



Half year results

for the period ended 31 December 2022

Solid performance with continuing positive net flows, robust underlying profit margin, and two high-quality acquisitions

2 March 2023



Speakers



Andrew Shepherd
CEO



Ben Thorpe
CFO



Robin Eggar
Managing Director, UKIM



Andrew Shepherd

- 1 Introduction**
- 2 H1 FY23 financial results
- 3 Update on strategy delivery
- 4 Q&A

Strong strategic progress underlined by solid financial performance



Solid financial performance, with robust underlying profit margin despite uncertain macroeconomic backdrop



Continuing positive net flows, 4.4% annualised for the period



Continued rapid growth of the **BM Investment Solutions service and Platform MPS**, with combined annualised net flows of over 50% in the half year



Completed transition of all processes to the SS&C platform – a major milestone in our **digital transformation**



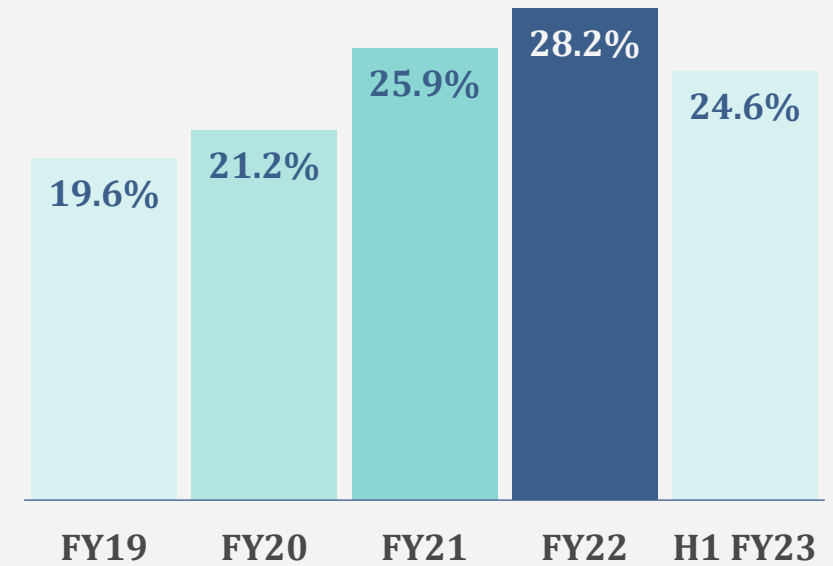
Interim dividend increased, reflecting Board's confidence in medium-term



Two high-quality acquisitions completed – Integrity Wealth Solutions and Adroit Financial Planning



Underlying profit margin (%)

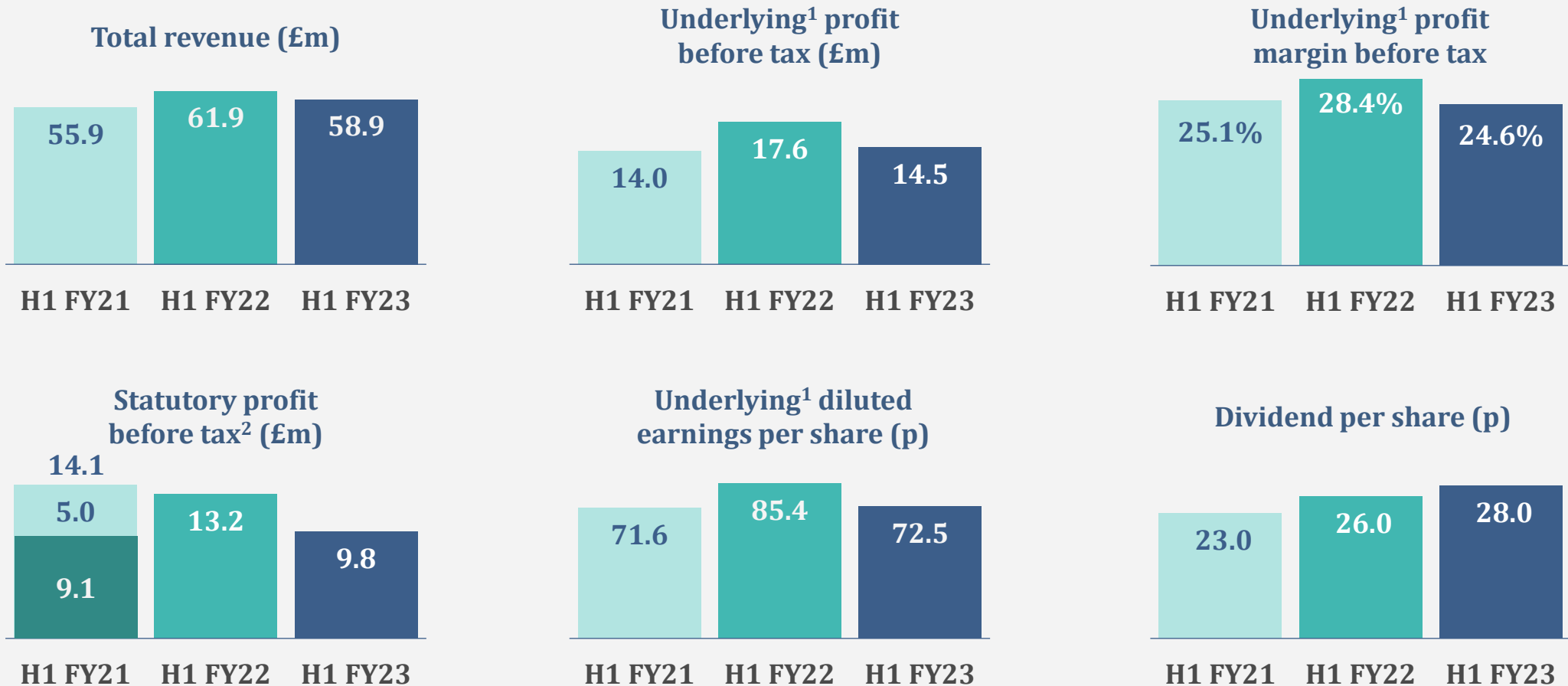




Ben Thorpe

- 1 Introduction
- 2 **H1 FY23 financial results**
- 3 Update on strategy delivery
- 4 Q&A

Solid set of results, in line with guidance



Note 1. The underlying figures represent the results for the Group's activities excluding underlying adjustments as listed on page 33.

Note 2. H1 FY21 statutory profit included a one-off gain arising on the Lloyds Channel Islands acquisition of £5.0m.

Robust underlying profit margin of 24.6%

P&L (£m)	H1 FY22	H1 FY23	Change	
	£m	£m	£m	%
Closing MSCI PIMFA ¹	1,849	1,661	(188)	(10%)
Average MSCI PIMFA ¹	1,815	1,633	(182)	(10%)
Closing FUM	17,329	16,226	(1,101)	(6%)
Average FUM	17,036	15,802	(1,234)	(7%)
Fee income	53.1	45.8	(7.3)	(14%)
Non-fee income	6.6	10.7	4.1	61%
Financial Planning income	2.2	2.4	0.2	9%
Total revenue	61.9	58.9	(3.0)	(5%)
Total underlying costs	(44.3)	(44.4)	(0.1)	(0%)
Underlying profit before tax	17.6	14.5	(3.1)	(18%)
Underlying profit margin before tax %	28.4%	24.6%		



Average market levels down 10%



Average FUM down 7%



Fee income decline partly offset by higher non-fee income



Total costs flat, increase in staff and non staff costs offset by lower variable pay



