



IMPAX Asset
Management

Interim Report

For the half-year ended 31 March 2023

**Specialists in
the transition to
a more sustainable
economy**



Since 1998 Impax has pioneered investment in the transition to a more sustainable global economy.

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1. Assets under management and advice. Assets under advice - c.4% as at 31 March 2023.

2. Adjusted operating profit and EPS is shown after removing the effect of ongoing amortisation of intangibles acquired, contingent consideration adjustments, out of period tax credits and mark-to-market effects of National Insurance on equity award schemes. A reconciliation of the International Financial Reporting Standards ("IFRS") and adjusted KPIs is provided in Note 3 of the Financial Statements. See page 15 for further information. HY 2022 adjusted diluted earnings per share has been restated to remove the impact of foreign exchange gains of £0.7m.

3. Represents cash and cash equivalents, plus cash invested in money market funds and deposit accounts, less cash held in research payment accounts, see page 24 for further information and Note 13 of the financial statements for a reconciliation.

Financial Highlights

£40.1bn

AUM¹

FY 2022: £35.7bn
H1 2022: £38.0bn

£88.0m

Revenue

FY 2022: £175.4m
H1 2022: £88.6m
H2 2022: £86.8m

£27.3m

Adjusted operating profit²

FY 2022: £67.4m
H1 2022: £34.0m
H2 2022: £33.4m

£21.4m

Profit before tax

FY 2022: £72.6m
H1 2022: £32.7m
H2 2022: £39.9m

£119.7m

Shareholders' equity

FY 2022: £138.2m
H1 2022: £112.3m

£61.8m

Cash reserves³

FY 2022: £107.0m
H1 2022: £67.4m

17.2p

Adjusted diluted earnings per share²

FY 2022: 42.1p
H1 2022: 21.1p
H2 2022: 21.0p

4.7p

Dividend per share

FY 2022: 27.6p
H1 2022: 4.7p
H2 2022: 22.9p

Chief Executive's Report

“Our performance demonstrates the robust nature of the Company.”

BUSINESS UPDATE

Impax delivered a solid first half to its financial year, which includes the six months to 31 March 2023 (“the Period”). Despite challenging macroeconomic and inflationary conditions, we reported positive net flows, benefiting from rising equities markets and the relative outperformance by our major investment strategies.



Ian Simm
Chief Executive

During the Period, Impax's assets under management and advice (“AUM”) rose by 12.4% to reach £40.1 billion. This was driven by positive net flows of £1.1 billion, and £3.3 billion from market movements, investment performance and the impact of foreign exchange movements. By 30 April 2023, our AUM had fallen slightly to £39.4 billion.

While all asset managers currently face a complex operating environment, our performance demonstrates the robust nature of the Company and how Impax's specialist approach enables us to benefit from supportive secular, policy and regulatory drivers. Some significant mandate wins during the Period also highlight how asset owners and their advisers continue to be attracted to the investable opportunities arising from the transition to a more sustainable economy, and notwithstanding the current backdrop of weak market sentiment, our pipeline of new business remains healthy.

MARKETS

During the six months of the Period, global equities posted modest gains. Corporate revenues broadly remained strong, but earnings were under pressure as higher costs impacted companies' margins. Economic data meanwhile was mixed with indicators in the US and Europe signalling contraction.

Investors' attention continued to be focused on inflation, interest rates and the potential impact on the real economy. Market sentiment swung between optimism that the rate cycle would soon peak and concern that central banks would continue to raise rates too far as they attempt to combat inflation.

Meanwhile, policy support continues to provide tailwinds for investors focused on the transition to a more sustainable economy. The US' Inflation Reduction Act, the EU's Green Deal Industrial Plan, and similar climate-related measures in China and India, have already attracted capital flows into many areas of the economy in which Impax invests. This includes opportunities around renewables, transformation of the grid, and electric vehicles.

INVESTMENT PERFORMANCE

Impax offers actively managed Listed Equities strategies that use our Environmental Markets taxonomies and the Impax Sustainability Lens, as well as strategies in Fixed Income and Private Markets.

AUM movement for the Period

	Listed equities £m	Fixed income £m	Private markets £m	Total firm £m
Total AUM at 30 September 2022	33,801	1,354	521	35,676
Net flows	1,089	11	23	1,123
Market movement, FX and performance	3,376	(61)	1	3,316
Total AUM at 31 March 2023	38,266	1,304	545	40,115

For the six-month Period, all of our thematic Environmental Markets strategies outperformed their benchmarks. Two out of three of our Sustainability Lens equities strategies outperformed their benchmarks, including Global Opportunities, our largest strategy, which outperformed the MSCI All Country World Index by 4.5%.

Meanwhile, in Fixed Income, the Core Bond strategy and the High Yield strategy both performed broadly in line with their benchmarks.

Longer term, eight out of our ten largest strategies, accounting for 90.4% of our AUM, have continued to outperform their benchmarks over five years, with seven out of ten outperforming over three years.

CLIENT SERVICE AND BUSINESS DEVELOPMENT

We continued to expand our international footprint, focusing on strengthening our own direct distribution capabilities, especially in Europe, and consolidating our partner relationships, particularly in the US and Asia-Pacific. We also made good progress in developing and launching new products and building our brand.

In March we opened a new office in Japan, following our selection by the Tokyo Metropolitan Government to receive a Green Finance Subsidy. We have served Japanese clients since 2008 and were pleased to win a significant segregated mandate from a Japanese pension fund during the Period.

In the US, we also announced that the Pax World mutual fund range would be renamed under the Impax Funds, effective 31 December 2022. We have increased the availability of the Impax Funds on several of the largest wealth management platforms. For US institutions, we intend to make these Funds available for larger defined contribution plans, with the launch of two sub-trusts of a collective investment trust (“CIT”) later this year.

In the UK and European Union, we continued to see a shift towards our own direct distribution channels. Overall, the proportion of revenues from the BNP Paribas Asset Management range of SICAV mutual funds fell to 29%, compared to 32% in March 2022.

