effort, focus and commitment."

### **Strategic Highlights**

- UK AUM/A increased by £2.2bn to £7.1bn in H1'22 largely driven by inorganic growth and positive net flows of assets under our management and advice (AUM/A)
- We completed the acquisition of 6 UK IFA businesses in the first half of the year which have been successfully integrated into the Group's operations within 4 months
- 8 UK acquisitions are currently in exclusive due diligence, comprising a total of £8.7m annual operating profit and £1.9bn AUM/A. These are expected to conclude in the fourth quarter of 2022
- Kingswood places the client at the heart of everything we do and we are extremely proud to have 4.8 stars out of 5 on *VouchedFor*, home to the UK's most trusted advisers
- Technology has been successfully deployed in the business to improve the client experience and productivity. Following the launch of our market leading 'Kingswood Go' app in March 2022, over 1,300 clients have now registered providing them with easier access to their investment portfolio. Further investments in technology will deliver an enhanced experience for the client including digital fact finds and new propositions that will provide both a face to face and a digitally delivered service

- As we build a business more representative of our society, good progress has been made to address diversity imbalances across the organisation - 60% of UK adviser hires in 2022 were female compared to an adviser community where c.15% of our advisers are female
- Kingswood US has continued to grow organically through the accelerated recruitment of registered representatives, which supported an 8% increase in AUM/A to \$2.7bn
- The US business continues to build on the exceptional growth experienced in its Investment Banking operating segment during 2021, recruiting two new high quality IB groups in H1'22 focussed on mid-market equity capital markets

## Financial Highlights

- Group revenue of £80.4m increased by £18.8m, or 31%, compared to H1'21 reflecting the impact of acquisitions and healthy organic growth across both the UK and US
- Wealth Planning revenue of £12.9m increased by 55% compared to H1'21 reflecting the impact of our recent acquisitions and organic revenue growth from higher new volumes of new business. Investment Management revenue of £3.6m also increased by 55% compared to the prior year due to the acquisition of IBOSS Asset Management, with positive net inflows also seen in our Fixed Income business
- US revenue of £63.9m increased by 26% compared to H1'21. Recurring revenues increased from 7% in 2021 to 13% in H1 2022. The Registered Investment Adviser (RIA) and Independent Broker Dealer (IBD) business reported revenue was £8.0m, 189% higher than H1'21, as an increase in the number of registered representatives by 12 to 223 supported growth in AUM by \$0.2bn to \$2.7bn. Investment Banking (IB) revenue of £55.9m increased by 16% compared to H1'21 reflecting a strong performance in the first quarter. IB revenue in the second quarter fell by 20% year-over-year as macro-economic headwinds and market volatility led to a slowdown in capital market activity, as demonstrated by a fall in the number of IPOs in the Americas region by 73% compared to H1'21. On a like for like currency basis, US revenue increased by 17% to \$82.7m compared to H1'21
- Operating Expenditure of £15.6m increased by 46% compared to H1'21 largely reflecting the impact of acquisitions in the UK (£2.9m) and higher costs in Kingswood US (£1.5m) due to higher legal, compliance and regulatory costs. Central costs increased by (£0.5m) to £2.8m reflecting investment to support a growing business and higher professional fees
- Operating Profit of £4.5m was £1.5m higher than H1'21 reflecting the additional contributions from the recently acquired businesses. The Kingswood Board believes Operating Profit is the most appropriate indicator to explain the underlying performance of the Group. The definition of Operating Profit is profit before finance costs, amortisation and depreciation, gains and losses, and exceptional costs (business re-positioning and transaction costs)
- Profit before Tax for the period was a Loss of £1.7m reflecting a net £6.3m acquisition related deferred consideration release offset by £1.9m amortisation and depreciation, £1.5m finance (interest related) costs, £2.8m business re-positioning and transaction costs and a goodwill adjustment of £6.4m
- The Group had £20.7m of cash as at June 2022, a decrease of £22.2m since December 2021, largely driven by acquisition related payments in the UK and timing of the settlement of Investment Banking commission payments in the US

£'000 (unless otherwise stated)	H1'22	H1'21	Change %
Wealth Management	12,864	8,307	55%
Investment Management	3,588	2,312	55%
Kingswood US	63,937	50,922	26%
<b>Total Revenue</b>	<b>80,389</b>	<b>61,541</b>	<b>31%</b>
<i>Recurring Revenue</i>	28%	19%	n/a
Kingswood UK (WM + IM)	5,810	2,830	105%
Kingswood US	1,529	2,519	(39)%
<b>Division Operating Profit</b>	<b>7,339</b>	<b>5,349</b>	<b>37%</b>
Central Costs	(2,834)	(2,294)	24%
<b>Operating Profit</b>	<b>4,505</b>	<b>3,055</b>	<b>47%</b>

  

£'000 (unless otherwise stated)	H1'22	FY'21	Change %
Total Equity	75,608	76,898	(2)%
Total Cash	20,693	42,933	(52)%
<b>Key Metrics</b>			
AUM/A (£m)	9,288	6,772	37%
# of UK Advisers	87	70	24%
# of US RIA/IBD reps	223	211	6%

### Change of Auditor

During H1 2022 Kingswood Holdings Limited embarked on a tender process to undertake future audit activity. Our existing auditor BDO LLP ("BDO") did not participate in this process. BDO LLP ("BDO") have subsequently resigned as the Group's auditor and the Board has approved the appointment of PKF Littlejohn ("PKF") as the Group's new external auditor. PKF will conduct the audit of the Group's financial statements for the financial period to 31 December 2022. BDO has submitted to the Company, in accordance with 2008 Companies Guernsey Law, a letter stating its reason for resigning. A copy of BDO's letter has, in accordance with section 274 of the 2008 Companies Guernsey Law, today been shared with all shareholders on the Company's website, along with an explanatory letter from Kingswood Holdings Limited.

### Outlook

Our near-term target remains to build our UK AUM/A to in excess of £10bn and £12.5bn globally, and we are building a pipeline to deliver a proforma £20m Operating Profit through a combination of acquisitions and organic growth.