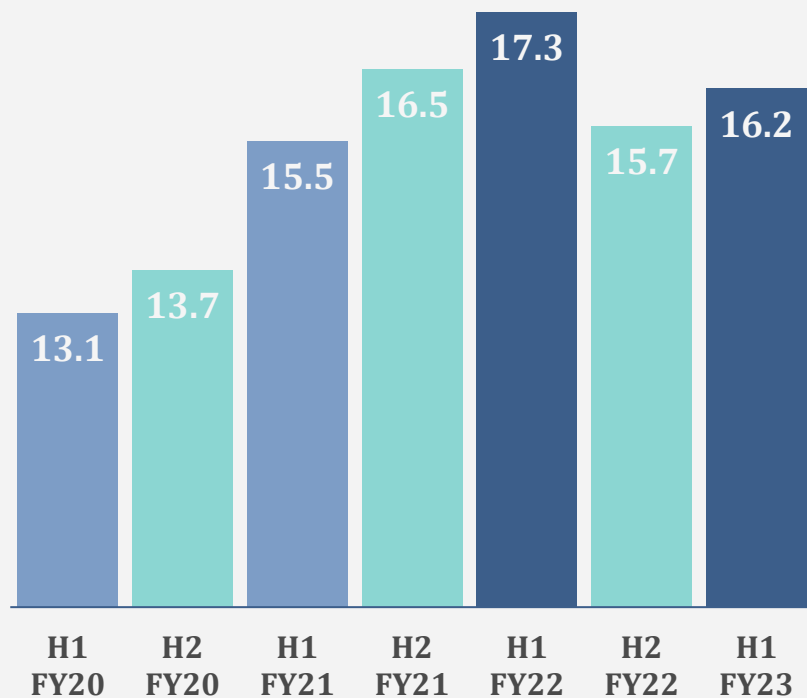
Underlying profit before tax down 18%



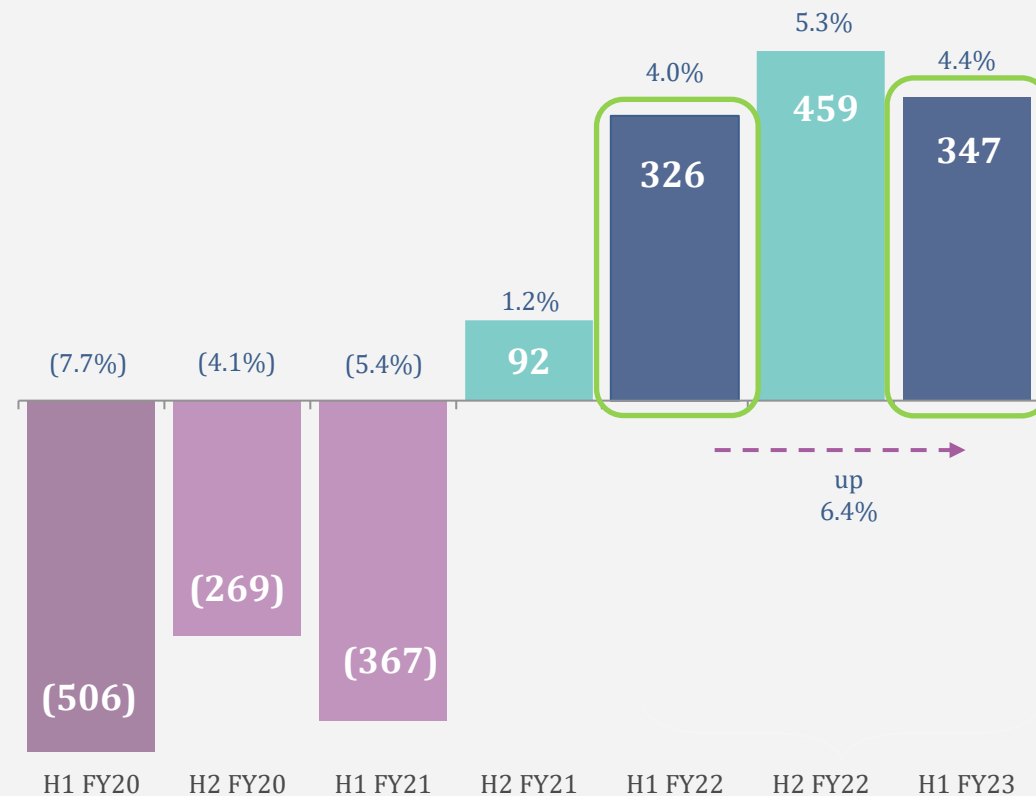
Delivering an underlying profit margin of 24.6%

Net flows up 6% year-on-year

Total FUM for H1 FY20 to H1 FY23 (£bn)



Organic net flows and annualised growth rate H1 FY20 to H1 FY23 (£m)

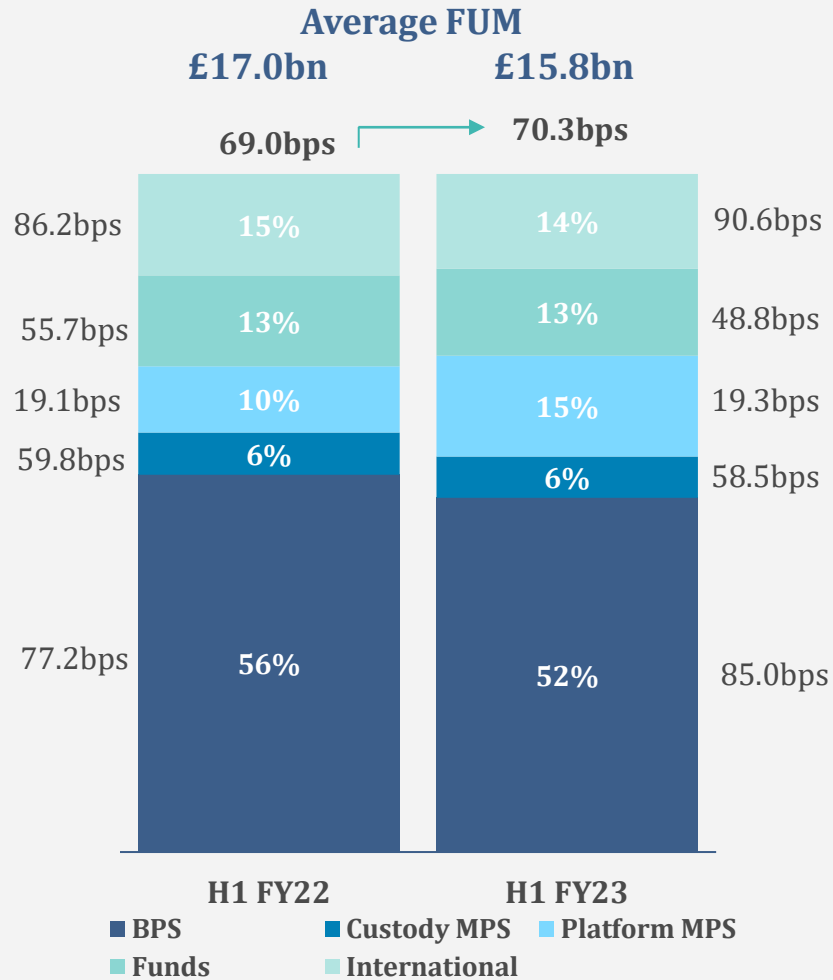


Average MSCI ¹ mvmt.	2.9%	(6.2)%	6.5%	6.0%	4.0%	(10.0%)	(0.3%)
Investment perf.	3.4%	(2.4)%	9.5%	5.6%	3.3%	(12.2%)	1.4%
Organic net flows	(3.8%)	(2.1)%	(2.7)%	0.6%	2.0%	2.7%	2.2%
Acquired net flows	-	9.0%	6.4%	-	-	-	-
Total FUM mvmt.	(0.4%)	4.5%	13.2%	6.2%	5.3%	(9.5%)	3.6%

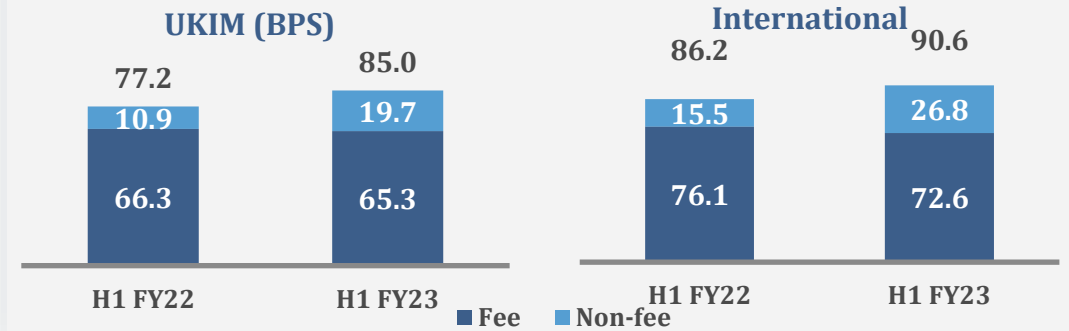
Note 1. MSCI PIMFA Private Investor Balanced Index.

Non-fee income driving yield increase partly offset by change in mix

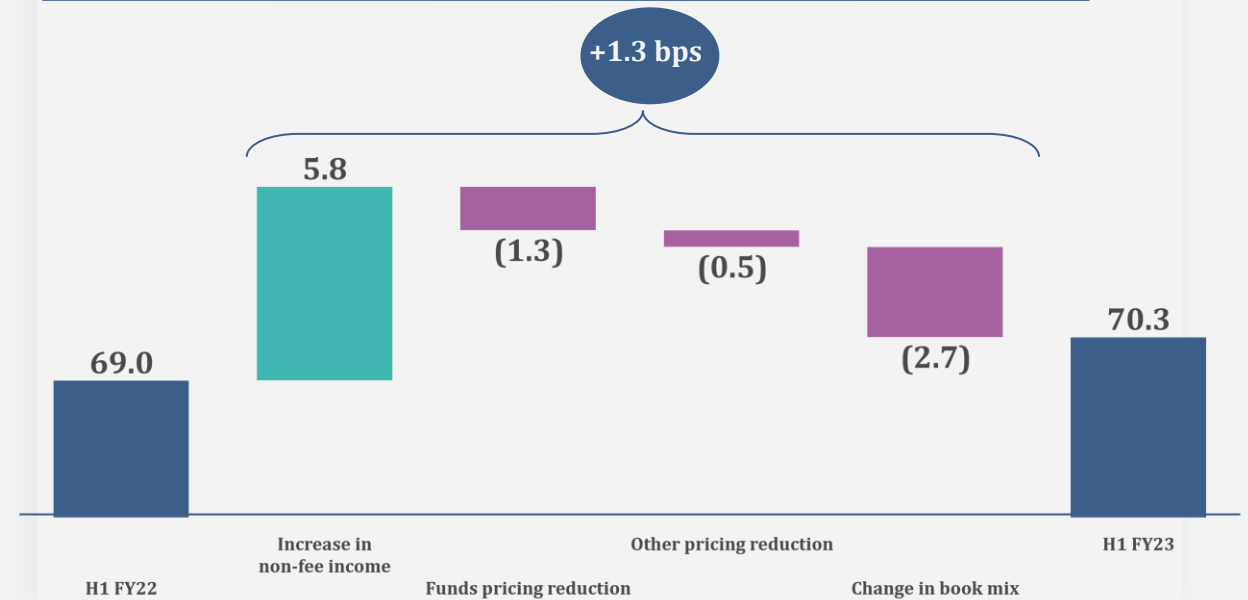
Average FUM (%) and yields (bps)



Yields on fee and non-fee income (bps)



Yield bridge between H1 FY22 and H1 FY23 (bps)



Total underlying costs flat on prior year

	H1 FY22	H1 FY23	Inc / (dec)	
	£m	£m	£m	%
Fixed staff costs	20.0	21.3	1.3	6.5
Variable staff costs	8.3	4.3	(4.0)	(48.2)
Acquired staff costs	-	0.2	0.2	-
Total staff costs	28.3	25.8	(2.5)	(8.8)
Non-staff costs	16.0	18.5	2.5	15.6
Acquired non-staff costs	-	0.1	0.1	-
Total non-staff costs	16.0	18.6	2.6	16.3
Total underlying costs	44.3	44.4	0.1	0.2
Total underlying costs (excl. acquisitions)	44.3	44.1	(0.2)	(0.5)
Headcount	443	492	49	11.1
Total staff cost/Income	45.7%	43.8%		
Fixed staff cost/Income	32.3%	36.2%		
Non-staff cost/Income	25.8%	31.6%		

Total underlying costs movement
H1 FY22 to H1 FY23 (£m)



Weaker markets impacted all segments, International also impacted by outflows

H1 FY23 (£m)	UK Investment Management	International	Group ¹	Total
Revenue	48.8	10.1	-	58.9
Direct costs	(20.7)	(6.6)	(17.3)	(44.6)
Contribution	28.1	3.5	(17.3)	14.3
Indirect cost recharges & net finance income	(11.2)	(3.7)	15.1	0.2
Underlying profit before tax	16.9	(0.2)	(2.2)	14.5
Underlying profit margin before tax	34.6%	(2.0%)	N/A	24.6%
Underlying profit margin change (ppt)	(2.5)	(10.2)	-	(3.8)

UKIM

UKIM which includes the Group's Private Clients business reported a slight decrease in underlying profit to £16.9m and a profit margin of 34.6% down 2.5ppts, as a result of lower revenues driven by lower average FUM levels.

