

**28 June 2024**

**KINGSWOOD HOLDINGS LIMITED**  
("Kingswood", the "Company" or the "Group")

**Final results for the year ended 31 December 2023**

Kingswood Holdings Limited (AIM: KWG), the international, fully integrated wealth and investment management group, announces its audited financial results for the year ended 31 December 2023.

**Continuing Operations**

Group Revenue was £86.2m for the year ended 31 December 2023, increasing £23.6m or 37.7% compared to the prior year

- UK & Ireland (UK&I) revenues increased to £46.6m, a 37.5% increase year on year, reflecting resilience to market headwinds and the benefit of acquisitions in the current and prior periods.
- US revenues (the Company has a 50.1% interest in Kingswood US, LLC which accordingly is fully consolidated into Group reporting) of £39.6m increased 37.8% year on year.

Group operating profit from continuing operations was £10.8m, an increase of £3.0m or 37.9% compared to 2022.

- UK&I operating profit of £8.9m, increased by £3.2m or 56%
- US operating profit of £1.9m from continuing operations, a £0.2m or 11% decrease year on year

In the interim results announcement of 29 September 2023, we referred to our expected pro-forma Operating Profit for the full year to be c.£13.6m. This was after adjustments for MMPI and Baseplan Limited. The comparative Operating Profit for the full year (on the same pro-forma basis) was £12m.

The difference between the £10.8m out-turn and the comparative £12m forecast at half-year was due to a delay in revenue receipts by Kingswood Investments in the US, a change to the intended approach to advice pricing harmonisation in the UK and a slower market recovery than expected.

Whilst below stated management expectations at the interim results, operating profit was up over 37% on prior year.

Group FY2023 statutory Loss before Tax of £13.3m was £2.0m higher than the prior year largely due to the following:

- The Group incurred £7.3m of finance costs during the year on debt facility drawdowns, reflective of our strategy to use leverage as an accelerant for growth.
- Non-recurring costs, including broker fees on M&A transactions and costs incurred to reposition the business, totalled £4.7m for the year, a decrease of £1.6m compared to the prior year.
- Non-cash impacting items of £10.4m were £1.9m higher than FY2022 and included amortisation of intangible assets, finance costs recognised on the unwinding of deferred consideration and preference share dividends.

£m unless otherwise stated

	2023	2022*	Change
Revenue	<b>86.2</b>	62.6	38%
Operating Profit	<b>10.8</b>	7.8	38%

Profit/(Loss) from discontinued operations	(0.6)	0.3	-300%
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*\*The Group results are restated following completion of the disposal of a US subsidiary (further detail in discontinued operations below).*

At 31 December 2023 UK&I comprised £3.5bn AuM (Assets under Management) and £5.9bn AuA (Assets under Advice), with growth of £0.3bn and £0.3bn respectively in 2023, and AuA in Ireland of £0.7bn. UK AuM in our market leading IBOSS managed portfolio service ended the year at £2.1bn, up £0.4bn or 25% on the prior year.

US AuA of £2.9bn at 31 December 2023 was £0.5bn, or 22.0%, higher year on year driven by growth in the number of authorised representatives.

#### **Discontinued Operations:**

##### **Sale of Benchmark Investments, LLC**

On 11 May 2022, Kingswood US, LLC (in which Kingswood holds 50.1% of the voting rights) ("KWUS") entered into a member interest purchase agreement with EF Hutton Holdings LLC to sell the entire share capital of its wholly owned subsidiary Benchmark Investments, LLC ("BMI") for total consideration of US\$5.0m (approximately £4.1m). This transaction completed on 9 November 2023 (the "Disposal").

##### **About BMI**

BMI offers a variety of financial services to both institutional and retail clients.

The sale of BMI reflects KWUS's strategic decision to optimise its business portfolio and streamline operations. Following the Disposal, KWUS, LLC will focus on its core strengths and areas of growth within the financial services industry. KWUS will retain operations at premises in New York, USA.

In the unaudited management accounts for the year ending 31 December 2020, revenue generated by BMI was approximately US\$20.98m (£16.30m) net profit was US\$0.24m (£0.19m).

##### **Consideration**

The consideration of US\$5.0m comprised:

- US\$2.5m (approximately £2.0m) received in cash at closing;
- US\$1.5m (approximately £1.2m) in further cash instalments received post-closing; and
- US\$1.0m (approximately £0.8m) of contingent cash consideration, which was only payable to KWUS if certain pre-existing contractual obligations were not upheld for six months post-closing. On 9 May 2024 all conditions were met and the contingent consideration was forgiven.

KWUS will use the proceeds of the Disposal to support future growth.

Therefore, BMI is classified as a discontinued operation under IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations." As such, the results of BMI have been segregated from continuing operations for both the current and prior periods. The results of BMI up to 9 November 2023 have been presented separately as discontinued operations. In the period through to its disposal BMI generated revenue of £38m (2022: £83m) and a net loss of £0.6m (2022: net profit £0.3m). To provide a consistent and comparable view of the Group's financial performance, the prior year's financial results have been restated to reflect BMI as a discontinued operation. This restatement involves reclassifying BMI's revenues, expenses, assets, and liabilities from continuing operations to discontinued operations in the prior period.

#### **Strategic Highlights**

The acquisition of IBOSS Asset Management in December 2021 has enabled strong flows into group investment solutions and accelerated growth in IBOSS is a key objective for the UK business:

- o During 2023, we have re-organised our operating model for growth investing in additional business development managers, investment professionals and operational capability. In 2023 we on-boarded 17 new firms, up 42% on the prior year.
- o IBOSS AuM managed by IBOSS for Kingswood clients and those of external IFA's was £2.1bn at 31 December 2023, an increase of £0.4bn on the prior year.
- o In 2023, IBOSS became the only discretionary fund management (DFM) provider to win FT Adviser's 5 Star Award for four consecutive years, retained its 5 Star and 5 Diamond Defaqto ratings and gained further recognition from the adviser community by scooping three accolades at the Citywire Wealth Manager Awards.
- Kingswood was named as one of the UK's 'Best Workplaces for Women' in 2023, by Great Place to Work. We continue to make progress in addressing diversity imbalances across the organisation and remain committed to increasing the female representation of our UK adviser population to at least 25% in the medium term, compared to current levels of 22% (2022: 19%).
- Our US footprint further expanded in the first half of the year adding 25 new registered representatives and supporting growth in our total AuA in Kingswood US to £2.9bn.
- On 9 November 2023, Kingswood completed the disposal of BMI. The disposal of BMI reflects Kingswood US's strategic decision to optimise its business portfolio and streamline operations, allowing it to focus on core strengths and areas of growth within the financial services

allowing it to focus on core strengths and areas of growth within the financial services industry.

- Kingswood US has continued to grow its registered investment advisor/broker dealer (RIA/BD) business organically through the introduction of Kingswood Investments (KI) in Q2 2023, an in-house investment banking and capital markets division to support investment banking capabilities. This addition, combined with the existing teams, positions Kingswood as a comprehensive provider of investment banking services in the US.

**David Lawrence, Kingswood Chief Executive Officer,** commented:

"I am delighted to report continued strong financial progress in 2023, with revenue for both the Group and the core UK and Ireland business up over 37% on the prior year.

"As a leveraged growth business, we see operating profit as our key performance indicator. Whilst this is lower than our forecast when publishing our June 2023 interim results, it was up a very healthy 56% in UK and Ireland and 37% for the Group on the prior year.

"Operational highlights from 2023 include the completion of the acquisition of our Moloney Investments Limited ("MMPI") to which we have subsequently added our first "bolt-on acquisition, Baseplan Limited. We have seen forward momentum in our IBOSS business where we added 17 new IFA firms and now have in excess of £2bn under our management from both IFA and vertically integrated flows.

"In the US, we have re-focused the business, introducing "Kingswood Investments" to provide investment banking and capital markets capability as well as continuing to onboard advisers using the Kingswood US platform."

## Post Period End

As announced on 31 May 2024, the Convertible Preference Shares issued to the Group by HSQ Investment Limited ("HSQ"), a wholly owned indirect subsidiary of funds managed and/ or advised by Pollen Street Capital Limited, were converted into 469,263,291 new Ordinary Shares in the Company ("Conversion") at the agreed conversion price of 16.5 pence per Ordinary Share. The conversion makes for a clearer capital structure which the Group hopes will be welcomed by investors.

In March 2024, the Group appointed a new CFO, Vinoy Nursiah. Vinoy joined Kingswood from CSC Global Financial Markets, having previously been at Intertrust and SFM Europe.

## 2024 Outlook

In the UK and Ireland, our strategic focus continues to be on five key areas:

1. Organic growth - most simply described as "more advice to more clients".
2. Vertical integration through movement of AuA into our internal investment solutions where suitable for the client to do so.
3. Further selective M&A.
4. Growth in UK IFA firms using IBOSS as a partner and outsourced DFM provider.
5. Continuing to respond appropriately to Consumer Duty and continuing to build a highly professional financial advice led business.

In the US, our strategic focus is on:

1. Continuing the growth trajectory through expansion of RIA/ BD activity including additional activities approved by FINRA. This includes expanding employment and office operations and engaging in research activities.
2. Leveraging technology integration to increase market presence and strengthen capabilities.
3. Increasing opportunities within investment banking operations and pursuing selective acquisitions.

Our stated near-term target is to build our AUM/A to in excess of £10bn in UK&I and £12.5bn for the Group. We expect to achieve both of these targets during 2024.

In the medium term, we are targeting for Group operating profit to increase to £25m with AuM/A of £20m.

An abridged presentation of Kingswood's results and strategic direction is available on our website <https://www.kingswood-group.com/financial-reports/>

The annual report will shortly be available and can be viewed or downloaded on our website: <https://www.kingswood-group.com/financial-reports/>

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#### **About Kingswood**

Kingswood Holdings Limited (trading as Kingswood) is an AIM-listed (AIM: KWG) international fully integrated wealth management group. It services circa 20k clients from a growing network of offices across the UK with overseas offices in US, Ireland and South Africa.

Kingswood offers a range of trusted investment solutions to its clients, which range from private individuals to some of the UK's largest universities and institutions, including investment advice and management, personal and company pensions and wealth planning. Kingswood is focused on building on its position as a leading player in the wealth and investment management market through targeted acquisitions, creating a global business through strategic partnerships.

Registration number: 42316  
(Guernsey)

## Kingswood Holdings Limited

Annual Report and Consolidated  
Financial Statements for the Year  
Ended

31 December 2023

**Kingswood Holdings  
Limited Kingswood at  
a glance**

- Kingswood Holdings Limited and its subsidiaries (the "Group" or "Kingswood") is an international, fully integrated wealth and investment management business listed on the AIM market of the London Stock Exchange under ticker symbol (AIM: KWG).
- Kingswood offers a range of wealth planning and investment management solutions to its clients, which range from private individuals to some of the UK's largest universities and institutions. Kingswood is focused on becoming a leading participant in its sector through targeted acquisitions in the UK and US, complemented by strong organic growth.
- The Group's core client proposition centres on primary offerings in wealth planning and investment management to deliver best in class financial solutions for its clients.

## **Kingswood Holdings**

### **Limited 2023**

### **Highlights**

#### **Strategic Highlights**

- At 31 December 2023 UK&I comprised £3.5bn AuM (Assets under Management) and £5.9bn AuA (Assets under Advice). UK AuM in our market leading IBOSS model portfolio service (MPS) ended the year at £2.1bn, up £0.4bn and 25% on the prior year.
- The acquisition of IBOSS Asset Management in December 2021 has enabled strong flows into group investment solutions and accelerated growth in IBOSS is a key objective for the business:
  - Ø During 2023, we re-organised our operating model for growth investing in additional business development managers (BDM), investment professionals and operational capability. In 2023 we on-boarded 17 new independent financial advisor (IFA) firms, up 42% on the prior year.
  - Ø IBOSS AuM model by IBOSS for Kingswood clients and those of external IFA's was £2.1bn at 31 December 2023, an increase of £0.4bn on the prior year.
  - Ø In 2023, IBOSS became the only discretionary fund management (DFM) provider to win FTAdviser's 5 Star Award for four consecutive years, retained its 5 Star and 5 Diamond Defaqto ratings and gained further recognition from the adviser community by scooping three accolades at the Citywire Wealth Manager Awards.
- Kingswood places clients at the heart of everything we do and we are extremely proud to have retained our 4.8 out of 5 star rating on VouchedFor, home to the UK's most trusted advisers.
- Kingswood was named as one of the UK's 'Best Workplaces for Women' in 2023, by Great Place to Work. We continue to make progress in addressing diversity imbalances across the organisation and remain committed to increasing the female representation of our UK adviser population to at least 25% in the medium term, compared to current levels of 22% (2022: 19%).
- Our US footprint further expanded in the first half of the year adding 25 new registered representatives and supporting growth in our total AuA in Kingswood US to £2.9bn.
- On 9 November 2023, Kingswood US sold its broker-dealer, Benchmark Investments, LLC (BMI). The sale of BMI reflects Kingswood US's strategic decision to optimise its business portfolio and streamline operations, allowing it to focus on core strengths and areas of growth.
- Kingswood US has continued to grow its registered investment advisor/broker dealer (RIA/BD) business organically, and through the introduction of Kingswood Investments (KI) in Q2 2023, an in-house investment banking and capital markets division to support investment banking capabilities. This addition, combined with the existing teams, positions Kingswood as a comprehensive provider of investment

banking services in the US.

**Kingswood Holdings  
Limited**

**2023 Highlights**

**2023 Financial Highlights**

**Continuing Operations:**

Group revenue was £86m; £23.6m or 38% higher than 2022 reflecting resilience to market headwinds and the benefit of acquisitions in the current and prior periods:

- UK and Ireland (UK&I) revenues increased to £46.6m, a 37.5% increase year on year.
- US revenues (the Company has a 50.1% interest in Kingswood US, LLC and accordingly is fully consolidated into Group reporting) of £39.6m increased 37.8%.

Group operating profit from continuing operations was £10.8m, an increase of £3.0m or 37.9% compared to 2022.

- UK&I operating profit of £8.9m was £3.2m or 56% higher than 2022.
- US operating profit of £1.9m from continuing operations decreased by £0.2m, or 11%.

The statutory loss before tax at 31 December 2023 of £13.3m, was £2.0m higher than the prior year. The Group incurred £7.3m of finance costs during the year on debt facility drawdowns, reflective of our strategy to use leverage as an accelerant for growth. Non-recurring costs, including broker fees on M&A transactions and costs incurred to reposition the business, totalled £4.7m for the year, a decrease of £1.6m compared to the prior year. Non-cash impacting items of £10.4m were £1.9m higher than 2022 and included amortisation of intangible assets, finance costs recognised on the unwinding of deferred consideration and preference share dividends.

<b>£000's (unless otherwise stated)</b>	<b>2023</b>	<b>2022*</b>	<b>Change %</b>
Total Revenue	<b>86,160</b>	62,562	37.7%
Group Recurring Revenue %		71.6%	
	<b>58.7%</b>		(12.9)%
Operating Profit	<b>10,816</b>	7,842	37.9%
Loss before tax	<b>(13,261)</b>	(11,221)	(18.2)%
Total Equity	<b>60,899</b>	73,979	(17.7)%
AuM (£m)	<b>3,513</b>	3,185	10.3%
AuA (£m)	<b>8,817</b>	7,268	21.3%
Number of Advisers - UK& Ireland	<b>117</b>	100	17.0%
Number of Authorised Representatives - US	<b>232</b>	217	6.9%

*\*The 2022 Group results are restated following a successful sale of a US subsidiary which is presented as discontinued operations in 2023.*

**Discontinued operations**

- The Group's US business sold its broker-dealer subsidiary BMI, renowned for offering a variety of financial services to both institutional and retail clients, for proceeds of \$5m (£4.1m). The sale of the business completed on 9 November 2023. In the period through to its disposal the business generated revenue of £38m (2022: £83m) and a net loss of £0.6m (2022: net profit £0.3m). The Group's prior year results are restated following sale of the subsidiary which was designated as a discontinued operation in 2023.

**Kingswood Holdings  
Limited Chairman's**

## **Statement**

I am pleased to report that 2023 has been another year of solid performance for the Kingswood Group. Despite challenging market conditions, the Group achieved growth in AuM/A, revenue and operating profit.

We are delivering our growth strategy set out in 2019 to create a leading international wealth and investment management business. The UK and US wealth management sectors continues to exhibit strong, long-term growth characteristics supported by demographic trends, and opportunities for ongoing consolidation within what continues to be a fragmented industry.

In the UK we are reporting record levels of revenue and operating profit with significant growth across Wealth Planning (WP) and Investment Management (IM). Under the leadership of our CEO David Lawrence, growth is supported by a strong and unrelenting focus on our client experience, a progressive investment in technology and an equal investment in our colleagues, all of which is underpinned by strong integration and operational excellence.

We have established ourselves as an M&A counterparty of choice and have a proven integration capability with an ability to complete over 10 integrations per year. Since 2018, the Group has acquired 22 UK wealth management businesses which are projected to deliver strong, sustainable revenues and operating profit. In the UK&I we now have 117 financial advisers and investment managers operating across 19 locations to support our retail and institutional client base. IBOSS provides Kingswood with an award-winning investment offering to our clients.

Under the leadership of Mike Nessim, our US CEO, the US business delivered another year of growth and business expansion, adding 25 new registered representatives and growing total assets under management by \$0.8bn to \$3.7bn. The sale of BMI optimised the US business and streamlined back-office processes and regulatory oversight while delivering an improved experience to advisors and clients in the US. Kingswood US has continued to grow its RIA/BD business organically through the introduction of Kingswood Investments (KI) in Q2 2023, an in-house investment banking and capital markets division to support investment banking capabilities. This addition, combined with the existing teams, positions Kingswood as a comprehensive provider of investment banking services in the US.

We have benefitted from our partnership with Pollen Street Capital which continues to invest in the business to enable our acquisition and growth strategies. As planned during the year we drew down on our debt facility to provide funding to accelerate strategic growth as well as to fund existing deferred consideration liabilities.

The Board places great importance on building a business with strong governance and a culture that supports sustainable long-term success. With that in mind we focus on where we can make the largest positive impact on the environment, both in measuring and reducing our carbon footprint and offering clients a suite of ESG portfolios which take account of environmental, social and governance issues. We are committed to creating a workplace and culture that is welcoming and inclusive for everyone and have seen much success in the employee-led Diversity and Inclusion Forum launched last year. We will continue to make a significant investment in learning and development for all colleagues by launching career paths and supporting colleagues with their professional and career development.

We continue to invest in our client experience through technology and other means. The client portal we launched in 2022 in the UK, Kingswood Go, is transforming our client experience by providing a single client sign-on and view across multiple platforms. We are also improving operational efficiency and client experience through the creation of a client facing digital fact find and automated suitability reports. In the US we have invested in technology infrastructure to provide advisors with a superior integrated wealth management platform offering products such as Annuities, Equities, Alternatives, and Mutual Funds.

## **Kingswood Holdings Limited Chairman's Statement**

The Board continues to operate a robust risk management framework so that we can maintain compliance with our regulatory responsibilities and ensure both customers

and suppliers are always treated fairly. Jonathan Freeman, in his capacity as an independent Non-Executive Director, continues to assume responsibility for ensuring that the Group has appropriate corporate governance standards in place and that these standards are applied within the Group as a whole.

Turning to 2024, the UK macroeconomic outlook in the short term remains highly uncertain, and recessionary risks are still at play. Nonetheless, the fundamental opportunity for Kingswood remains strong, driven by the market opportunity. We look to the future with confidence.

Finally, on behalf of the Board, I would like to thank our management team and all our colleagues for their effort, focus and commitment to achieving our goals in what has continued to be a challenging operating environment.

**David Hudd**  
Chairman

Date: 27 June 2024

## **Kingswood Holdings Limited**

### **Chief Executive Officer 's Statement**

#### **Introduction**

I am delighted to present our financial results for 2023.

As with previous years, I will limit my comments to that of the UK and Ireland business and am accordingly grateful to Mike Nessim (US CEO) for his comments on our US business.

#### **Market Overview**

Following on from 2022, macro-economic headwinds continued during 2023, most notably higher than desirable inflationary pressure and high interest rates. This and a higher cost of living continues to impact our clients, most of whom are considered to be "mass affluent" and accordingly by no means immune to these issues.

The financial markets remained unpredictable for most of 2023, directly impacting the many Kingswood clients either saving for retirement or in retirement, although it was pleasing to see some stability and growth return during Q4 2023.

Our clients want us to provide sound advice on some of the things that matter most in life. They trust us to do this well and, in most cases, also want us to manage their investments. On this point, our diversified investment approach and long track record of high performance matched with low volatility remains very appropriate to our client's needs.

Despite the macro-economic uncertainty and still unpredictable markets, the UK wealth management sector continues to exhibit strong, long-term growth characteristics as supported by the recurring nature of its revenues and demographic trends.

Complexity in laws and regulations continue to increase, not least in 2023 through the introduction of Consumer Duty, though much of this is welcome and directly links to the highly professional and client centric business that we aspire to be.

#### **Business Overview**

Our strategic focus is underpinned by our both Financial Advice & Planning and



Our strategic focus is single-mindedly on both Financial Advice / Planning and Investment Management activity, relying on external expertise for other aspects of the client value-chain.

We have a broad Financial Advice Proposition that is holistic in its nature. This is predominantly delivered to clients face to face. Our Financial Advisers take time to understand our clients, their goals and what is important to them. From this, we are then able to provide a comprehensive range of solutions to meet their needs. By building enduring relationships with clients, we can help realise the best financial outcomes for them. Our taglines of *Advice Every Step of the Way* and *Protect and Grow* are perfect manifestations of this.

The acquisition of IBOSS Asset Management in December 2021 has allowed us to deepen our Investment Management offering with an enhanced research capability, ably led by our CIO Chris Metcalfe and Head of Investment Management, Paul Surguy.

For Private Clients our proposition now comprises: IBOSS Model Portfolio Service (MPS), Kingswood Personal and Kingswood AiM portfolio.

**IBOSS Model Portfolio Service** - in addition to a core range of actively managed risk-rated portfolio's, we provide Passive, Decumulation, and Sustainable variants too. This is our Central Investment Proposition (CIP) and is available on most of the recognised third-party platforms.

