

Interim Report

For the half-year ended 31 March 2021

Specialists in the
transition to a more
sustainable economy



Impax has pioneered investment in the transition to a more sustainable global economy and today is one of the largest investment managers dedicated to this area.

Contents

- | | |
|--|--|
| 01 Highlights | 11 Condensed Consolidated Statement of Cash Flows |
| 02 Chief Executive's Report | 12 Notes to the Condensed Consolidated Interim Financial Statements |
| 08 Condensed Consolidated Income Statement | 23 Independent Review Report to Impax Asset Management Group Plc |
| 08 Condensed Consolidated Statement of Comprehensive Income | 24 Alternative Performance Measures |
| 09 Condensed Consolidated Statement of Financial Position | 25 Officers and Advisers |
| 10 Condensed Consolidated Statement of Changes in Equity | |

Naming of companies in this document

For simplicity we use the following short forms in the place of the legal company entity names in this document.

Impax Asset Management Group plc is referred to throughout as "Impax" or the "Company".

In January 2018, Pax World Management LLC was acquired by Impax and has been re-named Impax Asset Management LLC. This company is based in Portsmouth, New Hampshire and is the manager of Pax World Funds. It is referred to as "Impax NH".

Impax Asset Management Ltd and Impax Asset Management (AIFM) Ltd manage or advise listed equity funds and accounts, and the Private Markets division. The majority of this business is based in London so we refer to it as "Impax LN".

Financial Highlights

AUM¹

£ **30.0** BN

H1 2020: £14.4bn

Revenue

£ **60.6** M

H1 2020: £41.2m

Adjusted operating profit²

£ **20.7** M

H1 2020: £10.5m

Profit before tax

£ **14.4** M

H1 2020: £8.0m

Interim dividend per share

3.6 P

H1 2020: 1.8p

Adjusted diluted earnings per share²

11.8 P

H1 2020: 6.3p


Business Highlights

- **Diversified growth across channels and geographies, with record net inflows of £6.8 billion, lifting AUM to £30 billion**
- **Continued strong investment performance, particularly in thematic Environmental Markets strategies**
- **Acquisition of Pax World Management LLC finalised, positioning North American business for further expansion**
- **Extension of secular trend of rising investment into the transition to a more sustainable economy**

	H1 2021	H1 2020	2020
Assets under management	£30.0bn	£14.4bn	£20.2bn
Revenue	£60.6m	£41.2m	£87.5m
Adjusted operating profit	£20.7m	£10.5m	£23.3m
Profit before tax	£14.4m	£8.0m	£16.7m
Adjusted earnings per share	11.8p	£6.3p	14.5p
Shareholders' equity	£81.0m	£63.2m	£71.5m
Dividend per share	3.6p	1.8p	8.6p

¹ Assets under management and advice. Assets under advice - 2.2% as at 31 March 2021

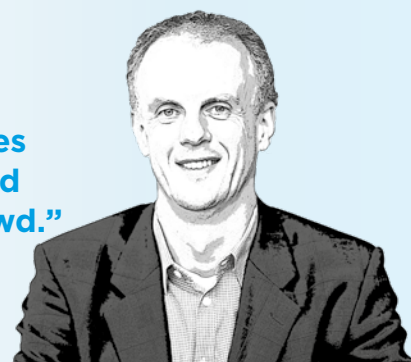
² Adjusted operating profit and EPS is shown after removing the effects of ongoing amortisation of intangibles acquired, contingent consideration adjustments, out of period tax credits and mark-to-market effects of National Insurance on equity award schemes. A reconciliation of the International Financial Reporting Standards ("IFRS") and adjusted KPIs are provided in Note 3 of the Financial Statements

An aerial photograph of a dense forest with a winding road. The road is a two-lane asphalt road with yellow double lines, curving through the green trees. The top of the image shows a close-up of the forest canopy, while the bottom shows a wider view of the road and surrounding trees.

“We increased our assets under management and advice (“AUM”) by almost 50%, with our AUM reaching £30 billion for the first time.”

“Our authenticity and broad-based distribution capabilities and relationships have helped us to stand out from the crowd.”

Ian Simm
Chief Executive



BUSINESS UPDATE

Impax enjoyed a very strong first half to its financial year, which spans the six months to 31 March 2021 (“the Period”). Continuing the trend of recent years, there was clear evidence that asset owners globally are increasingly attracted to Impax’s investment philosophy focused on the transition to a more sustainable economy. Amid rising interest in “ESG” themes, our authenticity and broad-based distribution capabilities and relationships have helped us to stand out from the crowd, and we secured major new mandates, while also expanding significantly our business with many existing clients.

Notwithstanding the challenges imposed by the COVID-19 pandemic, the business enjoyed exceptional growth during the Period, during which we increased our assets under management and advice (“AUM”) by almost 50%, with our AUM reaching £30 billion for the first time. This was driven by £6.8 billion of net flows over the Period and assisted by rising markets.

MARKETS

In November 2020, global equity markets surged as clinical trials showed high levels of efficacy from several COVID-19 vaccines. This trend continued throughout the Period and reflected earnings upgrades across much of the economy as businesses glimpsed a potential exit from months of protracted lockdowns.

Over the Period our investee companies were largely able to demonstrate resilience and were able to ride out the economic impacts of lockdowns and similar restrictions. Many companies leading the transition to a sustainable economy benefitted from policy decisions made in response to the pandemic, as governments stated their intention to “build back better”, including in the context of the climate emergency. A new US administration helped to accelerate a succession of announcements by corporates and policymakers in anticipation of the COP26 climate summit, culminating in President Biden’s green infrastructure-focussed “American Jobs Plan”, announced in March.