Whilst external factors continue to impact the business, Kingswood's resilience has been demonstrated through a solid performance in the first half of the year. We have made good progress against our UK inorganic growth strategy and have generated pleasing organic revenue growth across the Group. The UK business has proven to have sticky, long-term recurring revenues that are not directly correlated to market performance. In the second half of the year, we expect further organic growth and positive net inflows and it remains well positioned as financial markets recover. The transactional nature of US Investment Banking revenues means that its revenue and profit will be dependent on the levels of capital market activity.

Looking ahead we remain confident in the success of our ambitious long-term growth strategy grounded in supporting our clients to protect and grow their wealth.

**KINGSWOOD HOLDINGS LIMITED**  
**CONSOLIDATED INTERIM UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

# KINGSWOOD HOLDINGS LIMITED

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# KINGSWOOD HOLDINGS LIMITED

## FINANCIAL AND OPERATIONAL REVIEW

### FOR THE PERIOD ENDED 30 JUNE 2022

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#### Group Review:

The business has continued to build momentum in 2022 and revenue and operating profit have grown despite unfavourable market conditions. Our business continues to grow organically in both the UK and US and our acquisition strategy continues to progress as planned. We have a strong leadership team that is driving tangible results and realising our ambition to become a leading fully integrated International wealth & investment management business.

#### Finance Review:

Despite the continued macro-economic uncertainty and volatility, Kingswood has delivered double-digit revenue and operating profit growth in the first half of the year. AUM/A is now £9.3bn and we are reporting organic revenue growth in the business.

We continue to see the benefits of our buy, build and grow strategy, completing a further 6 acquisitions in 2022 that will continue the growth trajectory into 2023 and beyond. The Kingswood Board continues to focus on ensuring that they maintain and deliver a robust Balance Sheet with a view to ensuring no deferred liability remains uncovered from a funding perspective. Our focus is to maximise shareholder returns through Operating Profit growth combined with minimising our weighted average cost of capital.

Group revenue of £80.4m increased by 31% compared to H1'21, with double digit growth across all operating segments. Wealth Planning revenue increased by 55% to £12.9m and Investment Management revenue increased by 55% to £3.6m, driven by £4.5m and £1.1m growth through acquisitions respectively. Organic revenue growth across the UK segments demonstrates the synergies generated through our vertically integrated growth strategy.

US revenues of £63.9m increased by 26% compared to H1'21. Recurring revenues increased from 7% in 2021 to 13% in H1 2022. The Registered Investment Adviser (RIA) and Independent Broker Dealer (IBD) business reported revenue was £8.0m, 189% higher than H1'21, as an increase in the number of registered representatives by 12 to 223 supported growth in AUM by \$0.2bn to \$2.7bn. Investment Banking (IB) revenue of £55.9m increased by 16% compared to H1'21 reflecting a strong performance in the first quarter. IB revenue in the second quarter fell by 20% year-over-year as macro-economic headwinds and market volatility led to a slowdown in capital market activity, as demonstrated by a fall in the number of IPOs in the Americas region by 73% compared to H1'21.

Operating Profit for the period was £4.5m, an increase of £1.5m compared to the prior year, reflecting the impact of acquisitions the underlying business dynamics. An increase in central costs of £0.5m to £2.8m largely reflects an increase in the central resources required to support a larger business and one-off professional fees.

Profit before Tax for the period was a Loss of £1.7m reflecting a net £6.3m acquisition related deferred consideration release offset by £1.9m amortisation and depreciation, £1.5m finance (interest related) costs, £2.8m business re-positioning and transaction costs and a goodwill adjustment of £6.4m.

The Group had £20.7m of cash as at June 2022, a decrease of £22.2m compared to December 2021. This is largely driven by acquisition related payments and a timing impact of the settlement of Investment Banking commission payments in the US. Net Assets as at 30 June 2022 were £75.6m, a decrease of £1.3m compared to December 2021.

Our near-term target remains to build our UK AUM/A in excess of £10bn and £12.5bn globally, and we are building a pipeline to deliver a proforma £20m Operating Profit through a combination of acquisitions and organic growth. Although we continue to operate within an uncertain macroeconomic environment looking ahead, we remain confident in the success of our ambitious long-term growth strategy grounded in supporting our clients to protect and grow their wealth.

# KINGSWOOD HOLDINGS LIMITED

## FINANCIAL AND OPERATIONAL REVIEW

### FOR THE PERIOD ENDED 30 JUNE 2022

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#### UK Highlights:

Kingswood UK has delivered a solid financial performance in H1'22, with revenue and operating profit increasing by 55% and 105% year-over year respectively.

We successfully completed the acquisition of 6 UK IFA businesses, with all 2022 acquisitions now fully integrated into the Group's operations and there is a healthy pipeline of future acquisition opportunities at various stages of study and negotiation, including 8 currently in exclusive due diligence comprising a total of £8.7m annual operating profit and £1.9bn AUM/A. These transactions are expected to conclude in the fourth quarter of 2022.

Total UK revenue of £16.5m in H1'22, was £5.8m higher compared to the same period last year and with 86% of revenues being recurring in nature this provides the strong, annuity style fee stream required to deliver sustainable, long term returns to our shareholders.

We expect organic growth in both initial and ongoing fees post integration through accretive assets under influence and, despite the first half of 2022 bringing with it both a decline in global markets and inflationary pressures, the UK business generated positive organic revenue growth in H1'22. Organic growth is delivered through agreements with professional introducers who recommend Kingswood to their clients, digital channels including SEO and Google ads, a greater share of wallet through adviser-client meetings and vertical integration.

The Advisory model demonstrated resilience during COVID and remains resilient in the current period. Clients tend to seek advice in periods of market volatility and the adviser-client relationship is the stickiest part of the value chain. Despite a decline in global markets our clients are typically invested for the long term, with assets tied up in diversified portfolios.

The hard work and dedication of all our staff has enabled us to continually deliver against our buy, build and grow strategy at pace whilst maintaining the highest levels of service and experience for our clients, as reflected in our most recent 'Vouchedfor' rating of 4.8 / 5.0.

#### US Highlights:

We maintain a robust recruitment pipeline of new advisers, with a particular focus on developing predictable and recurring revenue streams from the advice and management of our client assets and the first half of 2022 we further expanded our US footprint by adding 12 new registered representatives and growing our AUM/A by \$0.2bn. Our brand recognition continues to develop within the market, and we are seeing increasing levels of referrals from within our current adviser base. This has enabled us to continually build a strong pipeline of new advisers and we expect to onboard a further 10 reps managing c.\$300m AUM/A in 2022.