Chief Executive's Report continued

Inflows during the Period were directed particularly into our Sustainability Lens equities strategies, with the US Large Cap strategy seeing net inflows of £751 million. This included a Japanese pension fund mandate and the launch of a sub-advisory mandate with ABN AMRO. Global Opportunities saw net inflows of £708 million, including subscriptions through our distribution relationships with St. James's Place in the UK and Formuepleje in Denmark.

Of our thematic Environmental Markets equities strategies, Climate and Sustainable Food received the greatest investor interest and saw net inflows of £211 million and £77 million respectively.

Our Ireland-based UCITS fund range grew by 2.7% to £2.0 billion, despite net outflows of £117 million. Impax Environmental Markets plc saw its total net assets increase by 6.8% during the Period. In the US, the Impax Funds' (formerly Pax World funds) AUM grew by 14.5% to US\$8.2 billion, despite net outflows of US\$194 million.

Within Private Markets, our team successfully exited two Spanish solar PV investments through our third fund. The fourth fund has been fundraising while progressing its investment programme, with eight projects closed and €107.5 million invested by the Period end. In April, the fourth fund also held the third close of its fundraising, taking total capital commitments to €300.3 million by 30 April 2023.

As part of our new product development, we launched an actively managed, listed equities UCITS fund investing in Sustainable Infrastructure in November.

We are currently developing a new listed equities product targeted at Social themes, with a launch planned for the second half of the calendar year and are exploring a number of opportunities in fixed income.

All our funds marketed into Europe for which an Impax entity acts as the sponsor and management company, are classified as either Article 8 or 9 under the EU's Sustainable Finance Disclosure Regulation ("SFDR"). We believe that this regulation, along with its equivalents in the US and UK, will be positive for our business.

Meanwhile, we continue to invest in our brand and enhance the client experience beyond the pursuit of financial returns. This includes activity relating to stewardship, policy advocacy, environmental & social impact, and insights, including current research with Imperial College, London on biodiversity and with the University of Oxford on physical climate risk. Informed by our 25-year history focusing on this area, we believe this increases our and our clients' understanding of investable opportunities and enables us to better manage risk.

After the Period end, we were pleased to be one of eight asset managers to be categorised as a "Leader" by Morningstar for our incorporation of ESG factors into our investment process. Morningstar evaluated 94 companies globally for its report.

CORPORATE SERVICES

Through our recent growth we have been selectively investing in systems, infrastructure, risk and compliance capabilities to increase our operational resilience and procedures as the business expands.

During the Period we moved our customer relationship management system to Salesforce, in order to establish a scalable platform for client relations. We have also extended our data management capabilities and automated some processes within the middle office.

To support our expanding business, we continued to hire during the Period, albeit at a slower rate than in the recent past. By the end of the Period, our number of employees had risen by 6% to 289.¹

While we continue to invest in our people and systems to support our growth strategy and increase our resilience, we are carefully managing our costs in line with external market conditions.

Performance for Environmental Markets strategies^{1, 2, 3}

	AUM	Cumulative returns (%), GBP, gross of fees			
		6M	1YR	3YR	5YR
Leaders	£7.8bn	13.9	5.9	70.2	73.4
Water	£6.2bn	13.1	5.6	78.9	86.8
Specialists	£3.6bn	7.5	(1.3)	78.3	76.6
Climate	£3.1bn	6.4	(2.7)	67.7	75.2
Sustainable Food	£1.5bn	9.7	0.9	51.5	43.8
MSCI ACWI		6.3	(1.4)	54.0	58.6
Asian Environmental	£1.5bn	7.7	(1.1)	50.9	45.6
MSCI Asia Pac Composite		5.9	(2.4)	27.5	18.5

Performance for Sustainability Lens Listed Equities strategies^{1, 2}

	AUM	Cumulative returns (%), GBP, gross of fees			
		6M	1YR	3YR	5YR
Global Opportunities	£9.0bn	10.8	4.2	60.8	88.7
MSCI ACWI		6.3	(1.4)	54.0	58.6
US Large Cap	£2.0bn	3.1	(3.0)	72.9	107.9
S&P 500		4.4	(1.7)	67.3	92.8
US Small Cap	£0.5bn	1.7	(1.4)	73.0	51.4
Russell 2000		(1.5)	(5.9)	62.7	42.8

Performance for Sustainability Lens Fixed Income strategies^{1, 3}

	AUM	Cumulative returns (%), GBP, gross of fees			
		6M	1YR	3YR	5YR
High Yield Bond	£0.6bn	(2.7)	1.6	13.7	32.6
ICE BofA US Cash Pay High Yield Constrained (BB-B)		(2.5)	3.3	17.1	33.1
Core Bond	£0.7bn	(5.3)	1.8	(5.7)	20.6
Bloomberg US Aggregate		(5.3)	1.4	(7.8)	18.7

1. AUM (GBP as at 31 March 2023). The strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee, and are represented in sterling.

2. MSCI AC AP Composite is a custom-made benchmark made up of 80% MSCI AC Asia Pacific ex-Japan and 20% MSCI Japan rebalanced daily. MSCI indices are total net return (net dividend re-invested).

3. MCSI indices are total net return (net dividend re-invested). S&P, Russell, ICE BofA, and Bloomberg indices are all total gross return.

1. Full-time equivalent.

Chief Executive's Report continued

FINANCIAL RESULTS FOR THE PERIOD

Revenue for the six months to 31 March 2023 increased to £88.0 million compared to the second half of 2022 (H1 2022: £88.6 million, H2 2022: £86.8 million). This was driven by both positive net flows across the business of £1.1 billion along with positive market movements. At the end of the Period the weighted average run rate revenue margin was 45 basis points (30 September 2022: 46 basis points) on the £40.1 billion of AUM.

Adjusted operating costs for the Period increased to £60.6 million (H1 2022: £54.7 million, H2 2022: £53.3 million), reflecting our continued investment in our people, technology and operational resilience to support our growth ambitions while being mindful of the current broader market conditions. IFRS operating costs of £63.1 million

(H1 2022: £56.7 million, H2 £53.5 million) includes £2.5 million, (H1 2022: £2.0 million, H2 £0.2 million) of charges that do not reflect the operating performance of the Group which have been removed for adjusted measures. A reconciliation of adjusted to IFRS measures is provided in Note 3.