With vaccines raising hopes of post-pandemic stability, there was however a broad rotation into value stocks, with hospitality, transport and energy performing strongly from early 2021. Having fallen heavily in early 2020, by the end of the Period Brent crude was trading back at levels in line with the end of 2019. The reopening of major economies also saw bond yields rise, which benefitted financial services stocks. Meanwhile, although COVID-19 “third waves” were hitting many countries around the world, inflation forecasts began to tick upwards, particularly in those markets where consumers began returning to shops and restaurants in person.



Many companies leading the transition to a sustainable economy benefitted from policy decisions made in response to the pandemic.



Overall, our five largest strategies have been ahead of their global indices (MSCI) over the last three years, and significantly ahead over five years.

INVESTMENT PERFORMANCE

Against this backdrop, our thematic Environmental Markets strategies performed well over the Period, with our Specialists strategy outperforming the MSCI All Country World Index ("ACWI") by 11.9%. Our Water and Sustainable Food strategies outperformed the ACWI by 4.2% and 3.5% respectively, and the Asian Environmental strategy (formerly the "Asia-Pacific strategy") returned 14.6%, in comparison to the MSCI Asia Composite Index, which returned 13.4%. The Leaders strategy was broadly in line with the ACWI, beating the benchmark by 0.6%.

Amongst our Sustainability Lens strategies, the Pax Large Cap Fund ranked in the top decile of peers for the Period, while our unconstrained equities strategy, Global Opportunities, lagged the MSCI ACWI by 2.8%. Global Opportunities has a bias towards high-quality and low-debt holdings, which have not benefitted as fully from the cyclical rotation to value in recent months.

Overall, our five largest strategies have been ahead of their global indices (MSCI) over the last three years, and significantly ahead over five years.

Meanwhile, in fixed income, the Core Bond strategy performed in line with its benchmark, while the High Yield strategy underperformed its benchmark by 0.8%.

Our Private Equity/Infrastructure team continues to invest the capital of Impax New Energy Investors III ("NEF III"). The Fund made two successful exits, including the Netherlands' largest operational PV plant, and has a development pipeline across France, Germany, Spain and Norway. We expect the Fund to be fully committed by the end of 2021 and are looking to raise additional capital within this area.

CLIENT SERVICE AND BUSINESS DEVELOPMENT

Inflows over the Period were directed in particular into the thematic Environmental Markets listed equity strategies (65% of net inflows) with strong investor interest in our Asian Environmental strategy, and into Global Opportunities (30% of net inflows), which reached total assets of £4.6 billion by 31 March 2021.

The asset growth was well diversified across our distribution partner and direct sales channels and reflected client demand in Europe, Asia-Pacific, and North America.

In the UK, we extended our relationship with wealth manager St James's Place with a second mandate for our Global Opportunities strategy and we also won a new segregated account based on the same strategy. Meanwhile our Environmental Markets investment trust, which is now a member of the FTSE 250 index, continued to attract considerable inflows and currently exceeds £1 billion in AUM.

We focused on building out our team in Dublin, which post-Brexit is now established as a strategic centre, and the aggregate AUM of our Ireland-domiciled UCITS funds hit £1.5 billion.

In Continental Europe, Scandinavia was particularly active, and we enjoyed material inflows from existing investors both via intermediaries and our distribution partners.

In October, we developed further our relationship with BNP Paribas Asset Management by signing a new distribution agreement on very similar terms to the Memorandum of Understanding that has been in place since 2007. This continues to be an important strategic relationship across Europe and Asia, and during the Period led to a significant new mandate based on our Leaders strategy for Nomura in Japan.

AUM movement for the Period

	Listed equities £m	Fixed income £m	Private markets £m	Total firm £m
Total AUM at 30 September 2020	18,865	947	371	20,183
Net flows	6,673	137	-	6,811
Market movements, FX and performance	3,098	(70)	(23)	3,005
Total AUM at 31 March 2021	28,636	1,015	348	29,999

In Australia, one of the country's largest superannuation funds awarded Impax a AU\$240m segregated mandate – the first institutional client for our Climate strategy that we launched in 2018. In the lead-up to COP26 we continue to see strong investor interest in this global equities strategy, which focuses on investing in companies providing solutions to the challenges linked to climate change.

After the end of the Period we announced a new distribution agreement with Fidante Partners Limited for it to be Impax's exclusive distribution partner in Australia and New Zealand. Part of Challenger Limited (ASX:CGF), Fidante Partners focuses on partnering with specialist asset managers and we believe is well-positioned to support Impax's future growth aspirations among institutional and wholesale investors in this market.

In North America, we completed the integration of our New Hampshire-based team, who joined us in 2018 following the acquisition of Pax World Management LLC. As agreed in the terms of the acquisition announced on 18 September 2017, we acquired the remaining 16.7% of the business held by management in cash and Impax shares for a total consideration, net of loans, of US\$3.0 million. In addition, contingent consideration payments of US\$270,000 were made in cash to the previous shareholders and management as relevant assets under management of the Pax World funds reached an average of US\$5.5 billion over the final six months of the 2020 calendar

year, growing to US\$6.6 billion at 31 December 2020, up from US\$4.9 billion in January 2018.

Combining the two businesses has already underpinned significant growth for the Group, with continued momentum during the Period. We are positioning for further expansion in North America by adding to our research resources, extending our distribution and client service capabilities, and further strengthening our support teams.