H1 FY22 (£m) Restated ²	UK Investment Management	International	Group ¹	Total
Revenue	50.9	11.0	-	61.9
Direct costs	(20.1)	(6.2)	(18.0)	(44.3)
Contribution	30.8	4.8	(18.0)	17.6
Indirect cost recharges & net finance income	(11.9)	(3.9)	15.8	-
Underlying profit before tax	18.9	0.9	(2.2)	17.6
Underlying profit margin before tax	37.1%	8.2%	N/A	28.4%

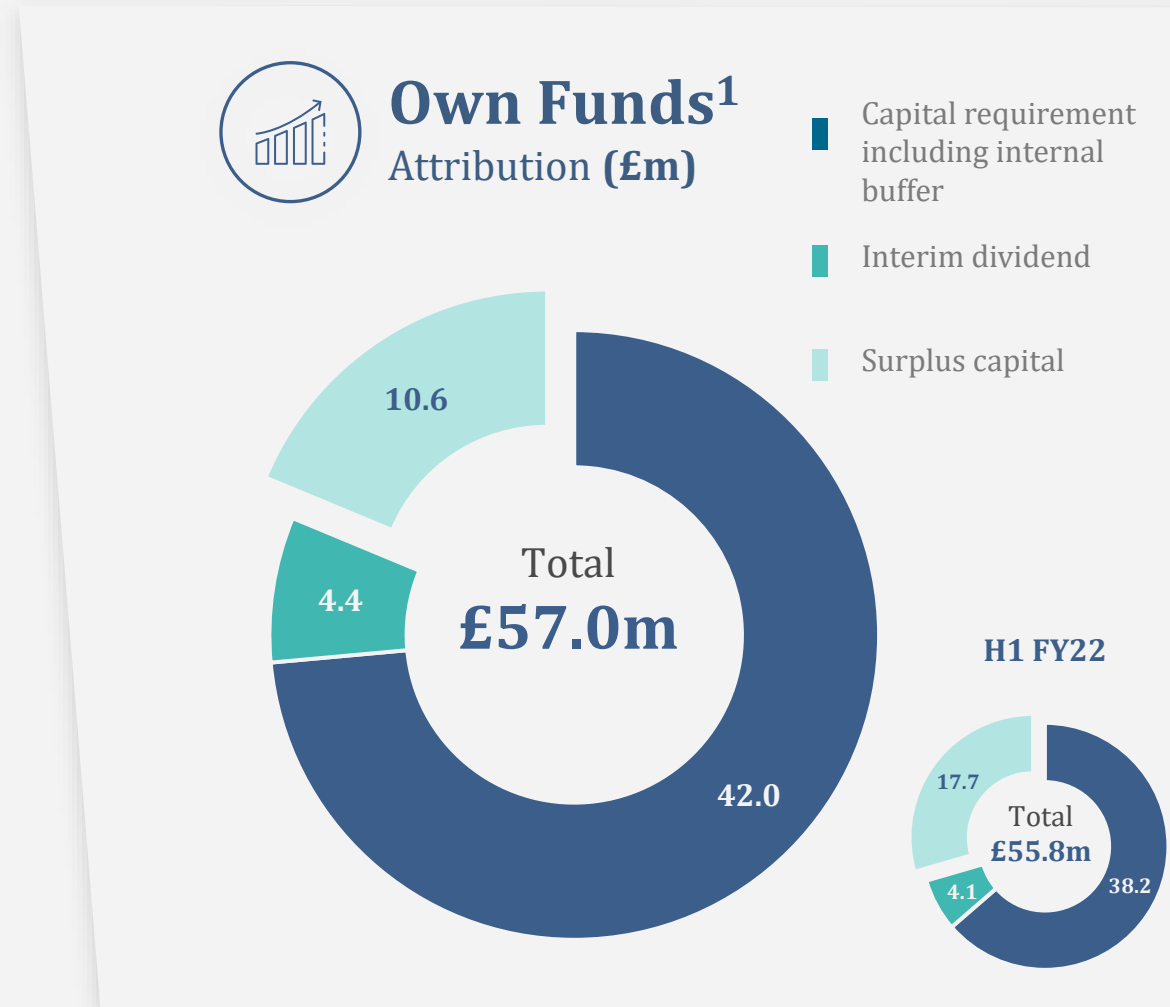
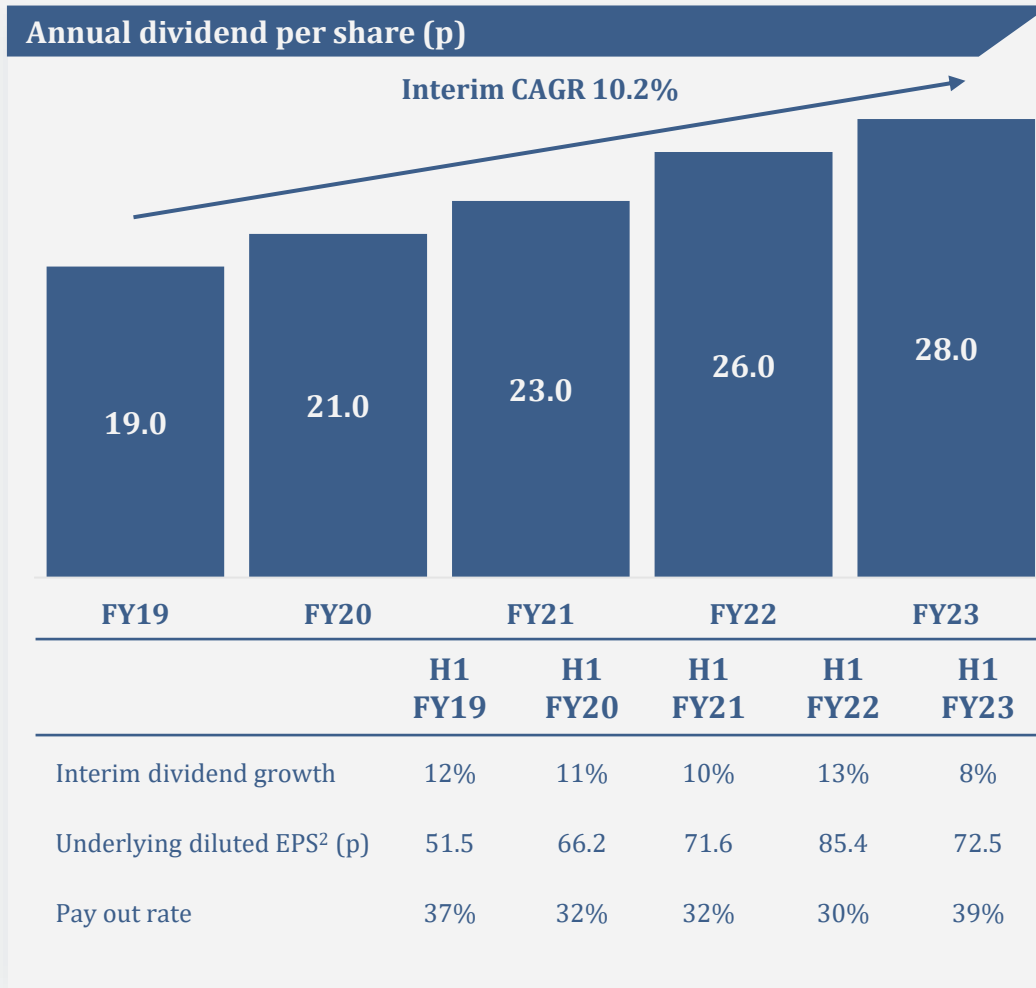
International

International revenue reduced by £0.9m to £10.1m as a result of lower markets and the impact of outflows. Total costs were up in the half by £0.2m primarily driven by higher legal fees. This resulted in an underlying loss of £0.2m, down £1.1m.

Note 1. Includes consolidation adjustments

Note 2. The segmental view for H1 FY22 has been restated in line with this year's presentation to provide a more like for like comparison, refer to page 35 for more detail.

Strong capital position to support growth and continued dividend enhancement



Notes:

1. Own Funds includes profit for the period ended 31 December 2022 as this is verified as at the date of release of these results.
2. Underlying diluted EPS for comparative periods has been restated in line with the change in methodology of calculating the diluted weighted average number of shares.