Kingswood US revenue of \$82.7m in the first half of the year increased by \$12.0m or 17% compared to the same period last year. Operating profit decreased by \$1.5m to \$2.0m compared to H1'21. The decrease in operating profit has largely been driven by an increase in operating expenses related to non-recurring professional fees and higher staff commission payments for the recruitment of reps, which we will begin to see revenue generation from over H2'22.

In the second half of the year, we expect our financial performance to continue to be impacted by market movements and capital market activity in the US. The transactional nature of US Investment Banking revenues means that they will be dependent on the levels of capital market activity. Through investment in the business we remain well positioned as financial markets begin to recover.

We remain confident in the success of our long term growth strategy of acquiring small to medium size IBD/RIA firms and recruiting independent financial advisers through a superior wealth management platform, supporting practice offering and by removing the management and regulatory burden to enable advisers to focus on growing their client base. In turn this will continue to increase our levels of recurring revenues and drive improved margins.

# KINGSWOOD HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	Six months to 30 June 2022 (unaudited) £'000	Six months to 30 June 2021 (unaudited) £'000	Year ended 31 Dec 2021 (audited) £'000
<b>Revenue</b>	<b>3</b>	80,389	61,541	149,716
Direct expenses		(60,330)	(47,824)	(120,497)
<b>Gross profit</b>		20,059	13,717	29,219
Operating staff costs		(10,283)	(7,631)	(15,157)
Other operating costs		(5,271)	(3,031)	(7,735)
Total operating costs		(15,554)	(10,662)	(22,892)
<b>Operating profit</b>		4,505	3,055	6,327
<i>Non-operating costs:</i>				
Business re-positioning costs		(1,202)	(407)	(1,564)
Finance costs		(1,455)	(840)	(4,927)
Amortisation and depreciation		(1,863)	(1,117)	(2,399)
<i>Acquisition-related items:</i>				
Other (losses) / gains	<b>4</b>	-	-	(3,056)
Remuneration charge (deferred consideration)	<b>10</b>	6,309	(4,145)	(7,009)
Goodwill adjustment	<b>8</b>	(6,364)	-	-
Transaction costs		(1,621)	(274)	(1,836)
<b>Loss before tax</b>		(1,691)	(3,728)	(14,464)
Tax		(139)	3	(761)
<b>Loss after tax</b>		(1,830)	(3,725)	(15,225)
Other comprehensive income / (loss)				
<i>Items that may not be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations		(417)	368	367
<b>Total comprehensive loss</b>		(2,247)	(3,357)	(14,858)



# KINGSWOOD HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

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	Six months to 30 June 2022 (unaudited) £'000	Six months to 30 June 2021 (unaudited) £'000	Year ended 31 Dec 2021 (audited) £'000	
- Owners of the parent company	(2,545)	(4,857)	(17,432)	
- Non-controlling interests	715	1,132	2,207	
<b>Total comprehensive loss is attributable to:</b>				
- Owners of the parent company	(2,962)	(4,489)	(17,065)	
- Non-controlling interests	715	1,132	2,207	
<b>Loss per share:</b>				
- Basic loss per share	<b>5</b>	£ (0.01)	£ (0.02)	£ (0.08)
- Diluted loss per share	<b>5</b>	£ (0.00)	£ (0.02)	£ (0.08)

The notes on pages 10 - 26 form an integral part of the financial statements.

# KINGSWOOD HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	30 Jun 2022 (unaudited) £'000	30 Jun 2021 (unaudited) £'000	31 Dec 2021 (audited) £'000
<b>Non-current assets</b>				
Property, plant and equipment	6	916	915	941
Right-of-use assets	7	3,071	2,583	2,719
Goodwill and other intangible assets	8	97,231	46,943	80,255
Investments		-	20	-
Deferred tax asset		-	392	-
		<u>101,218</u>	<u>50,853</u>	<u>83,915</u>
<b>Current assets</b>				
Short term investments		72	-	65
Trade and other receivables		7,207	5,067	5,749
Cash and cash equivalents		20,693	24,733	42,933
		<u>27,972</u>	<u>29,800</u>	<u>48,747</u>
<b>Total assets</b>		<u>129,190</u>	<u>80,653</u>	<u>132,662</u>
<b>Current liabilities</b>				
Trade and other payables		18,515	20,077	26,084
Deferred consideration payable	10	14,286	900	7,706
		<u>32,801</u>	<u>20,977</u>	<u>33,790</u>
<b>Non-current liabilities</b>				
Deferred consideration payable	10	10,304	3,810	14,482
Other non-current liabilities		2,956	9,834	2,915
Deferred tax liability		7,521	1,889	4,577
		<u>53,582</u>	<u>36,510</u>	<u>55,764</u>
<b>Total liabilities</b>		<u>53,582</u>	<u>36,510</u>	<u>55,764</u>
<b>Net assets</b>		<u>75,608</u>	<u>44,143</u>	<u>76,898</u>
<b>Equity</b>				
Share capital	11	10,846	10,846	10,846
Share premium	11	8,224	8,224	8,224
Preference share capital	12	70,150	37,550	70,150
Other reserves		11,597	(487)	11,041
Foreign exchange reserve		417	(459)	(488)
Retained (loss)		(27,638)	(12,359)	(23,800)
		<u>73,596</u>	<u>43,315</u>	<u>75,973</u>
<b>Equity attributable to the owners of the Parent Company</b>		<u>73,596</u>	<u>43,315</u>	<u>75,973</u>
Non-controlling interests		2,012	828	925
<b>Total equity</b>		<u>75,608</u>	<u>44,143</u>	<u>76,898</u>

# **KINGSWOOD HOLDINGS LIMITED**

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***AS AT 30 JUNE 2022***

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The notes on pages 10 - 26 form an integral part of the financial statements.

