Interim results

for the six months ended 31 March 2022

AJ Bell plc ('AJ Bell' or the 'Company'), one of the UK's largest investment platforms, today announces its interim results for the six-month period ended 31 March 2022.

Highlights

- Solid performance delivered across all metrics against very strong prior year comparatives
- Investment in new propositions has progressed in line with expectations, with Dodl by AJ Bell launched in April 2022 and Touch by AJ Bell on track to soft launch later in the year
- Continued organic growth driven by platform propositions, with total customers up by 35,555 to 418,309, net inflows of £2.8 billion and assets under administration (AUA) closing at £74.1 billion
- Customer retention rate up to 95.4% (FY21: 95.0%)
- Revenue up to £75.5 million (HY21: £73.9 million), profit before tax of £26.1 million (HY21: £31.6 million) and a PBT margin of 34.6% (HY21: 42.8%)
- Diluted earnings per share of 5.08 pence (HY21: 6.26 pence)
- Interim dividend of 2.78 pence per share in line with stated dividend policy
- Revenue and profit margins are expected to increase in the second half, with PBT margin guidance for FY22 raised to c.35% (previous guidance 32-33%) and further improvement anticipated in FY23

Andy Bell, Chief Executive Officer at AJ Bell, commented:

"I'm pleased to announce another solid set of results for the first half of the year. Our dual-channel platform continues to attract and retain long-term customers in both the advised and direct-to-consumer markets, with our platform retention rate of 95.4% evidencing the quality of our propositions and our high customer service levels.

The organic growth in customers and AUA helped to deliver an increase in revenue to £75.5 million and we remained highly profitable, with profit before tax of £26.1 million and a PBT margin of 34.6%. This is a very good result against a significantly more challenging market backdrop to that experienced in the first half of last year, when retail investor engagement and dealing activity was exceptionally high, particularly in the direct-to-consumer market.

The impact of normalised customer dealing activity and lower interest rates compared to the same period last year resulted in a lower revenue margin in this period. However, our diversified revenue model positions us well across all market conditions and we are now seeing the positive impact of recent interest rate rises on our revenue margins.

Our secure and scalable platform has been designed to both facilitate growth and drive operational gearing, enabling us to once again exercise strong control over our operational costs. We have also continued to invest in new customer propositions to broaden our reach in both the advised and direct-to-consumer markets. In April we launched Dodl by AJ Bell, a new commission-free investing app which we believe will appeal particularly to people who want an easy, low-cost way to get started with investing. We plan to follow this with Touch by AJ Bell, a simplified, mobile-led platform proposition for the advised market, which is on track to soft launch later this year.

As our business grows we are committed to sharing efficiency gains with our customers, whilst continuing to invest in new products and services for them. At a time when people are seeking to manage the impact of rising living costs, we have announced a number of reductions to our platform charges across both our advised and direct-to-consumer propositions which will deliver total annualised savings to our customers of around £5 million.

This follows consistent reductions to the charges on our AJ Bell funds as assets under management have grown. The annual charges on the first five multi-asset funds we launched five years ago have nearly halved from 0.50% to 0.31% during that time, again delivering significant savings to customers.

Our strong financial position and the Board's confidence in the long-term prospects for the business support continuing returns to shareholders alongside ongoing investment in our customer propositions. We remain committed to our stated dividend policy and the Board has declared an interim dividend of 2.78 pence per share.

The long-term structural drivers of growth in the UK investment platform market remain strong with around two-thirds of our estimated £3 trillion target market not yet on a platform. We continue to see customers moving onto investment platforms to benefit from increased flexibility and lower costs and we are well positioned to attract an increasing market share with our leading propositions and established brand in both the advised and direct-to-consumer segments.

Whilst market uncertainty is likely to persist in the short-term, our business model ensures we can continue to invest in our customer propositions whilst delivering strong financial performance and we expect profit before tax for the full year to be at least in line with consensus market expectations."

Financial highlights

	Six months ended 31 March 2022	Six months ended 31 March 2021	Change
Revenue	£75.5m	£73.9m	2%
Revenue per £AUA*	20.3bps	24.0bps	(3.7bps)
PBT	£26.1m	£31.6m	(17%)
PBT margin	34.6%	42.8%	(8.2ppts)
Diluted earnings per share	5.08p	6.26p	(19%)
Interim dividend per share	2.78p	2.46p	13%

Non-financial highlights

	Six months ended 31 March 2022	Year ended 30 September 2021	Change
Number of retail customers	418,309	382,754	9%
Platform	403,383	367,965	10%
Non-platform	14,926	14,789	1%
AUA*	£74.1bn	£72.8bn	2%
Platform	£66.9bn	£65.3bn	2%
Non-platform	£7.2bn	£7.5bn	(4%)
AUM*	£2.3bn	£2.2bn	5%
Customer retention rate	95.4%	95.0%	0.4ppts

*see Alternative Performance Measures on page 23

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Results presentation details

A pre-recorded video with Andy Bell (CEO) and Michael Summersgill (Deputy CEO and CFO) discussing these results will be available on our website (ajbell.co.uk/investor-relations) along with an accompanying investor presentation from 07.00 BST today. Management will be hosting a meeting for sell-side analysts at 08.15 BST today. Attendance is by invitation only.

Management will also be hosting a group call for investors at 15.30 BST on Wednesday 1 June. Please contact Camilla Crowe at c.crowe@numis.com for registration details.

Forward-looking statements

The interim results contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding AJ Bell's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies, and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of these interim results and AJ Bell does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of the interim results.

Chief Executive Officer's report

> Our dual-channel platform, serving the growing advised and D2C platform markets, continues to attract new customers with significant net inflows delivered during the first half of the financial year. We remain focused on our core purpose; to help people invest, by providing the easiest platform to use.

Overview

We delivered strong net AUA inflows of £2.8 billion with total AUA closing at £74.1 billion (FY21: £72.8 billion). This performance was achieved against a very different market backdrop to that seen in the prior year with adverse market movements of £1.5 billion since the year end.