Net cash outflows driven by funding of acquisitions and increased dividends

£m	H1 FY22	H1 FY23
Opening cash	54.9	61.3
Cash flows from operating activities	18.5	16.1
Working capital movement	(9.1)	(9.8)
Dividends paid	(6.3)	(7.0)
EBT purchase net of shares issued	(1.1)	(1.7)
Net tax paid	(2.8)	(2.6)
Capital expenditure	(2.4)	(2.3)
Deferred consideration paid	(6.0)	-
Net cash paid on purchase of subsidiaries	-	(14.9)
Net interest received	-	0.4
Exceptional items	-	(1.9)
Closing cash	45.7	37.6
Change in cash	(9.2)	(23.7)



H2 FY23 outlook and guidance

P&L

- FY23 underlying profit in line with market expectations, when updated for impact of acquisitions and current markets
- The Group expects net flows to remain positive for the rest of the year with the annualised growth rate for FY23 expected to be 5-6%, primarily driven by Platform MPS and BMIS
- Cost inflation increase of c. 6% for FY23 maintained

Cash flow

- Capital expenditure guidance of c. £3m for FY23 sustained
- EBT purchases FY23 guidance of c. £3.0m evenly phased over the year

Tax

- Underlying effective tax rate of c. 20% expected for FY23, in view of R&D tax credit

Share count

- Actual number of shares at year end expected to be 16.3m
- Weighted average number of shares for FY23 basic EPS calculation expected to be 15.8m
- Weighted average number of shares for FY23 diluted EPS calculation expected to be 16.2m



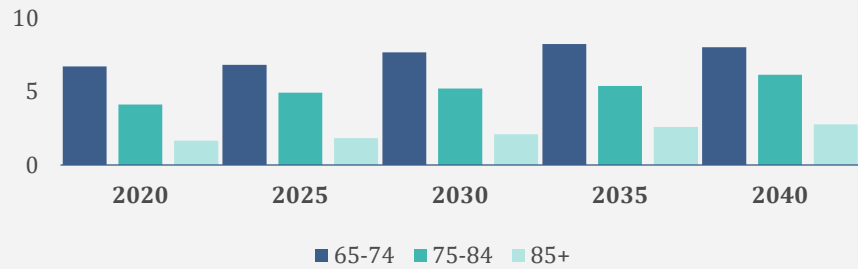
Andrew Shepherd and Robin Eggar

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Demographics and policy underpin the fundamental opportunity in wealth management

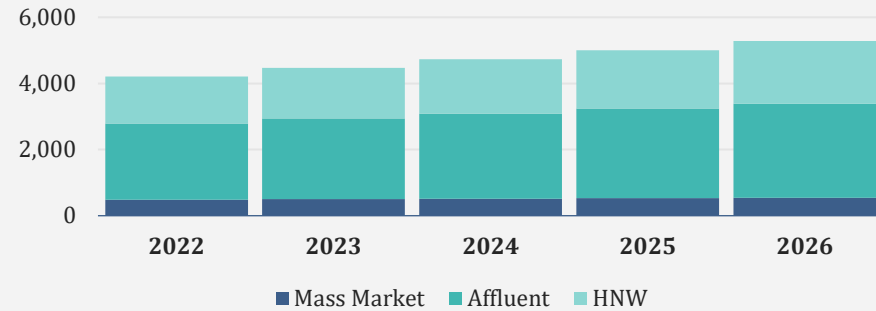
People are living longer

Actual and projected number of people aged 65 and over in UK by age group, 2020 to 2040 (millions)



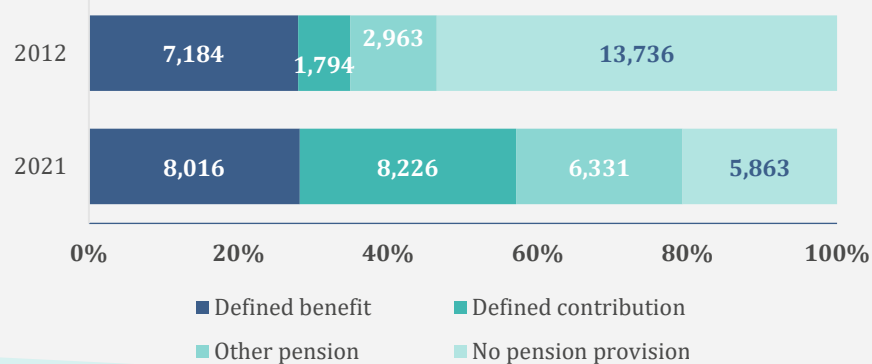
Personal wealth is growing and expected to continue to grow

Liquid savings & investments, £bn



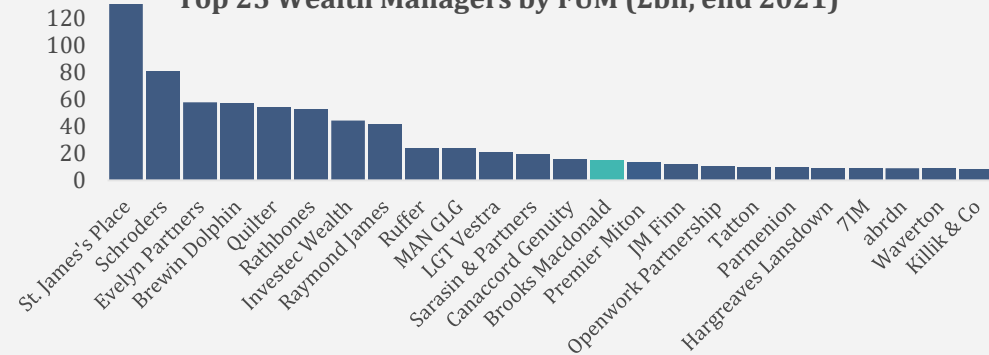
Responsibility for pension provision is being devolved to individuals

Pension type for UK employees (thousands)



The industry is highly fragmented leaving a lot of opportunity to capture market share

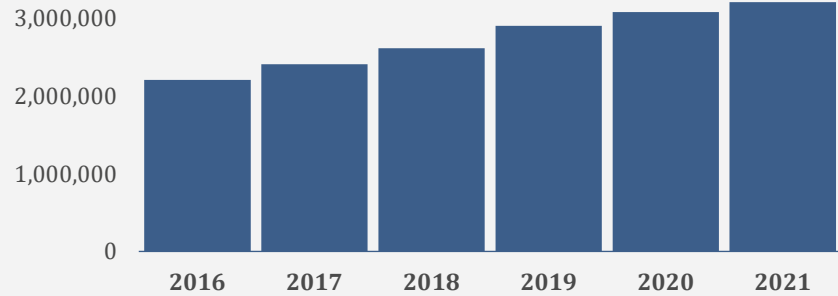
Top 25 Wealth Managers by FUM (£bn, end 2021)



IFA market dynamics support the opportunity

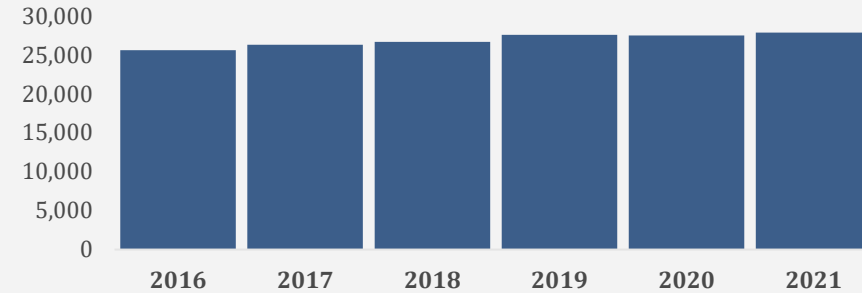
Investors are increasingly working with financial advisers, our primary distribution channel

Number of ongoing clients with IFAs



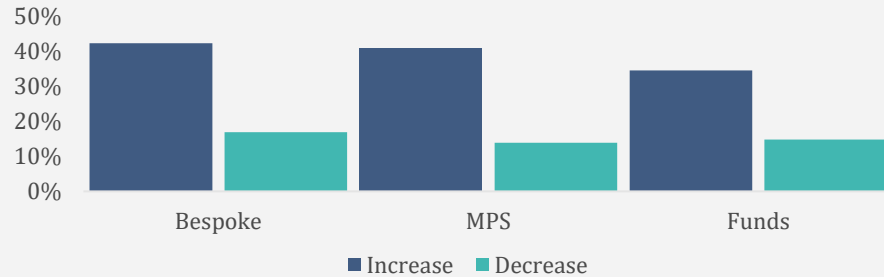
The number of financial advisers has stayed broadly flat

Number of individual advisers



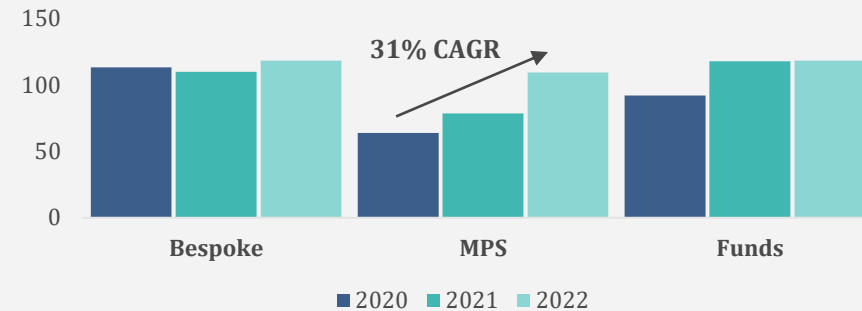
Advisers, particularly small and mid-sized ones, are outsourcing more

Expected change in outsourced client assets over next 2 years (% of IFAs surveyed, 2022)



FUM sold through IFAs is growing in all the main product groups, with MPS growing at over 30% CAGR