The financial statements of Kingswood Holdings Limited (registered number 42316) were approved and authorised for issue by the Board of Directors, and signed on its behalf by:

Chairman

Date:

# KINGSWOOD HOLDINGS LIMITED

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital and share premium	Deferred share capital	Preference share capital	Other reserves	Foreign exchange reserve	Retained earnings	Equity attributable to the owners of the parent Company	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	19,070	-	37,550	(519)	(855)	(6,159)	49,087	1,065	50,152
Loss for the period	-	-	-	-	-	4,857	4,857	(1,132)	3,725
Amounts attributable to NCI	-	-	-	-	-	-	-	32	(32)
Elimination of local goodwill on consolidation	-	-	-	-	-	(1,343)	1,343	(1,337)	(2,680)
Foreign exchange gain	-	-	-	-	368	-	368	-	368
Share based remuneration	-	-	-	60	-	-	60	-	60
Balance at 30 June 2021 (unaudited)	19,070	-	37,550	(459)	487	(12,359)	43,315	828	44,143
(Loss) / profit for the period	-	-	-	-	-	(12,575)	(12,575)	1,075	(11,500)
Dividends due to NCI	-	-	-	-	-	-	-	(1,033)	(1,033)
Other adjustment	-	-	-	-	-	1,134	1,134	-	1,134
Issue of preference share capital	-	-	32,600	-	-	-	32,600	-	32,600
Share based remuneration	-	-	-	34	-	-	34	-	34
Preference share capital reserve	-	-	-	11,466	-	-	11,466	-	11,466
Foreign exchange loss	-	-	-	-	(1)	-	(1)	55	54
Balance at 31 December 2021 (audited)	19,070	-	70,150	11,041	(488)	(23,800)	75,973	925	76,898

# KINGSWOOD HOLDINGS LIMITED

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital and share premium	Deferred share capital	Preference share capital	Other reserves	Foreign exchange reserve	Retained earnings	Equity attributable to the owners of the parent Company	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(Loss) / profit for the period	-	-	-	-	-	(2,545)	(2,545)	715	(1,830)
Movement on NCI	-	-	-	-	-	-	-	372	372
Consolidation adjustment	-	-	-	-	-	(1,293)	(1,293)	-	(1,293)
Foreign exchange movement	-	-	-	-	905	-	905	-	905
Share based remuneration	-	-	-	556	-	-	556	-	556
Foreign exchange gain	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2022 (unaudited)</b>	<b>19,070</b>	<b>-</b>	<b>70,150</b>	<b>11,597</b>	<b>417</b>	<b>(27,638)</b>	<b>73,596</b>	<b>2,012</b>	<b>75,608</b>

Note 11 provides further details of, and the split between, Share Capital and Share Premium.

Additional reserves consist of foreign exchange translation, other reserves including share-based remuneration and expenses charged against reserves.

The notes on pages 10 - 26 form an integral part of the financial statements.

# KINGSWOOD HOLDINGS LIMITED

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	Period 30 Jun 2022 (unaudited) £'000	Period 30 Jun 2021 (unaudited) £'000	Year ended 31 Dec 2021 (audited) £'000
<b>Net cash generated from / (used in) operating activities</b>	<b>13</b>	(8,989)	1,679	1,741
<b>Investing activities</b>				
Property, plant and equipment purchased		(50)	(529)	(127)
Acquisition of investments		(13,180)	-	(12,720)
Remuneration charge (deferred consideration)		(173)	-	(738)
<b>Net cash used in investing activities</b>		(13,403)	(529)	(13,585)
<b>Financing activities</b>				
Proceeds from issue of shares		-	20,000	52,600
Interest paid		(11)	(12)	(58)
Lease payments		(454)	(304)	(650)
Dividends paid to non-controlling interests		-	-	(1,272)
New loans (repaid) / loans received		(156)	-	18
<b>Net cash (used in)/generated from financing activities</b>		(621)	19,684	50,638
<b>Net (decrease)/increase in cash and cash equivalents</b>		(23,013)	20,834	38,794
Cash and cash equivalents at beginning of Period		42,933	3,899	3,899
Effect of foreign exchange rates		771	-	240
<b>Cash and cash equivalents at end of Period</b>		<u>20,691</u>	<u>24,733</u>	<u>42,933</u>

Prior period financials have been restated to correctly recognise contingent deferred consideration payments, linked to the continued employment of the acquiree's employees, as an operating cash outflow in the Consolidated Statement of Cash Flows. Previously all deferred consideration payments related to acquisitions were included in the deferred consideration line within net cash used in investing activities.

In 30 June 2021, the cash outflow reclassified from investing activities to operating activities was £3,974,702.

The notes on pages 10 - 26 form an integral part of the financial statements.

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

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#### 1 Accounting policies

##### General information

Kingswood Holdings Limited is a company incorporated in Guernsey under The Companies (Guernsey) Law, 2008. The shares of the Company are traded on the AIM market of the London Stock Exchange (ticker symbol: KWG). The nature of the Group's operations and its principal activities are set out in the Strategic Report. Certain subsidiaries in the Group are subject to the FCA's regulatory capital requirements and therefore required to monitor their compliance with credit, market and operational risk requirements, in addition to performing their own assessment of capital requirements as part of the ICAAP.

##### 1.1 Basis of accounting

The Group's interim condensed consolidated financial statements are prepared and presented in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies adopted by the Group in the preparation of its 2022 interim report are consistent with those disclosed in the annual financial statements for the year ended 31 December 2021.

The information relating to the six months ended 30 June 2022 and the six months ended 30 June 2021 do not constitute statutory financial statements and has not been audited. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's most recent annual financial statements for the year ended 31 December 2021.

##### 1.2 Changes in significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 annual financial statements.

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022 (the date on which the company's next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

##### 1.3 Significant accounting policies

##### Going concern

The Directors review the going concern position of the Group on a regular basis as part of the monthly reporting process which includes consolidated management accounts and cash flow projections and have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Revenue recognition

##### *Performance obligations and timing of revenue recognition*

The majority of the Group's UK revenue, being investment management fees and ongoing wealth advisory, is derived from the value of funds under management / advice, with revenue recognised over the period in which the related service is rendered. This method reflects the ongoing portfolio servicing required to ensure the Group's contractual obligations to its clients are met. This also applies to the Group's US Registered Investment Advisor ("RIA") business.