Retail customers grew by 35,555 during the period to 418,309 (FY21: 382,754), with our retention rate increasing to 95.4% (FY21: 95.0%), testament to our high-quality propositions and customer service levels. We continue to see strong demand for our platform propositions with our advised customers growing by 8% and our D2C customers by 10% in the period.

The UK investment platform market, measured by AUA, has grown by 13% per annum since 2012, with the advised and D2C market segments growing at a similar rate. During that period, we have continued to increase our market share, growing our advised assets by 21% per annum and our D2C by 36% per annum. Our dual-channel platform enables us to benefit from operating in both segments of this growing platform market.

We recorded a solid financial performance in the first half of the year, with revenue up to £75.5 million (HY21: £73.9 million). Revenue margin on AUA was lower than the comparative period as expected, due to the normalisation of dealing activity and lower interest rates earned on customer assets. The reduction in PBT, from £31.6 million to £26.1 million, represents the lower revenue margin earned on assets coupled with increased investment in our brand, technology and propositions to support our long-term growth strategy. Revenue margin is expected to increase in the second half of the year as a result of the higher interest rate environment.

Following the period-end we launched an exciting new investing app, Dodl by AJ Bell (Dodl), which expands our offering in the D2C market. We believe there is a significant and underserved market for Dodl. It is estimated that 8.6 million adults in the UK hold more than £10,000 of investible assets in cash, equating to at least £86 billion of excess cash savings which are being eroded in real terms by high inflation and low interest rates. Our own research suggests that many of these people don't know where to start investing and are deterred by too much choice and complexity. Dodl's ease of use, simplified investment range and low charges make it an ideal solution for this type of customer. The combination of Dodl and AJ Bell Youinvest means we have one of the most comprehensive customer offerings in the D2C platform market, ensuring we remain in a very strong position to deliver long-term growth.

The operational gearing inherent within the business model allows us to share efficiency gains with our customers, whilst continuing to invest in the long-term growth of the business. At a time where customers are seeking to reduce their living costs, we will be reducing charges across our AJ Bell Investcentre and AJ Bell Youinvest platform propositions in the second half of the year. We remain committed to providing high quality, low-cost investment platform propositions that cater for all investors.

Strategic update

Investing for all

At AJ Bell, we believe in making investing accessible to all, whether investing directly or with the help of a financial adviser, irrespective of age, wealth and investment approach. Our aim is to broaden our customer reach and promote a better understanding and awareness of investment choices that ultimately deliver good outcomes for our customers. Our latest national TV advertising campaign 'investing for all' reflects this belief and we continue to invest in our brand as part of raising awareness of investing and how we can help people to invest.

Our new simplified propositions, Dodl and Touch by AJ Bell (Touch) will help to broaden our reach to a new generation of investors across both the D2C and advised segments. Dodl is aimed at younger, less experienced investors, offering a simplified investment range and will be amongst the best value investment platforms in the market. Touch, which is on track to soft launch later in the year, will be a mobile-focused platform service that will broaden our offering to financial advisers and help them serve a wider base of clients.

Our research shows that, on average, women in the UK have half the level of savings and investments that men do, a statistic that we want to help change. The launch of AJ Bell Money Matters in November 2021 has seen us roll out a range of initiatives focused on encouraging women to engage with investing, in order to help close the gender investment gap. This includes dedicated website content, a regular podcast, monthly newsletters, webinars, live events and social media interaction.

Advised propositions

The advised market continues to demonstrate steady year-on-year growth and we delivered strong net inflows of £1.5 billion in the period. This was partially offset by £0.8 billion of adverse market movements, resulting in closing AUA of £46.5 billion (FY21: £45.8 billion). Customer numbers increased by 10,281 during the period to 137,201 (FY21: 126,920); an increase of 8%.

We continued to improve our AJ Bell Investcentre proposition for the benefit of our customers and their advisers, making several enhancements with a focus on ease of use. We also launched our flexible ISA, allowing temporary withdrawals during the tax year without affecting annual ISA subscription limits.

We aim to share the benefits of operating at scale with our customers, an example of this is through regularly reviewing our charges to ensure they position us well to support advisers and their clients. From 10 June, we will remove our charge for SIPP establishment, where the process is initiated online. We will also remove our charge for transferring pensions to SIPPs in cash and some of our dealing charges.

The development of Touch, our simplified, mobile-led platform proposition is progressing well, ahead of its planned soft launch later this year.

Investival, our flagship adviser conference, was held in a hybrid format in November 2021 having been entirely online in 2020. More than 400 finance professionals attended in person with over 300 joining virtually, making it the most popular one yet. The event was very well received and is now recognised as one of the largest investment conferences for advisers in the UK. We have also continued to deliver our 'On the Road' seminars alongside monthly 'Off the Road' webinars following positive feedback and ongoing demand. The success of our ongoing engagement with advisers highlights the value they see in us as a trusted partner.

D2C propositions

We delivered strong net inflows of £1.5 billion in the period. This was partially offset by £0.6 billion of adverse market movements, resulting in closing AUA of £20.4 billion (FY21: £19.5 billion). Customer numbers continued to grow, increasing by 25,137 during the period to 266,182 (FY21: 241,045), an increase of 10%.

We have continued to develop AJ Bell Youinvest, with multiple enhancements focused on ease of use delivered during the period.

Our efficient operating model and robust cost control allows us to reduce charges for our customers to ensure we continue to provide excellent value for money. Last year, we commenced a review of our trading model following the higher levels of dealing activity experienced during the pandemic, in order to reduce the costs for customers. As a result, I am pleased to announce that we will be reducing our foreign exchange commission rates on 1 July, whilst also reducing the cap on funds custody charges, removing charges for in-specie transfers out and simplifying our dividend re-investment charge.