## **Kingswood Holdings Limited**

### **Chief Executive Officer's Statement**

**Kingswood Personal** - a more tailored investment management service, often provided in parallel to a financial adviser relationship but led by an Investment Manager

**Kingswood AiM Portfolio** - launched in December 2022 to help clients with their Inheritance Tax and similar needs.

For Institutional Clients, particularly UK universities, we continue to provide a long-standing Fixed Income and Treasury offering led by Nigel Davies.

### **Delivering Business Growth**

The UK strategy is focused on building a leading business in the sector. Our delivery of this is through the optimising of a series of value drivers:

#### **Acquisition**

Following a frenetic 2022 which saw Kingswood purchase ten Financial Advice businesses, during 2023 we took a conscious decision to focus on taking time to fully integrate and digest these businesses. This coincided with what we felt were becoming unsustainable purchase multiples and the increased cost of capital.

During Q1 2023 we did, however, conclude the purchase of Barry Fleming and Partners Limited, based in Newbury, increasing our presence in the Thames Valley area and creating a hub. We also closed the purchase of Moloney Investments Limited (MMPI), based in Dublin. This purchase has created an exciting entry point for Kingswood into the Irish market. The market displays similar features to those seen in the UK and some strong growth opportunities. We have subsequently concluded our first "bolt-on" acquisition in Ireland, Base-Plan Limited which closed in Q1 2024. The acquisition of Barry Fleming and MMPI have added a further £0.7bn AuA; 21 advisers and £3.8m Operating Profit to the Group.

We continue to explore additional acquisition opportunities both in the UK and in Ireland as we position Kingswood for further growth.

## Integration

Effective integration is critical to an acquiring business such as Kingswood. Capably led by our COO, Harriet Griffin, we have built a highly effective, collaborative and repeatable process for integration which is both client and colleague centric and respectful of the business being purchased.

## Kingswood Holdings Limited

### Chief Executive

### Officer's Statement

#### Organic Growth

Kingswood exhibits a clear point of difference to its most obvious competitors in that it has three clear routes to market in terms of organic growth.

- Growth in Financial Advice activity - an increase in adviser numbers of 17

We are actively hiring new financial advisers, as well as developing colleagues within the business in other roles who wish to become financial advisers. This creates the capacity required for organic growth.

In terms of client demand, Kingswood is typically purchasing businesses where the principals remain committed and, in many cases, have unfulfilled ambitions but welcome the freeing up of some of the bureaucracy that has crept in to allow them to get back to advising clients. By creating the right environment for this and supporting the business where needed, we can foster an environment of organic growth. In addition to this, other initiatives to support organic growth range from strategic alliances with professional firms to introducing clients to early digital lead creation.

- Growth from vertical integration - £1.1bn at 31 December 2023, compared to £650m in 2022.

Acquiring IBOSS gave Kingswood a Model Portfolio Service (MPS) solution and Centralised Investment Proposition (CIP) that has a long-term track record of high performance and low volatility, supported by an award-winning service proposition. Advisers and firms are not targeted in any way to move monies to our CIP, although from the individual client appraisal process we consider it will be more suitable than their existing investment solution in a large number of cases. Total vertically integrated assets were £1.1bn at FY23 representing over 20% of platformed AuA, and have aspiration over time to transfer up to 40%.

Bryan Parkinson, appointed in March 2024 as MD, Head of Wealth Planning will spearhead both organic and vertically growth in 2024.

- Onboarding of IFA firms into IBOSS - 17 new IFA firms onboarded

IBOSS core activity is the provision of out-sourced discretionary fund management (DFM) services to IFA firms. 2023 remained challenging here with existing client IFA firms needing greater reassurance and investment of time and new IFA targets showing reluctance to change their approach in a turbulent market.

In H2 2023, as markets improved, we took the opportunity to reorganise the IBOSS Business Development activity, hiring new BDM's to support our growth ambition. Since then, over the remainder of 2023 we have on-boarded 12 firms in 5 months with a very strong forward pipeline as well. This has coincided with a period of increasingly high performance across the IBOSS portfolios and the emerging introduction of enabling technology, all of which gives us confidence for 2024.

- Institutional Growth

Kingswood's excellent reputation with UK universities and similar institutions enables

the onboarding of new clients each year and 2023 was no different. This part of Kingswood demonstrates c.10% growth p.a.

## **Kingswood Holdings Limited**

### **Chief Executive**

#### **Officer's Statement**

##### **1 Building a Leading and Progressive Business**

a. We appointed Paul Hammick as our Chief Risk Officer in April 2023, introducing deeper capability to this aspect of our business. With increased regulation (such as Consumer Duty) and regulatory scrutiny more generally, enhancing this function should serve us well.

b. Under the leadership of Rachel Bailey (Chief People Officer), we continue to actively invest in our colleague proposition with a clear aim to become a magnetic people business. We have continued to invest in deepening our learning and development for all colleagues, launching our accelerator programme for advisers of the future, seen further adviser academy graduations and the completion of ongoing leadership development programmes.

Diversity is a challenge in our sector and where we aspire that at least 25% of our financial advisers will be female in the medium term, compared to 20.4% at end of 2023 (c.19% at 2022). We are publishing our gender pay gap report with these results.

Under the leadership of Lucy Whitehead (Chief Client Officer), we continue to invest in our client experience through technology and other means. Following launch of our client portal - Kingswood Go in 2022, we now have over 7,500 clients registered. We have also responded positively to the requirements of Consumer Duty and are further embedding the principles of this in the business. We are also proud to have a net promoter score (NPS) of 88 which demonstrates our commitment to ensuring service is central to our offering. We continue to measure regularly client sentiment which drives our ambitions for service excellence in our ambitions for service excellence in the business.

c. In 2024 we look to invest in and transform our finance and data capabilities and were pleased to announce the appointment of our new Chief Financial Officer, Vinoy Nursiah earlier this year who will lead this work.

##### **Dimensions**

As at 31 December 2023, the UK&I business employed 367 people, of which 117 are client facing financial advisers / investment managers operating from 19 locations with £3.5bn asset under management and as further £5.9bn asset under advice / influence.

##### **UK& Ireland**

KPIs	2023	2022	2021	2020
Employees	367	335	203	185
Advisers	117	100	70	64
Locations	19	17	14	11
AUM (£bn)	3.5	3.2	1.7	1.4
AUA (£bn)	5.9	4.9	3.2	2.8

## Executive Officer's Statement

### Outlook

Building on the 17 acquisitions completed under my leadership to date and those that came before, we are well placed to maintain momentum in this area with a healthy pipeline of future opportunities at various stage of study and negotiation.

Organic growth is a core focus post integration where we can confidently expect year on year growth in initial and ongoing fees from assets under advice, in addition to which we expect to see a healthy migration of assets to our CIP and an increase in IFA firms using IBOSS as their outsourced DFM.

I believe that successful firms will not only truly put the client at the heart of the relationship, but will also be highly accessible, have clear propositions and most importantly provide great value for money. Technology plays a key part in this as do our colleagues hence the focus on these areas as part of our strategy.

### Key Performance Indicators

Vinoy Nursiah, Group CFO goes into more detail on financial performance in his section but total revenue for the year was £46.5m, a 38% increase on the prior year reflecting the impact of recent acquisitions. 85% of UK&I revenue is recurring in nature providing a strong, annuity style fee stream which is critical to delivering sustainable, long term returns to shareholders.

£000's (Unless otherwise stated)	2023	2022	2021
Total Revenue	<b>46,545</b>	33,844	21,889
Recurring Revenue %	<b>85%</b>	88%	87%
UK&I Operating Profit	<b>15,677</b>	11,488	6,144

To conclude, growing a sustainable business at the pace at which we are doing it requires colleagues who are special individuals. I am proud not only of our leadership team but of what everyone in Kingswood does each and every day for our clients and each other, without which the exciting story outlined in this report would not be possible.

### David Lawrence

Chief Executive  
Officer

27 June 2024

## Kingswood Holdings Limited US Chief Executive Officer's Statement

### Introduction

Kingswood US is a premier wealth management firm with c\$3.7 billion in assets and offices throughout the United States. With both an SEC-registered registered investment advisor (RIA) and a financial industry regulatory authority (FINRA)-licensed broker/dealer in-house alongside an institutional-quality product offering and a personal approach to service, Kingswood is an ideal partner for independent financial advisors looking for a new place to call home. The business also includes Kingwood Capital Markets, a national investment banking platform that leverages our expanding distribution channels and drives growth across equity and debt advisory, capital raising and M&A.

2023 was another year of growth and business expansion for Kingswood US. We were

thrilled to be recognised with important industry accolades: Kingswood Wealth Advisors, LLC (our RIA) was named to the USA Today and Statista list of Best Financial Advisory Firms for 2023, and Kingswood Capital Partners, LLC (our broker-dealer) was named to the IBD Elite 2023 by Financial Planning magazine.

We added 25 new registered representatives, which further expanded our U.S. footprint and grew our total assets under management by \$0.8bn. Our newest members cited access to a larger universe of services, solutions and technology for their clients as a chief reason for their transition. We continue to grow the team, seek out strategic relationships to help these advisors expand their infrastructure and technology ecosystem, and work with innovative investment providers to help meet the needs of our financial advisors and their clients.

We continued to expand our in-house Investment Banking offering, which focuses primarily on providing access to capital for mid-market businesses that are undergoing varying degrees of operational, financial or market-driven change. We expanded our team of seasoned professionals, all of whom bring relevant industry relationships and a broad network of internal and external operating resources that can strengthen client businesses and enhance value. As part of this expansion, Kingswood also added new offices in New York, NY; Miami, FL; and Austin, TX.

Lastly, the completion of the BMI sale enabled us to consolidate our two SEC-registered RIAs, Benchmark Advisory Services, LLC and Kingswood Wealth Advisors, LLC, under the Kingswood Wealth Advisors (KWA) brand which streamlines back-office processes and regulatory oversight while delivering an improved experience to advisors and their clients.

#### **Overview: U.S. Wealth Management Market 2023**

Overall, the U.S. wealth management market in 2023 was marked by a need for adaptation and innovation in response to economic pressures, changing client expectations, and technological advancements. Wealth managers who successfully navigated these challenges by embracing non-traditional assets and technologies were better positioned for growth and competitiveness in the evolving market landscape. Two carryover trends we are paying particular attention to include:

#### **Economic & Market Conditions**

High inflation, market volatility, and fluctuating interest rates create a challenging environment for wealth managers. These factors necessitate a closer look at pricing strategies and cost management to maintain profitability and competitiveness.

#### **Private Markets and Differentiation**

As private markets became more mainstream, wealth managers seek to differentiate themselves by offering niche products, thematic investments, and direct co-investment opportunities. This focus on unique offerings helped firms attract and retain very wealthy clients.

### **Kingswood Holdings Limited US Chief Executive Officer Statement**

#### **Continuing operations:**

#### **Key Performance Indicators**

<b>\$000's (Unless otherwise stated)</b>	<b>2023</b>	<b>2022**</b>	<b>Change</b>
Total Revenue	<b>49,379</b>	35,354	39.7%
Gross Profit	<b>8,389</b>	5,344	57.0%
Operating Profit	<b>2,333</b>	2,600	(10.2)%
AuA (\$m)*	<b>3,700</b>	2,857	29.5%
# of Authorised Representatives	<b>232</b>	217	6.9%

*\* The US AUM/A is based on actuals and proforma assets from registered representatives as at 31 December 2023.*

*\*\*The 2022 Group results are restated following a successful sale of a US subsidiary which is presented as discontinued operations in 2023 and 2022.*

**Mike Nessim**

Kingswood US Chief Executive Officer

27 June 2024

**Kingswood Holdings Limited  
Group Chief Financial Officer**

The Group delivered another strong set of results in 2023. The UK&I reported a material improvement in financial performance supported by acquisitions in the current and prior period. The US division also reported an increase in revenue from continued operations driven by growth in RIA/BD revenues and AuM.

In 2023, we upheld stringent cost and balance sheet discipline and our balance sheet remains well capitalised. We continue to maintain a strong discipline in how we think about the businesses we acquire, ensuring that the multiples we pay are within our risk appetite and funding profile.

**Financial Performance - continuing operations.**

The Group's financial performance for the year was resilient against market headwinds demonstrating the inherent strength of the business model's diversification across both business lines and geography. Group revenue was £86.2m, a 37.7% increase compared to 2022. Operating Profit of £10.8m from continuing operations was 37.9% higher than 2022 reflecting both acquisitions and organic growth across UK, Ireland and the US. Operating Expenditure of £39.9m was £12.0m higher than the prior year, reflecting the impact of the Irish acquisition of £4.2m, the impact of acquisitions in the UK business of £4.1m, higher operating costs in the US £2.6m and higher Central Costs of £1.0m.

The statutory loss before tax at 31 December 2023 of £13.3m, was £2.0m higher than the prior year. The Group incurred £7.3m of finance costs during the year on debt facility drawdowns, reflective of our strategy to use leverage as an accelerant for growth. Non-recurring costs, including broker fees on M&A transactions and costs incurred to reposition the business, totalled £4.7m for the year, a decrease of £1.6m compared to the prior year. Non-cash impacting items of £10.4m were £1.9m higher than 2022 and included amortisation of intangible assets, finance costs recognised on the unwinding of deferred consideration and preference share dividends.

The Group had £18.7m of cash at December 2023, an increase of £2m since 31 December 2022. This increase was driven by £39.0m debt facility drawdowns received in the year and operating cash flows of £4.6m offset by payments relating to acquisitions of £24.8m, deferred consideration of £9.6m, and interest paid on debt facility of £5m. Net Assets were £60.9m, a decrease of £13.1m compared to the prior year.

**Kingswood Holdings Limited**  
**Group Chief Financial Officer**

**Segmental Analysis**

The table below provides a breakdown of the annual financial performance of the four Operating Segments within the Kingswood Group: Investment Management, Wealth Planning, Ireland and Kingswood US. The Group separately reports on Central Costs incurred to support the running of the operating segments and the parent company.

2022 (£k)	UK - Investment Management	UK - Wealth Planning	US	Ireland	Central Costs	Group Total	UK&I
Non-recurring	974	4,420	28,633	1,550	0	35,577	6,944
Recurring	6,995	27,970	10,941	4,636	41	50,583	39,601
<b>Revenue</b>	<b>7,969</b>	<b>32,390</b>	<b>39,574</b>	<b>6,186</b>	<b>41</b>	<b>86,160</b>	<b>46,545</b>
Cost of Sales	(1,154)	(1,482)	(32,851)	0	0	(35,487)	(2,636)
<b>Gross Profit</b>	<b>6,815</b>	<b>30,908</b>	<b>6,723</b>	<b>6,186</b>	<b>41</b>	<b>50,673</b>	<b>43,909</b>
Operating Costs	(3,795)	(20,199)	(4,853)	(4,238)	(6,772)	(39,857)	(28,232)
<b>Operating Profit</b>	<b>3,020</b>	<b>10,709</b>	<b>1,870</b>	<b>1,948</b>	<b>(6,731)</b>	<b>10,816</b>	<b>15,677</b>
Recurring Revenue %	87.8%	88.4%	27.6%	74.9%	n/a	58.7%	85.1%
Operating Profit Margin %	37.9%	33.1%	4.7%	31.5%	n/a	12.6%	102%
AuA (£m)	-	5,171	2,903	743	n/a	8,817	5,914
AuM (£m)	3,513	-	-	-	n/a	3,513	3,513
# Advisers / Authorised Representati	9	94	222	14	n/a	349	117

2022 (£k)	UK - Investment Management	UK - Wealth Planning	US	Ireland	Central Costs	Group Total	UK&I
Non-recurring	931	3,018	13,807	0	0	17,756	3,949
Recurring	6,252	23,644	14,910	0	0	44,806	29,896
<b>Revenue</b>	<b>7,183</b>	<b>26,662</b>	<b>28,717</b>	<b>0</b>	<b>0</b>	<b>62,562</b>	<b>33,845</b>
Cost of Sales	(1,277)	(1,183)	(24,376)	0	7	(26,829)	(2,460)
<b>Gross Profit</b>	<b>5,906</b>	<b>25,479</b>	<b>4,341</b>	<b>0</b>	<b>7</b>	<b>35,733</b>	<b>31,385</b>
Operating Costs	(3,771)	(16,126)	(2,229)	0	(5,765)	(27,891)	(19,897)
<b>Operating Profit</b>	<b>2,135</b>	<b>9,353</b>	<b>2,112</b>	<b>0</b>	<b>(5,758)</b>	<b>7,842</b>	<b>11,488</b>
Recurring Revenue %	87.0%	88.7%	51.9%	n/a	n/a	71.6%	88.3%
Operating Profit Margin %	29.7%	35.1%	7.4%	n/a	n/a	12.5%	33.9%
AuA (£m)	-	4,888	2,380	n/a	n/a	7,268	4,888
AuM (£m)	3,185	-	-	-	n/a	3,185	3,185
# Advisers / Authorised Representati	9	91	217	n/a	n/a	317	100

**Investment Management**

AuM increased to £3.5bn, with growth of £0.3bn in the year supported by positive market movements across Q4 2023 and vertical integration, where an existing Wealth Planning client chooses a Kingswood investment product or service (MPS/PPS). Vertically integrated assets totalled £1.1bn at 31 December 2023, compared to £650m in 2022. Revenue was £8.0m, an increase of 10.9% compared to prior year and Operating Profit was £3.0m compared to £2.1m in 2022. Operating Expenditure was broadly flat on 2022 levels.

**Wealth Planning**

AuA of £5.2bn increased by 5.8% compared to prior year and included £140m of acquisition related inflows and 2.9% from organic growth. Revenue was £32.4m, an increase of 21.5% compared to 2022 and Operating Profit was £10.7m, an increase of 14.5%.

## US

AuA of £2.9bn increased by 29.5% in 2023 on a reported currency basis and revenue of £39.6m represented an increase compared to the prior year (2022: £28.7m). The Kingswood US wealth management business increased its authorised representatives to 232 by December 2023, with \$3.7bn of client assets. Due to Investment Banking revenues being transactional in nature, recurring revenue in the US is lower than the UK&I and also decreased year over year.

**Central Costs** were £6.7m in 2023 (2022: £5.8m). The Group continued to apply prudence to the management of its cost base in 2023. However, costs increased year over year as a result of the strengthening of the executive team and central functions to support a larger business.

### Reconciliation between Operating Profits and Statutory Profits

Operating Profit is considered by the Board to be an accurate reflection of the Group's performance when compared to the statutory results, as this excludes income and expense categories which are deemed of a non-recurring nature or a non-cash operating item. A reconciliation between operating and statutory profit before tax for the year ended 31 December 2023 with comparatives is shown in the table below:

	<b>Group</b>	
	<b>2023</b>	<b>(Restated*)</b>
	<b>£ 000</b>	<b>2022</b>
		<b>£ 000</b>
Operating Profit	10,816	7,842
Business Re-positioning Costs	(1,894)	
		(1,964)
Transaction Costs	(2,828)	(4,379)
Finance Costs	(12,966)	(6,398)
Other Finance Costs	(6,046)	(4,470)
Remuneration Charge (Deferred Consideration)	(474)	(1,852)
Other Gains / (Losses)	131	-
		-
Loss before Tax	<u>(13,261)</u>	<u>(11,221)</u>

- 2023 Business Re-positioning Costs mainly comprise restructuring costs, share based payment expenses, US rep recruitment fees and technology investment costs.
- Transaction costs are acquisition related (legal fees, due diligence, broker fees and project costs). In 2023 the gain on sale of subsidiary of £1m is included in transaction costs.
- Finance costs reflect £2.6m dividends that have accrued on the Group's preference shares in issue and £7.3m of interest accrued from the debt facility. The remaining £3.1m of finance costs charged to the P&L in 2023 largely comprise costs related to the unwinding of deferred consideration.
- Other finance costs represent £4.9m from the amortisation of intangible assets and £1.1m depreciation of Right of Use Assets, property, and IT/office equipment.
- £0.4m Remuneration Charges reflect deferred consideration payments resulting from acquisitions completed in 2019 and 2020. Under the treatment of deferred consideration per IFRS 3, 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 treated as remuneration and accounted for as a charge against profits.

### Kingswood Holdings Limited Group Chief Financial Officer

#### Discontinued operations

The Group's US business sold, its broker-dealer subsidiary BMI, renowned for offering a variety of financial services to both institutional and retail clients, for proceeds of \$5m (£4.1m), a gain on sale of £1m was recognised in 2023. The sale of the business completed on 9 November 2023. The sale qualifies BMI as a discontinued operation under IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations." As such, the results of BMI have been segregated from continuing operations for both the current and prior periods. The results of BMI up to the date of sale have been presented separately as discontinued operations. BMI's financial performance during 2023, determined to the extent through to its disposal with revenues represented of



2023 deteriorated in the period through to its disposal with revenue generated of £38m (2022: £83m) and a net loss of £0.6m (2022: net profit £0.3m). At 31 December 2022, £7.4m assets and £5.4m liabilities relates to BMI, which was classified as a discontinued operation (see Note 2 and Note 6 for details).

## Balance Sheet

Net Assets at 31 December 2023 were £60.9m (2022: £73.9m). Non-current assets were £152.5m for the year-ended 31 December 2023 (2022: £132.3m), an increase of £20.2m compared to the prior year reflecting increases to intangible assets and goodwill from acquisitions completed in 2023. Current assets were £33.1m (2022: £29.0m) reflecting a £2m increase in cash and increase in trade receivables of £9.5m primarily due to £7.4m of assets in prior year being reclassified to held for sale. Cash at 31 December 2023 was £18.7m (2022: £16.7m).

Current liabilities were £39.6m at 31 December 2023 (2022: £38.4m). The increase of £1.2m reflects a £3.1m increase in deferred consideration liability partially offset by a reduction in US investment banking commission accruals. Non-current liabilities were £85.1m as at 31 December 2023 (2022: £49.0m). The increase of £36.1m year over year reflects a £38.5m net movement on the debt facility and an increase of £4.9m in deferred tax liabilities, offset by a £6.9m reduction in non current deferred consideration and £0.4m lease liabilities and other long term liabilities.

## Acquisitions

We are pleased with the progress made in expanding Kingswood, with businesses acquired in UK and Ireland respectively in 2023. We have strong experience across the senior management team and have developed a strong internal capability to complete transactions quickly and efficiently.

Our selection process is rigorous, and we look at many factors including cultural fit, client focus and dedication, and key personnel retention to preserve and grow those client relationships. Our model is to free up advisers' time to focus on their clients, and to provide a centralised, efficient support infrastructure. We are committed to driving organic growth within every acquired business and bring a 'whole of wallet' approach where Kingswood can bring considerable additional products and services to the table for clients, generating revenue growth from the existing client base.