For certain commission, fee-based and initial wealth advisory income, revenue is recognised at the point the service is completed. This applies in particular to the Group's US Independent Broker Dealer ("IBD") services, and its execution-only UK investment management. There is limited judgement needed in identifying the point such a service has been provided, owing to the necessity of evidencing, typically via third-party support, a discharge of pre-agreed duties.

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

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#### 1 Accounting policies

The US division also has significant Investment Banking operations, where commission is recognised on successful completion of the underlying transaction.

##### *Determining the transaction price*

Most of the Group's UK revenue is charged as a percentage of the total value of assets under management or advice. For revenue earned on a commission basis, such as the US broker dealing business, a set percentage of the trade value will be charged. In the case of one-off or ad hoc engagements, a fixed fee may be agreed.

##### *Allocating amounts to performance obligations*

Owing to the way in which the Group earns its revenue, which is largely either percentage-based or fixed for discrete services rendered, there is no judgement required in determining the allocation of amounts received. Where clients benefit from the provision of both investment management and wealth advisory services, the Group is able to separately determine the quantum of fees payable for each business stream.

Further details on revenue, including disaggregation by operating segment and the timing of transfer of service(s), are provided in note 3 below.

#### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

##### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies that had the most significant effect on the amounts recognised in the financial statements.

##### *Assessment of control*

Control is considered to exist where an investor has power over an investee, or else is exposed, and has rights, to variable returns. The Group determines control to exist where its own direct and implicit voting rights relative to other investors afford KHL – via its board and senior management – the practical ability to direct, or as the case may be veto, the actions of its investees. KHL holds 50.1% of voting rights in MHC and its subsidiaries, as well as a majority stake in the US division's advisory board when grouped with affiliated entities. The Group has thus determined that the Company has the practical ability to direct the relevant activities of MHC and its subsidiaries, and has consolidated the sub-group as subsidiaries with a 49.9% non-controlling interest.

#### **Estimates and Assumptions**

##### ***Intangible assets:***

##### *Expected duration of client relationships*

The Group makes estimates as to the expected duration of client relationships to determine the period over which related intangible assets are amortised. The amortisation period is estimated with reference to historical data on account closure rates and expectations for the future. During the period, client relationships were amortised over a 10-20 year period.



# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

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#### 2 Critical accounting judgements and key sources of estimation uncertainty

##### *Goodwill*

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Goodwill is reviewed annually for impairment by comparing the carrying amount of the CGUs to their expected recoverable amount, estimated on a value-in-use basis.

##### **Share-based remuneration:**

##### *Share based payments*

The calculation of the fair value of share-based payments requires assumptions to be made regarding market conditions and future events. These assumptions are based on historic knowledge and industry standards. Changes to the assumptions used would materially impact the charge to the Statement of Comprehensive Income.

##### **Deferred tax:**

##### *Recoverability of deferred tax assets*

The amount of deferred tax assets recognised requires assumptions to be made to the financial forecasts that probable sufficient taxable profits will be available to allow all or part of the asset to be recovered.

##### **Leases:**

##### *Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate to measure lease liabilities. This is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

##### **Deferred consideration:**

##### *Payment of deferred consideration*

The Group structures acquisitions such that consideration is split between initial cash or equity settlements and deferred payments. The initial value of the contingent consideration is determined by EBITDA and/or revenue targets agreed on the acquisition of each asset. It is subsequently remeasured at its fair value through the Statement of Comprehensive Income, based on the Directors' best estimate of amounts payable at a future point in time, as determined with reference to expected future performance. Forecasts are used to assist in the assumed settlement amount.

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 3 Business and geographical segments

Information reported to the Group's Non-Executive Chairman for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity.

The Group's reportable segments under IFRS 8 are as follows: investment management, wealth planning and US operations.

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date and enable users to understand the relationship with revenue segment information provided below.

The following is an analysis of the Group's revenue and results by reportable segment for the year to 31 December 2021. The table below details a full year's worth of revenue and results for the principal business and geographical divisions, which has then reconciled to the results included in the Statement of Comprehensive Income:

	Investment management	Wealth planning	US operations	Group	Total
<b>Period ended 30 June 2022</b>					
<b>Continuing operations:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue (disaggregated by timing):</b>					
Point in time	465	1,776	55,944	-	58,185
Over time	3,123	11,088	7,993	-	22,204
<b>External sales</b>	<b>3,588</b>	<b>12,864</b>	<b>63,937</b>	<b>-</b>	<b>80,389</b>
Direct expenses	(717)	(519)	(59,094)	-	(60,330)
<b>Gross profit</b>	<b>2,871</b>	<b>12,345</b>	<b>4,843</b>	<b>-</b>	<b>20,059</b>
<b>Operating profit / (loss)</b>	<b>685</b>	<b>5,125</b>	<b>1,529</b>	<b>(2,834)</b>	<b>4,505</b>
Business re-positioning costs	(140)	(336)	(397)	(329)	(1,202)
Finance costs	(1)	(70)	(3)	(1,381)	(1,455)
Amortisation and depreciation	-	(687)	42	(1,218)	(1,863)
Remuneration charge (deferred consideration)	-	(42)	-	6,351	6,309
Transaction costs	-	-	-	(1,621)	(1,621)
Goodwill adjustment	-	-	-	(6,364)	(6,364)
<b>Profit / (loss) before tax from continuing operations</b>	<b>544</b>	<b>3,990</b>	<b>1,171</b>	<b>(7,396)</b>	<b>(1,691)</b>
Tax	-	(129)	11	(21)	(139)
<b>Profit / (loss) after tax from continuing operations</b>	<b>544</b>	<b>3,861</b>	<b>1,182</b>	<b>(7,417)</b>	<b>(1,830)</b>

