29 June 2017

Harwood Wealth Management Group PLC
("HWMG" or the "Group")
Unaudited interim results for the six months ended 30 April 2017

Harwood Wealth Management Group (AIM: HW.), a leading UK-based financial planning and discretionary wealth management business, is pleased to announce its unaudited consolidated interim results for the six months ended 30 April 2017.

Highlights:

- Assets under influence (AUI) up 94% to £3.3bn[1] (H1 2016: £1.7bn)
- Revenue up 53% to £7.8m (H1 2016: £5.1m) of which approximately 75% is recurring
- Gross profit up 63% to £4.9m (H1 2016: £3.0m)
- Adjusted EBITDA[2] up 64% to £1.8m (H1 2016: £1.1m)
- Net cash generated by operations of £1.5m (H1 2016: £1.0m) and total cash balances at the period end of £19.8m (H1 2016: £12.1m)
- Four acquisitions completed during the period, including Network Direct Limited (Network Direct), for an aggregate consideration of £2.1m
- Successful placing in April 2017 raising £10.4m before expenses
- Interim dividend of 1.00 pence per share proposed

Peter Mann, Chairman of Harwood Wealth Management Group, commented:
"These are strong results reflecting the ongoing success of our strategy to deliver profitable organic and acquisitive growth. The acquisition of Network Direct in February 2017 was a major milestone and has considerably increased the scale of the Group. In line with our strategy we will continue to make acquisitions and have a strong pipeline of potential opportunities.

"The market for financial advice is highly fragmented and with our strong balance sheet and cash reserves the Board is confident that the Group is well placed to continue its growth journey."

[1]AUI includes approximately £1.0bn (H1 2016: Nil) related to Network Direct Ltd that was acquired in February and £0.3bn from other acquisitions
[2]Adjusted EBITDA, being earnings before interest, taxation, depreciation, amortisation and exceptional costs, is a non IFRS measure which the Group uses to assess its performance.

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Joint CEOs' statement

Introduction

The Company continues to focus on profitable growth in three areas: organic, through both the existing client base and attracting new clients; acquisitions of small to medium sized financial advisory and wealth management businesses which can help to fuel future organic growth; and improving the efficiency of our operations and economies of scale as the business grows. We are pleased with the performance of the Group across all these areas in the first six months of the year. The acquisition of Network Direct had a significant impact on AUI and we are also pleased with the overall growth achieved and the control of operating expenses despite the enhanced scale of the Group.

Assets under influence (AUI) and assets under management (AUM)

The acquisition of Network Direct in February 2017 and the associated £1.0bn of AUI was the main factor contributing to the 94% overall growth in the Group's AUI to £3.3bn from £1.7bn in the 12 months to 30 April 2017. Additional acquisitions made during the same period added approximately £0.3bn and the remaining growth of £0.3bn resulted from a combination of organic and market value growth.

AUM also grew substantially by 41% to £819m from £581m. This growth has been delivered primarily through our strategy of acquiring client portfolios and providing suitable investment solutions that meets each individual client's needs.

Revenue analysis

Revenues	6 Months ended 30-Apr-17 Unaudited £'ms	6 Months ended 30-Apr-16 Unaudited £'ms	Year ended 31-Oct-16 Audited £'ms
Financial Planning	6.1	4.5	9.8
Investment Management	1.4	0.6	1.8
Network Services	0.3	-	-
	7.8	5.1	11.6

In addition to the contribution of Network Direct (Network Services) to the growth in revenue to £7.8m from £5.1m the Group's Investment Management revenue has more than doubled compared with the same period in the previous year. This was partly attributable to the full effect of the acquisition of Wellian prior to our listing on AIM in March 2016 but also to the increase in AUM to £819m from £581m. It is encouraging to note the growth in AUM in H1 2017 of £126m was higher than the growth in AUM in H2 2016 of £112m. Income from Financial Planning includes 42% growth of new business to £1.7m from £1.2m and the balance derived from acquisitions.

Gross profit and margins

Overall, both gross profit and gross margin improved to £4.9m (H1 2016: £3.0m) and to 63% (H1 2016: 59%) respectively. The analysis in the table below shows that the gross profit margin in the core Financial Planning business has increased to 57% from 53%. This is attributable to the blend of margins from the recurring revenue of acquisitions and new business activity. The Investment Management gross profit has more than doubled and the margin improved over 2016 reflecting some economies of scale. The Network Direct business provides network services to financial advisers and the margin was in line with expectations.