Dodl launched on 19 April 2022 and sits alongside our existing D2C platform proposition AJ Bell Youinvest. Together they provide great value investment platform options for retail investors, catering for all levels of experience and investment needs. Dodl offers ISAs, LISAs, pensions and GIAs with an annual charge of just 0.15% and no commission for buying or selling investments. The proposition's simplified investment range offers customers 30 funds catering for different themes and risk appetites. It also features 50 popular shares in UK-listed companies for those who like to invest in their favourite brands, with US shares coming later in the year.

AJ Bell Investments

Our range of investment solutions continue to be a popular choice with investors, with total AUM up to £2.3 billion (FY21: £2.2 billion).

The first five AJ Bell multi-asset funds launched in 2017 have recently passed their fifth anniversary, an important performance milestone particularly for advisers. Performance of all five funds was in the top 30% when compared against their peer groups, with four being in the top quintile. Since launching these funds we have shared the benefits of our increasing scale with customers, reducing the Ongoing Charges Figure (OCF), by nearly half from 0.50% to 0.31% during that time. In February this year we also implemented a new simplified pricing structure, setting a single OCF for all of our multi-asset growth funds, making it easier for customers and advisers to understand.

Customer services and technology

Our dual-channel single operating model ensures we can efficiently service our customers whilst maintaining our high-quality customer service levels. In a period of continued customer growth, our operational performance indicators have shown excellent levels of customer service as demonstrated by our high 4.5-star Trustpilot score, rated by our retail customers. The strength of our customer service and proposition is also reflected in our platform customer retention rate, which is in excess of 95%.

Our secure and scalable platform has been designed to both facilitate growth and drive operational gearing. In the period we continued to invest in our technology, enhancing our existing propositions alongside the development of Dodl and Touch. Our hybrid technology model serves us well, allowing us to build adaptable, easy-to-use interfaces and minimise the cost impact of ongoing regulatory compliance.

We have embedded the FCA's new regulatory requirements on operational resilience, effective from 31 March 2022, into our operating framework and processes. These rules are designed to ensure regulated firms are better able to prevent, adapt to, respond to, recover from and learn from operational disruptions.

We continue to drive improvements and invest for the future to ensure that we provide a high-quality service to our customers.

People and culture

Our new hybrid working model came into effect from 1 January 2022 and is working well in balancing the needs of our people and business operations. As the Government removed restrictions during the period, we have gradually increased office numbers and were pleased to see the return of our programme of social activities and events in-person to enhance engagement.

We run a wide programme of activities and events to facilitate engagement between the Board, senior management and the wider workforce. Following the appointment of Helena Morrissey as our designated Non-Executive Director for employee engagement, we hosted the first Employee Voice Forum of the year at our head office in March 2022. I look forward to hearing feedback from the forum as we progress through the year.

It was pleasing to see more events and opportunities to support our local communities as COVID-19 restrictions were lifted. Our people have taken part in a number of charitable initiatives and fundraising events during the first half of the year, continuing to support a range of local charities including Fare Share, Wood Street Mission and City of Trees. We have also launched an initiative to support education in our communities by refurbishing IT kit that we no longer need, and then donating it to local schools.

Regulatory developments

There are a number of significant regulatory developments underway that will shape the market we operate in.

The FCA Consumer Investments Strategy recently identified that nearly 8.6 million people in the UK have more than £10,000 of investible assets held predominantly in cash. The FCA's stated aim is to reduce this number of people by 20%, on the basis they would be better off in a risk-based investment. We believe Dodl is ideally placed to benefit from this drive by the regulator as it gives investors an easy, low-cost way to start investing.

Another key output from the Consumer Investments Strategy is the new Consumer Duty. This is a major regulatory development which puts the onus on providers to ensure good customer outcomes. We support the intention here, even though most regulated firms would argue that this is already well embedded. Any concerns we have are centred around making sure that providers understand what this means at a practical level.

Investment pathways were an example of the challenges caused by micro-regulation. What is right for an insured personal pension may not be right for a platform pension. The regulatory solution to a failure in administration and oversight by insured pension providers – customers inadvertently remaining invested in cash – created significant pain for platform pension providers with little discernible customer benefit.

More recent regulatory proposals to introduce default funds for non-workplace pensions, which includes platform pensions, again demonstrates a desire for the regulator to micro-manage the solution. Lifestyle funds are the proposed default fund solution. These funds, which shift from equities to bonds as the pension saver reaches their retirement age, are from a bygone era. Retirement is no longer defined by a single date, with income drawdown now the main delivery mechanism for taking an income in retirement, rather than buying an annuity. We support the idea of a default fund but with a focus on creating good outcomes for consumers, we urge the regulator to let providers decide what type of default fund best suits their customers.

Another aim of both the Consumer Investments Strategy and the new Consumer Duty is to make it easier for firms to help consumers access and identify investments that suit their circumstances and attitude to risk. Investment platforms are ideally placed to provide this guidance to customers but the current regulatory guidance around what constitutes financial advice (as opposed to investment guidance) makes it difficult for execution-only providers to offer services – such as risk profiling or information on specific investments held by customers – which could help them improve their investment strategy.

The FCA's proposal for pensions dashboards is another significant development that aims to help customers build a better picture of their retirement savings, allowing them to see all of their pensions in one place and get an impression of the income they could expect from each in retirement. Statutory Money Purchase Illustrations (SMPI) have been around for nearly twenty years and it is fair to say that these have been routinely ignored by pension savers. Going forward they will be the foundation on which pensions dashboards will deliver estimates of pension income to pension savers. We are at the early stages of the consultation being led by the Financial Reporting Council (FRC), on behalf of the DWP, to determine the underlying actuarial basis for these projections. Once again, despite platform pensions dominating the market, the proposals are being driven by what works for insured pensions and are unworkable for platform pensions. I have urged the FCA and the FRC to get together and agree a simple and consistent basis so that the pension projected at the point of sale is consistent with the pension projections during the lifetime of the pension.

Dividend

Our strong balance sheet, robust liquidity position and future prospects for the business support both ongoing investment in the business and continuing returns to shareholders. The Board has therefore declared an interim dividend of 2.78 pence per share in line with our stated dividend policy, to which we remain committed.