Financially, we assess businesses on strict performance parameters, with a focus not just on revenue and profit measures but also on Assets under Advice and Management (AUA/M) and Return on Investment (ROI). Post-acquisition, we create monthly performance reports against these metrics and adjust strategy and implementation accordingly.

## Kingswood Holdings Limited Group Chief Financial Officer

Date	Acquisition	AUM/A £bn	No of Advisers	Acquired Operating Profit £m
Jan-23	Barry Fleming Partners	0.10	3	0.7
Mar-23	Moloney Investments Ltd (MMPI)	0.60	14	3.1
	Total	0.74	17	3.8

## Outlook

I was delighted to join the Kingswood team as Group CFO in March 2024. My experience in business development, client service, finance transformation and building best-in-class finance teams marries well with Kingswood's next key phase of its integration programme, underpinning the delivery of the 5 year strategic plan.

Kingswood remains well positioned as an international integrated AIM-listed provider in a highly fragmented market of over 27,000 independent advisors facing the increased regulatory requirements of the FCA's Consumer Duty. This represents a

twin market opportunity of both a tight to quality for clients and also increased consolidation as regulatory pressures mount on smaller providers.

Over the last three months, I have worked closely with the Group's highly talented business leaders, the experienced, engaged and highly supportive board, shareholders and advisers. It is highly motivating and rewarding to work alongside such expertise and I am left very optimistic that this collective will further build upon the Group's successes to date.

In the medium term, we are targeting for Group operating profit to increase to £25m with AuM/A of £20bn:

- Of which, UK&I business will make up £21.5m operating profit and £15.5bn AuM/A
- In the US, we expect to derive increased value from the now established Kingswood Investment Banking operations. We will continue to grow our core RIA/BD business by onboarding additional advisers, as opportunity allows.

Kingswood's financial strategy is to partner closely with the leadership and deliver decision support via best-in-class people, processes and platforms to drive growth, profit and cashflow. We will maintain a robust and disciplined balance sheet via a risk-based control framework.

**Vinoy Nursiah**

Group Chief Financial  
Officer  
27 June 2024

## **Kingswood Holdings Limited Principal Risks and Uncertainties**

### **Principal Risks and Uncertainties**

The Board is ultimately responsible for the management of risk and regularly considers the most significant and potential risks likely to impact delivery of the Group's strategy. The Board also has responsibility for implementing and maintaining a Group-wide system of internal controls and a robust risk management framework, and regularly reviewing the efficiency and effectiveness of those systems and frameworks.

Our risk assessment process considers both the likelihood and impact of risk events which could prevent the implementation of Group strategy and have a material impact on the performance of the Group. These risks can arise from internal or external events. The principal risks identified as having a potential material impact on the Kingswood Group are summarised below together with our mitigation strategies. This list is by no means exhaustive and can and will change over time.

### **Overview of Risk Management Framework**

Kingswood offers a suite of wealth planning and investment management solutions to its clients, which range from private individuals to some of the UK's largest universities and institutions. Kingswood continues to focus on taking advantage of consolidation opportunities in the UK, Ireland and US wealth management sectors to build a larger, scaled business.

In the UK, Kingswood is the 100% owner of a number of regulated entities offering a full financial planning service primarily to UK based private client individuals as well as a small number of trusts and corporate clients. This covers advice on investments, pensions, protections, and a range of other services.

The Group offers investment management for private client individuals via risk graded

Model Portfolio Services, an OEIC, and Personal Portfolio Services. There is also an institutional business offering a range of fixed income mandates to institutional clients.

Some legal entities within the Group are regulated firms. This means that they have to be approved by the FCA and adhere to regulatory requirements.

## Scope

This Risk Management Framework applies to the Group's UK businesses.

### 1. Governance

The following committees provide formal governance and oversight and oversight of the Risk Management Framework.

Board: The Board is ultimately responsible for the Risk Management Framework across the Group. In practice, oversight is delegated to the committees set out below, with escalation of material items to the Board as required.

Audit & Risk Committee: This committee is responsible for assisting the Board in its oversight of risk management across the Group. This includes:

- Oversight & challenge to maintain a supportive risk culture in the Group;
- Reviewing key risk metrics;
- Reviewing the key risk register;
- Overseeing and challenging risk appetite;
- Ensure risks are appropriately identified and managed.
- Monitoring the integrity of the group's financial reporting
- Ensuring effective internal controls are in place
- Monitoring the performance of external audit (and any internal audit)

Nomination & Remuneration Committee: Oversight and challenge of key appointments and executive remuneration.

Regulated Entity Boards: Oversight and challenge of overall business performance, risks, controls and consumer outcomes in respect of the regulated firms.

Executive Committee: Executive responsibility for ensuring the overall performance of the firm and its strategy.

Risk & Compliance Committee: The main executive level committee responsible for the reporting, monitoring, review and challenge of all risk types facing the firm. This committee is attended by the company executives and subject matter experts as required. The committee reports the regulated entity Boards as well as the Audit & Risk Committee.

### 2. Three Lines of Defence

To ensure the effectiveness of Kingswood Group's risk management framework, the Board and Senior Management rely on adequate line functions.

1st Line of Defence: All businesses within the group have day to day ownership and responsibility for their risks.

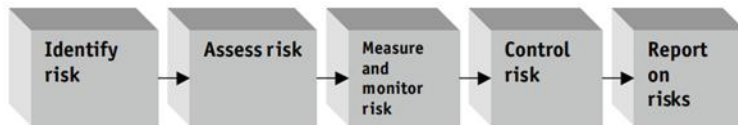
- Identifying and assessing risks;
- Managing & controlling risks;
- Measuring risks and developing key risk indicators;
- Mitigating risk and balancing reward;
- Reporting and escalation.

2nd Line of Defence: Kingswood maintains an independent 2nd line Risk & Compliance function that provides support and independent challenge to the first line. Responsibilities include:

- Design & operation of the Risk Framework;
- Risk Assessment;
- Risk Appetite;
- Risk reporting;
- Independent 2nd line assurance testing;
- Challenge and oversee the adequacy of controls & action plans.

3rd Line of Defence: The Group commissions external consultants in lieu of an internal audit function in order to challenge the adequacy of our Risk Management and Compliance Frameworks.

### 3. Risk Framework



The Risk Framework details the core risk management components and structures used across the firm, and defines a consistent and measurable approach to identifying, assessing, measuring, monitoring, controlling, mitigating, and reporting risk.

The remainder of this section sets out the techniques and organisational arrangements that ensure all principal risks facing the group are identified and understood along with the processes in place to protect the group and prevent detriment to its customers and colleagues.

### 4. Risk Types

Risk Type	Risks identified
<b>Capital</b>	<ul style="list-style-type: none"> <li>· Cash position;</li> <li>· ICARA;</li> <li>· Funding</li> </ul>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>· Corporate cash deposited with external banks;</li> <li>· Failed trades;</li> <li>· Indirect liquidity risk associated with client portfolios;</li> <li>· Poor or uncertain streams of income;</li> <li>· Low current ratio &lt;1 (current asset / current liabilities)</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>· Impact on revenue from market movements (i.e. interest &amp; foreign exchange rates, equity &amp; commodity prices, margin, credit spreads &amp; implied volatilities &amp; political/country risk);</li> <li>· Indirect market risk in client portfolios</li> </ul>
<b>CASS</b>	<ul style="list-style-type: none"> <li>· Client cash deposited with external banks (CASS rules)</li> </ul>
<b>Climate</b>	<ul style="list-style-type: none"> <li>· Inability to comply with reporting and disclosure requirements</li> </ul>
<b>Change Execution</b> /	<ul style="list-style-type: none"> <li>· Acquisitions and adaptations to inorganic growth;</li> <li>· Technology and regulatory developments</li> </ul>
<b>Compliance &amp; Corporate Governance</b>	<ul style="list-style-type: none"> <li>· Governance arrangements, (including Product Governance);</li> <li>· AIM listed company obligations;</li> <li>· Risk and Compliance monitoring plan</li> </ul>
<b>Conduct file quality - (investment)</b>	<ul style="list-style-type: none"> <li>· Suitability of client files;</li> <li>· Investment Manager Training &amp; Competence scheme</li> </ul>
<b>Conduct file quality - (wealth planning)</b>	<ul style="list-style-type: none"> <li>· Suitability of client files;</li> <li>· WP T&amp;C scheme</li> </ul>

<b>Conduct (other)</b>	<ul style="list-style-type: none"> <li>Employee behaviours, client centric culture</li> <li>Senior Manager &amp; Certification Regime and regulatory conduct</li> </ul>
<b>Data</b>	<ul style="list-style-type: none"> <li>Protection and integrity of client data</li> <li>Protection and integrity of firm data (corporate and employee)</li> </ul>
<b>Enterprise-Wide Risk Management Framework</b>	<ul style="list-style-type: none"> <li>Risk management identification, assessment and management</li> </ul>
<b>Financial Crime</b>	<ul style="list-style-type: none"> <li>Identification or prevention of suspicious activity from clients, third parties and employees</li> <li>Inadequate systems &amp; controls to mitigate organisational vulnerabilities to Market Abuse Regulation, Anti Money Laundering, Anti Bribery &amp; Corruption</li> </ul>
<b>Information Security and Cyber</b>	<ul style="list-style-type: none"> <li>Data loss</li> <li>Data/Cyber Security and unauthorised access</li> <li>IT infrastructure</li> </ul>
<b>Insurance (Group)</b>	<ul style="list-style-type: none"> <li>Inadequate cover (Professional Indemnity Insurance, Physical, Employee)</li> <li>Poor coverage of perils</li> </ul>
<b>Operational Resilience</b>	<ul style="list-style-type: none"> <li>Business continuity</li> <li>Disaster recovery plan and crisis management</li> </ul>
<b>Business Process (investment operations)</b>	<ul style="list-style-type: none"> <li>Systems</li> <li>Process</li> <li>People</li> </ul>
<b>Business Processes (wealth planning)</b>	<ul style="list-style-type: none"> <li>Systems</li> <li>Process</li> <li>People</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Resourcing and key person dependency</li> <li>Skills and capacity of future workforce</li> </ul>
<b>Regulatory &amp; Legal</b>	<ul style="list-style-type: none"> <li>Risk of regulatory fine or censure</li> <li>Litigation, reputational damage</li> <li>Complaints upheld</li> </ul>
<b>Third Party</b>	<ul style="list-style-type: none"> <li>Supply chain risks</li> <li>Procurement</li> <li>Competition risk</li> </ul>

## 5. Risk Appetite

Risk appetite statement is an expression of how much risk the Group is willing to take. Some risks must be taken, but these should be managed. Other risks must be avoided such as harm to customers or lack of compliance with regulation.

The Board has the ultimate responsibility for the development of appropriate strategies, systems, and controls for the management of risks within the business.

The risk appetite statement is reviewed at least annually, or more often as deemed appropriate. Any high risks are required to have a clear mitigation plan presented to the Audit & Risk Committee

## 6. Risk Assessments

The Group identifies its key risks via a Top-Down Risk & Control Self-Assessment. This is intended to identify the key risks facing the Group as a whole. The 'risk-map' is regularly reviewed by the Risk Committee and by the Audit & Risk Committee. Risks are assessed on a likelihood and impact basis with key controls and further mitigating actions identified.

More detailed process risk assessments make take place on an ad-hoc basis in relation to particular processes, systems or areas of risk.

## **7. Risk Events / Breaches**

The Risk team maintains a log of Risk events and breaches to ensure that any affected clients are put back in the position they would have been had there been no incident.

The team also ensures that the risk event is understood, and that appropriate corrective actions are taken as well as preventative actions to minimise the risk of future reoccurrence. Root causes, themes and trends are monitored to identify any areas for further attention.

## **8. Key Risk Indicators**

A suite of measures are maintained each month to track movements in the key risks as per the Risk map.

These include:

- File review results;
- Annual reviews;
- Complaints;
- Incidents;
- Breaches;
- Compliance monitoring actions;
- Any actions arising from independent 2nd line and external assurance reviews.

## **9. Monitoring and Reporting**

The Kingswood Risk team coordinates monthly reporting to the Risk Committee and quarterly to the Audit & Risk committee.

## **10. ICARA & IFPR**

Under the IFPR rules, the investment entities within the Group are required to complete an ICARA which may be subject to review by the FCA as part of their Supervisory and Evaluation process (SREP). The Group has two investment management subsidiaries subject to this regulation - IBOSS Asset Management and Kingswood Investment Management - and both are assessed separately.

The ICARA covers:

- Minimum capital calculations
- Base case financial forecast
- Material Harm analysis
- Liquidity Risk analysis
- Stress testing
- Wind down plan
- Disclosures

The ICARA is managed by the Finance & Risk teams and updated regularly throughout the year and formally on an annual basis.

# **Kingswood Holdings Limited Corporate social responsibility**

## **Introduction**

Our commitment to Corporate Social Responsibility (CSR) reflects our values and our aspiration to create long-term value for all stakeholders, including our clients, employees, shareholders, suppliers, communities, and the environment. By embedding Corporate Responsibility in everything that we do, we will ensure that every single

touch point for our clients adheres to consistent standards and objectives.

Our Environmental, Social, and Governance (ESG) framework helps us to identify and manage the material risks and opportunities related to environmental, social, and governance factors that can impact our long-term financial performance. This combined approach to CSR and ESG is integral to our strategy and our mission to be a sustainable and responsible business.

This CSR and ESG statement outlines our approach, our key priorities and our progress in the past year. As an acquisitive-based organisation, we also use measurement practices on our new acquisitions to ensure we have a clear benchmark upon integration into the Group.

#### **Our Approach**

Our approach to CSR and ESG is based on our commitment to creating sustainable value for all our stakeholders. We believe that our business operations should be conducted in a responsible and ethical manner that promotes economic, social, and environmental well-being. To achieve this, we have developed an ESG framework that is integrated into our business strategy, decision-making processes, and risk management framework. Our approach is guided by our values of impact, teamwork and integrity, and a respect for human rights and the environment.

#### **Our Key Priorities**

We are consciously focusing on where we can make the largest positive impacts on the environment and have identified the following ESG priorities as the most significant for our business and stakeholders: climate change, labour practices, data privacy, and stakeholder engagement. We recognise the potential risks and opportunities associated with these issues and have prioritised our efforts accordingly. We have established targets and KPIs to measure our performance and progress in these areas, and we regularly review and update our strategy to reflect changes in the external environment and stakeholder expectations.

On a continuous basis we are looking at how we can both improve the client experience as well as reducing our impact on the environment. Our partnership with Ecologi has enabled us support projects in the world that support carbon regeneration.

The increasing requirements from clients for flexibility has allowed through the use of technology for our frontline teams to be able to meeting with clients virtually when required which not only provides clients with that visual connection but it also supports our impact on the environment.

"Kingswood Go", our client portal has an increasing number of clients using the application. Not only does this application provide high levels of security to our clients for peace of mind, but it also allows for documents to be shared digitally and portfolio valuations to be available to clients which eliminates the need for printing and mailing of documents. This digital solution not only saves costs and reduces paper waste, but also enables our customers to access information more quickly and conveniently.

We believe that offering flexibility in the way that we work is an important way to reduce our carbon footprint and promote sustainability, while also encouraging a greater work-life balance for all our employees. We recognise the importance of diversity and inclusion, and we are committed to fostering a culture that values and promotes it at all levels of our organisation. Research shows that by 2025, 60% of the UK wealth pool will belong to women so it is crucial that we have appropriate female representation in our organization. Over 2023, we are proud that 20% of our frontline advisers were female, and increasing this percentage continue to be an area of focus for us.

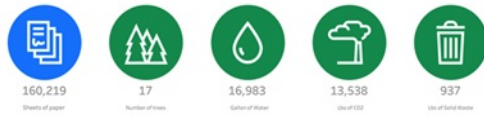
### **Kingswood Holdings Limited Corporate social responsibility**

#### **Our Performance**

During 2023, we remained focused on becoming a more responsible corporate citizen in the communities in which we operate, taking the following actions across our ESG framework:

## The environment

- Our usage of DocuSign has seen us save over 160k sheets of paper and 13.5 lbs of Co2 over 2023
- Increased the number of client registrations on Kingswood Go to over 7,500 since launching in March 2022.
- Our partnership with Ecologi, a climate solution has enabled us to offset our entire carbon footprint through supporting a broad range of carbon avoidance and reforestation around the globe.

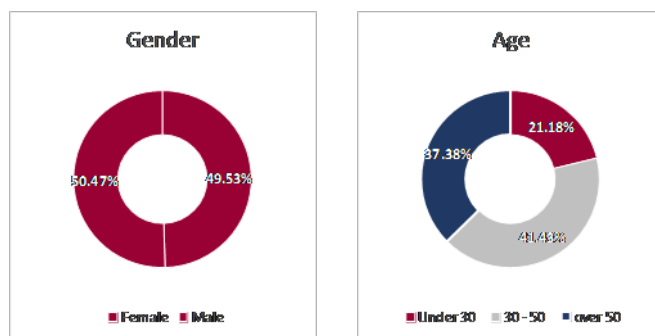


## Social

- Actively supported several initiatives, including 'Black History Month', with diversity and inclusion remaining at the forefront of our agenda.
- Continued to develop our people through the roll-out of our Leadership Development Programme and extension of our Career Development Program.
- Heightened the focus on awareness dates that would affect a broad range of colleagues, such as Mental Health Awareness and introduced our mental health first aiders as a package of initiatives to colleagues when they need them.
- Continued to deliver an outstanding service to our clients across the globe. In the UK we continue to rate 4.8/5 on Vouched For and regularly survey our clients, achieving a Net Promoter Score of +88 in December 2023 (2022: +46).
- In the UK we committed all fundraising activities to our charity of Mind, which was chosen by our colleagues. In the US we are passionate about serving our communities and are proud to support A friend's house, Skull Games and Camp Cowboy supporting military families with financial contributions and the gift of our team members' time.

We currently have 400 employees across our global operations:

## Kingswood Holdings Limited Corporate social responsibility



## Governance



- Demonstrated our commitment to improving our diversity and inclusion practices through increasing the female representation of our Board from 14% to 38%. We believe that this has brought us closer to achieving our goal of having a board that reflects the diversity of our stakeholders.

### **Our Governance**

Our CSR and ESG governance structure is based on best practices and ensures that we have clear accountability, oversight, and transparency. Jonathan Freeman, in his capacity as an independent Non-Executive Director, continues to assume responsibility for ensuring that the Group has appropriate corporate governance standards in place and that these standards are applied within the Group as a whole. Our Chief Client Officer, Lucy Whitehead, assumes responsibility for our ESG initiatives and reporting to the Board.

We engage with our stakeholders regularly to ensure that their views and concerns are taken into account. We also disclose our ESG performance through various channels, including in our Annual Report, and company website.

### **Future commitments**

We are committed to continuous improvement in our CSR and ESG performance and have outlined our commitments for the coming years below. We believe that these commitments will help us to create long-term value for our stakeholders and contribute to a more sustainable and responsible future.

- Reduce our carbon emissions intensity year on year.
- Providing further educationally based training for colleagues to learn more about diversity and behavioural issues in the workplace.
- Continuing our mission to support diversity and have a collegiate workforce

We welcome feedback and suggestions from our stakeholders on how we can continue to improve our CSR and ESG practices and outcomes.

## **Kingswood Holdings Limited Board of directors**

### **Governance**

The Directors of Kingswood Holdings Limited recognise the importance of sound corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the QCA Code). The QCA Code takes key elements of good governance and applies them in a manner that is workable for the different needs of growing companies and was developed by the Quoted Companies Alliance as an alternative corporate governance code applicable to AIM companies.

Jonathan Freeman, in his capacity as an independent Non-Executive Director, has assumed responsibility for ensuring that the Group has appropriate corporate governance standards in place and that these requirements are followed and applied within the Group as a whole. The QCA Code corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Kingswood Board.

Kingswood's Board has the responsibility to set strategy for the Group and to monitor the performance of the operating subsidiaries. The subsidiary boards have the responsibility to oversee, govern and direct the operations of the subsidiary entities in line with relevant rules and regulations and overall Group strategy.

The respective Boards have established various committees, each of which has written terms of reference. The principal committees of the Group Board are the Audit

and Risk Committee and the Nomination and Remuneration Committee.

The principal methods of communicating the application of the QCA Code are this Annual Report and the Group's website which sets out the 10 QCA Code principles and how Kingswood Holdings Limited complies with those principles and the related disclosures: [www.kingswood-group.com/corporate-governance](http://www.kingswood-group.com/corporate-governance). The Group applies all the QCA principles in full.

### **Corporate governance structure**

The role of Non-Executive Chairman is held by David Hudd. The Board considers that the Non-Executive Directors provide a strong and consistent independence to the Executive members. During the year, two new independent Non-Executive Directors, Gemma Godfrey and Jane Millar joined the Group.

None of the Non-Executive Directors are involved in the day-to-day management of the Group and are free from any business or other relationship which could materially interfere with their judgement. Biographies of the Non-Executive Directors are contained on pages 33 to 35.

## **Kingswood Holdings Limited Board of directors**

During the year ended 31 December 2023, the Non-Executive Chairman was responsible for leadership of the Board, creating conditions for the effectiveness of the Board and individual Directors and developing the Group's strategy. The CEO and US CEO were responsible for running the Group's business day to day and, subject to Board agreement, the implementation of strategy.

The minutes of scheduled meetings of the Board are taken by the Company Secretary. In addition to constituting records of decisions taken, the minutes reflect questions raised by Board members in relation to the Group's business and, in particular, issues arising from the reports included in the Board or Committee papers circulated prior to the relevant meeting. Unresolved issues (if any) are recorded in the minutes.

Corporate governance and the management of the Group's resources is achieved by regular review and discussion, through meetings and video calls, monthly management accounts, presentations and external consultant reports and briefings.

### **Independence of Board of Directors**

The Board considers that all Non-Executive Directors bring an independent judgement. The QCA code recommends that at least two independent Non-Executive Directors sit on the Board. At year-end, the Board had nine members, with one Executive and eight Non-Executive Directors. David Hudd, Gemma Godfrey, Jane Millar and Jonathan Freeman are considered 'independent'. Jonathan Massing, Gary Wilder, Howard Garland, Duncan Gerard and Lindsey McMurray are not considered independent due to the size of shareholding they are directly or indirectly associated with.