Adjusted operating profit for the Period was £27.3 million (H1 2022: £34.0 million, H2 2022: £33.4 million). The decrease from H2 2022 is a result of the investment in our growth discussed above offset in part by the growth in revenue. As a result, operating profit margin reduced to 31% (H1 2022: 38%, H2 2022: 39%). Run-rate adjusted operating margin at the end of the Period remained a robust 31.8% (H2 2022: 32.6%). Run-rate annualised adjusted operating profit was £58.0 million at the end of the Period (H1 2022: £65.2 million, H2 2022: £54.3 million).

Adjusted profit before tax of £28.2 million (H1 2022: £34.0 million², H2 2022: £34.4 million) and adjusted diluted earnings per share of 17.2 pence (H1 2022: 21.1 pence, H2 2022: 21.0 pence) include net finance income of £0.9 million (H1 2022: £0.0 million, H2 2022 £0.9 million).

IFRS profit before tax of £21.4 million (H1 2022: £32.7 million, H2 2022: £39.9 million) and IFRS diluted earnings per share of 12.8 pence (H1 2022: 20.1 pence, H2 2022: 24.6 pence) reflect the increased operating costs and foreign exchange losses of £4.9 million recognised in the Period, most of which is attributable to the unrealised foreign exchange losses on the retranslation of intercompany loans and other assets held in foreign currencies.

TAX

The effective tax rate has increased due to an increase in the main corporation tax rate in the UK from 19% to 25% from 1 April 2023. As such, a blended rate of 22% has been applied for the Period (2022: 19%).

FINANCIAL RESOURCES

The Company continues to be a strongly cash generative business with high levels of cash and no debt. Our cash reserves were £61.8 million at the Period end (H1 2022: £67.4 million). We continue to hold seed investments and to invest in our private equity funds, and these investments were in total valued at £10.1 million at the Period end (H1 2022: £6.2 million).

DIVIDENDS

A final dividend for 2022 of 22.9 pence per share was paid in March 2023, following approval at the Annual General Meeting. This took the total dividend paid for 2022 to 27.6 pence per share. As described above, despite uncertain markets, the business performed well over the Period, while we continued to invest to support our growth ambitions. Reflecting this, while being mindful of the uncertain market conditions, we are pleased to announce an interim dividend of 4.7 pence (2022: 4.7 pence per share).

This dividend per share will be paid on 21 July 2023 to ordinary shareholders on the shareholder register at the close of business on 16 June 2023. The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 30 June 2023. For further information and to register and elect for this facility, please visit www.signalshares.com and search for information related to the Company.

SHARE MANAGEMENT

The Board will consider purchasing the Company's shares from time to time after due consideration of alternative uses of the Company's cash resources. Share purchases are usually made by the Group's Employee Benefit Trust ("EBT") (subject to the trustees' discretion), using funding provided by the Company.

During the Period, the EBT purchased 1.4 million of ordinary shares at a weighted average price of £7.13 per share. The EBT holds shares for Restricted Share awards until they vest or to satisfy share option exercises.

At the Period end the EBT held a total of 3.6 million shares, 2.8 million of which were held for Restricted Share awards leaving up to 0.8 million available for option exercises and future share awards.

At the end of the Period, there were 2.0 million options outstanding, none of which were exercisable.

OUTLOOK

Although the macroeconomic backdrop remains challenging, the easing of inflationary pressures, due to lower energy prices and the lessening of supply chain disruptions is expected to bring some relief for businesses in the near term.

Market volatility is likely to persist so long as inflation remains elevated and until there is greater certainty that the interest rate cycle has peaked.

Against this backdrop, we believe that high-quality companies with structural growth drivers benefiting from the transition to a more sustainable economy continue to present attractive investment opportunities.

Areas of investment interest include the beneficiaries of increased spending on drug discovery and testing, companies providing access to finance and businesses enabling the rise of the sharing and circular economy.

FINANCIAL HIGHLIGHTS FOR H1 2023 VERSUS H1 2022 AND H2 2022

	H1 2023	H1 2022	H2 2022
Revenue	£88.0m	£88.6m	£86.8m
Adjusted operating costs ¹	£60.6m	£54.7m	£53.3m
Adjusted operating profit ¹	£27.3m	£34.0m	£33.4m
Adjusted diluted earnings per share ¹	17.2p	21.1p ²	21.0p
Adjusted profit before tax ¹	£28.2m	£34.0m	£34.4m
IFRS profit before tax	£21.4m	£32.7m	£39.9m
IFRS diluted earnings per share	12.8p	20.1p	24.6p

1. This is an Alternative Performance Measure – see page 29 for definition and calculation.

2. Restated to remove the impact of unrealised foreign exchange gains of £0.7m.

Chief Executive's Report continued

Meanwhile, recent policy moves such as the Inflation Reduction Act in the US and equivalent measures in Europe and Asia mean that companies in sustainable infrastructure, renewable energy and resource efficiency are well positioned to benefit, as policymakers continue to prioritise energy security and fulfil their net-zero commitments.

Despite these policy tailwinds, the operating environment in the US has been complicated recently by the move by some Republican politicians to campaign against “ESG investing”, branding asset managers’ focus on environmental, social and governance issues as “woke”.

Our experience to date is that this criticism is largely limited to states in which Impax is not active and that our focus on economic transition and mainstream fundamentals rather than “ESG” has wide appeal.

Later this year, we will celebrate 25 years of our founding and a quarter-century of investing in the transition to a more sustainable economy. Our understanding of the opportunities and risks associated with the major sectoral transformations that are underway across the economy continue to attract asset owners and their advisers globally.

Our performance during the Period demonstrates the resilience and strength of our diversified business model. Our authenticity and heritage and our commitment to delivering an outstanding service to our clients, continue to make us well-placed to continue to provide long-term value for all our stakeholders.