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

### 3 Business and geographical segments

Period ended 30 June 2021	Investment management	Wealth planning	US operations	Group	Total
	£'000	£'000	£'000	£'000	£'000
<b>Continuing operations:</b>					
<b>Revenue (disaggregated by timing):</b>					
Point in time	513	953	48,162	-	49,628
Over time	1,799	7,354	2,760	-	11,913
<b>External sales</b>	<b>2,312</b>	<b>8,307</b>	<b>50,922</b>	<b>-</b>	<b>61,541</b>
Direct expenses	(790)	(460)	(46,574)	-	(47,824)
<b>Gross profit</b>	<b>1,522</b>	<b>7,847</b>	<b>4,348</b>	<b>-</b>	<b>13,717</b>
<b>Operating (loss) / profit</b>	<b>56</b>	<b>2,774</b>	<b>2,519</b>	<b>(2,294)</b>	<b>3,055</b>
Business re-positioning costs	(76)	(112)	(184)	(35)	(407)
Finance costs	-	(50)	5	(795)	(840)
Amortisation and depreciation	-	(522)	(15)	(580)	(1,117)
Remuneration charge (deferred consideration)	-	(2,128)	-	(2,017)	(4,145)
Transaction costs	-	(8)	-	(266)	(274)
<b>Profit / (loss) before tax from continuing operations</b>	<b>(20)</b>	<b>(46)</b>	<b>2,325</b>	<b>(5,987)</b>	<b>(3,728)</b>
Tax	-	-	(40)	43	3
<b>Profit / (loss) after tax from continuing operations</b>	<b>(20)</b>	<b>46</b>	<b>2,285</b>	<b>(5,944)</b>	<b>(3,725)</b>

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

### 3 Business and geographical segments

Year Ended 31 December 2021 (audited)	Investment management	Wealth planning	US operations	Group	Total
2021	2021	2021	2021	2021	2021
Continuing operations:	£'000	£'000	£'000	£'000	£'000
<b>Revenue (disaggregated by timing):</b>					
Point in time	881	2,045	118,396	-	121,322
Over time	3,771	15,169	9,431	23	28,394
<b>External sales</b>	<b>4,652</b>	<b>17,214</b>	<b>127,827</b>	<b>23</b>	<b>149,716</b>
Direct expenses	(1,476)	(913)	(118,108)	-	(120,497)
<b>Gross profit</b>	<b>3,176</b>	<b>16,301</b>	<b>9,719</b>	<b>23</b>	<b>29,219</b>
<b>Operating (loss) / profit</b>	<b>365</b>	<b>5,779</b>	<b>5,123</b>	<b>(4,940)</b>	<b>6,327</b>
Business re-positioning costs	(177)	(239)	(263)	(885)	(1,564)
Finance costs	-	(72)	2	(4,857)	(4,927)
Amortisation and depreciation	-	(1,197)	(212)	(990)	(2,399)
Other gains	-	-	-	(3,056)	(3,056)
Remuneration charge (deferred consideration)	-	(3,691)	-	(3,318)	(7,009)
Transaction costs	-	(4)	-	(1,832)	(1,836)
<b>(Loss) / profit before tax from continuing operations</b>	<b>188</b>	<b>576</b>	<b>4,650</b>	<b>(19,878)</b>	<b>(14,464)</b>
Tax	-	(16)	(317)	(428)	(761)
<b>(Loss) / profit after tax from continuing operations</b>	<b>188</b>	<b>560</b>	<b>4,333</b>	<b>(20,306)</b>	<b>(15,225)</b>

### 4 Other (losses) / gains

	Six months to 30 June 2022	Six months to 30 June 2021	Year Ended 31 December 2021
	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Additional payments due on acquired businesses	-	-	(2,983)
Unrealised gain/(loss) on stock	-	-	(73)
	-	-	(3,056)

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 5 Earnings per share

	Six months to 30 Jun 2022 (unaudited)	Six months to 30 Jun 2021 (unaudited)	Year ended 31 Dec 2021 (audited)
	£'000	£'000	£'000
Loss from continuing operations for the purposes of basic loss per share, being net loss attributable to owners of the Group	(2,545)	(4,857)	(17,432)
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of basic loss per share	216,920,719	216,920,719	216,920,724
Effect of dilutive potential ordinary shares:			
Share options	8,580,094	14,979,244	5,702,567
Convertible preference shares in issue	469,263,291	271,687,533	271,986,413
<b>Weighted average number of ordinary shares for the purposes of diluted loss per share</b>	694,764,104	503,587,496	494,609,704
<b>Continuous operations:</b>			
<b>Basic loss per share</b>	£(0.02)	£(0.02)	£(0.08)
<b>Diluted loss per share</b>	£(0.01)	£(0.02)	£(0.04)
<b>Total loss:</b>			
<b>Basic loss per share</b>	£(0.02)	£(0.02)	£(0.08)
<b>Diluted loss per share</b>	£(0.01)	£(0.02)	£(0.04)

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

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### 6 Tangible Assets

	Fixtures and equipment £'000
<b>Cost</b>	
At 1 January 2021	1,380
Additions	79
	<hr/>
At 30 June 2021	1,459
Additions	196
	<hr/>
At 31 December 2021	1,655
Additions	147
	<hr/>
<b>At 30 June 2022</b>	<b>1,802</b>
	<hr/>
<b>Accumulated depreciation</b>	
At 1 January 2021	453
Depreciation charged in the Period	91
	<hr/>
At 30 June 2021	544
Depreciation charged in the Period	170
	<hr/>
At 31 December 2021	714
Acquisitions during the year	42
Depreciation charged in the Period	130
	<hr/>
<b>At 30 June 2022</b>	<b>886</b>
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2022</b>	<b>916</b>
	<hr/> <hr/>
At 31 December 2021	941
	<hr/> <hr/>
At 30 June 2021	915
	<hr/> <hr/>

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 7 Right-of-use assets

	<b>Land and buildings £'000</b>
<b>Cost</b>	
At 1 January 2021	3,569
Prior year reclassification	(35)
Additions	65
	<hr/>
At 30 June 2021	3,599
Additions	490
	<hr/>
At 31 December 2021	4,089
Movement due to FX	8
Additions	742
	<hr/>
<b>At 30 June 2022</b>	<b>4,831</b>
	<hr/>
<b>Accumulated depreciation</b>	
At 1 January 2021	741
Prior year reclassification	35
Depreciation charged in the Period	310
	<hr/>
At 30 June 2021	1,016
Depreciation charged in the Period	354
	<hr/>
At 31 December 2021	1,370
Depreciation charged in the Period	398
	<hr/>
<b>At 30 June 2022</b>	<b>1,768</b>
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2022</b>	<b>3,071</b>
	<hr/> <hr/>
At 31 December 2021	2,719
	<hr/> <hr/>
At 30 June 2021	2,583
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# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 8 Goodwill and other intangible assets