During the year under review, the Board comprised:

- Jonathan Freeman (Independent Non-Executive Director)
- Howard Garland (Non-Executive Director) \*
- David Hudd (Independent Non-Executive Chairman)
- Jonathan Massing (Non-Executive Director, Deputy Chairman)
- Lindsey McMurray (Non-Executive Director)
- Gary Wilder (Non-Executive Director)
- David Lawrence (Executive Director, Chief Executive Officer)
- Gemma Godfrey (Independent Non-Executive Director)
- Jane Millar (Independent Non-Executive Director)
- Duncan Gerard (Non-Executive Director) \*\*

\*Howard Garland resigned from the board on 30 November 2023

Howard Garland resigned from the Board on 30 November 2023.

\*\*On 1 December 2023, Duncan Gerard joined the Board as a Non-Executive Director.

The Board has scheduled meetings at least quarterly with additional meetings taking place as required. The Board formally met six times throughout the year. Meetings of the Board are held at the Group's offices in London or via video call. The number of main Board meetings and committees held in 2023 and individual attendance was as follows:

<p><b>Kingswood Holdings</b></p> <p><b>Limited Board of</b></p> <p><b>directors</b></p>			
<b>Director</b>	<b>Board</b>	<b>Audit Committee</b>	<b>Nomination &amp; Remuneration Committee</b>
Jonathan Freeman	6/6	4/4	1/1
Howard Garland	1/6		
David Hudd	6/6	3/4	1/1
Jonathan Massing	6/6		
Lindsey McMurray	6/6		
Gary Wilder	5/6		
David Lawrence	6/6		
Gemma Godfrey	5/6		
Jane Millar	1/1	4/4	

The Board has approved a formal schedule of matters reserved for consideration and decision. These are divided into several key areas, including but not limited to:

- Constitution of the Board, including its various Committees, and succession planning (as recommended by the Nomination and Remuneration Committee).
- Group strategy and transactions.
- Financial reporting (including approval of interim and final financial statements).
- Group finance, banking, and capital structure arrangements.
- Regulatory matters (including the issue of shares, communication, and announcements to the market).
- Group compliance risk management and control processes and decisions (as recommended by the Audit and Risk Committee).
- Approval of remuneration policies (as recommended by the Nomination and Remuneration Committee).

Matters requiring Board and Committee approval are generally the subject of a written proposal by the Executive Directors to the Board (or Committee) and circulated prior to the relevant meeting. All Directors receive appropriate information on the Group comprising a financial report and other relevant paperwork from each of the responsible executives and other members of senior management before each scheduled Board meeting. The Executive Directors and other invited members of senior management present reports to each meeting on key issues including strategy, risk & compliance, finance, operations, people, and legal matters.

The Board recognises the importance of on-going professional development and education, particularly in relation to new laws and regulations potentially impacting the business of the Group. Such training may be obtained by Directors individually or through the Group. Directors also maintain knowledge and skills through their day-to-day roles and may additionally obtain independent professional advice at the Group's expense. Third party Directors' and Officers' liability insurance at a level considered appropriate for the size and nature of the Group's business is maintained.

The terms and conditions of each Director's appointment are available for inspection at the Group's head office in London during normal business hours. The letters of

appointment of each Non-Executive Director specifies the anticipated level of time and commitment including, where relevant, additional responsibilities in respect of the Audit and Risk, and the Nomination and Remuneration Committees. Details of other material commitments of the Non-Executive Directors are disclosed to the Board and maintained in a register by the Company Secretary.

## **Kingswood Holdings**

### **Limited Board of directors**

#### **Subsidiary boards**

Each of the Group's UK operating subsidiary companies has a separate Board which meets at least quarterly to discuss key matters pertaining to the subsidiaries' activities. The Chief Executive Officer, Group Chief Financial Officer, Group Chief Operating Officer and Group Chief Risk Officer sit on each of the operating subsidiary boards with Independent NED's attending as observers. The Group's US interests are ultimately held through its subsidiary company KW Wealth Group Limited and to date US investments have been reviewed by the Group Board. In addition, key Group Board members sit on the US division's advisory board.

#### **Board committees**

The Board has established committees including Audit & Risk and Nomination & Remuneration, each with separate terms of reference. These are available for viewing at Kingswood's London office.

#### **Audit and Risk committee**

The Audit and Risk Committee is chaired by Jonathan Freeman with David Hudd joining in January 2020 and Jonathan Massing in January 2021. In January 2023, Jonathan Massing resigned from the committee and Jane Millar joined. The Audit and Risk Committee is responsible for providing formal, transparent arrangements to the application of suitable financial reporting and internal control principles having regard to good corporate governance. The committee is also responsible for monitoring the external audit function including the independence, objectivity, and cost-effectiveness of the Group's external auditor. The meeting is attended by the Group Chief Executive Officer, Group Chief Financial Officer and Group Chief Risk Officer.

The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered on a regular basis. The Audit and Risk Committee meets at least twice a year with the auditors to discuss their appointment, independence and objectivity, the issuance of the Interim and Annual Reports and any audit issues arising, internal control processes and any other appropriate matters. Fees in respect of audit services are set out in note 7 of the Notes to the Financial Statements. Fees for non-audit services paid to the auditors are not deemed to be of such significance as to impair independence and therefore the Audit Committee considers the objectivity and independence of the auditors safeguarded.

#### **Internal control**

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit and Risk Committee monitors and reviews the effectiveness of the system of internal control and reports to the Board when appropriate with recommendations. The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function. It was

concluded, given the current size and transparency of the operations of the Group, that an internal audit function was not required at this time. The main features of the internal control system are outlined below:

### **Kingswood Holdings Limited Board of directors**

A control environment exists through close management of the business by the Executive Director. The Group has a defined organisational structure with delineated approval limits. Controls are implemented and monitored by the Executive Director.

The Board has a schedule of reserved matters expressly for its consideration and this includes approval of acquisitions and disposals, major capital projects, treasury and risk management and approval of business plans and budgets.

The Group utilises a detailed budgeting and forecasting system. Detailed budgets are prepared annually by the Executive Directors and senior management and submitted to the Board for approval. Forecasts are regularly updated to reflect changes in the business including cash flow projections and are monitored by the Board. Actual results are monitored against budgets and variances reviewed by the Board.

Financial risks are identified and evaluated for consideration by the Board and senior management. Standard financial control procedures are operated throughout the Group to ensure assets are safeguarded and proper accounting records maintained.

#### **Nomination and Remuneration committee**

The Nomination and Remuneration Committee is responsible for the consideration of Board appointments, the review of Board structure, its size and composition and the identification of future Board requirements by reference to the balance of skills, knowledge and experience present on the Board and the scale and direction of the Group. It is chaired by David Hudd, and Jonathan Freeman and Gemma Godfrey are also members.

The Committee is also responsible for establishing a formal and transparent procedure for executive remuneration policy and for determining the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Group Chief Executive Officer, the Company Secretary, and such other members of the executive management of the Group as it is designated to consider.

It is also responsible for recommending to the Board the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options. No Director is involved in a decision regarding their personal remuneration. The Board considers the current composition of the Nomination and Remuneration Committee appropriate given the size of the Group. There was one Nomination and Remuneration Committee meeting held during the financial year ended 31 December 2023.

#### **Remuneration policy**

The Board retains responsibility for overall remuneration policy. Executive remuneration packages are designed to attract and retain executives with the necessary skill and experience to hold a senior management role in the Group. The Committee recommends to the Board the remuneration packages by reference to individual performance and uses the knowledge and experience of the Committee members, published surveys relating to AIM companies, the financial services industry and market changes generally. The Committee has responsibility for recommending any long-term incentive schemes.

The Board determines if Executive Directors are permitted to serve in roles with other companies. Such permission would be granted on a strictly limited basis, where there

are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Group. Earnings from such roles would be required to be disclosed to the Committee Chairman.

## **Kingswood Holdings**

### **Limited Board of directors**

There are four main elements of the remuneration package for Executive Directors and executive staff:

1. Basic salaries and benefits in kind: Basic salaries are recommended to the Board by the Committee, based on the performance of the individual and the compensation for similar positions in comparable companies. Benefits in kind including death in service cover are available to all staff and Executive Directors. Benefits in kind are non-pensionable.

2. Share options: The Company operates approved share option schemes for key personnel to incentivise performance through equity participation. Exercise of share options under the schemes is subject to defined exercise periods and compliance with the AIM Rules. The schemes are overseen by the Nomination and Remuneration Committee which recommends to the Board all grants of share options based on the Committee's assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate. The AIM rules refer to the requirement for performance related elements of remuneration to form a significant proportion of the total remuneration package of Executive Directors and should be designed to align their interests with those of shareholders. The Nomination and Remuneration Committee currently considers that the best alignment of these interests is through the continued use of performance incentives through the award of share options in the Company's existing long term incentive plan (LTIP) awards scheme.

3. Bonus scheme: The Group has a discretionary bonus scheme for Executive Directors and staff which is specific to each individual and their role within the Group.

4. Pension contributions: The Group pays a defined contribution to the pension schemes of Executive Directors and staff. The individual pension schemes are private, and assets are held separately from those of the Group.

#### **Policy on non-executive remuneration**

All Non-Executive Directors, except Pollen Street Capital's representatives to the Board, receive a fee for their services as a Director which is approved by the Board, mindful of their time commitment and responsibilities and current market rates for comparable organisations and roles. Non-Executive Directors are also reimbursed for travelling and other incidental expenses incurred on Group business.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors and in normal circumstances does not allow Directors to undertake dealings of a short-term nature.

Ownership of the Company's shares by Non-Executive Directors is considered a positive alignment of interest with shareholders. The Board periodically reviews the shareholdings of Non-Executive Directors and seeks guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company.

Directors' remuneration, including Directors' interests in share options over the Company's share capital, are set out in the Directors' Report (page 36) and the Directors' Remuneration Report (page 40).

#### **Re-election**

Under the Company's articles of association, all Directors are subject to election by shareholders at the AGM immediately following appointment. All Directors formally retire by rotation at intervals of no more than three years, requiring re-election by shareholders.

## **Kingswood Holdings Limited Board of directors**

### **Performance evaluation**

The composition of the Board is regularly reviewed to ensure it maintains the necessary depth and breadth of skills to sustain the delivery of the Group's long-term strategy. The Board is committed to ensuring it maintains the necessary combination of skill, experience, and gender balance.

Evaluations of the Board, the Committees and individual Directors are undertaken on an annual basis in the form of peer appraisal, questionnaires, and discussions to determine effectiveness and performance. This includes a review of success in achieving annual objectives set by the Board. The Board may utilise the results of the annual evaluation process to identify training and development needs and succession planning.

### **Relationship with shareholders and dialogue with institutional shareholders**

The Chairman, Group Chief Executive Officer and the Group Chief Financial Officer maintain dialogue with key shareholders in relation to strategy and corporate governance issues.

All shareholders receive the Annual Report incorporating audited financial statements and are welcome to attend the Company's AGM. The Directors attend the meeting and are available to answer questions both formally during the meeting and informally afterwards.

The collection and analysis of shareholder proxy votes is handled independently by the Group's registrars. The Chairman announces the results of the proxy votes lodged after shareholders have voted on a show of hands. All Committee chairmen are, where possible, available at the AGM. The Non-Executive Directors are available to shareholders and may be contacted through the Chief Executive Officer's office.

The Group's website at [www.kingswood-group.com](http://www.kingswood-group.com) is an important source of information for investors, including information required in compliance with AIM Rule 26, and is updated regularly.

### **Corporate culture and social responsibility**

The Board seeks to maintain the highest standards of integrity in the conduct of the Group's operations. An open culture is encouraged within the Group with regular communications and meetings with staff where open dialogue and feedback is sought.

The Group is committed to conducting its business in a socially responsible manner and to respect the needs of employees, investors, customers, suppliers, regulators, and other stakeholders. The Group is also committed to being a responsible employer and to promoting values, standards and policies designed to assist our employees in their conduct, working and business relationships.

The most significant impact on the environment from the Group's activities is the emission of greenhouse gases as a result of running the Group's offices, associated travel, and the recycling of waste. The Group is committed to minimising the amount of travel employees undertake and to recycling as much of the Group's waste as possible. The Group will continue to look at ways to act in a socially responsible manner.

**Kingswood Holdings**  
**Limited Board of**  
**directors**

**DAVID HUDD - Non-Executive Chairman**

David trained as a solicitor with Linklaters and, after a successful career as an investment banker in structured finance, joined Hogan Lovells, the international law firm, as a partner in 1994. He was consistently ranked as a market-leading lawyer for over 25 years. From 2005 David led the firm's global finance practice before assuming the role of Global Deputy CEO in 2014. He retired from this position and as a partner in June 2020 but continues to serve as Senior Counsel at Hogan Lovells. David earned his MA Jurisprudence (Oxon) in 1980 and qualified as a solicitor in 1983.

David joined the Board in June 2018 as a Non-Executive Director and subsequently became Non-Executive Chairman in July 2021.

**JONATHAN MASSING - Non-Executive Deputy Chairman**

Jonathan is Non-Executive Deputy Chairman. He brings wide ranging experience to the Board, in particular in corporate finance and acquisitions. He has a strong background in commercial and corporate finance advisory, buyouts, venture capital, shareholder dispute advisory, and private businesses valuation. Jonathan is a Chartered Accountant and has extensive experience in the sale and acquisition of private companies and provides advice on debt structures and working capital facilities. In 1998 he set up Kingswood Investment Partners Limited as a private equity investor. He is also a founder of Kingswood Property Finance Limited Partnership and founded a City-based advisory firm Kingswood in 1993.

Jonathan joined the Board in October 2017.

**GARY WILDER - Non-Executive Director**

Gary is a Chartered Accountant and a graduate of the Bayes Business School, University of London. He has over 30 years' experience in pan-European private equity and real estate, particularly in investment, capital raising, structuring, debt financing and asset management. He is the co-founder of Kingswood Property Finance Limited Partnership where he made a series of long-term strategic investments in financial services. Gary's key responsibilities include building strategic relationships with new and existing investors, bankers, financial advisers and directing capital raising efforts to the growth and expansion of the platform.

Gary joined the Board in October 2017 as Group CEO. In April 2022, Gary stepped back into a Non-Executive Director role.

**JONATHAN FREEMAN - Non-Executive Director**

Jonathan is a Non-Executive Director and chairs the Audit and Risk Committee and is a member of the Nomination and Remuneration Committee. He is a seasoned corporate financier and company director with extensive experience of listed companies, financial services and FCA regulated entities. This experience is important to the Group as it is quoted on AIM and subsidiary entities are regulated by the Financial Conduct Authority in the UK.

Jonathan joined the Board in June 2018.



**Kingswood Holdings  
Limited Board of  
directors**

**HOWARD GARLAND - Non-Executive Director**

Howard holds a First-Class Honours degree in Mathematics from University College London. Howard is a partner at Pollen Street Capital and a member of its private equity and credit investment committees. Howard re-joined Pollen Street Capital in 2015 having been a Principal at RBS until 2012. Prior to re-joining Pollen Street Capital as Partner in 2015, Howard assisted the Swedish credit institution Hoist Finance in entering the UK debt collecting and NPL debt purchasing sector, supporting the acquisition of a number of UK companies and debt portfolios in both structuring and operational roles. Howard is also on the Board of Punkta.

Howard joined the Board in December 2019 and resigned from the Board in November 2023.

**LINDSEY McMURRAY - Non-Executive Director**

Lindsey holds a First-Class Honours degree in Accounting and Finance and holds an MPhil in Finance from Strathclyde University. Lindsey has been a private equity and credit investor for more than 26 years with a focus on the financial and business services sector. Alongside Kingswood, Lindsey sits on the Boards of Shawbrook Bank, CashFlows, 1st Stop Group and BidX1. Lindsey co-founded Pollen Street Capital in 2013 and serves as Managing Partner. Lindsey is the Chairman of the Pollen Street Capital's private equity and credit investment committees. Prior to Pollen Street Capital, Lindsey worked at RBS and spent six years at Cabot Square Capital, where she was a Partner focused on investments in the financial services sector.

Lindsey joined the Board in December 2019.

**DAVID LAWRENCE - Group Chief Executive Officer**

David was appointed as UK CEO of Kingswood in December 2020 and has over 30 years' experience in financial services, predominantly with Lloyds Banking Group where he held numerous executive leadership roles in distribution and functional areas across its Retail, Commercial and Insurance divisions. In 2014, David became the Commercial Director and then Chief Operating Officer for Lloyds' Private Banking and Wealth businesses with additional responsibility for its Mass Affluent proposition and strategy. He played a lead role in the establishment of Schrodgers Personal Wealth, a joint venture wealth management business between Lloyds Banking Group and Schrodgers, becoming Chief Commercial Officer for this business in March 2019.

David joined the Board in April 2022 as Chief Executive Officer.

**GEMMA GODFREY - Non-Executive Director**

Gemma is a Non-Executive Director and advisor, having founded two digital businesses. She specialises in helping businesses digitise and de-risk the delivery of new services. She is on the boards of publicly listed and private equity backed companies; for which she is a member of remuneration, risk and audit committees focused on ESG. Gemma was the Head of Investment Strategy for Brooks Macdonald Plc and, prior to this, chaired the investment committee for Credo Capital.

Gemma joined the board in October 2022.

**JANE MILLAR - Non-Executive Director**

Jane has over 30 years financial services experience as Non-Executive Director, Board and Chief Executive Officer roles across the wealth management industry. Jane is passionate about how the power of digital enablement brings large benefits to clients and organisations. Jane led the integrations of two major investment management businesses at Investec Wealth and Investment where she was also a Board director.

Jane joined the board in October 2022.

**Kingswood Holdings  
Limited Board of  
directors**

**DUNCAN GERARD - Non-Executive Director**

Duncan is a partner at Pollen Street Capital having joined in 2017. Prior to joining Pollen Street, he spent seven years focused on financial services mergers and acquisitions, principally advising private equity firms on the disposal and acquisition of mid-market portfolio companies. He is qualified as a Chartered Financial Analyst and accountant which he gained whilst at EY. Duncan has an honours degree in Economics and Finance from Loughborough University.

Duncan joined the board in December 2023

**Kingswood Holdings Limited  
Directors' Report for the Year Ended 31 December 2023**

The directors present their report and the consolidated financial statements for the year ended 31 December 2023. The Corporate Governance Statement is set out from page 23 onwards. All financial information given in this Directors' Report is taken solely from the statutory results prepared in accordance with UK adopted international accounting standards.

**Principal activity**

The principal activity of the Group is the operation of a wealth planning and investment management business

**Financial risk management objectives and policies**

Information about the Group's risk management is included in the Strategy section under Risks & Uncertainties on page 18 to 22.

**Results and dividends**

The Group's performance during the year is discussed in the Strategy section on pages 2 to 17. The results for the year are set out in the audited Consolidated Statement of Comprehensive Income on page 49. The Directors do not recommend the payment of a dividend for the year ended 31 December 2023 (31 December 2022: £nil).

**Capital structure**

Details of KHL's issued share capital, together with details of the movements in the number of shares during the year, are shown in notes 37 and 38.

**Capital management**

The primary objective of the Company's capital management strategy is to maintain a strong capital structure in order to support the development of its business, to maximise shareholder value and to provide benefits for its other stakeholders. Details of the management of this risk can be found in the Strategy section under Risks & Uncertainties.

All of the regulated entities within the Group must also comply with the FCA capital adequacy rules.

Kingswood US has majority ownership interests in three US regulated entities - one is

subject to regulatory oversight by FINRA and two come under the SEC's regulatory regime for Registered Investment Advisers (RIAs) - and must comply with certain capital adequacy requirements.

#### **Directors of the group**

The names and a short biography of the Directors of the Company are set out on pages 33 to 35.

The appointment and replacement of Directors is governed by the Company's Articles of Association, The Companies (Guernsey) Law, 2008 and related legislation. The Company's Articles of Association themselves may be amended by special resolution of the Company's shareholders. The Group also applies the Quoted Companies Alliance Corporate Governance Code.

The Company's Articles of Association provide that generally one third (rounded down to the nearest whole number) of the Board of Directors are required to retire by rotation, save for Directors who are appointed during the year, who must stand down and offer themselves for re-election at the next occurring Annual General Meeting (AGM) of the Group. The Directors who offer themselves for re-election will be announced in conjunction with the AGM announcement, which is expected to be held in the latter part of the year.

## **Kingswood Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2023**

#### **Directors' interests**

Directors who held office during 2023 had the following beneficial interests in the ordinary shares of the Company as of 31 December 2023:

	<b>No. Ordinary shares held</b>	
<b>Description</b>	<b>2023</b>	<b>2022</b>
Jonathan Freeman	87,750	87,750
Jonathan Massing	350,000	-
David Hudd	650,000	650,000
Gary Wilder	1,115,051	1,115,051
Gary Wilder and Jonathan Massing	<u>144,125,262</u>	<u>144,125,262</u>
	<u>146,328,063</u>	<u>145,978,063</u>

\*\* Gary Wilder and Jonathan Massing's shares relate to KPI (Nominees) Limited's holding as both have a beneficial interest in that entity.

#### **Employees**

It is the Company's policy to involve employees in the day-to-day operation of the Group's business and ensure that matters which could concern them, including the Group's strategic objectives and performance are communicated in an open and timely fashion. The Directors seek to achieve this through executive committee meetings, subsidiary Board meetings, e-mail communication and informal staff communication.

The Group is committed to an equal opportunity policy for all prospective and existing employees such that selection takes place based on ability, qualifications and suitability for the job, irrespective of background, age, race, gender or sexual orientation. The Group's executives, senior management and employees are required to support and implement all such policies in their daily work ethic to maximise the potential of its entire workforce. A Diversity and Inclusion Forum comprising employees from across team has recently been formed to further encourage diversity and inclusion across the Group and make it a central tenet of Kingswood's culture.

Employees who become disabled during their employment with the Group will be retained and re-trained where possible.

#### **Future developments and events after the statement of financial position date**

A review of the Group's business and an indication of likely future developments are contained in the Strategy section of this report.

#### Substantial shareholdings

The Group had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights of shareholders holding 3% or more of the issued share capital of the Company as of 31 December 2023:

Name of Shareholder	rights and No. of ordinary shares issued	Percentage of voting share capital
KPI (Nominees) Limited	66.44%	144,125,262
OvalX	4.83%	10,476,969

All Shareholdings stated are beneficial. KPI (Nominees) Limited is owned and controlled by Gary Wilder and Jonathan Massing.