Ian Simm
Chief Executive
30 May 2023

“This year we will celebrate 25 years of investing in the transition to a more sustainable economy.”

Condensed Consolidated Income Statement

For the six months ended 31 March 2023

	Notes	Unaudited Six months ended 31 March 2023 £000	Unaudited Six months ended 31 March 2022 £000	Audited Year ended 30 September 2022 £000
Revenue		87,960	88,640	175,396
Operating costs		(63,142)	(56,680)	(110,213)
Finance income	5	1,457	1,130	7,950
Finance expense	6	(4,879)	(403)	(574)
Profit before taxation		21,396	32,687	72,559
Taxation	7	(4,601)	(6,046)	(13,077)
Profit after taxation		16,795	26,641	59,482
Earnings per share				
Basic	8	13.0p	20.6p	46.0p
Diluted	8	12.8p	20.1p	44.7p

Adjusted results are provided in Note 3.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2023

	Unaudited Six months ended 31 March 2023 £000	Unaudited Six months ended 31 March 2022 £000	Audited Year ended 30 September 2022 £000
Profit for the Period	16,795	26,641	59,482
Exchange differences on translation of foreign operations	(466)	64	2,685
Total other comprehensive income	(466)	64	2,685
Total comprehensive income for the Period attributable to equity holders of the parent	16,329	26,705	62,167

All amounts in other comprehensive income may be reclassified to income in the future.

The statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 26 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

For the six months ended 31 March 2023

	Note	Unaudited As at 31 March 2023 £000	Unaudited As at 31 March 2022 £000	Audited As at 30 September 2022 £000
Assets				
Non-current assets				
Goodwill	10	12,738	12,063	13,932
Intangible assets	10	15,378	16,714	18,340
Property, plant and equipment	11	8,271	9,020	9,279
Deferred tax assets		5,278	7,265	4,781
Total non-current assets		41,665	45,062	46,332
Current assets				
Trade and other receivables		44,003	39,496	38,769
Investments	12	10,127	6,246	7,255
Current tax asset		2,416	558	176
Cash invested in money market funds	13	20,153	40,451	58,687
Cash and cash equivalents	13	46,932	31,574	52,232
Total current assets		123,631	118,325	157,119
Total assets		165,296	163,387	203,451
Equity and liabilities				
Equity				
Ordinary shares	15	1,326	1,326	1,326
Share premium		9,291	9,291	9,291
Merger reserve		1,533	1,533	1,533
Exchange translation reserve		2,593	438	3,059
Retained earnings		104,966	99,758	122,969
Total equity		119,709	112,346	138,178
Current liabilities				
Trade and other payables		35,166	41,365	53,624
Lease liabilities	11	1,361	1,311	1,488
Current tax liability		1,985	409	2,202
Total current liabilities		38,512	43,085	57,314
Non-current liabilities				
Lease liabilities	11	6,706	7,585	7,590
Deferred tax liability		369	371	369
Total non-current liabilities		7,075	7,956	7,959
Total liabilities		45,587	51,041	65,273
Total equity and liabilities		165,296	163,387	203,451

The notes on pages 14 to 26 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2023

	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Retained earnings £000	Total Equity £000
1 October 2021	1,326	9,291	1,533	374	97,998	110,522
<i>Transactions with owners of the Company</i>						
Dividends paid	-	-	-	-	(22,475)	(22,475)
Cash received on option exercises	-	-	-	-	180	180
Tax charge on long-term incentive schemes	-	-	-	-	(1,269)	(1,269)
Share based payment charge	-	-	-	-	2,558	2,558
Acquisition of own shares	-	-	-	-	(3,875)	(3,875)
Total transactions with owners	-	-	-	-	(24,881)	(24,881)
Profit for the Period	-	-	-	-	26,641	26,641
<i>Other comprehensive income</i>						
Exchange differences on translation of foreign operations	-	-	-	64	-	64
Total other comprehensive income	-	-	-	64	-	64
31 March 2022	1,326	9,291	1,533	438	99,758	112,346
<i>Transactions with owners of the Company</i>						
Dividends paid	-	-	-	-	(6,190)	(6,190)
Cash received on option exercises	-	-	-	-	360	360
Tax charge on long-term incentive schemes	-	-	-	-	(2,487)	(2,487)
Share based payment charge	-	-	-	-	3,593	3,593
Acquisition of own shares	-	-	-	-	(4,906)	(4,906)
Total transactions with owners	-	-	-	-	(9,630)	(9,630)
Profit for the Period	-	-	-	-	32,841	32,841
<i>Other comprehensive income</i>						
Exchange differences on translation of foreign operations	-	-	-	2,621	-	2,621
Total other comprehensive income	-	-	-	2,621	-	2,621
30 September 2022	1,326	9,291	1,533	3,059	122,969	138,178

Condensed Consolidated Statement of Changes in Equity continued

For the six months ended 31 March 2023

	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Retained earnings £000	Total Equity £000
30 September 2022	1,326	9,291	1,533	3,059	122,969	138,178
<i>Transactions with owners of the Company</i>						
Dividends paid	-	-	-	-	(30,216)	(30,216)
Cash received on option exercises	-	-	-	-	1,261	1,261
Tax credit on long-term incentive schemes	-	-	-	-	1,623	1,623
Share based payment charge	-	-	-	-	2,649	2,649
Acquisition of own shares	-	-	-	-	(10,115)	(10,115)
Total transactions with owners	-	-	-	-	(34,798)	(34,798)
Profit for the Period	-	-	-	-	16,795	16,795
<i>Other comprehensive income</i>						
Exchange differences on translation of foreign operations	-	-	-	(466)	-	(466)
Total other comprehensive income	-	-	-	(466)	-	(466)
31 March 2023	1,326	9,291	1,533	2,593	104,966	119,709

The notes on pages 14 to 26 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2023