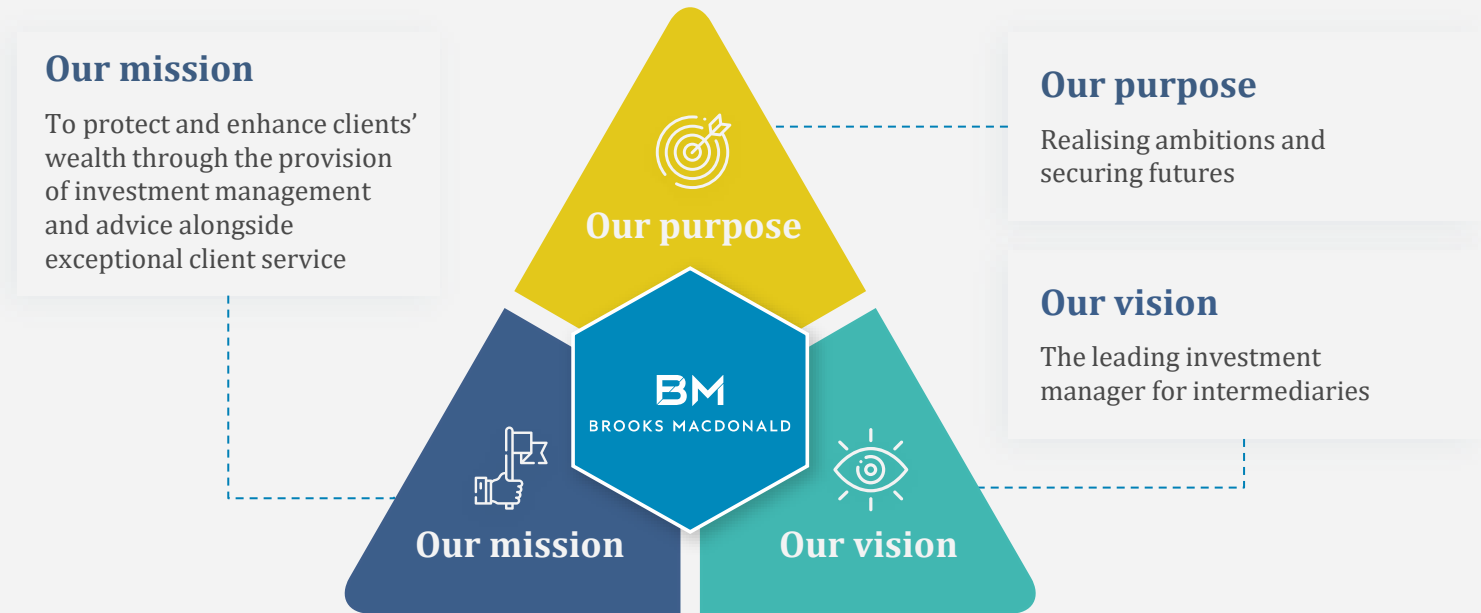
FUM through IFAs (£bn, year end)



Ambitious growth strategy

Our strategy is underpinned by three strategic value drivers

- 1**
Market-leading organic growth
- 2**
Service and operational excellence
- 3**
Agile, high-quality M&A



Committed to top quartile underlying profit margin over the medium term

1. Market-leading organic growth: good progress

Five components underpin our ambition to deliver market-leading organic growth



Can-do culture focused on **making a difference** for clients and advisers



Compelling investment proposition, meeting the needs of clients and intermediaries



Powerful distribution capability, with network of intermediaries providing exceptional market reach

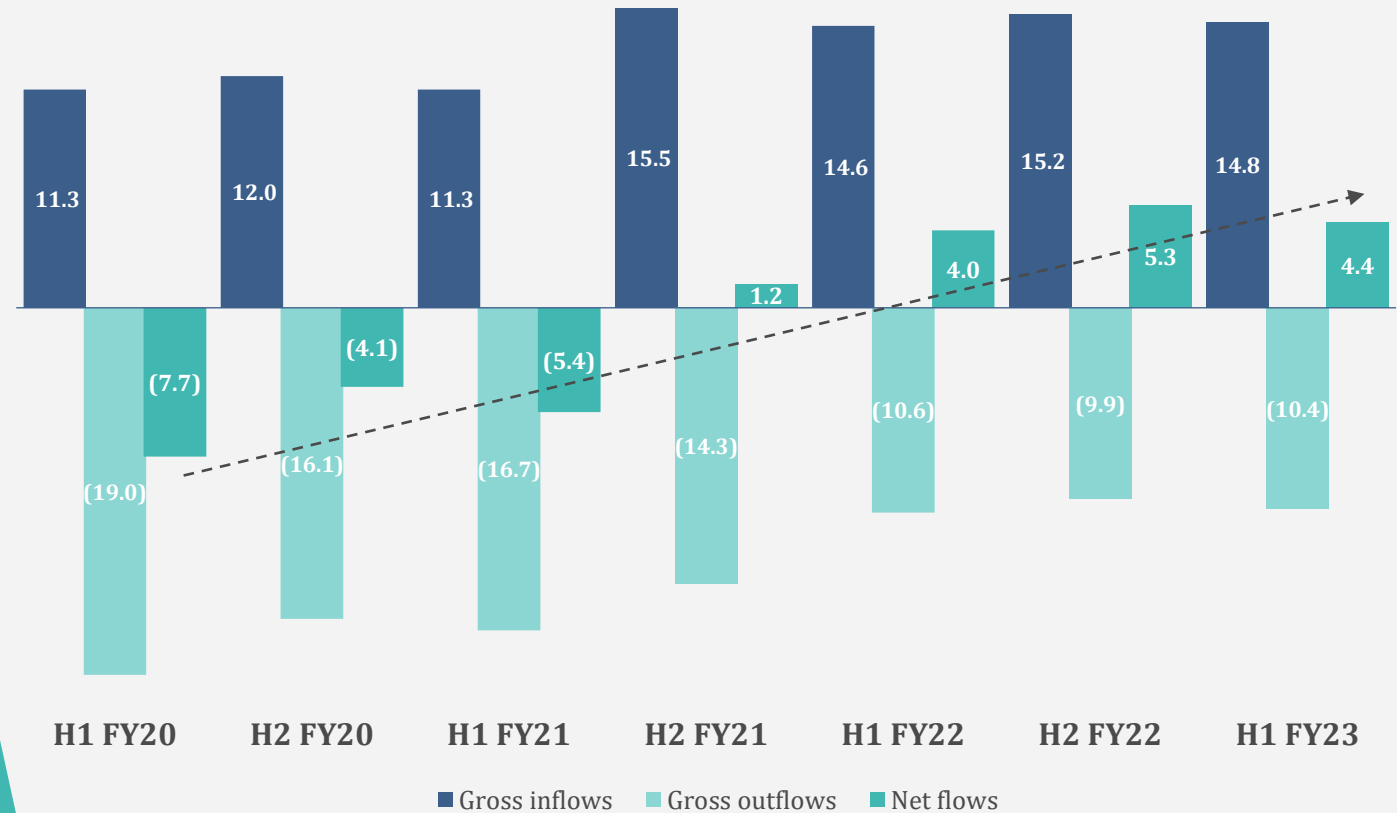


Best in class adviser and client experience, based on our digital transformation and client-centric culture

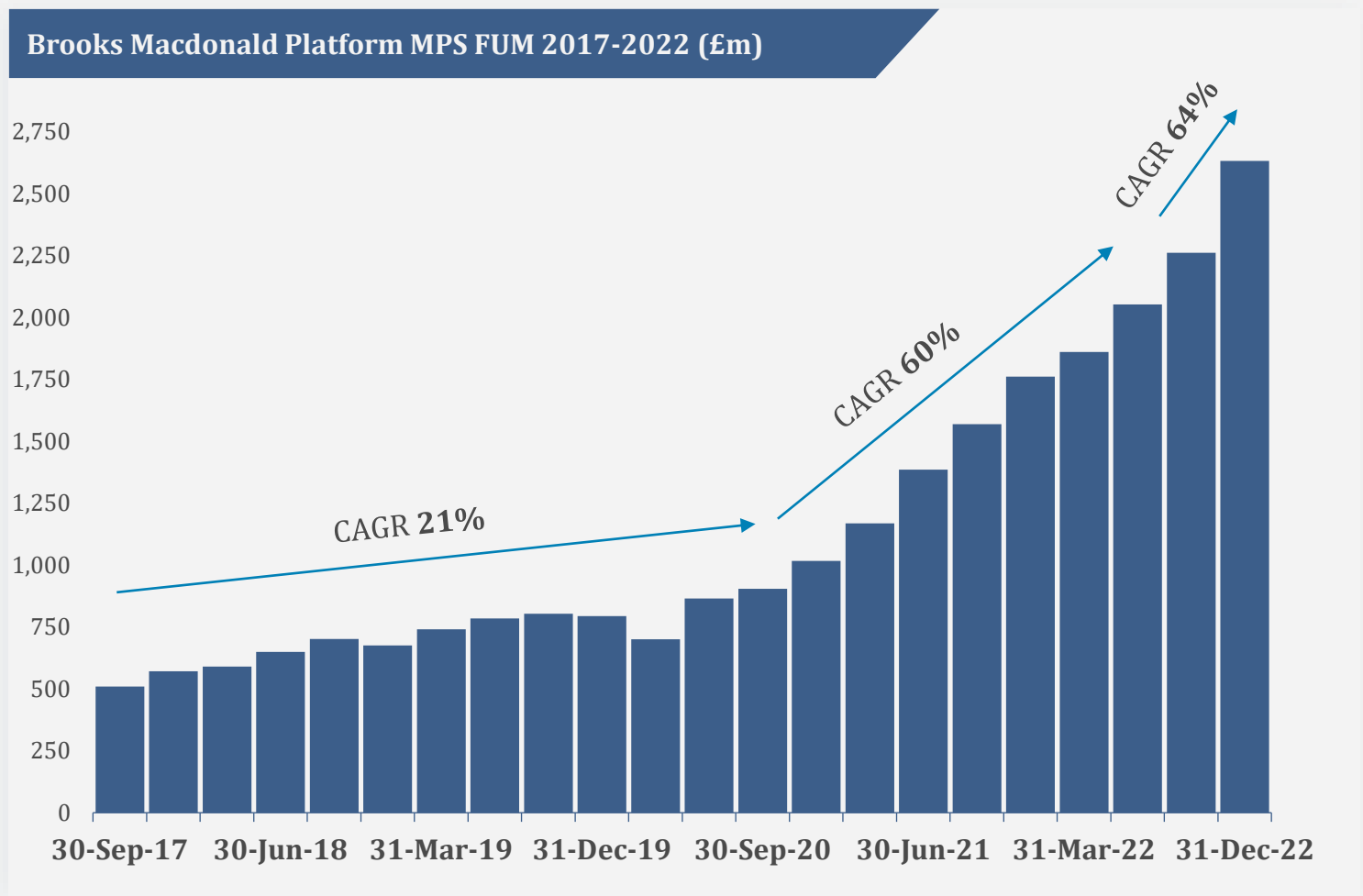


Strong Centralised Investment Process, delivering consistent robust investment performance