### Kingswood Holdings Limited Directors' Report for the Year Ended 31 December 2023

#### Substantial shareholdings (continued)

The Company had issued 77,428,443 irredeemable, convertible preference shares at £1 per share to HSQ INVESTMENT LIMITED, a wholly owned indirect subsidiary of funds managed and/or advised by Pollen Street Capital at 31 December 2023. The preference shares are convertible into Kingswood Holdings Limited ordinary shares at 16.5p per share on or before 31 December 2023.

At 31 December 2023 the conversion is conditional upon regulatory approvals in a number of jurisdictions which were in the process of being obtained. Upon satisfaction of all conditions outstanding relating to Conversion, application will be made to the London Stock Exchange for the required new Ordinary Shares to be admitted to trading ("Admission"). The new Ordinary Shares will rank pari passu with the existing Ordinary Shares.

On the 31 May 2024 the Company announced that, following the grant of the anticipated approvals by the applicable regulatory authorities in the US, UK and the Republic of Ireland, the Convertible Preference Shares are converting, at the agreed conversion price of 16.5 pence per Ordinary Share, into a total of 469,263,291 new Ordinary Shares in the Company ("Conversion"). Refer to Note 37 Events after the balance sheet note for more details.

#### Directors' liabilities

During the year the Group made qualifying third-party indemnity provisions for the benefit of its Directors and these remain in force at the date of this report.

#### Going concern

In accordance with Financial Reporting Council guidance all companies are required to provide fuller disclosures regarding the Directors' assessment of going concern. The Group's business activities, together with the factors likely to affect its future development and liquidity and capital position, are reviewed under the key risks affecting the business section as set out in the Strategy section on pages 2 to 17.

The Directors have reviewed the cash flow forecast for the next 12 months, from the date of issuance of these financial statements and are satisfied that the Group can continue to prepare its financial statements on the going concern basis. As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the Annual Report, a range of scenarios have been considered, including a central scenario and a downside scenario, based on a number of macroeconomic assumptions. The Company and Group continue to operate with sufficient levels of liquidity and capital for the going concern period in all modelled scenarios. The Group operates centralised treasury arrangements and shares banking arrangements between the parent and its subsidiaries.

Further, the Directors, have received a letter of support from Pollen Street Capital Limited ("PSCL"), a wholly owned indirect subsidiary of the ultimate controlling party of the Group, HSQ Investment Limited. In this capacity, PSCL has confirmed that the Company and its subsidiary companies are an important part of their investment portfolio, and, through the Funds, it is their current intention to continue to support financially the Group in the 12 months following the approval of the Group's financial statements for the year ended 31 December 2023. PSCL has also confirmed the Funds have sufficient undrawn investor commitment to support the intention.

The Directors, having made appropriate enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt regarding the ability of Group to continue as a going concern or its ability to continue with the current banking arrangements.

## Kingswood Holdings Limited

### Directors' Report for the Year Ended 31 December 2023

On the basis of their assessment of the Group's financial position and of the enquiries made of the Directors the Company, the Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Auditor

Each of the persons who are Directors of Kingswood Holdings Limited at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008.

Approved by the board and signed on its behalf by:

#### David Hudd

Chairman

Date: 27 June 2024

### Kingswood Holdings Limited Directors' remuneration report

	Base salary inc. NIC £ 000	Pension and benefits £ 000	Option value of LTIP shares £ 000	2023 Total £ 000	2022 Total £ 000
<b>Executive</b>					
David Lawrence	400	50	172	622	412
<b>Non-Executive</b>					
Gary Wilder	50	-	-	50	63
Jonathan Freeman	54	-	-	54	54
David Hudd	75	-	-	75	75
Jonathan Massing	50	-	-	50	50
Jane Millar	46	-	-	46	11
Gemma Godfrey	46	-	-	46	11

Aggregate emoluments

Approved by the board and signed on its behalfby:

**David Hudd**  
Chairman

27 June 2024

### **Kingswood Holdings Limited Directors' responsibility statement**

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

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards. The Directors must not approve the annual financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Consolidated Statement of Comprehensive Income for the year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Group's ability to continue as a going concern

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group 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 Group's website [www.kingswood-group.com](http://www.kingswood-group.com). Legislation in the United Kingdom and Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Responsibility statement**

We confirm that to the best of our knowledge:

- The annual financial statements, prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Strategy includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- The Annual Report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the board and signed on its behalf by:

.....  
**David Hudd**

Chairman

27 June 2024

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSWOOD HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of Kingswood Holdings Limited ("the company") and its subsidiaries (together "the Group") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation of the Group financial statement is applicable law and UK-adopted international accounting standards.

In our opinion, the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

### **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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's 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's ability to continue to adopt the going concern basis of accounting included:

- § Confirmation of our understanding of management's going concern assessment process. We also engaged with management to ensure all key factors were considered in their assessment.
- § We obtained management's going concern assessment, including the cash forecast for a period exceeding twelve months from the date the financial statements were approved by the directors. The group has modelled various scenarios in their cash forecasts to incorporate unexpected changes to the forecast liquidity of the group.
- § We reviewed the factors and assumptions included in the cash forecast. We considered the appropriateness of the assumptions and methods used to calculate the cash flow forecasts and determined that the assumptions and methods utilised were appropriate to be able to make an assessment for the group.
- § We obtained a letter of support from Pollen Street Capital Limited confirming its intention in providing financial support to the Group in the twelve months following the approval of the Group's financial statements for the year ended 31 December 2023, if required.
- § We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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'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.

## Our application of materiality

The scope of our audit was influenced by our application of materiality. We determined materiality for the financial statements as a whole to be £1,245,000 (2022: £1,460,000) for the consolidated financial statements using 1% of Group revenue, including revenue from discontinued operations, based on the 31 December 2023 financial statements. We consider Group revenue to be the most stable benchmark and the most relevant determinant of the Group's performance used by shareholders.

We used a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is based on the overall materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This was set at 70% of overall materiality at £872,000 (2022: £1,022,000).

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of 5% of overall materiality at £62,000 (2022: £73,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

Whilst materiality for the Group's financial statements as a whole was set at £1,245,000, each significant component of the group was audited to an overall materiality ranging between £97,000 and £820,000 (2022: £97,700 and £900,650) with performance materiality set at 70% of overall materiality. We applied the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement.

We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

## Our approach to the audit

Our audit approach was developed by obtaining an understanding of the Group's activities, the key subjective judgements made by the directors, for example in respect of significant accounting estimates that involved making assumptions, and considering future events that are inherently uncertain, and the overall control environment, such as impairment of goodwill, impairment of intangible assets and provision for deferred consideration payments.

Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

All the subsidiaries of the Group (components) are based in the United Kingdom ("UK"), the United States of America ("US") and Ireland. The Group audit team have responsibility for the audit of all components included in the consolidated financial statements. We performed an assessment to determine which components were significant to the Group.

All components which contributed greater than 15% of the Group's net assets or Group's revenue were identified as financially significant and subject to a full scope audit of their complete financial information. Five components were financially significant to the Group, with three located in the UK and two located in the US. All work was performed by the Group audit team.

All components which included account balances that have the same significant risk profile as the Group were identified as risk significant. There were seven components which were subject to the audit of the relevant account balances, classes of transactions and disclosures.

For components that we considered to be non-significant, these components were principally subject to analytical review procedures performed by the Group audit team, together with additional testing over audit risk areas.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 key audit matters.

Area	Reason	How our scope addressed this matter
<b>Revenue recognition</b>  Refer to note 3 (accounting policy) and 4 (financial disclosures) of the Group financial statements.	<p>Revenue is the most relevant determinant of the Group's performance used by shareholders. Inaccurate or incomplete revenue could have a material impact on group performance.</p> <p>The Group's revenue from continuing operations amounting to £86,160,000. The Group's revenue including discontinued operations amounting to £124,471,000. Revenue was derived from the wealth planning business, investment management business and US operations from the following activities:</p> <ul style="list-style-type: none"><li>- Investment management;</li><li>- Wealth planning;</li></ul>	<p><b>UK and Irish Businesses</b></p> <p>Our approach for the wealth planning and investment management segments in the UK and Ireland included:</p> <ul style="list-style-type: none"><li>- Performing a walkthrough to understand the internal control environment in operation for the significant income streams.</li><li>- Testing key manual controls in the KW Wealth Planning Limited and KW Investment Management Limited revenue business cycle to ensure they were operating effectively.</li><li>- Substantive testing of revenue transactions via sampling basis for the Irish entities.</li></ul> <p>To address the accuracy assertion for investment management fee revenue, we used data analytics to check the accounting entries for all income postings. Any entries that did not follow the expectation were investigated and subject to substantive testing to confirm why this was the case. We verified whether revenue was accounted for in accordance with UK</p>



	<ul style="list-style-type: none"> <li>Initial fees;</li> <li>Ongoing Fees;</li> <li>Commissions;</li> <li>Advisory Fees</li> </ul> <p>For investment management fees, there is a risk that the fees have not been calculated accurately and have not been calculated in accordance with the signed investment management agreements.</p> <p>For wealth planning income (inc. initial fees, ongoing fees and commissions), there is a risk that such fees have not been calculated accurately.</p> <p>For advisory fees, there is a risk over the accuracy and completeness of these fees.</p>	<p>has accounted for in accordance with UK adopted international accounting standards.</p> <p>For wealth planning revenue, we selected a sample of revenue transactions throughout the year and traced to supporting documentation where possible, as well as vouching to cash receipts/ deductions in the respective client accounts and verified whether revenue was accounted for in accordance with UK adopted international accounting standards.</p> <p>To address the completeness assertion, we reconciled the revenue report to data extracted from the systems to the general ledger in the accounting system to ensure completeness of the balances.</p> <p>For a sample of fees, we obtained invoices and rate confirmation letters/signed client agreements to agree the fees charged to the clients.</p> <p><b>US Business</b></p> <p>Our approach for the broker dealers and investment banking revenue in the US included:</p> <p>Performing walkthroughs of the different revenue streams to understand and corroborate the controls in place.</p> <p>Performing procedures to ensure revenue balances have been collectively converted from US GAAP to UK adopted international accounting standards.</p> <p>Reviewing supporting evidence to ensure that the US entities had met their obligations under the contracts and that there was a reasonable basis to believe that the obligation was in fact satisfied and the revenue appropriately recognised.</p> <p>Reviewing respective bank movements as well as the postings to the general ledgers.</p> <p>Reviewing the accounting policies and related procedures relative to IFRS 15 and reviewing the adequacy and completeness of the corresponding financial statement note disclosures.</p> <p><b>Key observations:</b> Based on the procedures performed, we are satisfied that revenue is appropriately recognised and classified.</p>
<p><b>Impairment of goodwill and other intangible assets</b></p> <p>Refer to notes 3 (accounting policy) and 16 (financial disclosures) of the Group financial statements.</p>	<p>Goodwill amounting to £62,889,000 (2022: £55,538,000) arose from the acquisitions in a business combination.</p> <p>Other intangible assets arise in respect of acquired client lists amounting to £83,516,000 (£67,931,000).</p> <p>Impairment of goodwill and other intangible assets is considered a significant risk as significant judgements and estimates are required to be exercised by management in assessing whether any impairment provision is required.</p> <p>Significant judgements and estimates are involved in the computation of the recoverable amount of goodwill such as fair value less cost to sell and value in use.</p> <p>In respect of the other intangible assets.</p>	<p>We obtained an understanding and tested the design and implementation of the group's controls over the impairment assessment process.</p> <p>For the impairment of goodwill we performed the following:</p> <p>We evaluated the appropriateness of management's identification of the Group's Cash Generating Units.</p> <p>We challenged management on the appropriateness of the impairment models and reasonableness of the assumptions used through performing the following:</p> <ul style="list-style-type: none"> <li>Benchmarking the Group's key market-related assumptions in the models, including discount rates and long-term growth rates.</li> <li>Assessing the reliability of any forecasts through a review of actual and past performance and comparing to previous forecasts;</li> <li>Testing the mathematical accuracy and performing sensitivity analyses of the models;</li> <li>Understanding the commercial prospects of the assets, and where possible comparing the assumptions with external data sources:</li> </ul>

	<p>significant judgement is involved to determine whether the initial recognition criteria have been met and the estimated useful life is appropriate and supportable.</p>	<ul style="list-style-type: none"> <li>Assessing management's sensitivity analysis showing the impact of a reasonably possible change in the underlying assumptions; and</li> <li>Assessing the adequacy of the disclosures within the financial statements.</li> </ul> <p>For other intangible assets (client lists), we performed the following:</p> <ul style="list-style-type: none"> <li>Verifying the amounts capitalised in the year against supporting agreements;</li> <li>Challenging management's assessment that any additions met the required capitalisation criteria;</li> <li>Performing an assessment of the appropriateness of the useful life applied to each new client list acquisition and considered the continued appropriateness of the existing useful lives for previously completed acquisitions;</li> <li>Reviewing management's assessment of any impairment indicators, considering both internal and external sources of information; and</li> <li>Assessing the sufficiency of the sensitivity analyses performed by management, focusing on what we considered to be reasonably possible changes in key assumptions.</li> </ul> <p><b>Key observations:</b> Based on the procedures performed, we consider management's assessment of no impairment on goodwill and other intangible assets to be appropriate and the carrying value of goodwill and other intangible assets are appropriately stated.</p>
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#### 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 group 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 this gives rise to 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.

#### Other Companies (Guernsey) Law, 2008 reporting

##### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 reporting requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Group 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 Group financial statements, the directors are responsible for assessing the Group'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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

We obtained an understanding of the Group and the context in which they operate to identify

- we obtained an understanding of the Group and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the investment management and wealth management sectors.
- We determined the principal laws and regulations relevant to the Group in this regard to be those arising from the Companies (Guernsey) Law, 2008, AIM Rules for Companies, those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities, UK adopted international accounting standards and rules from the Financial Industry Regulatory Authority (FINRA) and Central Bank of Ireland (CBI) in respect of certain US and Irish businesses.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included but were not limited to making enquiries of management and those responsible for legal and compliance matters, review of minutes of the Board and papers provided to the audit committee to identify any indications of non-compliance, and review of legal / regulatory correspondence with the FCA, FINRA and CBI.
- We also identified the possible risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in relation to the recognition of revenue, the assessment of any impairment of goodwill and other intangible assets and the assessment of the provision for deferred consideration. We addressed this by challenging the assumptions and judgements made by management when auditing those significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**PKF  
LLP**  
**Chartered  
Accountants**

15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

27 June 2024

**Littlejohn**

## **Kingswood Holdings Limited** **Consolidated Statement of Total Comprehensive Income** **for the Year Ended 31 December 2023**

		<b>2023</b>	<b>(Restated) 2022</b>
	<b>Note</b>	<b>£ 000</b>	<b>£ 000</b>
Revenue	4	86,160	62,562

Cost of sales		(35,487)	(26,829)
Gross profit		50,673	35,733
Administrative expenses		(39,857)	(27,891)
Operating profit		10,816	7,842
<b>Non-operating costs:</b>			
Business re-positioning costs	4	(1,894)	(1,964)
Finance costs	9	(12,966)	(6,398)
Other finance costs	4	(6,046)	(4,470)
<b>Acquisition-related items:</b>			
Transaction costs	4	(2,828)	(4,379)
Remuneration charge (deferred consideration)	23	(474)	(1,852)
Other gains or losses	10	131	-
Loss before tax		(13,261)	(11,221)
Income tax receipt/(expense)	11	(2,705)	4,456
Loss for the year from continuing operations		(15,966)	(6,765)
Profit/(Loss) from discontinued operations net of tax		(636)	273
Loss for the year		(16,602)	(6,492)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation gains		-	-
Total comprehensive income for the year		(16,602)	(6,492)
<b>Loss after tax is attributable to:</b>			
Owners of the company		(18,233)	(7,797)
Non-controlling interests		1,631	1,305
<b>Total comprehensive income attributable to:</b>			
Owners of the parent company		(18,233)	(7,797)
Non-controlling interests		1,631	1,305
- Basic loss per share - continuing operations	13	(0.08)	(0.04)
- Diluted loss per share - continuing operations	13	(0.02)	(0.01)

The Basic and diluted loss per share from discontinued operations was £0.00 (2022 profit per share £0.00)

\*2022 results are restated due to a business classified as discontinued operations - see Note 2 and Note 6

**Kingswood Holdings Limited**  
**Consolidated Statement of Financial Position as at 31**  
**December 2023**

		2023	(Restated) 2022
	Note	£ 000	£ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	770	787
Right of use assets	15	3,236	3,553
Intangible assets	16	146,405	123,469
Deferred tax assets	17	2,058	4,492
		<u>152,469</u>	<u>132,301</u>
<b>Current assets</b>			
Trade and other receivables	18	14,295	4,812
Short term investments		72	52
Assets held for sale	6	-	7,405

Cash and cash equivalents		18,704	16,726
		<u>33,071</u>	<u>28,995</u>
<b>Total assets</b>		<b><u>185,540</u></b>	<b><u>161,296</u></b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	25	(10,846)	(10,846)
Share premium	25	(8,224)	(8,224)
Preference share capital	26	(70,150)	(70,150)
Foreign currency reserve		778	422
Other reserves		(17,423)	(14,373)
Retained earnings		<u>49,162</u>	<u>31,595</u>
Equity attributable to owners of the company		(56,703)	(71,576)
Non-controlling interests		<u>(4,196)</u>	<u>(2,391)</u>
Total equity		<u>(60,899)</u>	<u>(73,967)</u>
<b>Non-current liabilities</b>			
Other non-current liabilities	24	(2,358)	(2,806)
Loans and borrowings	24	(62,879)	(24,343)
Deferred tax liabilities	17	(17,476)	(12,584)
Deferred consideration	23	<u>(2,369)</u>	<u>(9,228)</u>
		<u>(85,082)</u>	<u>(48,961)</u>
<b>Current liabilities</b>			
Trade and other payables	21	(15,654)	(12,201)
Liabilities associated with assets held for sale	8	-	(5,396)
Deferred consideration	23	<u>(23,905)</u>	<u>(20,771)</u>
		<u>(39,559)</u>	<u>(38,368)</u>
<b>Total liabilities</b>		<b><u>(124,641)</u></b>	<b><u>(87,329)</u></b>
<b>Total equity and liabilities</b>		<b><u>(185,540)</u></b>	<b><u>(161,296)</u></b>

**Kingswood Holdings Limited**  
**Consolidated Statement of Financial Position as at 31**  
**December 2023**

\*2022 results are restated due to a business classified as discontinued operations - see Note 2 and Note 6.

Approved by the board and signed on its behalf by

.....  
**David Hudd**  
Chairman  
27 June 2024

**Kingswood Holdings**  
**Limited**  
  
**Consolidated Statement of**  
**Changes in Equity for the**  
**Year Ended 31 December**  
**2023**

**Equity**  
**attributable to**

	Share capital and share premium £ 000	Preference share capital reserve £ 000	Foreign currency £ 000	Other reserves £ 000	Retained earnings £ 000	attributable to the owners of the parent Company £ 000
At 1 January 2022	19,070	70,150	(488)	11,041	(23,800)	75,973
(Loss)/profit for the year	-	-	-	-	(7,797)	(7,797)
Dividends due to non- controlling interests	-	-	-	-	-	-
Issue of preference share capital	-	-	-	-	-	-
Other adjustment	-	-	-	852	-	852
Share based remuneration	-	-	-	-	-	-
Preference share capital reserve	-	-	-	2,480	-	2,480
Foreign exchange gain	-	-	66	2	68	140
At 31 December 2022	19,070	70,150	(422)	14,373	71,576	2,391
(Loss)/profit for the year	-	-	-	(18,233)	(18,233)	1,631
Other adjustment	-	-	-	666	666	174
Share based remuneration	-	-	456	-	456	-
Preference share capital reserve	-	-	2,594	-	2,594	-
Foreign exchange gain/(loss)	-	-	(356)	-	(356)	-
At 31 December 2023	19,070	70,150	(778)	17,423	56,703	4,196
				(49,162)		60,899

**Kingswood Holdings  
Limited**

**Consolidated Statement of  
Changes in Equity for the  
Year Ended 31 December  
2023**

Note 25 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 55 to 104 form an integral part of the financial statements

## Kingswood Holdings Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

		2023	(*Restated) 2022
	Note	£ 000	£ 000
Net cash from/(used in) operating activities	27	4,593	(2,704)
<b>Investing activities</b>			
Property, plant and equipment purchased			(113)
Business Combinations		(136)	(32,272)
Proceeds from the disposal of a subsidiary, net of cash disposed		(24,776)	
Deferred consideration		946	-
		(9,638)	(10,774)
Net cash outflow from investing activities		(33,604)	(43,159)
<b>Financing activities</b>			
Interest paid			(21)
Lease payments		(5,910)	(852)
Dividends paid to non-controlling interests		(940)	(811)
		(491)	
New loans received / loans repaid		39,025	23,784
Net cash generated from financing activities		31,684	22,100
Net increase/(decrease) in cash and cash equivalents		2,673	(23,763)
Cash and cash equivalents at 1 January		16,726	42,933
Effect of exchange rate fluctuations on cash held		(695)	454
Cash transferred to asset held for sale		-	(2,898)
Cash and cash equivalents at 31 December	19	18,704	16,726

\*2022 results are restated due to a business classified as discontinued operations - see Note 2 and Note 6

The notes on pages 55 to 104 form an integral part of the financial statements

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 1 General information

Kingswood Holdings Limited (the Company) 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 consolidated financial statements comprise the financial statements of the Company and its subsidiary undertakings (together the Group), for the year ended 31 December 2023. The nature of the Group's operations and its principal activities are set out in the Directors Report. Certain subsidiaries in the Group are subject to the FCA's

the Directors 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 ICARA. The US subsidiaries are required to be compliant under FINRA guidance.

These financial statements were authorised for issue by the board on 25 June 2024.