	Note	Unaudited Six months ended 31 March 2023 £000	Unaudited Six months ended 31 March 2022 £000	Audited Year ended 30 September 2022 £000
Operating activities:				
Cash generated from operations	17	6,203	28,149	80,321
Corporation tax paid		(5,932)	(4,624)	(9,046)
Net cash generated from operating activities		271	23,525	71,275
Investing activities:				
Net acquisition of property plant and equipment and intangible assets		(376)	(407)	(796)
Net (investments)/redemptions from unconsolidated Impax funds		(2,202)	1,229	355
Settlement of investment related hedges		(477)	(97)	69
Investment income received		1,264	145	586
Decrease/(increase) in cash invested in money market funds		38,534	(2,385)	(19,091)
Net cash generated from/(used by) investment activities		36,743	(1,515)	(18,877)
Financing activities:				
Acquisition of non-controlling interest		-	-	(182)
Interest paid on bank borrowings		(34)	(59)	(141)
Payment of lease liabilities		(1,011)	(846)	(1,729)
Acquisition of own shares		(10,115)	(3,875)	(8,781)
Cash received on exercise of Impax share options		1,261	180	540
Dividends paid		(30,216)	(22,475)	(28,665)
Net cash used by financing activities		(40,115)	(27,075)	(38,958)
Net (decrease)/increase in cash and cash equivalents		(3,101)	(5,065)	13,440
Cash and cash equivalents at the beginning of the Period		52,232	36,172	36,172
Effect of foreign exchange rate changes		(2,199)	467	2,620
Cash and cash equivalents at the end of the Period	13	46,932	31,574	52,232

The notes on pages 14 to 26 are an integral part of the condensed consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 March 2023

1 BASIS OF PREPARATION

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the AIM Rules.

The annual financial statements of the Group for the year ended 30 September 2023 will be prepared in accordance with UK-adopted international accounting standards. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 September 2022 which were prepared in accordance with the requirements of the Companies Act 2006 ("Adopted IFRS") and applicable law.

The comparative figures for the financial year ended 30 September 2022 are not the Company's statutory accounts for that financial year. Those accounts, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, have been reported on by the Company's auditors and delivered to Companies House. The report of the auditors was (i) unqualified, (ii) did not include a reference to 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. Copies of these accounts are available upon request from the Company's registered office at 7th floor, 30 Panton St, London, SW1Y 4AJ or at the Company's website: www.impaxam.com.

Going concern

The Board has made an assessment covering a period of 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downside assumptions in relation to asset inflows, market performance and costs, the Group will have sufficient funds to meet its liabilities as they fall due and regulatory capital requirements for that period. The Group has sufficient cash balances and no debt and, at the period-end market levels, is profitable. A significant part of the Group's cost basis is variable as bonuses are linked to profitability. The Group can also preserve cash through dividend reduction and through issuance of shares to cover share option exercises/restricted share awards (rather than purchasing shares). Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 September 2022.

New and forthcoming accounting standards applicable to the Group

No new accounting standards or interpretations issued or not yet effective are expected to have an impact on the Group's condensed consolidated financial statements.

2 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The Group has not identified any significant judgements and estimates at the end of the reporting Period. However the key areas that include judgement and/or estimates are set out in Note 10.

3 ADJUSTED PROFITS AND EARNINGS

The reported operating earnings, profit before tax and earnings per share are substantially affected by business combination effects and other items. The Directors have therefore decided to report an adjusted operating profit, adjusted profit before tax and adjusted earnings per share which exclude these items in order to enable comparison with peers and provide consistent measures of performance over time. A reconciliation of the adjusted amounts to the IFRS reported amounts is shown below.

	Six months ended 31 March 2023			
	Reported IFRS £000	Adjustments		Adjusted £000
		Business combination effects £000	Other £000	
Income statement				
Revenue	87,960			87,960
Operating costs	(63,142)			(60,645)
Amortisation of intangibles arising on acquisition		1,344		
Acquisition equity incentive scheme charges		661		
Mark to market charge on equity awards ¹			492	
Operating Profit	24,818	2,005	492	27,315
Finance income	1,457			1,457
Finance expense	(4,879)		4,328	(551)
Profit before taxation	21,396	2,005	4,820	28,221
Taxation	(4,601)			(5,686)
Tax charge on adjustments			(1,085)	
Profit after taxation	16,795	2,005	3,735	22,535
Diluted earnings per share	12.8p	1.5p	2.8p	17.2p

1. The charge is offset by £1,623,000 of tax credits shown in the Statement of Changes in Equity.

Notes to the Condensed Consolidated Interim Financial Statements

continued

3 ADJUSTED PROFITS AND EARNINGS CONTINUED

	Six months ended 31 March 2022			
	Reported IFRS £000	Adjustments		Adjusted (restated) ² £000
		Business combination effects £000	Other £000	
Income statement				
Revenue	88,640			88,640
Operating costs	(56,680)			(54,688)
Amortisation of intangibles arising on acquisition		1,200		
Acquisition equity incentive scheme charges		669		
Mark to market charge on equity awards ¹			123	
Operating Profit	31,960	1,869	123	33,952
Finance income ²	1,130		(682)	448
Finance expense	(403)			(403)
Profit before taxation	32,687	1,869	(559)	33,997
Taxation	(6,046)			(5,940)
Tax credit on adjustments			106	
Profit after taxation	26,641	1,869	(453)	28,057
Diluted earnings per share	20.1p	1.4p	(0.3)p	21.1p

1. The credit is offset by £1,269,000 of tax charges shown in the Statement of Changes in Equity.

2. Adjusted profit before tax has been restated to add back unrealised foreign exchange gains of £650,000.

The adjusted diluted earnings per share is calculated using the adjusted profit after taxation shown above. The diluted number of shares is the same as used for the IFRS calculation of earnings per share (see Note 8).

Similar adjustments have been made, where relevant, for the year ended 30 September 2022 to give adjusted operating profit of £67,416,000, adjusted profit before tax of £56,059,000 and adjusted diluted earnings per share of 42.1 pence.

Amortisation of intangibles

Management contracts, which are classified as intangible assets, were acquired as part of the acquisition of Impax NH and are amortised over their 11 year life. This charge is not linked to the operating performance of the Impax NH business so is excluded from adjusted profit.