	Goodwill	Other intangible assets	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2021	25,684	27,968	53,652
Additions	35	-	35
At 30 June 2021	-	-	53,687
Additions	-	-	-
<b>At 30 June 2021</b>	<b>25,719</b>	<b>27,968</b>	<b>53,687</b>
Additions	19,404	14,647	34,051
Movement due to FX	67	-	67
Disposals	(40)	-	(40)
Impairment	-	-	-
<b>At 31 December 2021</b>	<b>45,150</b>	<b>42,615</b>	<b>87,765</b>
Additions	11,226	13,449	24,675
Movement due to FX	-	-	-
Disposals	-	-	-
Impairment	(6,364)	-	(6,364)
<b>At 30 June 2022</b>	<b>50,012</b>	<b>56,064</b>	<b>106,076</b>
<b>Accumulated amortisation</b>			
<b>At 1 January 2021</b>	2,279	3,757	6,036
Amortisation charged for the Period	-	-	-
Disposals	-	-	-
Charge for period	-	708	708
At 30 June 2021	2,279	4,465	6,744
Disposals	-	-	-
Charge for period	-	767	767
<b>At 31 December 2021</b>	<b>2,279</b>	<b>5,232</b>	<b>7,511</b>
Disposals	-	-	-
Charge for period	-	1,335	1,335
<b>At 30 June 2022</b>	<b>2,279</b>	<b>6,567</b>	<b>8,846</b>



**KINGSWOOD HOLDINGS LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

**8 Goodwill and other intangible assets (continued)**

**Net book value**

As at 30 June 2022	<b>47,733</b>	<b>49,498</b>	<b>97,231</b>
As at 31 December 2021	<b>42,871</b>	<b>37,384</b>	<b>80,255</b>
As at 30 June 2021	<b>23,440</b>	<b>23,503</b>	<b>46,943</b>

For the half year ended 30 June 2022, the Group recorded a goodwill adjustment charge of £6.4m in respect of the acquisition of iBoss in 2021 linked to the reduction of the growth earn-out liability (see note 10).

**9 Lease liabilities**

The lease liabilities are included in trade and other payables and other non-current liabilities in the statement of financial position.

	<b>Land and buildings £'000</b>
At 1 January 2021	3,234
Additions	65
Interest expense	92
Lease payments	(315)
<b>At 30 June 2021</b>	<b>3,076</b>
Additions	517
Interest expense	16
Lease payments	(335)
<b>At 31 December 2021</b>	<b>3,274</b>
Additions	735
Interest expense	95
Lease payments	(451)
<b>At 30 June 2022</b>	<b>3,653</b>

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

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#### 9 Lease liabilities (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

#### 10 Deferred consideration payable

	Six Months to 30 June 2022	Six Months to 30 June 2021	Year Ended 31 December 2021
	£'000	£'000	£'000
Deferred consideration payable on acquisitions:	24,590	4,710	22,188
- falling due within one year	14,286	900	7,706
- due after more than one year	10,304	3,810	14,482

The deferred consideration payable on acquisitions is due to be paid in cash.

The deferred consideration liability is contingent on performance requirements during the deferred consideration period. The value of the contingent consideration is determined by EBITDA and/or revenue targets agreed on the acquisition of each asset, as defined under the respective Share or Business Purchase Agreement. As at the reporting date, the Group is expecting to pay the full value of its deferred consideration as all acquisitions are on target to meet the requirements.

Previously all deferred consideration payable on acquisitions was recorded as a deferred liability and included in the fair value of assets. However, in circumstances where the payment of deferred consideration is contingent on the seller remaining within the employment of the Group during the deferred period, the contingent portion of deferred consideration is not included in the fair value of consideration paid, rather is treated as remuneration and accounted for as a charge against profits over the deferred period.

During the year, deferred consideration as remuneration was a credit through profit or loss of £6,309,121, mainly due to a reduction in growth earn-out liabilities for the iBoss business (2021: £7,008,600 expense).

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 11 Share capital

	Six months to 30 June 2022 (unaudited) Shares	Six months to 30 June 2021 (unaudited) Shares	Year ended 31 Dec 2021 (audited) Shares	Six months to 30 June 2022 (unaudited) £'000	Six months to 30 June 2021 (unaudited) £'000	Year ended 31 Dec 2021 (audited) £'000
<b>Ordinary shares issued:</b>						
Fully paid	216,920,719	216,920,719	216,920,719	10,846	10,846	10,846
	<u>216,920,719</u>	<u>216,920,719</u>	<u>216,920,719</u>	<u>10,846</u>	<u>10,846</u>	<u>10,846</u>

#### Share capital and share premium

	Number of ordinary shares '000	Par value £'000	Share premium £'000	Total £'000
At 1 January 2020	216,921	10,846	8,224	19,070
Issued during year	-	-	-	-
As at 30 June 2021	<u>216,921</u>	<u>10,846</u>	<u>8,224</u>	<u>19,070</u>
At 31 December 2021	216,921	10,846	8,224	19,070
Issued during year	-	-	-	-
<b>At 30 June 2022</b>	<b><u>216,921</u></b>	<b><u>10,846</u></b>	<b><u>8,224</u></b>	<b><u>19,070</u></b>

Ordinary shares have a par value of £0.05 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of, and amounts paid on, shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

Kingswood Holdings Limited does not have a limit on the amount of authorised capital.

As at 31 December 2021, KPI (Nominees) Limited held 143,720,906 Ordinary Shares, representing 66.3 per cent of ordinary shares in issue at year end.