## 2 Restatement of Prior Year Results

The sale of subsidiary BMI in the year qualifies as a discontinued operation under IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations". To provide a consistent and comparable view of the Group's financial performance, the prior year's financial results have been restated to reflect BMI as a discontinued operation. As such, the results of BMI have been segregated from continuing operations for both the current and prior periods. This restatement involves reclassifying BMI's revenues, expenses, assets, and liabilities from continuing operations to discontinued operations in the prior period financial statements. The financial statements for the prior period have been restated to reflect this reclassification. The effect of the reclassification on the Group's statement of financial position and statement of comprehensive income in respect of the comparative amount for the year ended 31 December 2022 is set out below:

	31 Dec 2022	Adjustment for	31 Dec 2022
	As reported	Discontinued	Restated
	£ 000	Operations	£ 000
<b>Revenue</b>	145,998	(83,436)	62,562
Cost of sales	(103,878)	77,049	(26,829)
<b>Gross Profit</b>	42,120	(6,387)	35,733
Administrative expenses	(33,424)	5,533	(27,891)
- Staff costs	(23,720)	1,750	(21,970)
- Other	(9,704)	3,783	(5,921)
<b>Operating profit</b>	8,696	(854)	7,842
Business re-positioning costs	(1,964)	-	(1,964)
Finance costs	(6,398)	-	(6,398)
Other Finance costs	(4,507)	37	(4,470)
Transaction costs	(4,924)	545	(4,379)
Remuneration charge (deferred consideration)	(1,852)	-	(1,852)
Other gains or losses	(23)	23	-
<b>Loss before tax</b>	(10,972)	(249)	(11,221)
Income tax receipt/(expense)	4,480	(24)	4,456
<b>Loss for the year net of tax reclassified to discontinued operations</b>		(273)	273
<b>Loss for the year from continuing operations</b>	(6,492)	-	(6,492)

### Kingswood Holdings Limited Notes to the Financial Statements for the Year Ended 31 December 2023

	31 Dec 2022	Adjustment for	31 Dec 2022
	As reported	Discontinued	Restated
	£ 000	Operations	£ 000
<b>Property, plant and equipment</b>	832	(45)	787
<b>Total non-current assets</b>	132,346	(45)	132,301
<b>Trade and other receivables</b>	9,274	(4,462)	4,812
- Trade receivables	7,440	(2,886)	4,554
- Prepayments and other receivables	1,834	(1,576)	258
<b>Cash and cash equivalents</b>	19,624	(2,898)	16,726
<b>Assets held for sale</b>	-	7,405	7,405
<b>Short term investments</b>	52	-	52
<b>Current Assets</b>	28,950	45	28,995
<b>Total Assets</b>	161,296	-	161,296
<b>Trade and other payables</b>	(17,597)	5,396	(12,201)
- Trade payables	(2,976)	493	(2,483)
- Accrued expenses	(11,812)	4,903	(6,909)
<b>Liabilities associated with assets held for sale</b>	-	(5,396)	(5,396)



<b>Current liabilities</b>	<u>(38,368)</u>	<u>-</u>	<u>(38,368)</u>
<b>Total Liabilities</b>	<u>(87,329)</u>	<u>-</u>	<u>(87,329)</u>
<b>Total equity and liabilities</b>	<u>(161,296)</u>	<u>-</u>	<u>(161,296)</u>

### 3 Accounting

#### policies Basis of accounting

The financial statements of the Group have been prepared in accordance with UK adopted international accounting standards and in line with the Guernsey Company Law.

The financial statements have been prepared on the historical cost basis; except for the revaluation of financial instruments (please refer to note 28 for details). Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group made up to 31 December each year.

### Kingswood Holdings Limited Notes to the Financial Statements for the Year Ended 31 December 2023

#### Basis of consolidation (continued)

The subsidiaries of the Group are detailed in note 19. All businesses are consolidated from the date of acquisition.

For the purpose of the consolidated financial statements, the results and financial position of each subsidiary are expressed in pounds sterling, which is the functional and presentation currency for the consolidated financial statements.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### **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. Further, as detailed in the Directors' report, a letter of support from PSCL, who intends to continue to support the Group financially in the 12 months following the approval of the Group's financial statements for the year ended 31 December 2023 has been obtained. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Kingswood Holdings Limited Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **Foreign currency**

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction and recognized in the consolidated income statement. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation of a foreign entity are recognized in equity. Foreign entity income statements are translated to the Group's functional currency at the twelve month average for the relevant fiscal year.

#### **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.

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.

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31**  
**December 2023**

**Borrowings**

All borrowing costs are measured at the present value of the contractual payments due to the lender over the loan term, with the discount rate determined by reference to the interest rate inherent in the loan.

**Retirement benefit costs**

The Group contributes to defined contribution pension schemes, held in separately administered funds. Contributions to the schemes are charged as per employee contracts through the profit or loss as they fall due.

**Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

***Current tax***

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is recognised in the Statement of Comprehensive Income, except where a charge attributable to an item of income and expense is recognised as other comprehensive income, or where an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Detailed financial forecasts are in place to support the carrying value of the deferred asset.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in the Statement of Comprehensive Income, except where a charge attributable to an item of income and expense is recognised as other comprehensive income, or where an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

#### **Depreciation**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

#### **Asset class**

Office equipment, fixtures and fittings:	over 60
months on a straight-line basis	
IT equipment and software:	over 36
months on a straight-line basis	

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Depreciation periods for newly-acquired businesses may vary, however the Group aims to harmonise such accounting estimates within 12 months.

#### **Business combinations**

All business combinations are accounted for by applying the acquisition method. The acquisition method involves recognition, at fair value, of all identifiable assets and liabilities, including contingent liabilities, of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. Where a full assessment of fair values is not practicable at the signing of these financial statements, provisional accounting has been adopted. The cost of business combinations is measured based on the fair value of the equity or debt instruments issued and cash or other consideration paid, plus any directly attributable costs. The 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 Purchase Agreements. 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.

Where the payment of deferred consideration is contingent on the continued employment of the seller(s) of a business post-acquisition during the deferred payment period, such contingent consideration is treated as remuneration in accordance with IFRS 3, and accounted for as a charge against profits as incurred. No deferred liability is created for this portion of consideration at the time of acquisition.

Goodwill arising on a business combination represents the excess of cost over the fair

Goodwill arising on a business combination represents the excess of cost over the fair value of the Group's share of the identifiable net assets acquired and is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Any impairment is recognised immediately through the profit and loss. Negative goodwill arising on an acquisition is recognised immediately through the profit and loss.

#### ***Impairment***

Goodwill and other intangible assets with an indefinite life are tested annually for impairment. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units. The carrying amount of each CGU is compared to its recoverable amount. For more detail refer to note 14.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

## **Kingswood Holdings Limited Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **Intangible assets**

##### **Client relationships**

Client relationships acquired in a business combination are recognised at fair value at the acquisition date. Relationships acquired outside of a business combination are initially recognised at cost. In assessing the fair value of these relationships, the Group has estimated their finite life based on information about the typical length of existing client relationships. Amortisation is calculated using the straight line method over their useful lives, ranging from 10 to 20 years.

#### ***Goodwill***

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

#### **Financial assets and liabilities**

Financial assets and liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

#### ***Classification and initial measurement of financial assets***

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

As required under IFRS 9, financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group did not have any financial assets categorised as FVOCI.

***Subsequent measurement of financial assets***

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

***Classification and measurement of financial liabilities***

Financial liabilities are initially measured at amortised cost or at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31**  
**December 2023**

**Impairment of financial assets**

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this approach, IFRS 9 makes a distinction between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- financial assets that have objective evidence of impairment at the reporting date (Stage 3).

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Under the ECL model, a dual measurement approach applies whereby a financial asset will attract an ECL allowance equal to either:

- 12 month expected credit losses (losses resulting from possible defaults within the next 12 months); or
- lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### **Equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **Impairment of financial assets (continued)**

#### ***Effective interest rates***

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### ***Reclassification of equity***

Under the Guernsey Company law, Kingswood Holdings Limited reserves the right to set movement from share premium into another reserve.

#### **Trade payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **Client money**

The Group holds money on behalf of clients in accordance with the client money rules of the Financial Conduct Authority and other regulatory bodies. Such money and the corresponding liabilities to clients are not shown on the face of the Statement of Financial Position, as the Group is not beneficially entitled thereto. The amounts held on behalf of clients at the Statement of Financial Position date are stated in note 20.

#### **Deferred consideration**

Deferred consideration, which is included within liabilities or equity depending on the form it takes, relates to the Directors' best estimate of amounts payable in the future in respect of certain client relationships and subsidiary undertakings that were

in respect of certain client relationships and subsidiary undertakings that were acquired by the Group. Deferred consideration is measured at its fair value based on the discounted expected future cash flows.

The amount recognised as deferred consideration is dependent on the acquisition structure, specifically the employment terms of the seller(s) post acquisition. If payment of deferred consideration is contingent on the continued employment of the seller(s) during the deferred payment period, such contingent payment is treated as remuneration, not deferred consideration, and accounted for as a charge against profits as incurred over the deferred period.

#### **Remuneration payable on business combinations**

Payments due in relation to share or business purchase agreements, but which remain linked to the continued employment of the acquiree's employees, are recognised as a remuneration expense through the Consolidated Statement of Comprehensive Income. These costs are excluded from Operating Profit on the basis these costs relate to acquisitions and do not reflect the ongoing underlying business performance, and will cease when the earnout period on a given deal concludes.

#### **Non-operating costs and other acquisition-related items**

In addition to the above, certain other costs have been excluded from Operating Profit, on the basis these costs primarily relate to acquisitions or other non-recurring expenditure. The retained Operating Profit figure represents the Directors' assessment of the ongoing underlying performance of the core business.

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **Share based remuneration**

Equity-settled share-based remuneration to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share based payments reserve.

#### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with original maturities of three months or less. Cash and cash equivalents are stated net of bank overdrafts, if any.

#### **Leases**

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.



The Group leases a number of assets, including properties and office equipment.

The Group initially records a lease liability reflecting the present value of the future contractual cash flows to be made over the lease term, discounted using the Group's incremental borrowing rate. This is the rate payable by the Group on a loan of a similar term, and with similar security to obtain an asset of similar value. A right-of-use asset is also recorded at the value of the lease liability plus any directly related costs and estimated dilapidation expenses.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less. The Group recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **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 Kingswood US, LLC and its subsidiaries, as well as having representation on the US division's advisory board by key KHL Board members. The Group has thus determined that the Company has the practical ability to direct the relevant activities of Kingswood US, LLC 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

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 year, client relationships were amortised over a 10-20 year period as detailed in note 16.

#### *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 remuneration*

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. Details of the assumptions are set out in note 28.

#### **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. More information is disclosed in note 16 to the financial statements.

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **Estimates and Assumptions (continued)**

##### **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:**

##### *Deferred payments*

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.

#### **Discontinued operations and assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered through a sale transaction rather than through continuing use. The assets or disposal group are measured at the lower of carrying amount and fair value less cost to sell. A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **4 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 data 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 2023. During the year, the sale of subsidiary Benchmark Investments, LLC (BMI), which is part of US operations has been classified as held for sale and is shown as discontinued operations. The prior year comparative has been restated.

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:

#### 4 Business and geographical segments (continued)

	Investment management	Wealth planning	US operations	Ireland operations	Group
	2023	2023	2023	2023	2023
	£	£ 000	£	£	£
	000		000	000	000
<b>Revenue (disaggregated by timing):</b>					
Point in time	974	4,420	28,633	1,550	-
Over time	6,995	27,970	10,941	4,636	41
<b>External sales</b>	<b>7,969</b>	<b>32,390</b>	<b>39,574</b>	<b>6,186</b>	<b>41</b>
Direct expenses	(1,154)	(1,482)	(32,851)	-	-
<b>Gross profit</b>	<b>6,815</b>	<b>30,908</b>	<b>6,723</b>	<b>6,186</b>	<b>41</b>
Operating profit / (loss)	3,020	10,709	1,870	1,948	(6,731)
Business re-positioning costs	(265)	(425)	-	-	(1,204)
Finance costs	(13)	(156)	(13)	(3)	(12,781)
Amortisation and depreciation	(9)	(1,656)	(145)	(51)	(4,185)
Other gains / (losses)	-	(5)	46	-	90
Remuneration charge (deferred consideration)	-	-	-	-	(474)
Transaction costs	6	(586)	1,117	(72)	(3,293)
<b>Profit / (loss) before tax</b>	<b>2,739</b>	<b>7,881</b>	<b>2,875</b>	<b>1,822</b>	<b>(28,578)</b>
Tax	-	(39)	(37)	(290)	(2,339)
<b>Profit / (loss) after tax</b>	<b>2,739</b>	<b>7,842</b>	<b>2,838</b>	<b>1,532</b>	<b>(30,917)</b>

#### 4 Business and geographical segments (continued)

	Investment management	Wealth planning	US Operations (Restated)	Ireland operations	Group
	2022	2022	2022	2022	2022
	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Revenue (disaggregated by timing):</b>					
Point in time	931	3,018	13,807	-	-
Over time	6,252	23,644	14,910	-	-
<b>External sales</b>	<b>7,183</b>	<b>26,662</b>	<b>28,717</b>	<b>-</b>	<b>-</b>
Direct expenses	(1,277)	(1,183)	(24,376)	-	7
<b>Gross profit</b>	<b>5,906</b>	<b>25,479</b>	<b>4,341</b>	<b>-</b>	<b>7</b>
Operating profit / (loss)	2,135	9,353	2,112	-	(5,758)
Business re-positioning costs	(282)	(378)	-	-	(1,304)
Finance costs	-	(130)	-	-	(6,268)
Amortisation and depreciation	(3)	(1,092)	-	-	(3,375)
Other gains / (losses)	-	-	-	-	-
Deferred payments	-	-	-	-	(1,852)
Transaction costs	191	(1,389)	(48)	-	(3,133)
<b>Profit / (loss) before tax</b>	<b>2,041</b>	<b>6,364</b>	<b>2,064</b>	<b>-</b>	<b>(21,690)</b>
Tax	-	-	(46)	-	4,502
<b>Profit / (loss)</b>	<b>2,041</b>	<b>6,364</b>	<b>2,018</b>	<b>-</b>	<b>(17,188)</b>

after tax

6,364

2022 results are restated due to a business classified as discontinued operations  
- see Note 2 and Note 6.

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31**  
**December 2023**

**4 Business and geographical segments (continued)**

	Investment management	Wealth planning	US operations	Ireland operations	Group	
	2023	2023	2023	2023	2023	
£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	
Additions to non-current assets				3,976		
47		(978)	(1,964)		21,521	22,602
Reportable segment assets				10,524		18
4,809		22,359	22,749		123,041	
Tax assets						
						2,058
<b>Total Group assets</b>						
Reportable segment						185,54
liabilities				811		
906		3,859	5,152		113,913	124,64
<b>Total Group liabilities</b>						124,64

	Investment management	Wealth planning	US operations	Ireland operations	Group	
	2022	2022	2022	2022	2022	
£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	
Additions to non-current assets		3,011	1,130	-	39,951	43,939
(153)						
Reportable segment assets				-		
5,375		24,533	24,492		102,403	156,80
Tax assets						
						4,49
<b>Total Group assets</b>						
Reportable segment						161,29
liabilities		5,530	8,132	-	73,105	87,329
562						
<b>Total Group liabilities</b>						87,329

**5 Loss after tax**

Loss after tax for the year is stated after charging

	2023	2022
	£ 000	(Restated) £ 000
Depreciation of property, plant and equipment (incl right of use asset)	1,125	1,06
Gain on sale of subsidiary (Note 31)	1,039	
Amortisation of intangible assets	4,921	2,94
Staff costs		21,9
	30,460	

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31**  
**December 2023**

**5 Loss after tax (continued)**

See Directors' Remuneration Report on page 40 for details of Directors' remuneration during the year.

Included in the loss after tax are business re-positioning and transaction costs. Business re-positioning costs include restructuring costs in relation to staff and third-party suppliers. Transaction costs are primarily deal-related and driven by the acquisitions entered into by the Group.

**6 Discontinued operations**

On November 9th, Kingswood US sold the entire share capital of wholly owned subsidiary Benchmark Investments, LLC (BMI) for a consideration of US\$5million. The sale of BMI reflects Kingswood US's strategic decisions to optimise its business portfolio and streamline operations, allowing the Company to focus on core strengths and areas of growth within the financial services industry. At 31 December 2022, the business has been classified as held for sale and is classified as a discontinued operation.

**Results of discontinued operations:**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Revenue</b>	38,311	83,436
Cost of sales	( 36,322)	(77,049)
<b>Gross Profit</b>	1,989	6,387
Administrative expenses	(2,092)	(5,533)
- Staff costs	(516)	(1,750)
- Other	(1,576)	(3,783)
Operating profit	(103)	854
Business re-positioning costs		(101)
Finance costs	(6)	(4)
Other Finance costs	(37)	(37)
Transaction costs	(490)	(440)
Other gains or losses		(23)
<b>(Loss)/Profit before tax</b>	(636)	249
Income tax receipt/(expense)	-	24
<b>Loss for the year from discontinued operations</b>	(636)	273
Attributable to:		
Owners of the Company	(319)	137
Non-controlling interests	(317)	136
	(636)	273

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Cash flows used in discontinued operations</b>		
Net cash from operating activities	-	2,898
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net cash flows for the year	-	2,898

**6 Discontinued operations (continued)**

At 31 December 2022, the disposal group was stated at its carrying value and comprised the following assets and liabilities:

	<b>2022</b>
	<b>£ 000</b>
Property, plant and equipment	45
Trade and other receivables	4,462
Cash and cash equivalents	2,898
<b>Assets held for sale</b>	7,405
Trade and other payables	5,396
<b>Liabilities associated with assets held for sale</b>	5,396

**7 Auditors' remuneration**

The analysis of fees payable to the Group's auditor is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of Company	378	320
Audit of Subsidiaries	130	135
CASS audit	28	31
Total auditor's remuneration	536	486

## 8 Staff costs

The average monthly number of persons (including Executive Directors) is as follows:

	2023	2022
	No.	(Restated) No.
Management	3	4
Client advisers	118	93
Operations	269	168
Finance	14	17
Risk and Compliance	7	8
Human resources	6	10
Average number of employees	<u>417</u>	<u>300</u>

Aggregate staff remuneration comprised:

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

## 8 Staff costs (continued)

	2023	2022
	£ 000	(Restated) £
Wages and salaries	25,318	17
Social security costs	2,191	2
Pension costs, defined contribution scheme	1,599	1
Other short-term employee benefits	474	
Redundancy costs	422	
Share-based remuneration	456	
Total staff costs	<u>30,460</u>	<u>21</u>
	2023	2022
	£ 000	£
Operating staff costs	29,614	21
Business re-positioning costs	324	
Acquisition team costs	522	
Total staff costs	<u>30,460</u>	<u>21</u>

2022 staff costs are restated due to a business classified as discontinued operations - see Note 2 and Note 6.

## 9 Finance costs

	2023	2022
	£ 000	£ 000
Interest cost on external borrowings	7,292	456
Finance cost in relation to lease liability (note 21)	150	147
Finance cost in relation to deferred consideration	2,870	3,109
Preference share dividends	2,594	2,481
Other finance costs	60	205
Total finance costs	<u>12,966</u>	<u>6,398</u>

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31**  
**December 2023**

**10 Other gains and losses**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>(Restated)</b> <b>£ 000</b>
Other gains and losses	(93)	-
Unrealised gain/(loss) on fixed income securities	-	-
	<u>224</u>	<u>-</u>
	<u>131</u>	<u>-</u>

2022 other gains and losses are restated due to a business classified as discontinued operations - see Note 2 and Note 6.

**11 Taxation**

Tax charged/(credited) in the income statement

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>(Restated)</b> <b>£ 000</b>
<b>Current taxation</b>		
Current year tax expense	-	-
Reclassification of discontinued operation income tax	-	24
Foreign tax adjustment to prior periods	<u>228</u>	<u>22</u>
Total current income tax	228	46
<b>Deferred taxation</b>		
Movement in deferred tax (note 16)	<u>2,477</u>	<u>(4,502)</u>
Tax (receipt)/expense in the income statement	<u>2,705</u>	<u>(4,456)</u>

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31**  
**December 2023**

**Factors affecting tax charge for the year**

The tax on profit before tax for the year has increased from 19% to 25% as of 1 April 2023.

The differences are reconciled below:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>(Restated)</b> <b>£ 000</b>
Loss before tax from continuing operations	<u>(13,261)</u>	<u>(10,972)</u>
Corporation tax at standard rate	(3,120)	(2,085)
Expenses not deductible for tax purposes	2,290	2,823
Adjustments for Statement of Financial Position items	438	210
Benefit of superdeduction	-	(6)
(Over)/under provision in prior years	1,268	22
Adjustment for revenue ineligible for tax purposes	(3)	(48)
Unrelieved tax losses carried forward	(152)	(417)
Foreign tax adjustments	(310)	-
Movement in deferred tax	1,326	(4,502)
Reclassification of discontinued operation income tax	-	24
Different tax rates applied in overseas jurisdictions	968	(477)



Total tax (credit)/charge	<u>2,705</u>	<u>(4,456)</u>
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#### Factors that may affect future tax changes

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted 24 May 2021. Deferred taxes at the Statement of Financial Position date have been measured using these enacted tax rates and reflected in these financial statements.

The tax expense excludes a tax charge from discontinued operations of £nil (2022: credit £23,555).

### Kingswood Holdings Limited Notes to the Financial Statements for the Year Ended 31 December 2023

#### 12 Dividends

The Directors are not proposing to pay a dividend to ordinary shareholders in respect of the year ended 31 December 2023 (year ended 31 December 2022: £nil).

#### 13 Earnings per share

	2023 £ 000	2022 (Restated) £ 000
Loss from continuing operations for the purposes of basic loss per share, being net loss attributable to owners of the Group	(17,597)	(8,070)
Loss from discontinued operations for the purposes of basic loss per share, being net loss attributable to owners of the Group	<u>(636)</u>	<u>273</u>
Total loss for the purposes of basic loss per share, being net loss attributable to owners of the Group	<u>(18,233)</u>	<u>(7,797)</u>

#### Number of shares

Weighted average number of ordinary shares	216,920,724	216,920,724
Convertible preference shares in issue	538,027,380	512,407,029
Share options	<u>5,956,773</u>	<u>5,897,018</u>
Weighted average number of ordinary shares assuming conversion	<u>760,904,877</u>	<u>735,224,771</u>

Owing to the Group being in a loss-making position for the years ending 31 December 2023 and 2022, the effect of any conversion events would be antidilutive to the loss per share. Therefore the diluted loss per share has not been restated from the basic loss per share from continuing operation of £0.08 (2022: loss per share £0.04). The basic loss per share from discontinued operations was £nil (2022: profit per share £0.00).