Gross Profits	6 Months ended 30-Apr-17 Unaudited £'ms	%	6 Months ended 30-Apr-16 Unaudited £'ms	%	Year ended 31-Oct-16 Audited £'ms	%
Financial Planning	3.5	*57*	2.4	*53*	5.5	*56*
Investment Management	1.3	*93*	0.6	*100*	1.6	*89*
Network Services	0.1	*33*	-	-	-	
	4.9	*63*	3.0	*59*	7.1	*61*

Administrative expenses

Administrative expenses increased to £4.2m from £2.5m as the scale of the Group continues to grow. The ratio of administrative expenses to revenue increased to 54% from 49%. However, it should also be noted that the comparative period (six months to April 2016) did not include the full impact of the additional costs of being listed on AIM. In addition, administrative expenses includes amortisation of £1.2m (H1 2016: £0.6m).

Administrative expenses excluding amortisation and depreciation increased to £3.0m from £1.9m and as a percentage of revenue increased slightly to 38% from 37%.

Profitability

The primary measure of profitability in the sector is adjusted EBITDA, being earnings before interest, taxation, depreciation and amortisation and exceptional costs. Adjusted EBITDA for the period showed growth of 64% to £1.8m (H1 2016: £1.1m).

The profit before taxation of £330,000 was 4.2% of revenue (H1 2016: 0.3%).

Cash

The Group had no debt or borrowings at the period end and had a cash balance of £19.8m, up by £9.3m during the period.

The cash generated by operating activities of £1.5m plus £10.0m (after expenses) from the placing of new shares during the period totalled a cash inflow of £11.5m. In the six months under review £2.2m was spent on new acquisitions and settling the deferred consideration of some previously acquired businesses.

Discounted deferred consideration liabilities on the balance sheet total £5.2m of which £3.2m is payable within 12 months.

Financial advisers, network members and staff headcount

The number of financial advisers was unchanged from October 2016 at 83. Network Direct members, that are not employees, stood at 90. Staff headcount grew to 112 (H1 2016: 90) incorporating 17 staff from the Network Direct transaction.

Acquisitions

The Group completed the asset acquisition of the client portfolios of two IFA businesses and the entire issued share capital of another similar business for a total consideration of £0.6m. These were acquired in line with the Group's standard model using a multiple of recurring revenue and an earn-out contingent on actual results.

The Group also acquired the entire issued share capital of Network Direct Ltd, a provider of network services to financial advisers. The provisional consideration of £1.2m for Network Direct included £0.9m paid in cash on completion.

The provisional values of acquisitions whose first anniversary since completion arose during the period were reviewed based on the first 11 months' actual results since completion. Overall, this resulted in a net increase in the total consideration for these acquisitions of £0.3m and a corresponding increase in deferred consideration and tax liabilities.

Post-period end a further two acquisitions have been completed at a provisional total discounted cost of £585,000. In addition, three contracts have been exchanged awaiting completion, and non-binding heads of terms/proposals have been issued to 11 potential vendors.

We continue to see a strong pipeline of high quality businesses looking to engage with us. Some are driven by specific factors such as increasing capital adequacy costs or the need to invest in new technology. In many cases, the principals have simply reached a stage of their career at which they have planned to retire. Whilst we recognise that there have always been competitors in the market looking for acquisitions, we do not sense any change in the number of such competitors. As a well-funded business that has a proven expertise in efficiently buying businesses, we are an attractive choice for anyone seeking to sell their business and our increased profile since joining AIM has led to a greater number of potential vendors approaching us directly.

Placing of new shares

On 19 April 2017, the Group successfully raised £10.4m before expenses from the placing of 6,954,000 new ordinary shares. The net proceeds of £10.0m will be used principally to finance new acquisitions.

Dividends

A final dividend of 2.00 pence per ordinary share in respect of the year ended 31 October 2016 was approved by shareholders at the Group's Annual General Meeting held on 19 April 2017. The total dividend of £1.3m was paid on 12 May 2017. The directors are proposing an interim dividend of 1.00 pence per share to be paid to shareholders on 10 November 2017 based on the register of shareholders at close of business on 27 October 2017.

Outlook

Our strategy is to deliver profitable growth, both organic and through acquisitions. The Group has successfully completed 57 acquisitions to date and has a healthy pipeline of potential acquisitions at various stages of progression. The Directors continue to seek new acquisition opportunities that meet the Group's established criteria as well as new advisers to join the Group to meet the financial advice needs of the growing client base. The Directors are encouraged by the ongoing momentum in our investment management businesses which continue to add assets without increasing investment management costs. It is also pleasing to report that the demand for financial advice from clients has never been greater, driven in part by tax and other legislative changes, most notably pension freedoms.

We have a strong balance sheet and cash reserves and are confident that our clear strategy will continue to deliver strong and profitable growth.