Outlook

The long-term structural drivers of growth in the UK investment platform market remain strong with around two-thirds of our estimated £3 trillion target addressable market not yet on a platform. We continue to see a structural shift from non-platform providers to platforms, where assets already in the financial system are migrated onto platforms to increase flexibility and reduce costs for customers. We expect this to continue to be a driver of significant inflows in the platform market and are well positioned to attract an increasing share with our leading propositions and established brand in both the advised and D2C segments.

The macro-economic environment is uncertain as high inflation in the UK has led to interest rate rises and the growing cost-of-living crisis has been further exacerbated by the ongoing war in Ukraine. The rising cost of living is likely to impact investable income across the economy with the savings ratio falling back towards pre-pandemic levels. This presents a potential short-term headwind for inflows, particularly in the D2C market and the likelihood of increased administrative expenses. Our diversified revenue model provides inflation protection, ensuring we are well-equipped to succeed in different macro-economic conditions. A higher interest rate environment will provide a significant benefit, with higher revenue and profit margins expected both in the second half of the financial year and FY23.

In a high-inflation environment where consumers are increasingly looking for low-cost solutions, we are reducing a number of charges across our existing propositions as we look to share our economies of scale with our customers. Our existing propositions, complemented by our two new app-based, simplified, low-cost platform propositions, ensure we are well placed to support the next generation of investors and to capitalise on future growth opportunities.

Our secure and scalable platform propositions and established brand position us well to deliver further organic growth and capture an increasing share of the market.

Andy Bell
Chief Executive Officer

Financial review

> The Group delivered a solid financial performance in the first half of the year, with revenue up to £75.5 million and PBT of £26.1 million. We have invested in our brand, technology and platform propositions as part of our growth strategy to capitalise on the opportunities created in the UK platform market, that continues to benefit from long-term structural growth drivers.

Business performance

Customers

Customer numbers increased by 35,555 during the period to a total of 418,309. This growth has been driven by our platform propositions, with our D2C platform delivering a 10% increase in customers to 266,182 and our advised platform customers up by 8% to 137,201. In addition, our platform customer retention rate remained high at 95.4% (FY21: 95.0%).

	Six months ended 31 March 2022	Six months ended 31 March 2021	Year ended 30 September 2021
Platform	403,383	332,276	367,965
Non-platform	14,926	14,521	14,789
Total	**418,309**	**346,797**	**382,754**

Assets Under Administration

Six months ended 31 March 2022

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2021	45.8	19.5	65.3	7.5	72.8
Inflows	3.2	2.2	5.4	0.1	5.5
Outflows	(1.7)	(0.7)	(2.4)	(0.3)	(2.7)
Net inflows/(outflows)	1.5	1.5	3.0	(0.2)	2.8
Market and other movements	(0.8)	(0.6)	(1.4)	(0.1)	(1.5)
As at 31 March 2022	46.5	20.4	66.9	7.2	74.1

Six months ended 31 March 2021

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2020	36.3	13.4	49.7	6.8	56.5
Inflows	2.8	2.2	5.0	0.1	5.1
Outflows	(1.1)	(0.6)	(1.7)	(0.3)	(2.0)
Net inflows/(outflows)	1.7	1.6	3.3	(0.2)	3.1
Market and other movements	3.1	1.9	5.0	0.6	5.6
As at 31 March 2021	41.1	16.9	58.0	7.2	65.2

We continued to see strong AUA inflows, driven by our platform propositions. Gross inflows in the period were £5.5 billion, up 8% compared to the previous year (HY21: £5.1 billion).

Outflows increased by £0.7 billion to £2.7 billion versus the comparative period. This increase was driven partly by an exceptional bulk annuity purchase by an adviser firm which resulted in a one-off outflow of £0.2 billion from both advised platform AUA and AJ Bell Investments AUM. We also saw £0.3 billion of non-platform outflows in the period following our decision to close our institutional stockbroking service during the first half. The final non-platform outflows relating to this closure, totalling approximately £1.8 billion, are expected to complete in the second half of the financial year.

The uncertainty across global markets driven by inflationary pressure on the cost of living and the war in Ukraine contributed a £1.5 billion adverse movement on asset values. This compares to favourable market movements of £5.6 billion in the comparative period last year. AUA closed at £74.1 billion, an increase of £1.3 billion in the period.

Financial performance

Revenue

	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Recurring fixed	14,982	14,050	28,598
Recurring ad valorem	42,365	37,917	77,955
Transactional	18,181	21,930	39,273
Total	**75,528**	**73,897**	**145,826**

Revenue increased by 2% to £75.5 million (HY21: £73.9 million).

Revenue from recurring fixed fees increased by 7% to £15.0 million (HY21: £14.1 million), primarily due to higher pension administration revenue from our advised platform customers.

Recurring ad valorem revenue grew by 12% to £42.4 million (HY21: £37.9 million). The key driver of this growth was the increase in average AUA in the period. This was partially offset by a lower average interest rate earned on customer cash balances than in the comparative period last year.

Revenue from transactional fees decreased by 17% to £18.2 million (HY21: £21.9 million). This decrease was due to a normalisation of dealing activity levels in the current period following the significantly elevated levels seen in the first half of the prior year.

Our overall revenue margin of 20.3bps (HY21: 24.0bps) in the period reflects the reduced transactional revenues and lower average interest rate earned on cash as noted above.

Since the start of the financial year, the Bank of England base rate has increased from 0.1% to 1.0%. This higher interest rate environment will deliver a gradual increase in recurring ad valorem revenue across our platform. Whilst allowing for the impact of our planned price reductions for AJ Bell Investcentre and AJ Bell Youinvest, our consolidated revenue margin for FY22 is currently expected to be higher than the 20.3bps reported in the first half, with a further improvement anticipated in FY23.

Administrative expenses

	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Distribution	7,592	5,402	11,095
Technology	14,771	11,482	25,765
Operational and support	26,681	24,978	53,115
Total	**49,044**	**41,862**	**89,975**

Administrative expenses increased by 17% to £49.0 million (HY21: £41.9 million).