Acquisition equity incentive scheme charges

Impax NH staff have been awarded share-based payments in respect of the acquisition of Impax NH. Charges in respect of these relate to the acquisition rather than the operating performance of the Group and are therefore excluded from adjusted profit.

Mark to market charge on equity incentive awards

The Group has in prior years and the current period awarded employees options over the Group's shares, some of which are either unvested or unexercised at the balance sheet date. The Group has also made awards of restricted shares ("RSS awards") which have not vested at the balance sheet date. Employers National Insurance Contributions ("NIC") are payable on the option awards when they are exercised and on the RSS awards when they vest, based on the valuation of the underlying shares at that point. The Group does however receive a corporation tax credit equal to the value of the awards at the date they are exercised (options) or vest (RSS awards). An accrual for the NIC is recognised based on the share price at the balance sheet date and changes in the accrual are recognised as a charge or credit within IFRS operating profit. Similarly, the corporation tax credit is accrued within equity based on the share price at the balance sheet date with changes in the credit recognised as a credit or charge to equity.

The charge to profit varies based on the Group's share price and is not linked to the operating performance of the Group. It is therefore eliminated when reporting adjusted profit.

Finance income and expense

Finance expense for the Period has been adjusted for foreign exchange losses on intercompany loans and other unrealised foreign exchange gains and losses that are not linked to the performance of the Group. Prior period adjusted profit before tax has been restated to remove unrealised foreign exchange gains of £650,000 from finance income to aid comparability with the current Period.

Taxation

The IFRS tax charge for 2022 includes a credit in respect of historical tax charges related to private equity income. This does not reflect the performance of the Group and is therefore excluded from adjusted profit.

4 SEGMENT INFORMATION

The Group is managed on an integrated basis and there are no reportable segments.

5 FINANCE INCOME

	31 March 2023 £000	31 March 2022 £000	30 September 2022 £000
Fair value gains	193	-	148
Interest income	1,264	53	520
Other investment income	-	32	33
Foreign exchange gains	-	1,045	7,249
	1,457	1,130	7,950

Fair value gains represent those arising on the revaluation of investments held by the Group (see Note 12) and any gains or losses arising on related hedged instruments held by the Group.

Foreign exchange gains mainly arise on the retranslation of intercompany loans and cash balances held in USD.

Notes to the Condensed Consolidated Interim Financial Statements

continued

6 FINANCE EXPENSE

	31 March 2023 £000	31 March 2022 £000	30 September 2022 £000
Interest on lease liabilities	209	217	433
Finance costs on bank loans	34	59	141
Foreign exchange losses	4,636	-	-
Fair value losses	-	127	-
	4,879	403	574

Foreign exchange losses mainly arise on the retranslation of intercompany loans and cash balances held in USD. Fair value losses represent those arising on the revaluation of investments held by the Group (see Note 12) and any gains or losses arising on related hedge instruments held by the Group. Commitment fees were payable on the revolving credit facility which the Group retained until January 2023.

7 TAXATION

The blended UK tax rate for the year is 22% due to the increase in the corporation tax rate from 19% to 25% from 1 April 2023. The tax assessment for the Period is lower than this rate. The differences are explained below:

	Six months ended 31 March 2023 £000	Six months ended 31 March 2022 £000	Year ended 30 September 2022 £000
Profit before tax	21,396	32,687	72,559
Tax charge at 22% (FY22 and HY22: 19%)	4,707	6,211	13,786
Effects of:			
Non-taxable income	(47)	(13)	(506)
Non-deductible expenses and charges	4	252	1,118
Tax relief on share awards	(449)	(251)	(501)
Adjustment in respect of historical tax charges	289	(65)	(928)
Effect of (lower)/higher tax rates in foreign jurisdictions	(1)	123	31
Tax losses not recognised	98	2	77
Recognition of prior year tax losses	-	(213)	-
Total income tax expense	4,601	6,046	13,077

8 EARNINGS PER SHARE

	Earnings for the Period £000	Shares '000	Earnings per share
Six months ended 31 March 2023			
Basic	16,795	129,076	13.0p
Diluted	16,795	131,114	12.8p
Six months ended 31 March 2022			
Basic	26,641	129,259	20.6p
Diluted	26,641	132,743	20.1p
Year ended 30 September 2022			
Basic	59,482	129,409	46.0p
Diluted	59,482	133,168	44.7p

The weighted average number of shares is calculated as shown in the table below.

	Six months ended 31 March 2023 '000	Six months ended 31 March 2022 '000	Year ended 30 September 2022 '000
Weighted average issued share capital	132,597	132,597	132,597
Less own shares held	(3,521)	(3,338)	(3,188)
Weighted average number of ordinary shares used in the calculation of basic EPS	129,076	129,259	129,409
Additional dilutive shares regarding share awards	3,767	5,120	4,860
Adjustment to reflect option exercise proceeds and future service from employees receiving share awards	(1,729)	(1,636)	(1,101)
Weighted average number of ordinary shares used in the calculation of diluted EPS	131,114	132,743	133,168

Notes to the Condensed Consolidated Interim Financial Statements

continued

9 DIVIDENDS

On 16 March 2023, at the Company's Annual General Meeting, payment of a 22.9 pence per share final dividend for the year ended 30 September 2022 (2021: 17.0 pence per share) was approved. Combined with an interim payment of 4.7 pence this gave total dividends for the year ended 30 September 2022 of 27.6 pence. The Trustee of the Impax Employee Benefit Trusts waived the Trusts' rights to part of the final dividend, leading to a total dividend payment of £30,216,474 which was paid on 21 March 2023.

The Board has declared an interim dividend for the Period of 4.7 pence per ordinary share (2022: 4.7 pence). This dividend will be paid on 21 July 2023 to ordinary shareholders on the register at close of business on 16 June 2023.

10 GOODWILL AND INTANGIBLE ASSETS

The goodwill and intangible assets held by the Group primarily relate to the acquisition of Impax NH in January 2018.