Annualised gross and net flows by half year (%)



1. Market-leading organic growth: Platform MPS



Over FY20 and FY21, we increased the number of platforms our MPS is available on from 13 to 20 and launched BM Investment Solutions, our B2B offering

Our Platform MPS growth then accelerated dramatically, achieving a **60% CAGR** over the seven quarters from 1 October 2020, accelerating further in H1 FY23 to **64% CAGR**, taking our market share from c.1.5% at end 2020 to c.1.8% at end 2022

In calendar year 2021, we improved our Platform league table ranking from 12th to 9th

2. Service and operational excellence: continuing our digital transformation

What we've done in H1

SS&C

- Completed transition to the SS&C platform
- Successful data migration
- Worked through initial teething problems and started embedding

Financial planning

- Evaluated, selected and rolled out new core platform

Client relationship management

- Reviewed requirements, scanned market
- Selected Salesforce subject to contract

What we're doing now

SS&C

- Continuing embedding platform and processes into the business
- Detailed planning for delivery of full efficiency benefits and best-in-class client and intermediary experience

Financial planning

- Embedding Intelliflo into financial planning activities

Client relationship management

- Completing requirements analysis
- Phase 1 of implementation, addressing intermediaries

What we're going to do

SS&C

- Continuous improvement towards ultimate goal of best-in-class client and intermediary experience

Financial planning

- Aligning with Integrity, Adroit and subsequent adviser acquisitions

Client relationship management

- Roll-out across the business

3. Applying our acquisition criteria with discipline

Categories

1. Investment managers

- Scale play
- Adding FUM takes advantage of high operational gearing in SS&C partnership

2. Advisers

- Increasingly part of BM's proposition to advisers
- Building BM's Private Clients capabilities

3. Transformational

- Step change in scale and scope
- Bringing new capabilities and talent

Acquisition criteria: high quality business, compelling strategic logic, strong cultural fit, value-adding

- Looked at c.20 potential acquisitions in H1
- Roughly half met at least some of our criteria
- Applied our criteria rigorously
- Two taken through to completion



- **Successful and rapidly growing**, AUA of c.£250m
- **Long-standing relationship** with Brooks Macdonald
- Bringing **scale, capability and management expertise** to our Private Clients business
- **High growth and solid profitability**



- **Specialist advice firm with distinctive expertise**, AUA of c.£325m
- **Aligned to BM's work with vulnerable clients**
- Potential to build **market-position in the sector**, working with solicitors
- **Strong profitability with growth potential**

Our medium-term ambition is to be a Top 5 wealth manager in the UK and the Crown Dependencies

Medium-term targets

Top 5 wealth
manager

with

Market-leading net
flows of 8-10%

and

Top quartile
underlying profit
margin

Organic growth driven by differentiation:

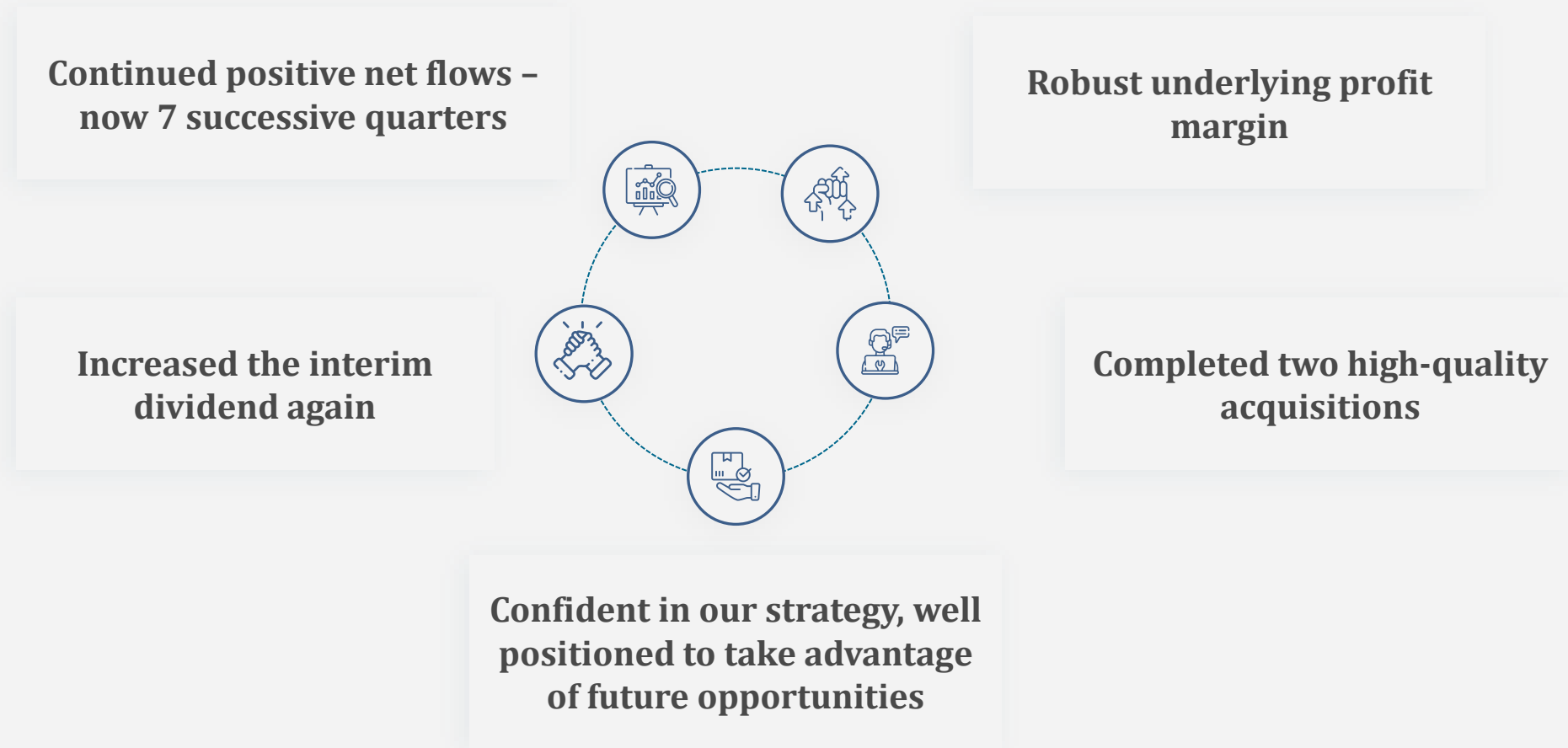
- Strong culture
- Robust Centralised Investment Process
- Service and operational excellence
- Compelling investment proposition
- Distribution capability

Medium-term sources of organic growth

- **BMIS** – hugely successful B2B offering
- **Platform MPS** – taking market share through effective distribution
- **Multi-asset funds** – investing in range through repricing Cornelian RMF and upgrading distribution
- **BPS** – specialist offerings meeting clients' and advisers' needs
- **Private Clients** – building a new pillar of Brooks Macdonald

Organic growth
alone will not take
us to the Top 5 –
acquisitions will be
critical