By the end of the Period, the Pax World funds' AUM exceeded US\$7 billion. Increased flows reflected success through intermediaries, including with Charles Schwab, Morgan Stanley, and Bank of America Merrill Lynch. Meanwhile, for institutional investors we created a US-based vehicle for our Global Opportunities strategy, which went live with investments from two foundations. In Canada we also secured a significant sub-advisory mandate for the same strategy for FÉRIQUE Fund Management, a mutual fund serving engineers and their families.

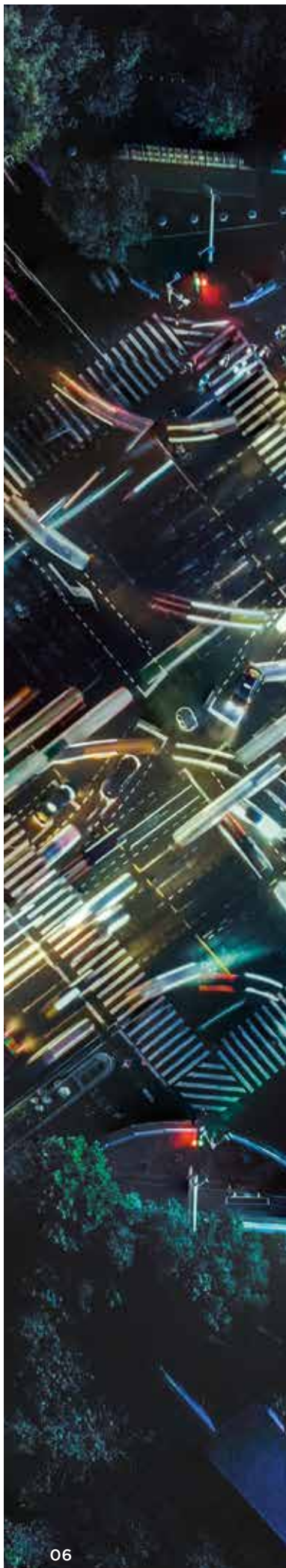
FINANCIAL RESULTS FOR THE PERIOD

Revenue for the six months to 31 March 2021 was £60.6 million (H1 2020: £41.2 million, H2 2020: £46.3 million) driven by the exceptionally strong inflows across the business and to a lesser extent by market gains. At the end of the Period the weighted average run rate revenue margin was 47 basis points (30 September 2020: 48 basis points) on our £30.0 billion of AUM.

Adjusted operating costs for the Period were £39.8 million (H1 2020: £30.7 million, H2 2020: £33.5 million), primarily reflecting increases in personnel costs. IFRS operating costs includes £4.3 million, (H1 2020: £2.1 million, H2 2020: £3.5 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 almost doubled versus H1 2020 to £20.7 million (H1 2020: £10.5 million, H2 2020: £12.7 million) as a result of the growth in revenue. Run rate annualised and adjusted operating profit also grew strongly to £51.7 million at the end of the Period. This resulted in the adjusted operating profit margin increasing to 34% (H1 2020: 25%, H2 2020: 28%).

Adjusted profit before tax of £18.7 million (H1 2020: £10.0 million, H2 2020: £12.2 million) includes interest charges and other non-operating charges (primarily foreign exchange on inter-group loans) which totalled £2.0 million (H1 2020: £0.4 million, H2 2020: £0.6 million). IFRS profit before tax for the Period was £14.4 million (H1 2020: £8.0 million, H2 2020: £8.6 million). The tax charge benefitted from a release of deferred tax liabilities related to private equity income.



The asset growth was well diversified across our distribution partner and direct sales channels and reflected client demand in Europe, Asia-Pacific, and North America.

Adjusted earnings per share for the Period were 11.8 pence (H1 2020: 6.3 pence, H2 2020: 8.2 pence). IFRS earnings per share were 10.9 pence (H1 2020: 4.8 pence, H2 2020: 5.7 pence).

FINANCIAL RESOURCES

The Company continues to be a strongly cash-generative business with high levels of cash and no debt. Our cash reserves were £34.4 million at the Period end (H1 2020: £19.9 million). We retain access to a US\$13 million revolving credit facility which is currently unutilised. We continue to hold seed investments and to invest in our private equity funds; these investments were in total valued at £6.5 million at the Period end.

DIVIDENDS

A final dividend for our financial year 2020 of 6.8 pence per share was paid in March 2021, following approval at the Annual General Meeting. This took the total dividend paid for 2020 to 8.6 pence per share. To reflect further Impax's strong performance, we are pleased to announce a 100% increase in the interim dividend per share to 3.6 pence (2020: 1.8 pence per share). This dividend will be paid on 16 July 2021 to Ordinary Shareholders on the shareholder register at the close of business on 11 June 2021. The Company operates a dividend reinvestment

plan ("DRIP"). The final date for receipt of elections under the DRIP will be 25 June 2021. For further information and to register and elect for this facility, please visit www.signalshares.com and search for information related to the Company.

From this year, shareholders will no longer be sent a paper proxy form but will instead be encouraged to vote electronically via www.signalshares.com or via CREST.

SHARE MANAGEMENT

During the Period the Company issued 2.0 million new ordinary shares to the Group's Employee Benefit Trust ("EBT"). The EBT holds shares for Restricted Share awards until they vest or will use them to settle option exercises. The Company also issued a further 181,467 shares to part fund the acquisition of the remaining interest in Pax World Management LLC.

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 EBT (subject to the trustees' discretion), using funding provided by the Company. The EBT did not purchase any shares during the Period.

At the Period end the EBT held a total of 4.2 million shares, 3.4 million of which were held for Restricted Share awards leaving up to 0.8 million available for option exercises and future share awards. There were 2.6 million options outstanding at the Period end, of which 1.0 million were exercisable.