Goodwill

	£000
Cost	
At 1 October 2021	11,816
Foreign exchange movement	247
At 31 March 2022	12,063
Foreign exchange movement	1,869
At 30 September 2022	13,932
Foreign exchange movement	(1,194)
At 31 March 2023	12,738

There were no brought forward impairment losses at 1 October 2022 or impairment charges during the Period.

Intangible assets

	Management contracts £000	Software £000	Total £000
Cost			
At 1 October 2021	26,441	529	26,970
Additions	-	57	57
Foreign exchange movement	640	-	640
At 31 March 2022	27,081	586	27,667
Additions	-	24	24
Disposals	-	(309)	(309)
Foreign exchange movement	4,829	-	4,829
At 30 September 2022	31,910	301	32,211
Additions	-	132	132
Foreign exchange movement	(3,490)	-	(3,490)
At 31 March 2023	28,420	433	28,853
Accumulated amortisation			
At 1 October 2021	8,988	509	9,497
Charge for the period	1,200	14	1,214
Foreign exchange movement	242	-	242
At 31 March 2022	10,430	523	10,953
Charge for the period	1,259	11	1,270
Disposals	-	(309)	(309)
Foreign exchange movement	1,957	-	1,957
At 30 September 2022	13,646	225	13,871
Charge for the period	1,344	15	1,359
Foreign exchange movement	(1,755)	-	(1,755)
At 31 March 2023	13,235	240	13,475
Net book value			
At 31 March 2023	15,185	193	15,378
At 30 September 2022	18,264	76	18,340
At 31 March 2022	16,651	63	16,714

Notes to the Condensed Consolidated Interim Financial Statements

continued

10 GOODWILL AND INTANGIBLE ASSETS CONTINUED

The management contracts were acquired with the acquisition of Impax NH in January 2018 and are amortised over an 11 year life. Asset inflows, operation margin, discounted cost of capital are all the same or in excess of the assumptions when the management contracts were first valued. As such, there are no indicators of impairment.

11 PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment

	31 March 2023 £000	31 March 2022 £000	30 September 2022 £000
Right-of-use assets	6,689	7,531	7,647
Property, plant and equipment owned by the Group	1,582	1,489	1,632
	8,271	9,020	9,279

The carrying value of the Group's right of use assets, associated lease liabilities and the movements during the Period are set out below.

Lease arrangements

	Right of use asset £000	Lease liabilities £000
At 1 October 2022	7,647	9,078
Additions	231	231
Lease payments	-	(1,011)
Interest expense	-	209
Depreciation charge	(804)	-
Foreign exchange movement	(385)	(440)
At 31 March 2023	6,689	8,067

12 CURRENT ASSET INVESTMENTS

The Group makes seed investments into its own Listed Equities funds and also invests in its Private Equity funds. Where the funds are consolidated the underlying investments are shown in the table below. Investments made in unconsolidated funds are also included.

	£000
At 1 October 2021	7,564
Additions	125
Fair value movements	(89)
Repayments/disposals	(1,354)
At 31 March 2022	6,246
Additions	874
Fair value movements	135
At 30 September 2022	7,255
Additions	2,298
Fair value movements	670
Repayments/disposals	(96)
At 31 March 2023	10,127

An analysis of the investment by valuation technique hierarchy is disclosed below:

	31 March 2023 £000	31 March 2022 £000	30 September 2022 £000
Level 1	6,363	3,880	3,721
Level 2	-	-	-
Level 3	3,764	2,366	3,534
	10,127	6,246	7,255

Level 1 means that valuation is made by reference to quoted prices in active markets for the relevant securities.

Level 2 assets do not have regular market pricing but can be given a fair value based on quoted prices in active markets.

Level 3 assets are those where there is no readily available market information to value them and the asset values are based on models. They represent investments in our private equity funds.

Notes to the Condensed Consolidated Interim Financial Statements

continued

13 CASH RESERVES

Cash and cash equivalents under IFRS does not include deposits in money market funds. However the Group considers its total cash reserves to include these amounts. Cash held in Research Payment Accounts (“RPAs”) is collected from funds managed by the Group and can only be used towards the cost of researching stocks. A liability of an equal amount is included in trade and other payables. This cash is also excluded from cash reserves. A reconciliation is shown below:

	31 March 2023 £000	31 March 2022 £000	30 September 2022 £000
Cash and cash equivalents	46,932	31,574	52,232
Cash held invested in money market funds	20,153	40,451	58,687
Less: cash held in RPAs	(5,276)	(4,673)	(3,951)
Total cash reserves	61,809	67,352	106,968

14 LOANS

Up until January 2023, the Group retained a US\$13 million revolving credit facility (“RCF”) with RBS International that has now expired. No amounts were drawn down or repaid in the current Period or in the prior year.

15 SHARE CAPITAL AND OWN SHARES

	31 March 2023	31 March 2022	30 September 2022
Issued and fully paid ordinary shares of 1 pence each			
Number	132,596,554	132,596,554	132,596,554
£000s	1,326	1,326	1,326
	31 March 2023	31 March 2022	30 September 2022
Own shares			
Number	3,613,276	2,792,373	3,265,109
£000s	8,995	2,802	8,128

Own shares represents those held by the Impax Asset Management Group plc Employee Benefit Trust 2012 (the “EBT”) which are typically used to fund exercise of options or awards of restricted shares. 1.4 million shares were purchased by the EBT in the six months ended 31 March 2023. The EBT transferred 1.1 million shares to option/restricted share holders on exercise of options or to holders of restricted shares when the restrictions lapsed.

As at 31 March 2023 there were a total of 2.0 million options outstanding over the Group’s shares of which none were exercisable. As at 31 March 2023 employees also held 2.8 million restricted shares over which the restrictions lapse from February 2024 through to January 2028. These Restricted Shares are held in the EBT and included in the own shares numbers shown above.

16 RELATED PARTY TRANSACTIONS

Private equity funds managed by the Group, entities controlled by these funds and certain other funds are related parties of the Group by virtue of subsidiaries being the General Partners to these funds. The Group earns management fees from these entities.