Distribution costs increased by 41% to £7.6 million (HY21: £5.4 million) as we continued to invest in our brand to help deliver long-term growth. In February we launched a new national TV advertising campaign and we also increased D2C marketing activity in the period. The year-on-year increase is also partly reflective of a lower than normal spend in the prior year, when both advertising and sponsorship opportunities were limited by COVID-19 restrictions. We expect the rate of increase in distribution costs to moderate over the course of the full year as planned, following the higher activity undertaken in the first half in the lead-up to the tax year end.

Technology costs increased by 29% to £14.8 million (HY21: £11.5 million). This increase reflects the continued investment in growing the size of our technology team, enabling us to deliver change initiatives to support our continued growth whilst also developing our new propositions, Dodl and Touch. A significant proportion of the increase in technology costs related to the Adalpha acquisition in March 2021. Excluding Adalpha-related costs in the period of £1.7 million (HY21: £0.3 million), underlying technology costs increased by 17% year-on-year.

Operational and support costs increased by 7% to £26.7 million (HY21: £25.0 million) as the business continued to scale efficiently. The higher costs were driven by an increase in the average number of employees to support our continued growth, partially offset by lower costs resulting from the reduced customer dealing activity during the period. Excluding the impact of dealing-related costs, underlying operational and support costs increased by 10% year-on-year.

Profit and earnings

PBT of £26.1 million (HY21: £31.6 million) and PBT margin of 34.6% (HY21: 42.8%) reflect the lower revenue margin in the period and planned investment in our brand, technology and product propositions to drive long term growth. PBT margin for the full year is expected to increase, driven by the higher revenue margin that is more than offsetting increases in administrative expenses.

The effective rate of tax for the period was 20.0% (HY21: 18.7%), slightly higher than the standard rate of UK Corporation Tax of 19.0%, as a result of disallowable charges relating to the Adalpha earn-out arrangement.

Basic earnings per share fell by 19% to 5.10p (HY21: 6.29p). Diluted earnings per share (DEPS), which accounts for the dilutive impact of outstanding share awards, decreased by 19% to 5.08p (HY21: 6.26p).

Financial position

Capital and liquidity

The Group's financial position remains strong, with net assets totalling £115.9 million (HY21: £117.9 million) at 31 March 2022 and a return on assets of 18% (HY21: 22%).

We operate a highly cash-generative business, with a short working capital cycle that ensures profits are quickly converted into cash. Our period end balance sheet included cash balances of £73.2 million.

We have continued to maintain a healthy surplus over our regulatory capital requirement throughout the period. The Investment Firm Prudential Regime (IFPR) came into effect from 1 January 2022, focusing prudential requirements on the potential harm the firm can pose to its customers, markets and itself whilst introducing a basic liquidity requirement for all investment firms. We are currently undertaking our first Internal Capital and Risk Assessment (ICARA) process as required by the new regime; this is not expected to have a material impact on our capital requirements.

Dividend

The Board has declared an interim dividend of 2.78 pence per share (HY21: 2.46 pence per share), representing 40% of the FY21 total ordinary dividend of 6.96 pence per share, in line with our dividend policy.

The interim dividend declared reflects the financial strength of the business, as evidenced by our well-capitalised, profitable and highly cash-generative business model.

Michael Summersgill
Deputy Chief Executive Officer and Chief Financial Officer

Responsibility statement

Directors' responsibility statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the IASB and adopted for use in the UK; and

b) the Interim management report includes a fair review of the information required by:

   i. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties facing the Group for the remaining six months of the financial year; and

   ii. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related-party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related-party transactions described in the last annual report that could do so.

By order of the Board:

Christopher Bruce Robinson
Company Secretary
25 May 2022

Independent review report to AJ Bell plc

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 which comprises the condensed consolidated income statement, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
25 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Condensed consolidated income statement

For the six months ended 31 March 2022

	Notes	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Revenue		75,528	73,897	145,826
Administrative expenses		(49,044)	(41,862)	(89,975)
Operating profit		26,484	32,035	55,851
Investment income		13	6	23
Finance costs		(381)	(398)	(790)
Profit before tax		26,116	31,643	55,084
Tax expense	7	(5,216)	(5,926)	(11,262)
Profit for the period attributable to:				
Equity holders of the parent company		20,900	25,717	43,822
Earnings per ordinary share:				
Basic (pence)	8	5.10	6.29	10.71
Diluted (pence)	8	5.08	6.26	10.67

All revenue, profit and earnings are in respect of continuing operations.

There were no other components of recognised income or expense in any of the periods presented and consequently no statement of other comprehensive income has been presented.

The notes on pages 16 to 22 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

As at 31 March 2022

	Notes	Unaudited 31 March 2022 £000	Unaudited 31 March 2021 £000	Audited 30 September 2021 £000
Assets				
Non-current assets				
Goodwill		6,991	6,991	6,991
Other intangible assets	9	7,716	4,350	6,014
Property, plant and equipment	9	3,501	3,426	3,351
Right-of-use assets	9	12,531	13,650	13,325
Deferred tax asset		598	797	940
		31,337	29,214	30,621
Current assets				
Trade and other receivables		39,921	39,727	34,408
Current tax receivable		673	-	51
Cash and cash equivalents		73,205	80,596	97,062
		113,799	120,323	131,521
Total assets		145,136	149,537	162,142
Liabilities				
Current liabilities				
Trade and other payables		(11,555)	(11,577)	(12,765)
Current tax liabilities		-	(1,200)	-
Lease liabilities		(1,658)	(1,404)	(1,708)
Provisions	10	(1,466)	(1,570)	(1,526)
		(14,679)	(15,751)	(15,999)
Non-current liabilities				
Lease liabilities		(13,058)	(14,292)	(13,886)
Provisions	10	(1,549)	(1,549)	(1,549)
		(14,607)	(15,841)	(15,435)
Total liabilities		(29,286)	(31,592)	(31,434)
Net assets		115,850	117,945	130,708
Equity				
Share capital	11	51	51	51
Share premium		8,917	8,647	8,658
Own shares		(488)	(1,037)	(740)
Retained earnings		107,370	110,284	122,739
Total equity		115,850	117,945	130,708