### Kingswood Holdings Limited Notes to the Financial Statements for the Year Ended 31 December 2023

#### 14 Property, plant and equipment

Furniture,  
fittings

	and equipment £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 January 2022	1,655	1,655
Additions	113	113
Reclassifications	1,438	1,438
Acquisitions NBV	80	80
Foreign exchange movements	17	17
Transfer to Asset held for sale	(132)	(132)
At 31 December 2022	<u>3,171</u>	<u>3,171</u>
At 1 January 2023	3,171	3,171
Additions	136	136
Acquisitions NBV	1,056	1,056
Foreign exchange movements	18	18
At 31 December 2023	<u>4,381</u>	<u>4,381</u>
<b>Depreciation</b>		
At 1 January 2022	714	714
Charge for year	310	310
Reclassifications	1,438	1,438
Transfer to Asset held for sale	(87)	(87)
Foreign exchange movements	9	9
At 31 December 2022	<u>2,384</u>	<u>2,384</u>
At 1 January 2023	2,384	2,384
Charge for the year	362	362
Acquisitions NBV	865	865
At 31 December 2023	<u>3,611</u>	<u>3,611</u>
<b>Carrying amount</b>		
At 31 December 2023	<u>770</u>	<u>770</u>
At 31 December 2022	<u>787</u>	<u>787</u>

Prior year reclassification of £44,982 at NBV in 2022 includes assets reclassified to assets held for sale. (see Note 2 and Note 6).

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31**  
**December 2023**

**15 Right of use assets**

	Property £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 January 2022	4,089	4,089
Other Adjustment	(137)	(137)
Additions	1,705	1,705
At 31 December 2022	<u>5,657</u>	<u>5,657</u>
At 1 January 2023	5,657	5,657
Additions	446	446
At 31 December 2023	<u>6,103</u>	<u>6,103</u>
<b>Depreciation</b>		
At 1 January 2022	1,370	1,370
Adjustment	(25)	(25)
Charge for year	759	759
At 31 December 2022	<u>2,104</u>	<u>2,104</u>
At 1 January 2023	2,104	2,104
Charge for the year	763	763
At 31 December 2023	<u>2,867</u>	<u>2,867</u>
<b>Carrying amount</b>		
At 31 December 2023	<u>3,236</u>	<u>3,236</u>
At 31 December 2022	<u>3,553</u>	<u>3,553</u>

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 16 Goodwill and other intangible assets

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2022	45,150	42,615	87,765
Additions	18,402	33,491	51,893
Revaluation of acquisition	(6,364)	-	(6,364)
Exchange adjustments	629	-	629
At 31 December 2022	<u>57,817</u>	<u>76,106</u>	<u>133,923</u>
At 1 January 2023	57,817	76,106	133,923
Additions	7,433	20,288	27,721
Revaluation of acquisition	247	-	247
Exchange adjustments	(329)	(1)	(330)
At 31 December 2023	<u>65,168</u>	<u>96,393</u>	<u>161,561</u>
<b>Amortisation</b>			
At 1 January 2022	2,279	5,231	7,510
Charge for year	-	2,944	2,944
At 31 December 2022	<u>2,279</u>	<u>8,175</u>	<u>10,454</u>
At 1 January 2023	2,279	8,175	10,454
Charge for year	-	4,702	4,702
At 31 December 2023	<u>2,279</u>	<u>12,877</u>	<u>15,156</u>
<b>Carrying amount</b>			
At 31 December 2023	<u>62,889</u>	<u>83,516</u>	<u>146,405</u>
At 31 December 2022	<u>55,538</u>	<u>67,931</u>	<u>123,469</u>

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the CGUs that are expected to benefit from that business combination.

The Group has identified five CGUs at 31 December 2023 analysed between Investment Management, Wealth Planning, Ireland operations and its US operations split between RIA and IBD operations and the Investment Banking business. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of asset. Key management information is prepared and reviewed across the Group's operating segments, and proposed acquisitions are analysed in one of those segments.

This is the tenth year in which the investment management and wealth planning CGUs have been analysed in this format. As the goodwill recognised on US acquisitions is not considered to be allocable on a non-arbitrary basis to individual CGUs, the carrying value of goodwill recognised on US acquisitions in 2020 is attributed to the combined US operating segment, made up of the RIA/IBD and Investment Banking CGUs. KHL's directly owned subsidiaries KW US Holdings Limited, and KW UK Financial Holdings Limited respectively hold and reflect the distinction between the US and UK businesses. KW UK BidCo Limited ("BidCo") was incorporated as 100% owned subsidiary of KW UK Financial Holdings Limited. BidCo in turn is 100% owner of KW UK Wealth Planning

HoldCo Limited and KW UK Investment Management Limited. These holdings companies own the Group's UK regulated Wealth Planning and Investment Management firms and reflect the split between the investment management and wealth planning CGUs depending on which CGU the relevant assets are allocated to. KHL acquired Moloney Investments Limited during the 2023 financial year, with the goodwill recognised on acquisition wholly being allocated to the Ireland CGU.

The carrying value of goodwill at 31 December 2023 is allocated as follows:

Investment Management	Wealth Planning	US Operations	IRE Total Operations
£ 000	£ 000	£ 000	£ 000 £ 000
16,338	36,117	5,580	4,854 62,889

Goodwill

The Group tests each CGU, or groups of CGUs, at least annually for goodwill impairment. The recoverable amount of a CGU is determined as the higher of fair value less costs to sell and the value in use. Valuations are based on the discounted cash flow method. Projected cash flows are based on the most recent business plan, with a terminal growth rate of 2%, which is considered prudent in the context of the long-term average growth rate for the investment management and financial planning industries in which the CGUs operate. The discount rates used were 12.3% for the investment management and wealth planning CGUs and 15.0% for the US CGUs, reflecting the risk-free rate of interest and specific risks relating to each of the CGUs. The value of the CGU related to Level 3 fair value measurements. Ireland CGU has not been tested for impairment on the basis the acquisition completed within less than 12 months of the Group's financial year-end.

The US group of CGUs exceeded its carrying amount by £12.7m. The value of the investment management and the wealth planning CGUs exceeded their carrying value by £37.7m and £14.9m respectively.

The projected cashflows prepared by management are considered to be prudent with natural sensitivities already built into the model. Further sensitivity analysis has been performed with clear headroom in the recoverable amount over the goodwill balance.

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### Intangible assets

Intangible assets are valued based on underlying assets under management (i.e., the client lists). The assets are assessed for their useful life on a client by client basis in order to determine amortisation rates. There are currently £67.6m of intangible assets being amortised over 20 years and £0.6m over 15 years.

The addition in 2023 and 2022 to intangible assets represents the value of assets under management and associated client lists acquired from business combinations in each of the two years.

#### 17 Deferred tax Group

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior year:

	At 1 January 2023	Movement in year	Intangibles customer relationships and brand recognised upon acquisition of subsidiaries	At 31 December 2023
	£ 000	£ 000	£ 000	£ 000
Assets	4,492	(2,434)	-	-

				2,058
Liabilities	(12,584)	(40)	(4,852)	(17,476)
	<u>(8,092)</u>	<u>(2,474)</u>	<u>(4,852)</u>	<u>(15,418)</u>
			<b>Intangibles - customer relationships and brands recognised upon acquisition of subsidiaries</b>	<b>At 31 December 2022</b>
	<b>At 1 January 2022 £ 000</b>	<b>Movement in year £ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Assets	-	4,492	-	4,492
Liabilities	(4,577)	10	(8,018)	(12,584)
	<u>(4,577)</u>	<u>4,502</u>	<u>(8,018)</u>	<u>(8,092)</u>

Deferred tax assets and liabilities may only be offset where the Group has a legally enforceable right to do so. At the Statement of Financial Position date, the Group has unused tax losses of £11.4m in the UK (2022: £17.9m) available for offset against future profits.

A deferred tax asset has been recognised in respect of tax losses for the year ended 31 December 2023 of £8.6m arising after 1 April 2017. No deferred tax asset has been recognised in respect of the remaining tax losses of £2.8m which arose prior to 1 April 2017, due to the utilisation of these losses being more restrictive.

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 18 Trade and other receivables

	2023	2022 (Restated)
Current	£ 000	£ 000
Trade receivables	7,837	4,554
Prepayments	6,267	258
Other receivables	191	-
	<u>14,295</u>	<u>4,812</u>

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. All trade and other receivables represent current receivables which are due within 12 months.

#### 19 Subsidiaries

Details of the subsidiaries as at 31 December 2023 are as follows:

Name of subsidiary	Activity	Ownership 2023
KW US Holdings Limited (Guernsey) *	Holding Company	100%
KW Wealth Group Ltd (England) *	Management Services	100%
KW UK Financial Holdings Limited (Guernsey) *	Holding Company	100%
KW UK Bidco Limited (Guernsey)	Holding Company	100%
KW UK Wealth Planning HoldCo Limited (Guernsey)	Holding Company	100%
KW UK Investment Management HoldCo Limited (Guernsey)	Holding Company	100%
KW Wealth Planning Limited (England)	Wealth Planning	100%
Admiral Wealth Management Limited (England)	Wealth Planning	100%
Regency Investment Services Limited (England)	Wealth Planning	100%
Money Matters (North East) Limited (England)	Wealth Planning	100%
Allotts Financial Services Limited (England)	Wealth Planning	100%

Vincent & Co Financial Ltd (England)	Wealth Planning	100%
Eurosire Limited (England)	Wealth Planning	100%
AIM Wealth Holdings (England)	Holding Company	100%
AIM Independent Limited (England)	Wealth Planning	100%
Casson Beckman Wealth Management(England)	Wealth Planning	100%
Sterling Trust Financial Consulting Limited (England)	Holding Company	100%
STP Wealth Management Limited(England)	Wealth Planning	100%
Sterling Trust Professional Limited (England)	Wealth Planning	100%
Sterling Trust Professional (North East) Limited (England)	Wealth Planning	100%
Sterling Trust Professional (Sheffield) Limited (England)	Wealth Planning	100%
NHA Financial Services Limited (England)	Holding Company	100%

### **Kingswood Holdings Limited**

#### **Notes to the Financial Statements for the Year Ended 31 December 2023**

<b>Name of subsidiary</b>	<b>Activity</b>	<b>Ownership 2023</b>
Sterling Trust Professional (York) Limited (England)	Wealth Planning	100%
Strategic Asset Managers Limited (England)	Wealth Planning	100%
Employee Benefit Solutions Limited (England)	Wealth Planning	100%
JCH Investment Management Limited (England)	Wealth Planning	100%
JFP Holdings Limited (England)	Holding Company	100%
JFP Financial Services Limited (England)	Wealth Planning	100%
KW Investment Management Limited (England)	Investment Management	100%
EIM Nominees Limited (England)	Nominee Company	100%
XCAP Nominees Limited (England)	Nominee Company	100%
Joseph R Lamb Independent Financial Advisers Limited (England)	Investment Management	100%
Metnor Holdings Limited (England)	Holding Company	100%
IPN Partners Limited (England)	Management Services	100%
Novus Financial Services Limited (England)	Wealth Planning	100%
IBOSS Limited (England)	Investment Management	100%
IBOSS Asset Management Limited (England)	Investment Management	100%
Kingswood US Holdings Inc (USA)	Holding Company	50.1%
Kingswood Investments LLC (USA)	Holding Company	50.1%
Kingswood Capital Partners LLC (USA)	Independent Broker Dealer	50.1%
Kingswood Investments LLC (USA)	Independent Broker Dealer	50.1%
Moloney Investments Limited (Ireland)	Wealth Planning	70%
Barry Fleming and Partners (Tax, Trusts and Investments Planning Ltd)	Wealth Planning	100%

\* Direct investment

Profits attributable to non-controlling interests in KW US (formerly MHC) and its subsidiaries as at 31 December 2023 were £1,171,093 (US\$1,461,250) (2022: £1,304,652 (US\$1,606,157)). Dividends paid to non-controlling interest in the year were £491,000 (US\$623,750). The accumulated non-controlling interest of KW US and its subsidiaries as at 31 December 2023 were £3,737,014 (US\$2,931,680). (as at 31 December 2022: £2,390,686 (US\$2,878,386)).

Profits attributable and accumulated non-controlling interests in Moloney Investments Limited and its subsidiaries as at 31 December 2023 was £459,695 (€400,012), (2022: £nil (€nil)). No dividends were paid to non-controlling interest in the year.

### **Kinaswood Holdinas Limited**

## Notes to the Financial Statements for the Year Ended 31 December 2023

### Summarised financial information (material subsidiaries with non-controlling interests) before intra-group adjustments:

	2023 \$ 000	2023 £ 000	2022 \$ 000	2022 £ 000
<b>US</b>				
<b>As at 31 December:</b>				
Current assets	16,646	13,059	15,400	12,792
Non-current assets	3,241	2,543	158	132
Current liabilities	(6,507)	(5,105)	(9,731)	(8,083)
Non-current liabilities	(59)	(47)	(59)	(49)

	2023 \$ 000	2023 £ 000	2022 \$ 000 (Restated)	2022 £ 000 (Restated)
<b>12 months ended 31 December:</b>				
Revenue	49,379	39,574	54,638	28,717
Profit after tax	2,706	2,169	3,104	2,018
Other comprehensive income	-	-	-	-
Total comprehensive income	2,706	2,169	3,104	2,521

	2023 € 000	2023 £ 000	2022 € 000	2022 £ 000
<b>Ireland</b>				
<b>As at 31 December:</b>				
Current assets	7,551	6,548	-	-
Non-current assets	4,585	3,976	-	-
Current liabilities	(935)	(811)	-	-
Non-current liabilities	-	-	-	-

	2023 € 000	2023 £ 000	2022 \$ 000	2022 £ 000
<b>12 months ended 31 December:</b>				
Revenue	7,109	6,186	-	-
Profit after tax	1,761	1,532	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	1,761	1,532	-	-

### 20 Cash and cash equivalents

	2023 £ 000	2022 (Restated) £ 000
Cash at bank and in hand	<u>18,704</u>	<u>16,726</u>

### Client money

In November 2020, the Group's subsidiary KWIM moved to a Model B structure and transferred its CASS obligations to a third party service provider. Consequently, no client money was held in segregated bank accounts at 31 December 2023 (31 December 2022: £nil).

### 21 Trade and other payables

	2023 £ 000	2022 (Restated) £ 000
Trade payables	2,792	2,483
Accrued expenses	8,847	6,909
Social security and other taxes	849	1,283
Lease liability and dilapidations provision	1,590	1,467
Other borrowings	<u>1,576</u>	<u>59</u>
	<u>15,654</u>	<u>12,201</u>

The Directors consider that the carrying amount of trade payables approximates their fair value.

The group's exposure to market and liquidity risks, including maturity analysis, relating to trade and other payables is disclosed in note "Financial risk review".

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 22 Leases 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 2023 £ 000</b>	<b>Land and Buildings 2022 £ 000</b>
At 1 Jan	4,274	3,274
Additions	446	1,705
Other adjustments	17	-
Interest expense	150	147
Lease payments	<u>(940)</u>	<u>(852)</u>
	<u>3,947</u>	<u>4,274</u>

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.

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.

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	<b>2023 £ 000</b>	<b>2022 £ 000</b>
Due within oneyear	1,590	1,467
Due after more than oneyear	<u>2,357</u>	<u>2,806</u>
At 31 December	<u>3,947</u>	<u>4,273</u>
	<b>2023 £ 000</b>	<b>2022 £ 000</b>
<b>Dilapidations provisions relating to lease liabilities</b>		
Due within oneyear	7	7
Due after more than oneyear	<u>559</u>	<u>559</u>
At 31 December	<u>566</u>	<u>566</u>



## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2023 £ 000	2022 £ 000
Low value lease expense	105	99
Short term lease expense	4	14

#### 23 Deferred consideration payable

	2023 £ 000	2022 £ 000
- falling due within one year	23,905	20,771
- due after more than one year	<u>2,369</u>	<u>9,228</u>
Deferred consideration payable on acquisitions:	<u>26,274</u>	<u>29,999</u>

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

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, and there were additional payments for Sterling and Regency due to the Sellers achieving these contractual requirements.

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 expensed as remuneration through profit or loss was £474,312 (2022: £1,852,225).

#### 24 Loans and borrowings

	2023 £ 000	2022 £ 000
Lease liability and dilapidations provision	2,358	2,806
Other borrowings	<u>62,879</u>	<u>24,343</u>
	<u>65,237</u>	<u>27,149</u>

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 25 Share capital

Allotted, called up and fully paid shares

	2023		2022
No.	£ 000	No.	£ 000

	000			
Fully paid of £0.05 each	216,921,720	10,846	216,921,720	10,846

	Number of ordinary shares '000	Par value £ 000	Share premium £ 000	Total £ 000
<b>Share capital and share premium</b>				
At 1 January 2022	216,921	10,846	8,224	19,070
At 31 December 2022	216,921	10,846	8,224	19,070
At 1 January 2023	216,921	10,846	8,224	19,070
At 31 December 2023	216,921	10,846	8,224	19,070

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 2023, KPI (Nominees) Limited held 144,125,262 Ordinary Shares, representing 66.44 per cent of ordinary shares in issue at year end.

## 26 Preference share capital

Irredeemable convertible preference shares	2023 Shares	2022 Shares	2023 £ 000	2022 £ 000
Fully paid	77,428,443	77,428,443	70,150	70,150
	<u>77,428,443</u>	<u>77,428,443</u>	<u>70,150</u>	<u>70,150</u>

Preference share capital movements are as follows:

	Number of shares	Par value £ 000
At 1 January 2022	77	77
Issued during year	-	-
At 31 December 2022	77	77
Issued during year	-	-
At 31 December 2023	<u>77</u>	<u>77</u>

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

	2023 £ 000	2022 £ 000
Equity component	70,150	70,150
Liability component	-	-
	<u>70,150</u>	<u>70,150</u>

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 5% pa from the date of issue. They do not hold any voting rights. Effective 17 December 2021 onwards, these will be settled via the issue of additional ordinary shares, thereby extinguishing the liability component.

At 31 December 2023 the conversion was conditional upon regulatory approvals in a number of jurisdictions which were in the process of being obtained. Upon satisfaction

number of jurisdictions which were in the process of being obtained. Upon satisfaction of all conditions outstanding relating to Conversion, application will be made to the London Stock Exchange for the required new Ordinary Shares to be admitted to trading ("Admission"). The new Ordinary Shares will rank pari passu with the existing Ordinary Shares.

On the 31 May 2024 the Company announced that, following the grant of the anticipated approvals by the applicable regulatory authorities in the US, UK and the Republic of Ireland, the Convertible Preference Shares are converting, at the agreed conversion price of 16.5 pence per Ordinary Share, into a total of 469,263,291 new Ordinary Shares in the Company ("Conversion"). Please refer to Note 37 Events after the balance sheet note for more details.

## 27 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. Cash and cash equivalents are detailed in note 20.

	2023 £ 000	2022 £ 000
Loss before tax	(13,897)	(10,972)
<b>Adjustments for:</b>		
Depreciation and amortisation	6,046	4,507
Finance costs	12,966	6,398
Remuneration charge (deferred consideration)	474	1,852
Acquisition of investments	-	586
Share-based payment expense	456	878
Other losses / (gains)	(224)	23
Gain on disposal of businesses, net of disposal costs	(1,039)	-
Other non cash items	846	-
Taxation	-	(22)
Operating cash flows before movements in working capital	5,268	3,250
(Increase)/decrease in receivables	(9,804)	1,821
Increase/(decrease) in payables	8,769	(7,775)
Net cash inflow / (outflow) from operating activities	4,593	(2,704)

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

## 28 Share-based remuneration

### Employee Option Plan

#### Scheme details and movements

The Group has the following share option schemes established for employees and Directors:

- The European Wealth Group Limited EMI Scheme 2014, an HMRC approved scheme under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 pursuant to which options over ordinary shares of the Group may be granted to individuals (as selected by and in amounts determined by the Group's Remuneration Committee) who are employees of the Group.
- The 2019 Kingswood Group LTIP scheme under which options are granted over ordinary shares of the Group to employees and Directors. 39,750,000 options were issued with an exercise price of 5p. The vesting date of these share options is 31 December 2021. Vesting conditions include a mixture of performance and market-based conditions, tailored to the employee or director.
- The 2021 Kingswood Group LTIP scheme under which options are granted over

ordinary shares of the Group to employees and Directors. 15,708,333 options were issued with an exercise price of 16.5p. The vesting date of these share options is 31 December 2023. Vesting conditions include a mixture of performance and market-based conditions, tailored to the employee or director.

- The 2022 Kingswood Group LTIP scheme under which options are granted over ordinary shares of the Group to employees and Directors. 6,700,000 options were issued with an exercise price of 16.5p. The vesting date of these share options is 31 December 2024. Vesting conditions include a mixture of performance and market-based conditions, tailored to the employee or director.
- The 2023 Kingswood Group LTIP scheme under which options are granted over ordinary shares of the Group to employees and Directors. 5,230,000 options were issued with an exercise price of 16.5p. The vesting date of these share options is 31 December 2024. Vesting conditions include a mixture of performance and market-based conditions, tailored to the employee or director.

If options granted under any of the schemes remain unexercised for a period of 10 years from the date of grant then the options expire. In certain circumstances, options may be exercised earlier than the vesting date if the option holder ceases to be an employee of the relevant Group company. In particular, options may be exercised for a period of six months after the option holder ceases to be employed within the Group by reason of injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee), redundancy or retirement on or after reaching the age of 55 or upon the sale or transfer out of the Group of the relevant Group member or undertaking employing or contracting with him/her.

In the event of cessation of employment or engagement of the option holder by reason of his/her death, his/her personal representatives will be entitled to exercise the option within twelve months following the date of his/her death. Where an option holder ceases to be employed within the Group for any other reason, options may also become exercisable for a limited period at the discretion of the Remuneration Committee. .

The movements in the number of share options during the year were as follows:

	<b>2023 Number</b>	<b>2022 Number</b>
Outstanding, start of period	18,156,389	16,799,167
Granted during the period	5,230,000	6,700,000
Forfeited during the period	( 5,047,001)	(5,342,778)
Outstanding, end of period	18,339,388	18,156,389
Exercisable, end of period	<u>1,090,833</u>	<u>1,090,833</u>

No share options were exercised during the year.