H1 FY23 was a solid half-year with further strategic progress



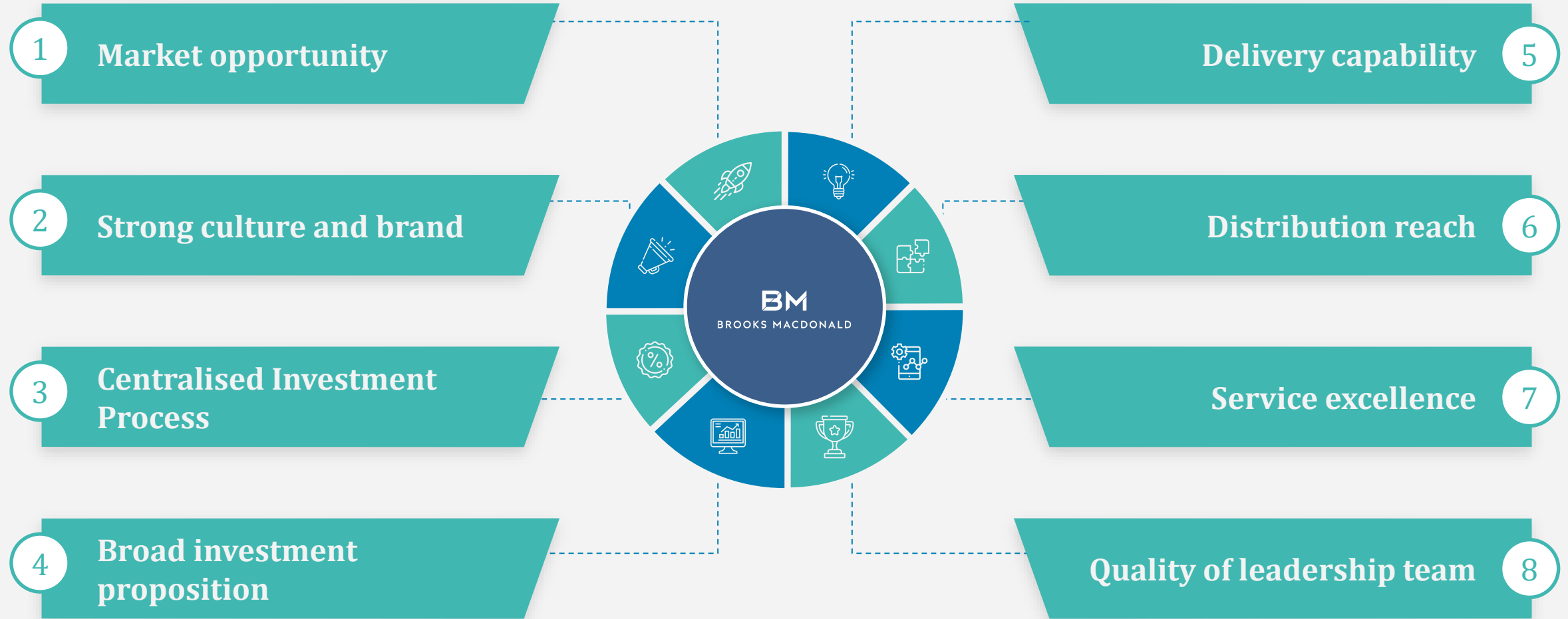


Q&A

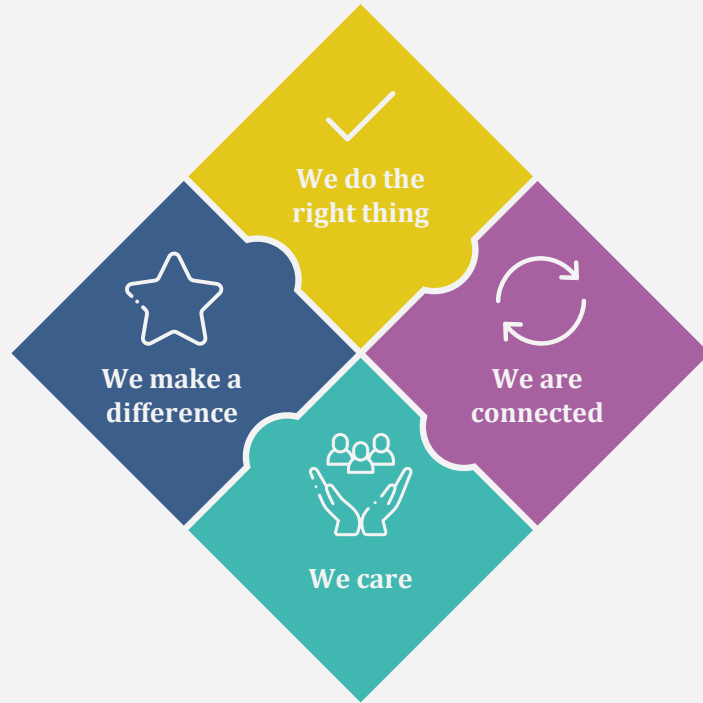


Appendices

Our investment case



Our guiding principles



... underpin everything we do and the way we do it

We do the right thing

- We are worthy of our clients', advisers', partners' and one another's trust
- We act with integrity, honesty and fairness and we value diversity
- We take responsibility for our actions and decisions
- We deal with issues and tackle hard decisions head on

We are connected

- We collaborate and work as one team to bring the best of Brooks Macdonald to all we do
- We actively seek opportunities to learn from others and share our expertise
- We actively listen and communicate with clarity
- We look externally, challenge ourselves and are open to new ways of doing things

We care

- Our clients, advisers and partners are at the heart of everything we do
- We support our people to be the best they can be
- We treat our clients, advisers, partners and each other with respect
- We ask for help and we offer support to one another

We make a difference

- We focus on delivering value for clients, advisers, partners and shareholders
- We are ambitious and constantly strive to be the best at what we do
- We innovate, learn from our actions and actively gather feedback to improve
- We develop our skills and nurture our relationships to ensure we remain relevant

Our Centralised Investment Process has delivered robust performance over the medium term

		Cumulative performance (%)				
		3 months to 31.12.22	1 year to 31.12.22	3 years to 31.12.22	5 years to 31.12.22	10 years to 31.12.22
Low Risk	BM Low Risk	3.66	-9.18	-2.73	2.87	31.34
	ARC Sterling Cautious PCI	1.96	-7.60	0.34	4.49	27.31
	Relative performance	1.70	-1.58	-3.07	-1.61	4.03
Low-to-Medium Risk	BM Low-to-Medium Risk	3.63	-10.13	1.02	8.41	50.26
	ARC Sterling Balanced Asset PCI	2.24	-9.14	2.02	8.18	45.83
	Relative performance	1.38	-0.99	-1.00	0.24	4.44
Medium Risk	BM Medium Risk	3.80	-11.49	4.25	12.80	67.18
	ARC Sterling Steady Growth PCI	2.62	-10.23	3.47	12.28	65.03
	Relative performance	1.18	-1.26	0.78	0.53	2.15
Medium-to-High Risk	BM Medium-to-High Risk	3.60	-14.20	6.41	16.11	85.78
	ARC Sterling Equity Risk PCI	3.02	-11.40	5.30	16.23	81.62
	Relative performance	0.58	-2.80	1.11	-0.11	4.16
High Risk	BM High Risk	3.36	-15.87	6.85	17.49	98.34
	ARC Sterling Equity Risk PCI	3.02	-11.40	5.30	16.23	81.62
	Relative performance	0.35	-4.48	1.54	1.27	16.72

Past performance is not a reliable indicator of future results

All figures are rounded to 2 decimal places. Please note that due to rounding, the figures shown in this table may not precisely add up to the totals/differentials shown. All performance figures are net of underlying fund charges and Brooks Macdonald management fees but gross of professional adviser charges. Deduction of these fees will impact on the performance shown.

Source: Brooks Macdonald, Asset Risk Consultants (ARC) Research Limited www.suggestus.com.
All data as at 31 December 2022

Our specialist BPS proposition

Responsible Investment Service

- Environmental, Social & Governance offering which aims to deliver meaningful change to sustainability changes on behalf of investors
- Two options – Advance, which invests in funds giving exposure to businesses providing direct solutions to the world’s sustainability challenges, and Avoid, which excludes investment in funds with exposure to businesses involved in the production of pornography, armaments, gambling, tobacco and alcohol
- Available in BPS, MPS and International

AIM Portfolio Service

- Invests in businesses in the London Stock Exchange’s AIM market which serves smaller high-growth companies
- Portfolio of 30-40 carefully selected AIM listed companies
- UK government provides incentives to private investors to support growth companies through Inheritance Tax relief

Decumulation Service

- A new approach to retirement planning designed to help clients meet their income requirements throughout their full retirement
- Splits client assets between a short-term portfolio invested in cash and short-term structured return assets in the early years of retirement and a longer-term portfolio invested in growth assets
- Adaptable to clients with other income requirements

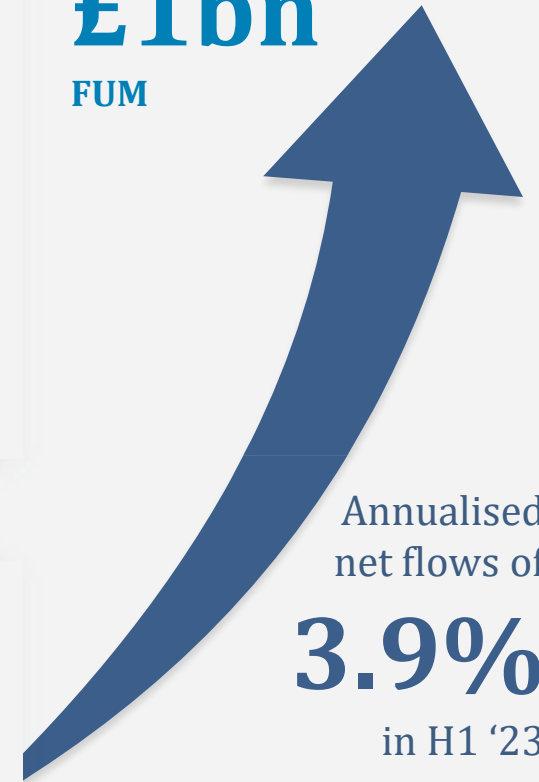
Court of Protection

- Proposition that supports clients with court-appointed deputies and their advisers, where the individual lacks the mental capacity to make their own financial decisions
- Part of a broader approach to vulnerable clients in general, with targeted communication and support mechanisms

Over

£1bn

FUM



Increasing positive net flows driven by enhanced distribution capability and MPS market share

Q1 FY22 – Q1 FY23

Organic net flows (£m /annualised % growth)	Opening FUM FY22 (£m)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Opening FUM FY23 (£m)	Q1 FY23	Q2 FY23	Closing FUM H1 FY23 (£m)
BPS	9,460	6 0.3%	51 2.2%	30 1.3%	1 0.0%	8,581	(6) (0.3%)	(82) (3.8%)	8,559
MPS custody	1,025	13 5.1%	3 1.2%	10 3.9%	5 2.0%	960	(3) (1.3%)	2 0.8%	975
MPS platform (incl. BMIS)	1,386	149 43.0%	153 44.2%	171 49.4%	325 93.8%	2,053	243 47.3%	297 57.9%	2,632
Funds	2,076	(26) (5.0%)	(21) (4.0%)	(35) (6.7%)	(25) (4.8%)	1,857	(34) (7.3%)	(41) (8.8%)	1,813
UKIM	13,947	142 4.1%	186 5.3%	176 5.0%	306 8.8%	13,451	200 5.9%	176 5.2%	13,979
International	2,512	(14) (2.2%)	12 1.9%	3 0.5%	(26) (4.1%)	2,216	(9) (1.6%)	(20) (3.6%)	2,247
Group	16,459	128 3.1%	198 4.8%	179 4.4%	280 6.8%	15,667	191 4.9%	156 4.0%	16,226



Strong growth in BMIS and MPS Platform achieving combined annualised net flows of 52.6%



31 new IFAs invested in Platform MPS



5 new intermediaries joined BM Investment Solutions (BMIS)

Non-fee income driving increase in total yields, fee yield drop driven by change in book mix