The notes on pages 16 to 22 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 31 March 2022

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2021	51	8,658	(740)	122,739	130,708
Total comprehensive income for the period:					
Profit for the period	-	-	-	20,900	20,900
Transactions with owners, recorded directly in equity:					
Issue of shares	-	259	-	-	259
Dividends paid	-	-	-	(38,971)	(38,971)
Equity-settled share-based payment transactions	-	-	-	3,016	3,016
Deferred tax effect of share-based payment transactions	-	-	-	(224)	(224)
Tax relief on exercise of share options	-	-	-	162	162
Share transfer relating to EIP	-	-	252	(252)	-
Total transactions with owners	-	259	252	(36,269)	(35,758)
Balance at 31 March 2022	51	8,917	(488)	107,370	115,850

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2020	51	8,459	(1,147)	102,103	109,466
Total comprehensive income for the period:					
Profit for the period	-	-	-	25,717	25,717
Transactions with owners, recorded directly in equity:					
Issue of shares	-	188	-	-	188
Dividends paid	-	-	-	(19,070)	(19,070)
Equity-settled share-based payment transactions	-	-	-	1,656	1,656
Deferred tax effect of share-based payment transactions	-	-	-	(228)	(228)
Tax relief on exercise of share options	-	-	-	216	216
Share transfer relating to EIP	-	-	110	(110)	-
Total transactions with owners	-	188	110	(17,536)	(17,238)
Balance at 31 March 2021	51	8,647	(1,037)	110,284	117,945

The notes on pages 16 to 22 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 March 2022

	Notes	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Cash flows from operating activities				
Profit for the period		20,900	25,717	43,822
Adjustments for:				
Investment income		(13)	(6)	(23)
Finance costs		381	398	790
Income Tax expense		5,216	5,926	11,262
Depreciation and amortisation		1,741	2,035	3,623
Share-based payment expense		2,193	1,277	4,952
Decrease in provisions and other payables		(60)	(25)	(69)
Loss on disposal of property, plant and equipment		5	-	13
Profit on disposal of right-of-use assets		-	(3)	(3)
Increase in trade and other receivables		(5,513)	(9,154)	(3,835)
Decrease in trade and other payables		(1,210)	(2,535)	(1,347)
Cash generated from operations		23,640	23,630	59,185
Income Tax paid		(5,558)	(4,766)	(11,455)
Interest expense paid		-	(1)	(1)
Net cash flows from operating activities		18,082	18,863	47,729
Cash flows from investing activities				
Additions to other intangible assets	9	(1,317)	(1,413)	(2,370)
Purchase of property, plant and equipment	9	(664)	(732)	(1,174)
Acquisition of a subsidiary, net of cash acquired		-	(2,561)	(2,561)
Interest received		13	6	23
Net cash used in investing activities		(1,968)	(4,700)	(6,082)
Cash flows from financing activities				
Payments of principal in relation to lease liabilities		(878)	(672)	(1,241)
Payments of interest on lease liabilities		(381)	(397)	(789)
Proceeds from issue of share capital	11	259	188	199
Dividends paid	12	(38,971)	(19,070)	(29,138)
Net cash used in financing activities		(39,971)	(19,951)	(30,969)
Net (decrease)/increase in cash and cash equivalents		(23,857)	(5,788)	10,678
Cash and cash equivalents at beginning of period		97,062	86,384	86,384
Cash and cash equivalents at end of period		73,205	80,596	97,062

The notes on pages 16 to 22 form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 31 March 2022

1. General information

AJ Bell plc ('the Company') is the Parent Company of the AJ Bell group of companies (together 'the Group'). The Group provides investment administration, dealing and custody services. The Company is a public limited company which is listed on the Main Market of the London Stock Exchange and incorporated and domiciled in the United Kingdom. The Company's number is 04503206 and the registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

2. Basis of preparation

The condensed consolidated interim financial statements ('interim financial statements') have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB and adopted for use in the UK. They do not include all of the information and disclosures required for full annual financial statements and therefore should be read in conjunction with the AJ Bell plc Annual Report and Financial Statements for the year ended 30 September 2021, which were prepared under International Financial Reporting Standards (IFRSs) as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with the requirements of the Companies Act 2006. The change from EU adopted IFRS to UK adopted international accounting standards did not result in any changes to the accounting policies applied.

The interim financial statements have been prepared on the historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates. All amounts have been rounded to the nearest thousand, unless otherwise stated.

The financial information contained in the interim financial statements does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 30 September 2021 has been derived from the audited financial statements of AJ Bell plc for that year, which have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was:

i. unqualified, and
ii. did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and
iii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 30 September 2021 are available to view online at ajbell.co.uk/investor-relations.

Going concern

The Group's forecasts and objectives, considering a number of potential changes in trading conditions, show that the Group should be able to operate at adequate levels of both liquidity and capital for at least 12 months from the date of signing this report. The Directors have performed a number of stress tests, covering a significant reduction in equity market values and a reduction in interest income with a further Group-specific, idiosyncratic stress relating to a scenario whereby prolonged IT issues cause a reduction in customers. These provide assurance that the Group has sufficient capital and liquidity to operate under stressed conditions.

Consequently, after making reasonable enquiries, the Directors are satisfied that the Group has sufficient financial resources to continue in business for at least 12 months from the date of signing the interim report and therefore have continued to adopt the going concern basis in preparing the interim financial statements.

Significant accounting policies

The accounting policies adopted by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2021.

The following amendments and interpretations became effective during the year. Their adoption has not had any significant impact on the Group.