OUTLOOK

While the pathway out of the pandemic remains uncertain, we expect that the continued roll-out of vaccines will lead in the near-term to a sharp recovery in global GDP growth and corporate earnings. Accommodative monetary policy and the impact of post-pandemic fiscal stimulus packages should lead to improved business confidence, a fall in unemployment numbers, and higher consumer confidence.

Over the next few years we expect the companies that we invest in to continue to benefit from the secular trend of expanding investment into the transition to a more sustainable economy. Meanwhile, the lead-up to COP26 will raise the volume of the debate over how best to measure and report climate risk and the most appropriate way for economies to reach their ambitious “net-zero” targets.

Ahead of the Glasgow conference, we are actively consulting with policymakers and are participating in the debate around how asset owners and managers can contribute to the Paris Agreement, building on our deep experience as a specialist investor in climate solutions.

We believe that the economic and social challenges that will emerge out of the pandemic, combined with the focus on the shift towards a low-carbon economy, will continue to create enormous opportunities for the companies that are aligned with our investment thesis.

Impax’s strong brand, expanding global footprint and proven distribution network positions us well for further success as we work with our stakeholders to identify financial opportunities from the transition to a more sustainable economy.

Ian Simm

26 May 2021



In North America, we completed the integration of our New Hampshire-based team, who joined us in 2018 following the acquisition of Pax World Management LLC.

Condensed Consolidated Income Statement

For the six months ended 31 March 2021

	Note	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Revenue		60,591	41,191	87,511
Operating costs		(44,150)	(32,851)	(69,928)
Finance income	5	110	486	1,020
Finance expense	6	(2,103)	(781)	(1,921)
Profit before taxation		14,448	8,045	16,682
Taxation	7	(91)	(1,718)	(2,944)
Profit after taxation		14,357	6,327	13,738
Earnings per share				
Basic	8	11.1 p	4.8 p	10.6 p
Diluted	8	10.9 p	4.8 p	10.5 p

Adjusted results are provided in Note 3.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2021

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Profit for the Period	14,357	6,327	13,738
Change in value of cash flow hedges	288	7	(70)
Tax on change in value of cash flow hedges	(54)	(1)	13
Exchange differences on translation of foreign operations	(1,277)	(67)	(487)
Total other comprehensive income	(1,043)	(61)	(544)
Total comprehensive income for the Period attributable to equity holders of the parent	13,314	6,266	13,194

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

All profit for the Period is derived from continuing operations.

The notes on pages 12 to 22 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 March 2021

	Note	Unaudited As at 31 March 2021 £000	Unaudited As at 31 March 2020 £000	Audited As at 30 September 2020 £000
Asset				
Non-current assets				
Goodwill	10	11,622	12,732	12,306
Intangible assets	10	18,338	23,005	20,871
Property, plant and equipment	11	9,805	11,777	10,857
Deferred tax assets		6,099	3,599	5,492
Total non-current assets		45,864	51,113	49,526
Current assets				
Trade and other receivables		26,750	18,096	20,735
Investments	12	6,537	4,950	4,387
Current tax asset		1,601	311	224
Cash invested in money market funds and long-term deposit accounts	13	11,357	11,268	18,516
Cash and cash equivalents	13	26,896	9,363	20,245
Total current assets		73,141	43,988	64,107
Total assets		119,005	95,101	113,633
Equity and liabilities				
Equity				
Ordinary shares	15	1,326	1,304	1,304
Share premium		10,824	9,291	9,291
Exchange translation reserve		172	1,869	1,449
Hedging reserve		123	(48)	(111)
Retained earnings		68,652	50,830	59,515
Total equity		81,097	63,246	71,448
Current liabilities				
Trade and other payables		27,570	15,394	27,984
Lease liabilities	11	1,403	1,421	1,410
Current tax liability		127	89	190
Total current liabilities		29,100	16,904	29,584
Trade and other payables		-	748	-
Lease liabilities	11	8,378	9,975	9,261
Deferred tax liability		430	4,228	3,340
Total non-current liabilities		8,808	14,951	12,601
Total liabilities		37,908	31,855	42,185
Total equity and liabilities		119,005	95,101	113,633

The notes on pages 12 to 22 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2021