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 28 Share-based remuneration (continued)

	<b>2023 pence</b>	<b>2022 pence</b>
Outstanding, start of period	16.78	16.78
Granted during the period	16.50	16.50
Forfeited during the period	16.50	16.50
Outstanding, end of period	16.76	16.76
Exercisable, end of period	<u>20.85</u>	<u>20.85</u>

Share options outstanding at the end of the year have the following expiry date and exercise prices:

<b>Share options 2023</b>	<b>Share options 2022</b>
105,000	105,000

100,000	100,000
152,500	152,500
833,334	833,334
2,682,443	3,076,667
3,333,333	3,333,333
2,386,111	3,288,889
166,667	666,667
733,333	1,500,000
-	75,000
666,667	1,000,000
-	1,050,000
2,000,000	3,000,000
50,000	75,000
600,000	
2,950,000	
50,000	
750,000	
880,000	
-	-
<u>18,339,388</u>	<u>18,156,389</u>
7.91 years	8.59 years

Grant date	Expiry date	Exercise price Pence
04 August 2014	03 August 2024	100.00
01 August 2016	31 July 2026	53.00
15 February 2019	14 February 2029	5.00
12 April 2021	11 April 2031	16.50
25 June 2021	24 June 2031	16.50
05 July 2021	04 July 2031	16.50
06 September 2021	05 September 2031	16.50
16 March 2022	15 March 2032	16.50
12 April 2022	11 April 2032	16.50
03 May 2022	02 May 2032	16.50
06 May 2022	05 May 2032	16.50
28 June 2022	27 June 2032	16.50
11 July 2022	12 July 2032	16.50
09 January 2023	08 January 2033	16.50
10 February 2023	09 February 2033	16.50
20 February 2023	19 February 2033	16.50
24 April 2023	23 April 2033	16.50
12 June 2023	11 June 2033	

#### TOTAL

Weighted average contractual life of options outstanding at end of period

### Kingswood Holdings Limited

#### Notes to the Financial Statements for the Year Ended 31 December 2023

##### 28 Share-based remuneration (continued)

The following information is relevant to the determination of the fair value of options granted during the year under equity settled share based remuneration schemes operated by the Group.

##### 2023

Option pricing model used	Monte Carlo
Weighted average share price at grant date (p)	23.88

-	
Exercise price	
(p)	16.50
Weighted average contractual life (in days)	
2,892	
Expected volatility (12 April 2021tranche)	
-	
Expected volatility (25 June 2021tranche)	
-	
Expected volatility (5 July 2021tranche)	
-	
Expected volatility (6 September 2021tranche)	
-	
Expected volatility (16 Mar 2022tranche)	
60%	
Expected volatility (12 Apr 2022tranche)	
60%	
Expected volatility (3 May 2022tranche)	
60%	
Expected volatility (6 May 2022tranche)	
60%	
Expected volatility (28 Jun 2022tranche)	
60%	
Expected volatility (1 Jul 2022tranche)	
60%	
Expected volatility (11 Jul 2022tranche)	
60%	
Expected dividend growth	
rate	N/A
Risk-free interest	
rate	3.72% -
4.14%	

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The dividend growth rate has been assumed to be 0% as no dividends have been paid.

Total (expense) / gain arising from share-based transactions recognised during the period as part of employee benefit expense is as follows:

	2023	2022
	£ 000	£ 000
Options issued under employee option plan	456	852

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 29 Financial instruments

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

2023	2022
Carrying	(Restated)
amount	Carrying
£	amount
000	£ 000

<b>Financial assets measured at amortised cost</b>		
Trade and other receivables	14,295	4,812
Cash and cash equivalents	18,704	16,726
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	(15,654)	(12,201)
Other non-current liabilities	(62,879)	(2,806)
Lease liability	(2,357)	(1,467)
<b>Financial liabilities measured at fair value through profit and loss</b>		
Deferred consideration payable	(23,274)	(29,999)
	<u>(71,165)</u>	<u>(24,935)</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	Valuation technique Fair value hierarchy level
------	------------	---

**£'000**

Deferred consideration payable 23,274

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

There have been no transfers between levels during the period.

The potential profit or loss impact in relation to deferred consideration payable of a reasonably possible change to the discount rate is as follows:

Assumption	Reasonably possible	Profit or (loss) Increase £'000	Impact Decrease £'000
Discount rate change	(+ / - 5%)	(17)	16

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2023**

**Credit risk**

Credit risk represents the potential that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. Credit risk is monitored on a regular basis by the finance team along with support

from back office functions with the respective business divisions.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date.

At the reporting date, the Group's financial assets exposed to credit risk were as follows:

	<b>2023</b>	<b>2022</b> (Restated)
	<b>£ 000</b>	<b>£ 000</b>
Cash	18,704	16,726
Trade and other receivables	14,295	4,812
	<u>32,999</u>	<u>21,538</u>

The Group's exposure to credit risk on cash and cash equivalents is considered by the Directors to be low as the Group holds accounts at banks with strong credit ratings. The majority of funds are held with A rated (S&P) institutions, with a minimum rating of BBB+. See Note 20 for further detail on cash and cash equivalents.

### Liquidity risk

Liquidity risk represents the potential that the Group will be unable to meet its financial obligations as they fall due. The controls and limits surrounding the Group's credit risk together with cash monitoring processes ensure that liquidity risk is minimised. The table below illustrates the maturity profile of all financial liabilities outstanding at 31 December 2023.

<b>2023</b>	<b>Repayable between 0-12 months</b>	<b>Repayable after more than 12 months</b>
<b>Non-derivative liabilities</b>	<b>£ 000</b>	<b>£ 000</b>
Trade payables	2,792	-
Other payables	11,272	-
Deferred consideration payable	23,905	2,369
Lease liabilities	1,590	2,357
	<u>39,559</u>	<u>4,726</u>

<b>2022 (Restated)</b>	<b>3 months - 1 year</b>	<b>1-5 years</b>
<b>Non-derivative liabilities</b>	<b>£ 000</b>	<b>£ 000</b>
Trade payables	2,483	-
Other payables	8,251	24,343
Deferred consideration payable	20,771	9,228
Lease liabilities	1,467	2,806
	<u>32,972</u>	<u>36,377</u>

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

### Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

### Price risk

As with other firms in our sector, the Group is vulnerable to adverse movements in the



value of financial instruments. The Group's business will be partially dependent on market conditions and adverse movements may have a significant negative effect on the Group's operations through reducing off-Balance Sheet assets under management, given its fees are largely calculated at a percentage of these client assets.

It is not practicable to quantify the price risk to our business, owing to variability in how fees are charged.

#### **Interest rate risk**

Interest rate risk is the risk of financial loss as a result of an increase in interest rates on borrowings.

Sensitivity analysis has been performed on the Group's variable interest-bearing instrument. The Group's interest-bearing instrument includes a variable rate component based on the Sterling Overnight Index Average (SONIA). Consequently, a 10% movement in interest rates would result in an impact of approximately £357,000 on the financial statements.

#### **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group has minimal exposure to foreign exchange risk, operating as it does in stable currencies - namely Sterling, US dollar, and the Euro

The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The effect of a 5% strengthening of the US dollar against Sterling, based on 2023 figures, would have increased the US division's overall profit as recognised in the Statement of Comprehensive Income by £115,858. A 5% weakening of the US dollar, conversely, would have decreased the profit contribution by £104,824.

#### **Assessment of exposure to foreign exchange risk**

Individual Group companies infrequently enter into transactions denominated in a currency other than their functional currencies, and these are typically immaterial in value. The primary risk is foreign currency rates will move adversely, reducing on consolidation the carrying value of financial assets or increasing the financial liabilities recognised by the US division. The Group does not consider this risk to be material.

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **30 Business combinations**

##### **a. Acquisition of Barry Fleming & Partners**

On the 15th December 2022, Kingswood Holdings Ltd agreed to acquire, the business assets of Barry Fleming & Partners. The acquisition completed on the 6th January 2023.

Barry Fleming & Partners advises individuals, companies, trustees and charities. This capability allows Barry Fleming & Partners to use its strength in tax advice to take a 360-degree-view of a financial situation to give much broader, more comprehensive advice. The team have three advisers and a total of six employees.

Founded in 1975, Barry Fleming & Partners looks after over 415 clients with over c. £140m AUA. The business will be acquired for total cash consideration of up to £5.9m, payable over a two-year period, £3.4m paid on completion and the balance paid on a deferred basis which is subject to the achievement of pre-agreed performance targets.

	Book value	Adjustment	Fair value
	£	£	£
	000	000	000
Property, plant and equipment	8	-	8
Goodwill & Intangibles		3,786	3,786
Investments in subsidiaries	1	-	1
Receivables	147	-	147
Cash	614	(4)	610
Payables		(187)	
Deferred tax liability	(64)	(947)	(251)
			(947)
Total identifiable net assets	<u>706</u>	<u>2,648</u>	<u>3,354</u>

The trade and other receivables were recognised at fair value, being the gross contractual amounts.

#### Fair value of consideration paid

The acquisition has been accounted for using the acquisition method and details of the purchase consideration are as follows:

	2023
	£ 000
Initial cash paid	3,368
Deferred consideration	<u>2,565</u>
Total purchase consideration	<u>5,933</u>
Goodwill recognised on acquisition	<u>2,579</u>

### Kingswood Holdings Limited

#### Notes to the Financial Statements for the Year Ended 31 December 2023

The main factors leading to the recognition of goodwill are:

- the strategic foothold the Barry Fleming & Partners team and business gives the Group in the Hampshire market.
- the ability to leverage the Barry Fleming & Partners and achieve economies of scale.

#### Consideration

##### Net cash outflow arising on acquisition:

Total consideration	purchase
3,368	

Less: Deferred consideration  
(2,565)

Cash paid to acquire Barry Fleming & Partners	803
---	-----

Less: cash held by Barry Fleming & Partners

(610)

Net cash outflow	cash
------------------	------

## b. Acquisition of Moloney Investments Ltd

On 3 March 2023, the Company completed the acquisition of Moloney Investments Ltd (MMPI), a leading financial advice firm based in Dublin, Ireland. A 70% shareholding of MMPI was acquired for a total cash consideration of £21.6m (EUR 25.8m), with the existing shareholders retaining the remaining 30% and benefiting from the growth in the business as both management teams work together to grow MMPI and the wider Kingswood group both organically and through further acquisitions.

Established in 1993, MMPI is a leading financial advisory group based in Dublin, Ireland providing financial planning, general and protection insurance, as well as investments, pensions, and mortgage advice to principally mass affluent and high net worth individuals. MMPI currently employs 45 people, including 18 advisors. MMPI continues to operate from its existing premises and be led by the same experienced team that have served its clients since inception in 1993.

The Acquisition of MMPI presents a highly strategic acquisition for Kingswood for the following key reasons:

- Entry into Ireland - Ireland is a EUR 40bn wealth management market that shares many similar market and cultural similarities to the UK with the mass affluent segment of the market in particular experiencing persistent growth;
- High quality platform - MMPI offers an opportunity to acquire a high quality, full service, and scaled financial advisory group with a long term track record of growth. The business is run by an experienced and high calibre management team that have strong cultural alignment to the rest of Kingswood;
- Further consolidation opportunity - with the Irish wealth management market experiencing many similar trends to the UK, MMPI offers an attractive platform for further consolidation in addition to Kingswood's existing strategy in the UK;
- Product cross-sell - opportunity for MMPI's clients to benefit from Kingswood's leading in-house investment proposition and Kingswood's clients to conversely benefit from MMPI's insurance and other product distribution capabilities.

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

Details of the fair value of identifiable assets and liabilities acquired the purchase consideration and goodwill are as follows:

	Book value £ 000	Adjustment £ 000	Fair value £ 000
Property, plant and equipment	153	-	153
Goodwill and intangibles	221	16,502	16,723
Receivables	2,778	-	2,778
Cash	2,286	-	2,286
Payables	(1,023)	-	(1,023)
Investments in subsidiaries	3,834	(3,834)	-
Deferred tax liability	-	(4,126)	(4,126)
Total identifiable net assets	<u>8,249</u>	<u>8,542</u>	<u>16,791</u>

The trade and other receivables were recognised at fair value, being the gross contractual amounts.

#### Fair value of consideration paid

The acquisition has been accounted for using the acquisition method and details of the purchase consideration are as follows:

	2023 £ 000
Initial cash paid	21,645
Deferred cash consideration	-
Total purchase consideration	<u>21,645</u>

Goodwill recognised on acquisition	<u>3,843</u>
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Acquisition costs have been recognised as transaction costs under acquisition-related adjustments in the Consolidated Statement of Comprehensive Income.

The main factors leading to the recognition of goodwill are:

- the strategic foothold the MMPI team and business gives the Group in Ireland, Dublin; and
- the ability to leverage MMPI platform and achieve economies of scale.

#### Consideration

	<b>2023</b>
	<b>£ 000</b>
<b>Net cash outflow arising on acquisition:</b>	
Total purchase consideration	21,645
Less: Deferred consideration	-
Initial cash paid to acquire MMPI	21,645
Less: cash held by MMPI	(2,286)
Net cash outflow	<u>19,359</u>

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 31 Sale of subsidiary

On November 9th, Kingswood US sold the entire share capital of wholly owned subsidiary Benchmark Investments, LLC (BMI) for a consideration of \$5m to EF Hutton Holdings. The consideration comprised of \$2.5m received in cash, cash installments totaling \$1.5m, and a contingent consideration of \$1m. The contingent consideration is conditional on post-closing monthly affiliate broker/dealer monthly payment equal to 5% of BMI revenues for six consecutive months following sale. The full and timely payment of each of the mandatory payments post close is a condition for the forgiveness of an \$1m principal in the note (i.e. contingent consideration). Post year-end, all of mandatory post-closing payments have been received, making it virtually certain that the \$1 million note would be forgiven. Therefore, the deferred gain on the contingent consideration has been written off at the year end.

	<b>2023</b>
	<b>£ 000</b>
Initial cash received	2,035
Note receivable	1,221
Contingent consideration	<u>814</u>
<b>Total consideration</b>	<u>4,071</u>
<b>Less: Net assets disposed:</b>	
Cash and cash equivalents	(656)
Trade and other receivables	(1,547)
Prepayments and other debtors	(43)
Property, plant and equipment	(8)
Accrued expenses	1,743
Investment in subsidiaries	<u>(1,213)</u>
	(1,724)
<b>Less: Costs in relation to business sold</b>	(494)
<b>Less: Contingent consideration write off</b>	<u>(814)</u>
<b>Gain on disposal</b>	<u>1,039</u>
<b>Cash flow from the disposal of the business sold</b>	<b>2023</b>
	<b>£ 000</b>
Initial cash received and cash installments received on note receivable	2,096
Cash and cash equivalents disposed	(656)
Costs in relation to business sold	<u>(494)</u>
Costs in relation to business sold	<u>946</u>

The gain on disposal of £1,039,000 forms part of transaction costs on the statement of comprehensive income.

BMI was classified as a discontinued operation and details of the results of this discontinued operation can be found in Note 2 and Note 6 in the financial statements.

### 32 Assets and Liabilities held for sale

At 31 December 2022, £7.4m assets and £5.4m liabilities relates to the BMI subsidiary sold in the year, which was classified as a discontinued operation, see Note 6 for details.

### 33 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.

	2023 £ 000	2022 £ 000
Salaries and other short term employee benefits	<u>943</u>	<u>678</u>

#### Other related parties

KHL incurred fees of £104,000 (2022: £116,555) from KPI (Nominees) Limited in relation to Non-Executive Director remuneration. At 31 December 2023, £nil of these fees remained unpaid (2022: £nil).

Fees received from Moor Park Capital Partners LLP, in which Gary Wilder and Jonathan Massing hold a beneficial interest through one of the members, KPI (Nominees) Limited, relating to property related services provided by KHL totaled £nil for the year ended 31 December 2023 (2022: £23,708), of which £nil (2022: £nil) was outstanding at 31 December 2023.

Fees paid for financial and due diligence services to Kingswood LLP and Kingswood Corporate Finance Limited, in which Jonathan Massing holds a beneficial interest as LLP members, totaled £171,353 for the year to 31 December 2023 (2022: £479,955), of which £nil (2022: £nil) was outstanding at 31 December 2023.

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

### 34 Capital management

The Group considers all of its equity to be capital, and sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt, if any exists.

The primary objective of the Group's capital management plan is to ensure that it maintains a strong capital structure in order to protect clients' interests, meet regulatory requirements, protect creditors' interests, support the development of its business and maximise shareholder value. Each subsidiary manages its own capital, to maintain regulatory solvency. Details of the management of this risk can be found in the Strategic Report.

The Group's capital management policy is, for each subsidiary, to hold the highest of:

- the capital required by any relevant supervisory body; or
- the capital required based on each subsidiary's internal assessment.

The following entities are subject to regulatory supervision and must comply with capital adequacy rules and regulations:

<b>Entity and jurisdiction</b>	<b>Regulatory body</b>
KW Investment Management Limited Firm	FCA Investment Management
Joseph R. Lamb Financial Advisers Limited Management Firm	FCA Investment
KW Investment Management Limited Financial Services Provider KW Wealth Planning Limited Investment Firm	FSCA South Africa: FCA Personal
Sterling Trust Professional Limited Firm	FCA Personal Investment
Regency Investment Services Limited Firm	FCA Personal Investment
Admiral Wealth Management Limited	FCA Personal Investment Firm
Money Matters (North East) Limited Firm	FCA Personal Investment
IBOSS Asset Management Limited Firm	FCA Investment Management
Strategic Asset Managers Limited Firm	FCA Personal Investment
Employee Benefit Solutions Firm	FCA Personal Investment
JCH Investment Management Limited	FCA Personal Investment Firm
Allots Financial Services Limited Firm	FCA Personal Investment
Vincent & Co Financial Ltd Firm	FCA Personal Investment
Eurosure Limited Personal Investment Firm	FCA
AIM Independent Limited Firm	FCA Personal Investment
JFP Financial Services Limited Firm	FCA Personal Investment
Barry Fleming and Partners (Tax, Trusts and Investments Planning Ltd) Firm	FCA Investment Management
Kingswood Capital Partners, LLC firm (USA)	FINRA-regulated brokerage
Benchmark Investments, LLC firm (USA) *	FINRA-regulated brokerage

## **Kingswood Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **34 Capital management (continued)**

Benchmark Advisory Services, LLC (USA)	SEC-regulated advisory firm
Kingswood Wealth Advisors, LLC (USA)	SEC-regulated advisory firm

\*Benchmark Investments, LLC was sold on 9 November 2023

The regulatory capital requirements of companies within the Group, and the associated solvency of the Group, are assessed and monitored by the Board of Directors. Ultimate responsibility for an individual company's regulatory capital lies

with the relevant subsidiary Board. There has been no material change in the level of capital requirements of individual companies during the year, nor in the Group's management of capital. All regulated entities exceeded the minimum solvency requirements at the reporting date and during the year.

The debt-to-equity ratios at 31 December 2023 and 31 December 2022 were as follows:

<b>2023</b>	<b>2022</b>
<b>£ 000</b>	<b>(Restated) £ 000</b>
<b>62,879</b>	<b>24,402</b>
<b>3,947</b>	<b>4,273</b>
<b>(18,704)</b>	<b>(16,726)</b>
<b>48,122</b>	<b>11,949</b>
<b>60,899</b>	<b>73,966</b>
<b>79%</b>	<b>16%</b>

Loans and  
borrowings Lease  
liabilities  
Less: cash and cash  
equivalents Net debt  
Total equity  
Debt to equity ratio (%)

## Kingswood Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 35 Financial commitments

No financial commitments were in place at 31st December 2023 (2022: nil).

<b>2023</b>	<b>2022</b>
<b>£ 000</b>	<b>£ 000</b>
<b>=</b>	<b>=</b>

Commitments

#### 36 Ultimate controlling party

As at the date of approving the financial statements, the ultimate controlling party of the Group was HSQ Investment Limited, a wholly owned indirect subsidiary of funds managed and/or advised by Pollen Street Capital Limited. HSQ Investment Limited, which holds 68.40% of the voting rights and issued share capital of the Group.

#### 37 Events after the reporting date

##### *a) Acquisition of BasePlan Ltd*

On the 16th February 2024, Kingswood Holdings Ltd's Irish subsidiary, Moloney Investments Ltd ("MMPI"), has completed the acquisition of BasePlan Limited ("BasePlan"), a retirement planning advice firm based in Dublin, Ireland, following regulatory approval.

Based in Dublin, Ireland, BasePlan is a long established and leading financial advisory firm which has been providing client led financial and retirement planning and wealth management services for over 30 years. The BasePlan principals Rhona Burke QFA & Gordon Mellon FCA have successfully grown the business since inception, they manage client assets of €130m, and have successfully maintained excellent long term client relationships. Upon completion there will be a managed

handover and some of the team will remain, allowing for a seamless transition for clients.

**b) New Debt Facility**

On the 16<sup>th</sup> February and 7<sup>th</sup> May 2024 Kingswood Holdings Limited, entered into a new unsecured debt with funds managed by Pollen Street of £8m and £3m respectively. The Facility Agreements will be used to support the Company's capital requirements and growth agenda. The headline terms of the Facility Agreements were:

- i. £8.0m debt facility;
  - Expiry date of the earlier of 17 October 2030; and
  - Interest rate of 12% rolled up and paid on maturity.
- ii. £3.0m debt facility:
  - £3.0m facility;
  - Repayment date of earlier of 29 October 2030 or date of an exit or partial exit; and
  - Interest rate of 12%, paid at maturity.

**Kingswood Holdings Limited**  
**Notes to the Financial Statements for the Year Ended**  
**31 December 2023**

**c) Conversion of Convertible Preference Shares**

On the 31 May 2024 the Company announced that, following the grant of the anticipated approvals by the applicable regulatory authorities in the US, UK and the Republic of Ireland, the Convertible Preference Shares are converting, at the agreed conversion price of 16.5 pence per Ordinary Share, into a total of 469,263,291 new Ordinary Shares in the Company ("Conversion").

On completion of Conversion:

- the Company's enlarged issued share capital was 686,184,011 Ordinary Shares, all of which will be admitted to trading on AIM; and
- HSQ Investment Limited, a wholly owned indirect subsidiary of funds managed and/or advised by Pollen Street Capital Limited, was beneficially interested in a total of 469,263,291 Ordinary Shares representing approximately 68.4 per cent of the enlarged issued share capital of the Company.



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