Neil Dunkley
Alan Durrant
Joint Chief Executive Officers

Consolidated Statement of Comprehensive Income

	Note	6 Months ended 30-Apr-17 Unaudited £'000s	6 Months ended 30-Apr-16 Unaudited £'000s	Year ended 31-Oct-16 Audited £'000s
Revenue		7,791	5,116	11,605
Cost of sales		(2,934)	(2,132)	(4,513)
Gross profit		4,857	2,984	7,092
Administrative expenses		(4,246)	(2,525)	(5,940)
Exceptional items	3	(20)	(263)	(336)
Operating profit		591	196	816
Investment income		12	6	18
Finance costs		(273)	(188)	(463)
Profit before taxation		330	14	371
Income tax (expense)/credit	4	(180)	120	(253)
Profit and total comprehensive income for the period attributable to equity owners of parent		150	134	118
Earnings per share		**pence**	**pence**	**pence**
Basic and fully diluted	6	0.27	0.31	0.24

Consolidated Statement of Financial Position

	6 Months ended 30-Apr-17 Unaudited £'000s	6 Months ended 30-Apr-16 Unaudited £'000s	Year ended 31-Oct-16 Audited £'000s
Non-current assets			
Intangible assets	15,640	11,938	14,749
Property, plant and equipment	21	24	20
	15,661	11,962	14,769
Current assets			
Trade and other receivables	833	642	621
Cash and cash equivalents	19,798	12,124	10,526
	20,631	12,766	11,147
Total assets	36,292	24,728	25,916
Current liabilities			
Trade and other payables	3,416	3,194	3,879
Accruals and deferred income	1,455	602	341
Current tax liabilities	586	450	882
Dividends payable	1,251	-	-
	6,708	4,246	5,102
Net current assets	13,923	8,520	6,045
Non-current liabilities			
Trade and other payables	2,023	1,947	2,219
Deferred tax liabilities	1,357	1,190	1,266
	3,380	3,137	3,485
Total liabilities	10,088	7,383	8,587
Net assets	26,204	17,345	17,329
Equity			
Called up share capital	156	139	139
Share premium account	25,500	15,541	15,541
Retained earnings	548	1,665	1,649
Total equity attributable to the owners of the parent	26,204	17,345	17,329

Consolidated Statement of Changes in Equity

	Attributable to the owners of the parent			
	Share capital £'000s	Share premium account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 November 2015	100	3,979	1,885	5,964
Profit and total comprehensive income for the period	-	-	134	134
Issue of share capital	39	12,558	-	12,597
Dividends	-	-	(354)	(354)
Costs of share issue	-	(996)	-	(996)
Total transactions with owners recognised directly in equity	39	11,562	(354)	11,247
Balance at 30 April 2016	**139**	**15,541**	**1,665**	**17,345**
Profit and total comprehensive income for the period	-	-	(16)	(16)
Balance at 31 October 2016	**139**	**15,541**	**1,649**	**17,329**
Profit and total comprehensive income for the period	-	-	150	150
Issue of share capital	17	10,414	-	10,431
Dividends payable	-	-	(1,251)	(1,251)
Costs of share issue	-	(455)	-	(455)
Total transactions with owners recognised directly in equity	17	9,959	(1,251)	8,725
Balance at 30 April 2017	**156**	**25,500**	**548**	**26,204**

Consolidated Statement of Cash Flows

	6 Months ended 30-Apr-17 Unaudited £'000s	6 Months ended 30-Apr-16 Unaudited £'000s	Year ended 31-Oct-16 Audited £'000s
Cash flows from operating activities			
Profit before income tax	330	14	371
Non-cash adjustments			
Depreciation and amortisation	1,209	605	1,581
Net finance costs	261	182	445
Working capital adjustments			
(Increase) in trade and other receivables	(73)	(35)	(12)
Increase in trade and other payables	449	295	78
Cash inflow from operating activities	2,176	1,061	2,463
Income tax paid	(681)	(64)	(63)
Interest paid	-	-	-
Net cash generated by operations	**1,495**	**997**	**2,400**
Investing activities			
Purchase of intangible assets	(608)	(1,027)	(3,601)
Purchase of property, plant and equipment	(3)	-	-
Interest received	12	6	18
Acquisition of subsidiaries net of cash acquired	(1,600)	(363)	(802)
Net cash used in investing activities	**(2,199)**	**(1,384)**	**(4,385)**
Financing activities			
Proceeds from issue of shares	9,976	8,974	8,974
Repayment of borrowings	-	(12)	(12)
Dividends paid	-	(354)	(354)
Net cash generated from/(used in) financing activities	**9,976**	**8,608**	**8,608**
Net increase in cash and equivalents	9,272	8,221	6,623
Cash and equivalents brought forward	10,526	3,903	3,903
Cash and equivalents carried forward	**19,798**	**12,124**	**10,526**

Notes to the interim financial information

1. General Information

The interim financial information is unaudited. This condensed consolidated interim financial information was approved by the Directors and authorised for issue on 27 June 2017.