BNP Paribas Asset Management Holdings is a related party of the Group by virtue of owning a significant stake in the Group. The Group also sub-manages certain funds for BNP for which it earns fees.

Other funds managed by subsidiaries of the Group are also related parties by virtue of its management contracts.

During 2020 a loan facility was first provided to an executive for the sole purpose of investment in a fund managed by the Group. The loan is provided at an interest rate of LIBOR plus 2% per annum on amounts drawn, calculated on a daily basis. Interest of €3,960 was accrued on the loan during the Period. The balance on the loan is €220,463 at the reporting date.

Revenue earned from and operating costs for related parties of the Group are as shown in the table below:

	Six months ended 31 March 2023 £000	Six months ended 31 March 2022 £000	Year ended 30 September 2022 £000
Revenue	84,425	88,595	170,840
Operating costs	537	509	1,183

Investments in related parties of the Group and trade and other receivables due from related parties are as shown in the table below:

	31 March 2023 £000	31 March 2022 £000	30 September 2022 £000
Current asset investments	3,764	2,366	3,534
Trade and other receivables	35,593	33,460	32,954

Notes to the Condensed Consolidated Interim Financial Statements

continued

17 RECONCILIATION OF NET CASHFLOW FROM OPERATING ACTIVITIES

This Note should be read in conjunction with the condensed Consolidated cashflow statement. It provides a reconciliation of how profit before tax, which is based on accounting rules, translates to cashflows.

	31 March 2023 £000	31 March 2022 £000	30 September 2022 £000
Profit before taxation	21,396	32,687	72,559
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	2,428	2,069	4,257
Finance income	(1,457)	(1,130)	(7,950)
Finance expense	4,879	403	574
Share-based payment charges	2,649	2,558	6,151
<i>Adjustment for statement of financial position movements:</i>			
(Increase)/decrease in trade and other receivables	(5,234)	304	1,031
(Decrease)/increase in trade and other payables	(18,458)	(8,742)	3,699
Cash generated from operations	6,203	28,149	80,321

18 GROUP RISKS

The Group's principal risks remain as detailed within the Directors' Report of the Group's 2022 Strategic Report.

Independent Review Report to Impax Asset Management Group plc

CONCLUSION

We have been engaged by Impax Asset Management Group plc ("the Company") to review the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2023 which comprises the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income, 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.

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 report for the six months ended 31 March 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the AIM Rules.

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") issued for use in the UK. 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. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

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 that causes us to believe 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 have not been 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, and the above conclusions are not a guarantee that the Group will continue in operation.

DIRECTORS' RESPONSIBILITIES

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in Note 1 the latest annual financial statements of the Group were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly report in accordance with IAS 34 as adopted for use in the UK.

Independent Review Report to Impax Asset Management Group plc continued

DIRECTORS' RESPONSIBILITIES (CONTINUED)

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review. 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 section of this report.

THE PURPOSE OF OUR REVIEW WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Alison Allen

for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
London

30 May 2023

Alternative Performance Measures

The Group uses the following Alternative Performance Measures ("APMs").

ADJUSTED OPERATING COSTS, ADJUSTED OPERATING PROFIT, ADJUSTED PROFIT BEFORE TAX AND ADJUSTED PROFIT AFTER TAX

These APMs exclude the impact of the following items:

- amortisation of intangible assets which arose on the acquisition of Impax NH;
- charges in respect of equity incentive scheme related to the acquisition of Impax NH;
- mark-to-market charges in respect of National Insurance payable on share awards;
- foreign exchange gains and losses on the retranslation of intercompany loans and other unrealised foreign exchange gains and losses;
- significant tax credits related to the prior year.

These performance measures are reported as they facilitate comparison with prior periods and provide an appropriate comparison with our peers. Excluding amortisation of intangible assets arising from acquisitions is consistent with peers and therefore aids comparability. It also aids comparison to businesses which have grown organically, and do not have such charges. Mark to market charges in respect of National Insurance are excluded as they arise due only to changes in the share price and therefore do not reflect the operating performance of the Group. Foreign exchange gains and losses on the retranslation of intercompany loans and other unrealised foreign exchange gains and losses are excluded as they are not linked to the performance of the Group.

A reconciliation to the relevant IFRS terms is provided in Note 3 of the financial statements.

ADJUSTED OPERATING MARGIN

This is calculated as the ratio of adjusted operating profit to revenue. This number is reported as it gives a good indication of the underlying profitability of the company and how this has changed year on year.

ADJUSTED DILUTED EARNINGS PER SHARE

This is calculated as the adjusted profit after tax divided by the diluted number of shares used in the calculation of IFRS diluted earnings per share.

This is used to present a measure of profitability per share in line with adjusted profits.

A reconciliation to IFRS diluted earnings per share is shown in Note 3 of the financial statements.

Alternative Performance Measures

continued

RUN RATE REVENUE AND RUN RATE ADJUSTED OPERATING PROFIT

Run rate revenue is the revenue that the Group would report if the AUM for the year remained static at that shown at 31 March and fee rates were those at 31 March. Run rate revenue margin is the ratio of run rate revenue to AUM.

Run rate adjusted operating profit is the run rate revenue less adjusted operating costs for the month of March extrapolated for 12 months. Adjustments are made to exclude any one-off items.

Run rate numbers are reported as they give a good indication of the current profitability of the Group.

CASH RESERVES

Cash reserves is the sum of cash and cash equivalents and cash held in money market accounts less cash held in research payment accounts and cash held by consolidated funds. The calculation of cash reserves is shown in Note 13 to the financial statements.

Cash reserves are reported as they give a good indication of the total cash resources available to the Group.

Officers & Advisers

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Sally Bridgeland (Chair)
 Ian Simm (Chief Executive)
 Lindsey Brace Martinez (Non-Executive)
 Arnaud de Servigny (Non-Executive)
 Simon O'Regan (Non-Executive)
 Annette Wilson (Non-Executive)
 Karen Cockburn (Chief Financial Officer)¹
 Vince O'Brien (Non-Executive)²

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1. Appointed 16 March 2023.
2. Resigned 16 March 2023.




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