	Share capital £000	Share premium £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total equity £000
As at 1 October 2019	1,304	9,291	1,936	(54)	50,504	62,981
<i>Transactions with owners of the Company</i>						
Dividends paid	-	-	-	-	(5,140)	(5,140)
Acquisition of own shares	-	-	-	-	(3,184)	(3,184)
Cash received on option exercises	-	-	-	-	97	97
Tax credit on long-term incentive schemes	-	-	-	-	1,288	1,288
Share based payment charge	-	-	-	-	938	938
Total transactions with owners	-	-	-	-	(6,001)	(6,001)
Profit for the Period	-	-	-	-	6,327	6,327
<i>Other comprehensive income</i>						
Cashflow hedge	-	-	-	7	-	7
Tax on cashflow hedge	-	-	-	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	(67)	-	-	(67)
Total other comprehensive income	-	-	(67)	6	-	(61)
As at 31 March 2020	1,304	9,291	1,869	(48)	50,830	63,246
<i>Transactions with owners of the Company</i>						
Dividends paid	-	-	-	-	(2,302)	(2,302)
Acquisition of own shares	-	-	-	-	(1,039)	(1,039)
Cash received on option exercises	-	-	-	-	392	392
Tax credit on long-term incentive schemes	-	-	-	-	3,348	3,348
Share based payment charge	-	-	-	-	875	875
Total transactions with owners	-	-	-	-	1,274	1,274
Profit for the Period	-	-	-	-	7,411	7,411
<i>Other comprehensive income</i>						
Cashflow hedge	-	-	-	(77)	-	(77)
Tax on cashflow hedge	-	-	-	14	-	14
Exchange differences on translation of foreign operations	-	-	(420)	-	-	(420)
Total other comprehensive income	-	-	(420)	(63)	-	(483)
As at 30 September 2020	1,304	9,291	1,449	(111)	59,515	71,448
<i>Transactions with owners of the Company</i>						
New shares issued	22	1,533	-	-	(20)	1,535
Dividends paid	-	-	-	-	(8,871)	(8,871)
Cash received on option exercises	-	-	-	-	597	597
Purchase of Impax NH shares (note 18)	-	-	-	-	(2,239)	(2,239)
Tax credit on long-term incentive schemes	-	-	-	-	3,570	3,570
Share based payment charge	-	-	-	-	1,743	1,743
Total transactions with owners	22	1,533	-	-	(5,220)	(3,665)
Profit for the Period	-	-	-	-	14,357	14,357
<i>Other comprehensive income</i>						
Cashflow hedge	-	-	-	288	-	288
Tax on cashflow hedge	-	-	-	(54)	-	(54)
Exchange differences on translation of foreign operations	-	-	(1,277)	-	-	(1,277)
Total other comprehensive income	-	-	(1,277)	234	-	(1,043)
As at 31 March 2021	1,326	10,824	172	123	68,652	81,097

The notes on pages 12 to 22 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2021

	Note	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Operating activities				
Cash generated from operations	17	13,275	3,044	24,382
Corporation tax paid		(1,532)	(152)	(607)
Net cash generated from operating activities		11,743	2,892	23,775
Investing activities:				
Impax NH acquisition	18	(704)	-	-
Net acquisition of property plant and equipment and intangible assets		(33)	(147)	(182)
Net investments into investment funds		(1,973)	(702)	1,191
Settlement of investment related hedges		(120)	469	(156)
Decrease in cash held by money market funds and long-term deposit accounts		7,159	3,967	222
Investment income received		54	48	(3,281)
Net cash generated from/(used by) investment activities		4,383	3,635	(2,206)
Financing activities:				
Acquisition of non-controlling interest		-	-	(201)
Interest paid on bank borrowings		(64)	(38)	(136)
Payment of lease liabilities		(832)	(839)	(1,699)
Acquisition of own shares		-	(3,186)	(4,223)
Cash received on exercise of Impax share options		597	97	489
Dividends paid		(8,871)	(5,140)	(7,442)
Net cash used by financing activities		(9,170)	(9,106)	(13,212)
Net increase/(decrease) in cash and cash equivalents		6,956	(2,579)	8,357
Cash and cash equivalents at the beginning of the Period		20,245	11,939	11,939
Effect of foreign exchange rate changes		(305)	3	(51)
Cash and cash equivalents at the end of the Period	13	26,896	9,363	20,245

The notes on pages 12 to 22 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 2021

1 BASIS OF PREPARATION

This interim report is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the AIM rules. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2020.

The comparative figures for the financial year ended 30 September 2020 are not the Company's statutory accounts for that financial year. Those accounts, prepared in accordance with IFRSs as adopted by the EU, 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 at least 12 months from the date of approval of these interim financial statements which indicates that, taking account of reasonably possible downsides, the Group will have sufficient funds, to meet its liabilities as they fall due for that period. In making this assessment the Board has considered the ongoing impact of Covid-19. The Group has high cash balances, no debt and is profitable. A significant part of the Group's cost base is also 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). The Group has also managed to operate without disruption during the lockdown periods to date and expects to continue to do so. Consequently the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities for at least 12 months from the date of approval of these interim financial statements and therefore have prepared them on the 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 2020.

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.

For the prior periods estimates made in determining if intangible assets were impaired were considered to be a significant source of estimation uncertainty (see Note 10).

3 ADJUSTED PROFITS AND EARNINGS

The reported operating profit, profit before tax and earnings per share in the current and prior periods presented 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 in the following tables.

Six months ended 31 March 2021

	Reported IFRS £000	Adjustments		Adjusted £000
		Business combination effects £000	Other £000	
Income statement				
Revenue	60,591			60,591
Operating costs	(44,150)			(39,849)
Amortisation of intangibles arising on acquisition		1,196		
Acquisition equity incentive scheme charges		986		
Contingent consideration adjustment		167		
Mark to market charge on equity awards			1,952	
Operating Profit	16,441	2,349	1,952	20,742
Finance income	110		(42)	68
Finance expense	(2,103)			(2,103)
Profit before taxation	14,448	2,349	1,910	18,707
Taxation	(91)			
Adjustment re historical tax charges			(2,803)	
Tax credit on adjustments			(363)	(3,257)
Profit after taxation	14,357	2,349	(1,256)	15,450
Diluted earnings per share	10.9p	1.8p	(1.0)p	11.8p

Six months ended 31 March 2020

	Reported IFRS £000	Adjustments		Adjusted £000
		Business combination effects £000	Other £000	
Income statement				
Revenue	41,191			41,191
Operating costs	(32,851)			(30,699)
Amortisation of intangibles arising on acquisition		1,257		
Acquisition equity incentive scheme charges		67		
Mark to market charge on equity awards			828	
Operating Profit	8,340	1,324	828	10,492
Finance income	486		(134)	352
Finance expense	(781)			(781)
Profit before taxation	8,045	1,324	694	10,063
Taxation	(1,718)			
Tax credit on adjustments			(132)	(1,850)
Profit after taxation	6,327	1,324	562	8,213
Diluted earnings per share	4.8p	1.0p	0.4p	6.3p

3 ADJUSTED PROFITS AND EARNINGS CONTINUED

The adjusted diluted earnings per share is calculated using the adjusted profit after taxation shown above with a further adjustment for profit attributable to owners of restricted shares of £328,000 (see Note 8). The diluted number of shares is the same as used for the IFRS calculation of earnings per share (see Note 8).