		Effective from
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 (Amendments)	1 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	1 April 2021

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Critical accounting judgements and key sources of estimation uncertainty

In the preparation of the interim financial statements, the Directors are required to make judgements, estimates and assumptions to determine the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on the Group's historical experience and other relevant factors. Actual results may differ from the estimates applied.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no judgements made, in applying the accounting policies, about the future, or any other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Seasonality of operations

There is a peak in the Group's operational activity around the tax year end. This impacts the financial results primarily in March and April, either side of the interim period end. As such, no significant seasonal fluctuations affect the first or second half of the Group's financial year in isolation.

5. Segmental reporting

It is the view of the Directors that the Group has a single operating segment: investment services in the advised and D2C space administering investments in SIPPs, ISAs and General Investment/Dealing Accounts. Details of the Group's revenue, results and assets and liabilities for the reportable segment are shown within the condensed consolidated income statement and condensed consolidated statement of financial position.

The Group operates in one geographical segment, being the UK.

Due to the nature of its activities, the Group is not reliant on any one customer or group of customers for the generation of revenues.

6. Revenue

The analysis of the consolidated revenue is disclosed within the Financial Review. The total revenue for the Group has been derived from its principal activities undertaken in the UK.

7. Taxation

Tax charged in the condensed consolidated income statement:

	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Current taxation			
UK Corporation Tax	5,098	6,167	11,629
Adjustment to current tax in respect of prior periods	-	-	(11)
	5,098	6,167	11,618
Deferred taxation			
Origination and reversal of temporary differences	266	(249)	(328)
Adjustments in respect of prior periods	-	8	12
Effect of changes in tax rates	(148)	-	(40)
	118	(241)	(356)
Total tax expense	5,216	5,926	11,262

Corporation Tax for the six months ended 31 March 2022 has been calculated at 19% (six months ended 31 March 2021: 19%; year ended 30 September 2021: 19%), representing the average annual effective tax rate expected for the full year, applied to the estimated assessable profit for the six-month period.

In addition to the amount charged to the income statement, certain tax amounts have been recognised directly in equity as follows:

	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Deferred tax relating to share-based payments	224	228	202
Current tax relief on exercise of share options	(162)	(216)	(231)
	62	12	(29)

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Profit before tax	26,116	31,643	55,084
UK Corporation Tax at 19% (six months ended 31 March 2021: 19%; year ended 30 September 2021: 19%)	4,962	6,012	10,466
Tax effects of:			
Expenses not deductible for tax purposes	399	(98)	709
Change in recognised deductible temporary differences	3	4	126
Effect of tax rate changes to deferred tax	(148)	-	(40)
Adjustments in respect of prior periods	-	8	1
Total tax expense	5,216	5,926	11,262
Effective tax rate	20.0%	18.7%	20.4%

Deferred tax has been recognised at 25% being the rate expected to be in force at the time of the reversal of the temporary difference (six months ended 31 March 2021: 19%; year ended 30 September 2021: 19% or 25%). A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price at 31 March 2022.

8. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares, excluding own shares, in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume exercise of all potentially dilutive share options.

The calculation of basic and diluted earnings per share is based on the following data:

	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Earnings			
Earnings for the purposes of basic and diluted EPS being profit attributable to equity holders of the parent company	20,900	25,717	43,822

	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the period	410,008,946	409,058,991	409,249,186
Effect of potentially dilutive share options	1,602,638	1,685,073	1,643,911
Weighted average number of ordinary shares for the purposes of fully diluted EPS	411,611,584	410,744,064	410,893,097

	Unaudited Six months ended 31 March 2022	Unaudited Six months ended 31 March 2021	Audited Year ended 30 September 2021
Earnings per share			
Basic (pence)	5.10	6.29	10.71
Diluted (pence)	5.08	6.26	10.67

9. Changes in capital expenditure

During the six months ended 31 March 2022, the Group acquired plant and equipment with a cost of £664,000 (six months ended 31 March 2021: £732,000; year ended 30 September 2021: £1,174,000).

During the six months ended 31 March 2022, the Group acquired intangible assets with a cost of £2,140,000 (six months ended 31 March 2021: £2,934,000; year ended 30 September 2021: £4,890,000). Prior year additions include £1,142,000 of intangible assets arising on acquisition of Adalpha on 18 March 2021.

Additions to intangible assets include an amount of £2,098,000 relating to internally generated assets for the period ended 31 March 2022 (six months ended 31 March 2021: £379,000; year ended 30 September 2021: £2,289,000), of which £823,000 relates to capitalised share-based payment expenses (six months ended 31 March 2021: £379,000; year ended 30 September 2021: £1,378,000).

Additions to the cost of right-of-use assets were £nil in the six months ended 31 March 2022 (six months ended 31 March 2021: £36,000; year ended 30 September 2021: £460,000).

10. Provisions

	Office dilapidations £000	Other provisions £000	Total £000
As at 1 October 2020	1,549	1,595	3,144
Additional provisions	-	8	8
Provisions used	-	(33)	(33)
As at 31 March 2021	1,549	1,570	3,119
Additional provisions	-	7	7
Provisions used	-	(14)	(14)
Unused provision reversed	-	(37)	(37)
As at 1 October 2021	1,549	1,526	3,075
Provisions used	-	(60)	(60)
As at 31 March 2022	1,549	1,466	3,015
Current liabilities	-	1,466	1,466
Non-current liabilities	1,549	-	1,549

Office dilapidations

The Group is contractually obliged to reinstate its leased properties to their original state and layout at the end of the lease terms. The office dilapidations provision represents management's best estimate of the present value of costs which will ultimately be incurred in settling these obligations.

Other provisions

The other provisions relate to the settlement of an operational tax dispute and the costs associated with defending a legal case. There is some uncertainty regarding the amount and timing of the outflows required to settle the obligations; therefore, a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain, but the Group expects that settlement will be within the next 12 months.

11. Share capital

	Unaudited Six months ended 31 March 2022	Unaudited Six months ended 31 March 2021	Audited Year ended 30 September 2021
Issued, fully-called and paid:	£	£	£
Ordinary shares of 0.0125p each	51,382	51,308	51,311
Issued, fully-called and paid:	Number	Number	Number
Number of ordinary shares of 0.0125p each	411,053,142	410,471,093	410,491,708

All ordinary shares have full voting and dividend rights.