Harwood Wealth Management Group plc is a public limited liability company incorporated and domiciled in England and Wales. The Group's business activities are principally the provision of financial advice and investment management to the retail market. The address of the registered office is 5 Lancer House Hussar Court, Westside View, Waterlooville, Hampshire, PO7 7SE. The Company is listed on the AIM market of the London Stock Exchange.

2. Basis of preparation and Accounting Policies

Basis of preparation

The Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly report.

This condensed, consolidated interim financial information for the six months ended 30 April 2017 does not comply, therefore with all the requirements of IAS 34, "Interim financial reporting" as adopted by the European Union. The consolidated interim financial information should be read in conjunction with the annual financial statements of Harwood Wealth Management Group plc for the year ended 31 October 2016, which have been prepared in accordance with IFRS as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 October 2016 were approved by the Board of directors on 23 January 2017 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

Accounting policies
The accounting policies used in the preparation of the financial information for the six months ended 30 April 2017 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and are consistent with those which will be adopted in the annual statutory financial statements for the year ended 31 October 2017.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of IFRS, as adopted by the EU, these financial statements do not contain sufficient information to comply with IFRSs.

Basis of consolidation
These interim consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 30 April 2017. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control may cease. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

3. Exceptional costs
The £20,000 of exceptional costs relates to £7,000 of acquisition costs and £13,000 in respect of the final settlement of the contingent consideration for £SD (an asset acquisition completed in October 2014).

4. **Taxation**
An analysis of the income tax expense/ (credit) is detailed below:

	6 Months ended 30-Apr-17 Unaudited £'000s	6 Months ended 30-Apr-16 Unaudited £'000s	Year ended 31-Oct-16 Audited £'000s
Income tax expense			
Current taxation	356	70	463
Adjustments in respect of prior periods	-	-	81
Total current tax expense	356	70	544
Deferred tax			
Origination and reversal of temporary differences	(109)	(68)	(271)
Effect of change in tax rate	(67)	(122)	(20)
Total deferred tax credit	(176)	(190)	(291)
Income tax expense/(credit)	180	(120)	253

5. Business combinations

In the period the Group completed the acquisitions of the entire share capital of Network Direct Ltd (NDL) and WT Financial Ltd (WT Fin) for a total consideration of £1.4m. The assets and liabilities acquired were as follows:

	NDL £'000s	WT Fin £'000s	Total £'000s
Acquired client portfolio	-	350	350
Client relationships	890	-	890
Tangible assets	3	-	3
Receivables	125	14	139
Cash & equivalents	262	5	267
Payables	(303)	(18)	(321)
Deferred tax	(151)	(60)	(211)
	826	291	1,117
The business combination has been recognised as follows:			
Cash on completion	900	159	1,059
Contingent cash consideration	200	132	332
	1,100	291	1,391
Net assets acquired as above	(826)	(291)	(1,117)
Goodwill arising	274	-	274

The initial accounting has not yet been completed in respect of all acquisitions and therefore the values are provisional.

In addition, two acquired client portfolios have been purchased in the period for a consideration of £0.3m, payable in cash on completion (£0.1m) and the balance (£0.2m) on deferred terms.

6. Earnings per share

On 19 April 2017 6,954,000 ordinary shares of 0.0025 pence each were issued at a placing price of 150 pence per share.

Basic earnings per share are calculated using a weighted average number of shares of 56,049,966 for the period (H1 2016: 42,826,564). Adjusted EBITDA has been shown as it is a common metric used by the market to monitor similar businesses.

	6 Months ended 30-Apr-17 Unaudited £'000s	**6 Months ended 30-Apr-16 Unaudited £'000s**	**Year ended 31-Oct-16 Audited £'000s**
Net Profit	150	134	118
Income tax	180	(120)	253
Net finance expense	261	182	445
Depreciation	6	6	9
Amortisation	1,203	599	1,572
Exceptional items	20	263	336
Adjusted EBITDA	1,820	1,064	2,733
Basic adjusted EBITDA per share - pence	3.25	2.48	5.55
Statutory EPS - pence	0.27	0.31	0.24

7. Dividends

All Ordinary Shares carry equal dividend rights.

As a holding company, the ability of the Group to pay dividends will principally depend upon dividends paid to it by its operating subsidiaries.

8. Subsequent events

Acquisition of the business and assets of In Partnership Design

On the 5 May 2017 the Group agreed to buy the financial advisory business carried on by In Partnership Financial Design. Following an initial payment of £223,800 the transaction completed on the 27 May 2016. In addition, further amounts totalling £111,900 are to be paid on the first and second anniversaries of completion contingent upon results.

Acquisition of the business and assets of Neil Antell

On 5 May 2017 the Group agreed to buy the financial advisory business carried on by Neil Antell. Following an initial payment of £93,280, the transaction completed on the 26 May 2017. In addition, further amounts totalling £46,640 are to be paid on the first and second anniversaries of completion contingent upon results.