The same adjustments have been made, where relevant, for the year ended 30 September 2020 to give adjusted operating profit of £23,250,000, adjusted profit before tax of £22,225,000 and adjusted diluted earnings per share of 14.5 pence.

Mark to market charge on equity incentive awards

The group has awarded options over the Group's shares to employees in the prior years and the current Period, some of which are either unvested or unexercised at the balance sheet date. The Group has also made awards of restricted shares ("RSS awards") a significant portion of which have not vested at the balance sheet date. Employer's 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). A charge is accrued for the NIC within IFRS operating profit based on the share price at the balance sheet date. Similarly a credit for the corporation tax is accrued within the IFRS tax charge and where the corporation tax credit is larger than the share based payments within equity.

Additional retention payments are made to holders of vested legacy LTIP awards ("LTIP") when they are exercised. The payment will be equal to the corporation tax benefit the Group receives on the exercise of the options minus the amount of NIC payable on exercise. The charge is accrued based on the share price at the balance sheet date.

These two charges vary based on the Group's share price (together referred to as mark-to-market charge on equity schemes) and are not linked to the operating performance of the Group. They are therefore eliminated when reporting adjusted profit.

Contingent consideration adjustment

We estimate the contingent consideration payable in respect of the Impax NH acquisition until the amount is finalised. Any adjustments are recorded through income. This adjustment is not linked to the operating performance of the Impax NH business so is excluded from adjusted profit.

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 transaction. Charges in respect of these relate to the acquisition rather than the operating performance of the Group and are therefore excluded from adjusted profit.

Taxation

The IFRS tax charge for 2021 includes a credit in respect of historical tax charges related to private equity income. This does not reflect the current year performance of the Group and is therefore excluded from adjusted profit.

4 SEGMENT INFORMATION

For the year ended 30 September 2020 and prior years the Group had two reportable segments being Impax LN, the primarily London based manager of listed equity and real asset funds and accounts and Impax NH, the New Hampshire based company acquired in January 2018. For the current year the Group is managed on an integrated basis and there are no reportable segments. Financial information is therefore reported for Impax LN and Impax NH for the prior year and for the prior half year only in the following tables.

Six months ended 31 March 2020

	Impax LN £000	Impax NH £000	Adjustments £000	Consolidated £000
Revenue				
External customers	28,645	12,546	-	41,191
Inter-segment	1,466	-	(1,466)	-
Total revenue	30,111	12,546	(1,466)	41,191
Segment profit - adjusted operating profit	9,572	920	-	10,492

Twelve months ended 30 September 2020

	Impax LN £000	Impax NH £000	Adjustments £000	Consolidated £000
Revenue				
External customers	61,906	25,605	-	87,511
Inter-segment	3,147	-	(3,147)	-
Total revenue	65,053	25,605	(3,147)	87,511
Segment profit - adjusted operating profit	22,176	1,074	-	23,250

Segment profit is stated at the adjusted operating profit level as shown in Note 3.

5 FINANCE INCOME

	31 March 2021 £000	31 March 2020 £000	30 September 2020 £000
Fair value gains	57	305	798
Interest income	12	47	98
Other investment income	41	134	124
Foreign exchange gains	-	-	-
	110	486	1,020

Fair value gains/(losses) include those arising on revaluation of listed and unlisted investments and any gains or losses arising on related hedge instruments held by the Group.

6 FINANCE EXPENSE

	31 March 2021 £000	31 March 2020 £000	30 September 2020 £000
Interest on lease liabilities	242	251	514
Finance cost on bank loans	64	149	295
Foreign exchange losses	1,797	381	1,112
	2,103	781	1,921

Finance cost on bank loans mainly represent commitment fees on the Group's revolving credit facility.

Notes to the Condensed Consolidated Interim Financial Statements continued

For the six months ended 31 March 2021

7 TAXATION

The tax rate for the Period is lower than the standard rate of corporation tax in the UK for the Period (19 per cent). The differences are explained below:

	Six months ended 31 March 2021 £000	Six months ended 31 March 2020 £000	Year ended 30 September 2020 £000
Profit before tax	14,448	8,045	16,682
Tax charge at 19 per cent	2,745	1,529	3,170
Effects of:			
Non-deductible expenses and charges	1	1	13
Adjustment in respect of historical tax charges	(2,803)	(27)	(787)
Effect of higher tax rates in foreign jurisdictions	83	36	85
Tax losses not recognised	65	179	463
Total income tax expense	91	1,718	2,944

The adjustment in respect of historical tax charges years relates to the finalisation of how tax is charged on private equity revenue earned in prior years where it has been deemed that part of that income is not taxable. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £270,000 with no change to the deferred tax liability.

8 EARNINGS PER SHARE

	Earnings for the Period £000	Shares '000	Earnings per share
Six months ended 31 March 2021			
Basic	14,029	126,804	11.1p
Diluted	14,029	128,429	10.9p
Six months ended 31 March 2020			
Basic	6,014	124,255	4.8p
Diluted	6,014	125,965	4.8p
Year ended 30 September 2020			
Basic	13,235	124,572	10.6p
Diluted	13,235	125,825	10.5p

Earnings are reduced by £328,000 for the six months ending 31 March 2021 (31 March 2020: £313,000, 30 September 2020: £503,000) for basic and diluted earnings per shares to reflect the profit attributable to holders of restricted shares, which are treated as contingently returnable shares.