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 12 Preference share capital

	Six Months to 30 June 2022 (unaudited) Shares	Six Months to 30 June 2021 (unaudited) Shares	Year Ended 31 Dec 2021 (audited) Shares	Six Months to 30 June 2022 (unaudited) £'000	Six Months to 30 June 2021 (unaudited) £'000	Year Ended 31 Dec 2021 (audited) £'000
<b>Convertible preference shares issued:</b>						
Fully paid	77,428,443	44,828,443	77,428,443	77,428	44,828	77,428
	<u>77,428,443</u>	<u>44,828,443</u>	<u>77,428,443</u>	<u>77,428</u>	<u>44,828</u>	<u>77,428</u>

Preference share capital movements are as follows:

	Number of shares '000	Par value £'000
<b>At 1 January 2021</b>	5,728	5,728
Issued during year	39,100	39,100
<b>At 30 June 2021</b>	44,828	44,828
Issued during year	32,600	32,600
<b>At 31 December 2021</b>	77,428	77,428
Issued during year	-	-
<b>At 30 June 2022</b>	<u>77,428</u>	<u>77,428</u>

	Six Months to 30 June 2022 (unaudited)	Six Months to 30 June 2021 (unaudited)	Year Ended 31 Dec 2021 (audited)
Equity component	70,150	37,550	70,150
Liability component	-	7,469	-
	<u>70,150</u>	<u>45,019</u>	<u>70,150</u>

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 12 Preference share capital (continued)

On 12 September 2019, Kingswood Holdings Limited entered into a subscription agreement with HSQ INVESTMENT LIMITED, a wholly owned indirect subsidiary of funds managed and/or advised by Pollen Street, to subscribe for up to 80 million irredeemable convertible preference shares, at a subscription price of £1 each (the Subscription). Pollen Street is a global, independent alternative asset investment management company, established in 2013 with currently £3.2 billion gross AUM across private equity and credit strategies, focused on the financial and business services sectors, with significant experience in speciality finance.

All irredeemable convertible preference shares convert into new ordinary shares at Pollen Street Capital's option at any time from the earlier of an early conversion trigger or a fundraising, or automatically on 31 December 2023. Preferential dividends on the irredeemable convertible preference shares accrue daily at a fixed rate of five per cent per annum from the date of issue. Effective 17 December 2021 onwards, these will be settled via the issue of additional ordinary shares, thereby extinguishing the liability component.

#### 13 Notes to the cash flow statement

Cash and cash equivalents comprise cash and cash equivalents with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

	Six Months to 30 June 2022 (unaudited) £'000	Six Months to 30 June 2021 (unaudited) £'000	Year Ended 31 Dec 2021 (audited) £'000
<b>Loss before tax</b>	(1,691)	(3,728)	(14,464)
Depreciation and amortisation	1,863	1,117	2,399
Goodwill adjustment	6,364	-	-
Finance costs	1,455	840	4,927
Remuneration charge (deferred consideration)	(7,399)	170	234
Share-based payment expense	556	60	94
Other losses / (gains)	-	-	1,281
Foreign exchange gain	12	4	(6)
Tax paid	(139)	(40)	(318)
<b>Operating cash flows before movements in working capital</b>	1,021	(1,577)	(5,853)
(Increase)/decrease in receivables	786	(863)	(449)
Increase/(decrease) in payables	(10,796)	4,119	8,043
<b>Net cash inflow / (outflow) from operating activities</b>	(8,989)	1,679	1,741

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

#### 14 Financial instruments

The following table states the classification of financial instruments and is reconciled to the Statement of Financial Position:

	30 Jun 2022	30 Jun 2021	31 Dec 2021
	Carrying amount	Carrying amount	Carrying amount
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
<b>Financial assets measured at amortised cost</b>			
Trade and other receivables	5,846	3,790	4,308
Cash and cash equivalents	20,693	24,733	42,933
<b>Financial liabilities measured at amortised cost</b>			
Trade and other payables	(16,530)	(17,495)	(23,826)
Other non-current liabilities	(222)	-	(318)
Lease liability	(3,653)	(3,076)	(3,274)
Preference share liability	-	(7,469)	-
<b>Financial liabilities measured at fair value through profit and loss</b>			
Deferred consideration payable	(24,590)	(4,710)	(22,188)
	<u>(18,456)</u>	<u>(4,227)</u>	<u>(2,365)</u>

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and other non-current liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates fair value.

Item	Fair value £'000	Valuation technique	Fair value hierarchy level
Deferred consideration payable	24,590	Fair value of deferred consideration payable is estimated by discounting the future cash flows using the IRR inherent in the company's acquisition price.	Level 3

# KINGSWOOD HOLDINGS LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2022

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#### 15 Related party transactions

##### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Six months to 30 June 2022 (unaudited) 2022 £'000	Six months to 30 June 2021 (unaudited) 2021 £'000	Year ended 31 Dec 2021 (audited) 2021 £'000
Short-term employee benefits	103	371	340
Termination benefits	-	-	-
Share based payments	-	34	-
	<u>103</u>	<u>405</u>	<u>340</u>

##### Other related parties

During the period, KHL incurred fees of £58,333 (30 June 2021: £62,500; 31 December 2021: £137,500) from KPI (Nominees) Limited in relation to Non-Executive Director remuneration. At 30 June 2022, £nil of these fees remained unpaid (30 June 2021: £37,500; 31 December 2021: £nil).

Fees received from Moor Park Capital Partners LLP, in which Gary Wilder holds a beneficial interest, relating to property related services provided by KHL totalled £23,708 for the period ended 30 June 2022 (30 June 2021: £23,708; 31 December 2021: £23,090), of which £nil (30 June 2021: £nil; 31 December 2021: £nil) was outstanding at 30 June 2021.

Fees paid for financial and due diligence services to Kingswood LLP and Kingswood Corporate Finance Limited, in which Gary Wilder and Jonathan Massing hold a beneficial interest, totalled £420,807 for the period to 30 June 2022 (30 June 2021: £201,829; 31 December 2021: £384,750), of which £nil (30 June 2021: £5,430; 31 December 2021: £nil) was outstanding at 30 June 2022.

#### 16 Ultimate controlling party

As at the date of approving the financial statements, the ultimate controlling party of the Group was KPI (Nominees) Limited.

#### 17 Events after the reporting date

##### Acquisition of Smith Pearman & Associates

On 29th July 2022, Kingswood completed the acquisition of Smith Pearman & Associates, an independent financial advice company based in Hampshire. Established for over 35 years, Smith Pearman & Associates look after over 240 clients with over £70m AUA in the Hampshire region. They offer tailored services to high net-worth individuals with an existing portfolio, or new investment requirements, based on personal goals and aspirations.