	Revenue			Yields			Avg FUM		
	H1 FY22	H1 FY23	Change	H1 FY22	H1 FY23	Change	H1 FY22	H1 FY23	Change
	£m	£m	£m	Bps	Bps	Bps	£m	£m	%
BPS fees	31.6	27.2	(4.4)	66.3	65.3	(1.0)			
BPS non-fees (transactional income)	4.9	4.4	(0.5)	10.3	10.6	0.3			
BPS non-fees (interest turn)	0.3	3.8	3.5	0.6	9.1	8.5			
Total BPS	36.8	35.4	(1.4)	77.2	85.0	7.8	9,475	8,253	(13)
MPS Custody	3.2	2.8	(0.4)	59.8	58.5	(1.3)	1,061	962	(9)
MPS Platform	1.6	2.3	0.7	19.1	19.3	0.2	1,665	2,347	41
MPS non-fees	0.1	0.5	0.4	1.9	9.5	7.6			
MPS total	4.9	5.6	0.7	35.7	33.4	(2.2)	2,726	3,309	21
UKIM discretionary	41.7	41.0	(0.7)	67.9	70.3	2.4	12,201	11,562	(5)
Funds	6.4	5.0	(1.4)	55.7	48.8	(6.9)	2,281	2,027	(11)
Total UKIM	48.1	46.0	(2.1)	65.9	67.1	1.1	14,482	13,589	(6)
International fees	9.8	8.1	(1.7)	76.1	72.6	(3.5)	2,554	2,213	(13)
International non-fees	1.3	2.0	0.7	15.5	26.8	11.3			
Total International	11.1	10.1	(1.0)	86.2	90.6	4.4	2,554	2,213	(13)
Total FUM related revenue	59.2	56.1	(3.1)	69.0	70.3	1.3	17,036	15,802	(7)
Financial Planning - UK	2.2	2.4	0.2						
Other income	0.5	0.4	(0.1)						
Total non FUM related revenue	2.7	2.8	0.1						
Total Group revenue	61.9	58.9	(3.0)						

Notes on yields movement:



UKIM

BPS fee yield – down by 1.0bps driven by the impact of the change in mix between fee only and fee and dealing accounts and rates achieved on new business.

BPS non-fee yield – the non-fee transactional income increased marginally by 0.4bps, whilst interest turn increased significantly by 8.5bps, this will now begin to stabilise as we restart paying clients interest on cash balances.

MPS fee yield – MPS custody down by 1.3bps as a result of the change in mix within portfolios, whilst MPS platform remained relatively stable.

Funds yield – decrease of 6.9bps principally driven by the Cornelian Risk Managed Funds range moving to onto a more competitive rate card in July 2022.



International

Fee yield – down on prior year due to change in mix and the impact of the timing of inflows and outflows during the period

Non-fee yield – increased significantly by 11.3bps as a result in rates earned on both GBP and foreign currency account balances

Statutory profit decrease in line with underlying earnings as adjusting items kept stable

	H1 FY22	H1 FY23
	£m	£m
Underlying profit before tax	17.6	14.5
Amortisation of client relationships	(2.7)	(2.8)
Dual running operating platform costs	(1.6)	(1.6)
Changes in fair value and finance cost of deferred consideration	(0.1)	-
Acquisitions related items:	-	(0.3)
Statutory profit before tax	13.2	9.8
Taxation	(3.0)	(1.6)
Statutory profit after tax	10.2	8.2
Balance sheet and capital adequacy	H1 FY22	H1 FY23
Total Net Assets ¹ (£m)	140.3	151.1
Cash (£m)	45.7	37.6
Own Funds Adequacy (%)	285.7	267.8

Notes on reconciliation to statutory profits:

Amortisation of client relationships (£2.8m)

The increase in the period is due to Integrity Wealth Solutions and Adroit Financial Planning client relationship intangible assets added during the period.

Dual running operating platform costs (£1.6m)

As part of the transition process to the SS&C platform, the Group has incurred net incremental costs in running two operating platforms concurrently.

Acquisition related costs (£0.3m)

These represent costs incurred in relation to the acquisitions of Integrity Wealth Solutions on 31 October 2022 and Adroit Financial Planning on 15 December 2022.

Deferred consideration

Change in fair value measurement on deferred payments in connection with Group M&A. The decrease is due to the fact that the final payment to Cornelian was made in FY22 and the finance cost recognised on Lloyds and Integrity Wealth Solutions in the current year is immaterial.

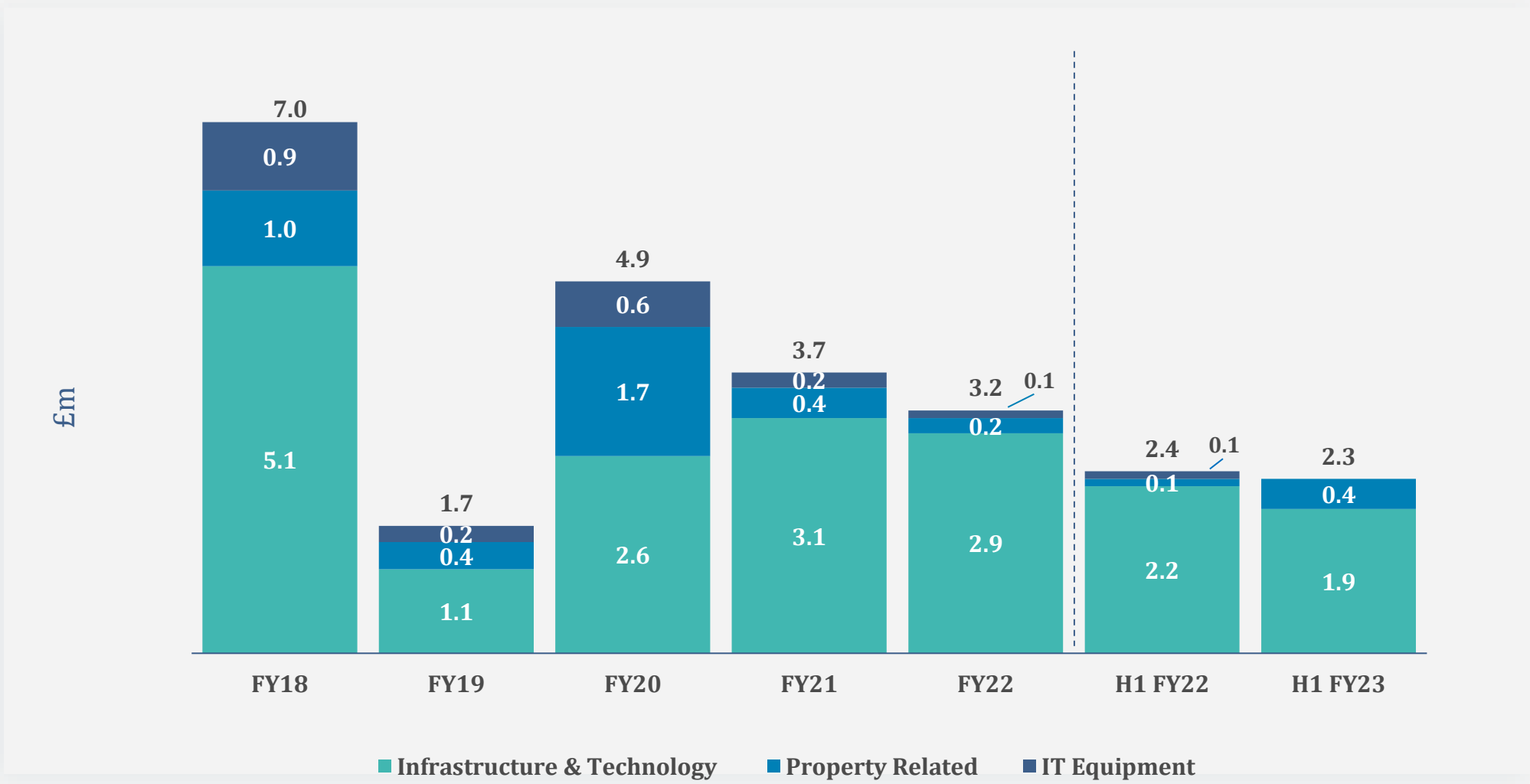
Balance sheet and regulatory capital

Balance sheet remains strong with higher net assets due to improved performance.

Solid Own Funds Adequacy ratio of 267.8% representing the level of "capital cover" on the Group's Fixed Overhead Requirement.

¹Total net assets and total capital ratio calculation take into account the respective year's profits (net of declared dividend) as these are deemed to be verified at the date of publication of the results.

Capital expenditure



Restatement of H1FY22 segmental view

H1 FY22 (£m) Restated	UK Investment Management	International	Group ¹	Total
Revenue	50.9	11.0	-	61.9
Direct costs	(20.1)	(6.2)	(18.0)	(44.3)
Contribution	30.8	4.8	(18.0)	17.6
Indirect cost recharges	(11.9)	(3.9)	15.8	-
Underlying profit before tax	18.9	0.9	(2.2)	17.6
Underlying profit margin before tax	37.1%	8.2%	N/A	28.4%
Underlying profit margin change (ppt)	4.1	(13.6)	-	-

H1 FY22 (£m) Reported	UK Investment Management	International	Group ¹	Total
Revenue	50.9	11.0	-	61.9
Direct costs	(20.1)	(6.8)	(17.4)	(44.3)
Contribution	30.8	4.2	(17.4)	17.6
Indirect cost recharges	(14.0)	(1.8)	15.8	-
Underlying profit before tax	16.8	2.4	(1.6)	17.6
Underlying profit margin before tax	33.0%	21.8%	N/A	28.4%

The Group has undertaken a wide-ranging review of its internal management information and Group costs allocation process. As part of this change, the business has moved to team and branch level compensation models based on team contribution. In order to ensure this change was delivering appropriate and equitable results, a detailed review of the cost structure and allocations methodology was carried out which resulted in more appropriate reflection of internal resource usage.

As a result, the segmental results for the comparative period have been restated to ensure consistent reporting with the current period.

The impact arising from the change in the prior period is of £1.5m of incremental indirect cost recharges to the International segment reflecting the business usage of the Group's central resources.

Note 1. Includes consolidation adjustments

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