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

	Six months ended 31 March 2021 '000	Six months ended 31 March 2020 '000	Year ended 30 September 2020 '000
Weighted average issued share capital	130,942	130,415	130,415
Less own shares	(4,138)	(6,160)	(5,843)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	126,804	124,255	124,572
Additional dilutive shares re share awards	2,660	3,250	2,451
Adjustment to reflect option exercise proceeds and future service from employees receiving awards/shares	(1,035)	(1,540)	(1,198)
Weighted average number of ordinary shares used in the calculation of diluted eps	128,429	125,965	125,825

9 DIVIDENDS

On 18 March 2021, at the Company's Annual General Meeting, payment of a 6.8 pence per share final dividend for the year ended 30 September 2020 (2019: 4.0 pence per share) was approved. Combined with an interim payment of 1.8 pence this gave total dividends for the year ended 30 September 2020 of 8.6 pence. The Trustee of the Impax Employee Benefit Trusts waived the Trusts' rights to part of the final dividend, leading to a total final dividend payment of £8,871,104 which was paid on 26 March 2021.

The Board has declared an interim dividend for the Period of 3.6 pence per ordinary share (2020: 1.8 pence). This dividend will be paid on 16 July 2021 to ordinary shareholders on the register at close of business on 11 June 2021.

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 2019	12,804
Foreign exchange movement	(72)
At 31 March 2020	12,732
Foreign exchange movement	(426)
At 30 September 2020	12,306
Foreign exchange movement	(684)
At 31 March 2021	11,622

There were no brought forward impairment losses at 1 October 2019 or impairment charges during the Period.

Notes to the Condensed Consolidated Interim Financial Statements continued

For the six months ended 31 March 2021

10 GOODWILL AND INTANGIBLE ASSETS CONTINUED

Intangible assets

	Intangible assets - management contracts £000	Intangible assets - software £000	Total £000
Cost			
At 1 October 2019	29,016	515	29,531
Additions	-	15	15
Foreign exchange movement	(207)	-	(207)
At 31 March 2020	28,809	530	29,339
Additions	-	-	-
Foreign exchange movement	(1,101)	(1)	(1,103)
At 30 September 2020	27,707	529	28,236
Additions	-	1	1
Foreign exchange movement	(1,767)	-	(1,767)
At 31 March 2021	25,940	530	26,470
Accumulated amortisation and impairment			
At 1 October 2019	4,621	392	5,013
Amortisation	1,257	34	1,291
Foreign exchange movement	30	-	30
At 31 March 2020	5,908	426	6,334
Amortisation	1,278	32	1,310
Foreign exchange movement	(279)	-	(279)
At 30 September 2020	6,907	458	7,365
Amortisation	1,196	29	1,225
Foreign exchange movement	(458)	-	(458)
At 31 March 2021	7,645	487	8,132
Net book value			
At 31 March 2021	18,295	43	18,338
At 30 September 2020	20,800	71	20,871
At 31 March 2020	22,901	104	23,005

The management contracts were acquired with the acquisition of Impax NH in January 2018 and are amortised over an 11 year life. An impairment test was completed on this asset for the year ended 30 September 2020 and showed no impairment was required. The test used the following key assumptions - inflows of new assets of \$US0.34bn per annum on average, future equity fund performance of 5%, an average operating margin of 20% and a discounted cost of capital of 13.5%.

The assumptions that we would use in an impairment test performed at 31 March 2021 remain the same as at 30 September 2020. Actual asset inflows, fund performance and operating margin for the six months since 30 September 2020 have however been significantly in excess of those assumed and accordingly there are no indicators of impairment.

11 LEASES

Property plant and equipment

	31 March 2021 £000	31 March 2020 £000	30 September 2020 £000
Right-of-use assets	8,432	10,068	9,315
Property, plant and equipment owned by the Group	1,373	1,709	1,542
	9,805	11,777	10,857

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

	Right of use asset £000	Lease liabilities £000
At 1 October 2020	9,315	10,671
Lease payments	-	(831)
Interest expense	-	242
Depreciation charge	(605)	-
Foreign exchange movement	(278)	(301)
At 31 March 2021	8,432	9,781

12 CURRENT ASSET INVESTMENTS

The Group will from time to time facilitate the establishment of funds for which it is the investment manager. The Group may invest seed capital in these funds in order to provide initial scale and to facilitate the marketing of the fund to third party investors. Where the Group has control of the fund it is consolidated and its underlying investments are included in investments in the table below. Where the investments are not consolidated the investment itself is included in the table below. The Group also invests in private equity funds it manages. These investments are recorded at fair value.

	£000
At 1 October 2019	4,626
Additions	702
Fair value movements	(378)
At 31 March 2020	4,950
Additions	56
Fair value movements	1,330
Repayments/disposals	(1,949)
At 30 September 2020	4,387
Additions	2,662
Fair value movements	177
Repayments/disposals	(689)
At 31 March 2021	6,537

Notes to the Condensed Consolidated Interim Financial Statements continued

For the six months ended 31 March 2021

12 CURRENT ASSET INVESTMENTS CONTINUED

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

	31 March 2021 £000	31 March 2020 £000	30 September 2020 £000
Level 1	3,895	1,527	1,953
Level 2	-	1,641	-
Level 3	2,642	1,782	2,434
	6,537	4,950	4,387

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 value are based on models. They represent investments in our private equity funds.