The following share transactions have taken place during the period:

Transaction type	Share class	Number of shares	Share premium £000
Exercise of CSOP options	Ordinary shares of 0.0125p each	251,387	259
Exercise of EIP options	Ordinary shares of 0.0125p each	154,073	-
Earn-out issue	Ordinary shares of 0.0125p each	155,974	-
		561,434	259

Own shares

As at 31 March 2022, the Group held 584,877 own shares in the AJ Bell Employee Benefit Trust (31 March 2021: 1,238,733; 30 September 2021: 885,701). During the period 300,824 EIP options were exercised and issued from the AJ Bell Employee Benefit Trust.

12. Dividends

The following dividends were declared and paid by the Company during the period:

	Unaudited Six months ended 31 March 2022 £000	Unaudited Six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Final dividend for the year ended 30 September 2020 of 4.66p per share	-	19,070	19,070
Interim dividend for the year ended 30 September 2021 of 2.46p per share	-	-	10,068
Final dividend for the year ended 30 September 2021 of 4.50p per share	18,460	-	-
Special dividend for the year ended 30 September 2021 of 5.00p per share	20,511	-	-
Ordinary dividends paid on equity shares	38,971	19,070	29,138

An interim dividend of 2.78 pence per share was approved by the Board on 24 May 2022 and is payable on 1 July 2022 to shareholders on the register at the close of business on 10 June 2022. The ex-dividend date will be 9 June 2022. This dividend has not been included as a liability as at 31 March 2022.

AJ Bell Employee Benefit Trust, which held 584,877 ordinary shares (31 March 2021: 1,238,733; 30 September 2021: 885,701) in AJ Bell plc at 31 March 2022, has agreed to waive all dividends.

13. Share-based payments

During the period the Group recognised a total share-based payment expense in the income statement of £2,193,000 (six months ended 31 March 2021: £1,277,000; year ended 30 September 2021: £4,952,000) and capitalised £823,000 (six months ended 31 March 2021: £379,000; year ended 30 September 2021: £1,378,000) within the statement of financial position.

14. Principal risks and uncertainties

We continually review the principal risks and uncertainties facing the Group that could pose a threat to the delivery of our strategic objectives. The Board believes that the nature of the principal risks and uncertainties that may have a material effect on the Group's performance over the remainder of the financial year remain unchanged from those presented within the 2021 annual report and accounts.

The Group has reviewed the impact of the recent Russian invasion of Ukraine and concluded that whilst the level of inherent risk for some of Group's principal risks and uncertainties has increased, e.g. information security / cyber-attacks, the Group's controls continue to mitigate this increase in risk. The Group will continue to monitor and respond to any new developments from the war in Ukraine that may impact the Group.

15. Related-party transactions

The Group has a related-party relationship with its Directors and members of the Executive Management Board ('the key management personnel'). There were no changes to the related-party relationships or significant transactions during the financial period that would materially affect the financial position or performance of the Group. All other transactions are consistent in nature with the disclosure in note 29 of the consolidated financial statements for the year ended 30 September 2021.

16. Subsequent events

There have been no material events occurring between the reporting date and the date of approval of these interim financial statements.

17. Cautionary statement

The interim results for the six months ended 31 March 2022 contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding AJ Bell's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies, and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of these interim results and AJ Bell does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these interim results.

Alternative performance measures

Within the interim report and condensed financial statements, various Alternative Performance Measures (APM) are referred to. APMs are not defined by International Financial Reporting Standards and should be considered together with the Group's IFRS measurements of performance. We believe APMs assist in providing greater insight into the underlying performance of the Group and enhance comparability of information between reporting periods. The table below states those which have been used, how they have been calculated and why they have been used.

APMs	How they have been calculated	Why they have been used
Assets Under Administration (AUA)	AUA is the value of assets for which AJ Bell provides either an administrative, custodial, or transactional service.	AUA is a measurement of the growth of the business and is the primary driver of ad valorem revenue, which is the largest component of Group revenue.
Revenue per £AUA	Revenue per £AUA is the total revenue generated during the year expressed as a percentage of the average AUA in the year.	Revenue per £AUA provides a simple measurement to facilitate comparison of our charges with our competitors.
Assets Under Management (AUM)	AUM is the value of assets for which AJ Bell provides a management service.	AUM is a measurement of the growth of the business and is a driver of ad valorem revenue.

Definitions

Adalpha	Acquisition of AJ Bell Touch Limited and its wholly owned subsidiaries
AUA	Assets Under Administration
AUM	Assets Under Management
BAYE	Buy As You Earn Plan
Board, Directors	The Board of Directors of AJ Bell plc
BPS	Basis points
Company	AJ Bell plc
CSOP	Company Share Option Plan
Customer retention rate	Relates to platform customers
DEPS	Diluted Earnings per Share
D2C	Direct-to-Consumer
DWP	Department for Work and Pensions
EIP	Executive Incentive Plan
EMB	Executive Management Board
EPS	Earnings per Share
ESG	Environmental Social and Governance
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FTSE	Financial Times Stock Exchange
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standard
IFPR	Investment Firm Prudential Regime
IFRS	International Financial Reporting Standards
ISA	Individual Savings Account
LISA	Lifetime Individual Savings Account
MPS	Managed Portfolio Service
Own Shares	Shares held by the Group to satisfy future incentive plans
PBT	Profit before tax
Plc	Public Limited Company
PPTS	Percentage Points
RIA	Retirement Investment Account
SIPP	Self-Invested Personal Pension
TPDFM	Third Party Discretionary Fund Managers
UK	United Kingdom
VAT	Value Added Tax

Company information

Executive Directors

Andy Bell
Michael Summersgill
Roger Stott

Non-Executive Directors

Helena Morrissey
Evelyn Bourke
Eamonn Flanagan
Margaret Hassall
Simon Turner

Company Secretary

Christopher Bruce Robinson

Company number

04503206

Registered office

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