13 CASH RESERVES

Cash and cash equivalents under IFRS does not include deposits in money market funds or cash held in deposits with an original maturity of more than three months. 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 2021 £000	31 March 2020 £000	30 September 2020 £000
Cash and cash equivalents	26,896	9,363	20,245
Cash held in money market funds and long-term deposit accounts	11,357	11,268	18,516
Less: cash held in RPAs	(3,777)	(743)	(1,363)
Total cash reserves	34,476	19,888	37,398

14 LOANS

The Group retains a US\$13 million revolving credit facility (“RCF”) with RBS International which expires in January 2023. No amounts were drawn down or repaid in the current Period or in the prior year.

15 SHARE CAPITAL AND OWN SHARES

	31 March 2021	31 March 2020	30 September 2020
Issued and fully paid ordinary shares of 1 pence each			
Number	132,596,554	130,415,087	130,415,087
£000s	1,326	1,304	1,304

On 16 February 2021 2,000,000 new shares were issued to the Impax Asset Management Group plc Employee Benefit Trust 2012 (the “EBT”) and a further 181,467 shares were issued to management of Impax NH as part of the completion of the acquisition of that business.

	31 March 2021	31 March 2020	30 September 2020
Own shares			
Number	4,165,214	7,332,367	5,186,867
£000s	3,030	8,020	7,210

Own shares represents those held by the EBT which are typically used to fund exercise of options or awards of restricted shares.

The number of own shares held by the EBT fell in the Period as it transferred 3.0 million shares to option holders on exercise of options or to holders of restricted shares when the restrictions lapsed. This fall was offset by the issuance of the two million shares to the EBT referred to above.

As at 31 March 2021 there were a total of 2.6 million options outstanding over the Group's shares of which 1.0 million were exercisable. As at 31 March 2021 employees also held 3.4 million Restricted Shares over which the restrictions lapse from December 2021 through to February 2026. These Restricted Shares are held in the EBT and included in the own shares numbers shown above.

16 RELATED PARTY TRANSACTIONS

Funds over which the Group has discretionary management and entities controlled by these funds are considered to be related parties of the Group.

BNP Paribas Asset Management Holdings is also a related party of the Group by virtue of owning a significant stake in the Group.

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

	Six months ended 31 March 2021 £000	Six months ended 31 March 2020 £000	Year ended 30 September 2020 £000
Revenue	59,634	40,720	84,163
Operating costs	497	485	774

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 2021 £000	31 March 2020 £000	30 September 2020 £000
Current asset investments	2,642	1,782	2,434
Trade and other receivables	23,577	14,450	16,303

Notes to the Condensed Consolidated Interim Financial Statements continued

For the six months ended 31 March 2021

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 2021 £000	31 March 2020 £000	30 September 2020 £000
Profit before taxation	14,448	8,045	16,682
Adjustments for:			
Depreciation and amortisation	2,032	2,117	4,260
Finance income	(110)	(486)	(1,020)
Finance expense	2,103	781	1,921
Share-based payment charges	1,743	938	1,813
Operating cash flows before movement in working capital	20,216	11,395	23,656
(Increase) in receivables	(6,664)	(1,356)	(3,995)
(Decrease)/Increase in payables	(277)	(6,995)	4,721
Cash generated from operations	13,275	3,044	24,382

18 COMPLETION OF ACQUISITION OF IMPAX NH

On 16 February 2021 the Company completed the acquisition of Impax NH when it exercised its call option to acquire the remaining 16.7% of the shares held by Impax NH's management for total consideration, after repayment of loans made by Impax NH to the individuals, of \$3,006k. \$979k (£704k) was paid in cash and \$2,027k was paid in the Company's shares with the number of shares being determined based on the average share price for the 20 trading days to 27 January 2021. The shares were however issued on 16 February 2021 and have been valued in these financial statements at a total of £1,535k using the share price on that date.

The award and subsequent purchase of the shares was treated as a share based payment classified as equity settled as the Company had the option of settling in cash or shares. The completion of the acquisition is therefore accounted for as a reduction in equity of £2,239k being the sum of the cash paid of £704k and the £1,535k value of the shares issued.

The amount of contingent consideration due in respect of the acquisition was also finalised with \$270k payable. This amount has been recorded as a charge to profit.

19 GROUP RISKS

The Group's principal risks remain as detailed within the Directors' report of the Group's 2020 Strategic Report.

Independent Review Report to Impax Asset Management Group Plc

CONCLUSION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2021 which comprise the Condensed Consolidated Income Statement and Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the 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 2021 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.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board 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.

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.

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.

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.

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.

Jatin Patel

for and on behalf of KPMG LLP
Chartered Accountants

15 Canada Square
London

26 May 2021

Alternative Performance Measures

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

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;
- fair value movements in contingent consideration payable on the acquisition of Impax NH;
- significant tax credits related to the prior year; and
- mark-to-market charges in respect of National Insurance payable on share awards

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. Fair value movements on contingent consideration are excluded as they are one-off items and not representative of the operating performance of the Group. 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.

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 EARNINGS PER SHARE AND ADJUSTED 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. The adjusted profit after tax is also reduced by the IFRS adjustment for profit attributable to owners of restricted shares (see note 13 of the financial statements).

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.

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 30 September and fee rates were those at 30 September. 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 September 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 or fixed term deposit 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.

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Ian Simm (Chief Executive)
Lindsey Brace Martinez (Non-Executive)
Arnaud de Servigny (Non-Executive)
Vince O'Brien (Non-Executive)
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