Impax Asset Management Group plc
Results for the year ended 30 September 2022

London, 30 November 2022 – Impax Asset Management Group plc ("Impax" or the "Company"), the specialist investor focused on the transition to a more sustainable global economy, today announces final audited results for the year ending 30 September 2022 (the "Period").

Business highlights

- Net inflows of £2.9 billion, well diversified by sales channel and by geography (2021: £10.7 billion)
- Assets under management ("AUM") decreased by 4.1% to £35.7 billion (2021: £37.2 billion). As of 31 October AUM had recovered to £37.4 billion
- 79% of AUM from clients outside the UK, reflecting global diversification
- Largest investment strategies by AUM continue to outperform benchmarks over three and five years[1]
- Employee headcount[2] grew by 26% to 272
- Karen Cockburn to become Chief Financial Officer, succeeding Charlie Ridge, in January 2023

Financial highlights

- Revenue increased 22.6% to £175.4 million (2021: £143.1 million)
- Adjusted operating profit grew by 20.8% to £67.4 million (2021: £55.8 million)
- Profit before tax grew by 58.6% to £72.6 million (2021: £45.7 million)
- Shareholders' equity increased 25.0% to £138.2 million (2021: £110.5 million)
- Adjusted diluted earnings per share increased by 22.4% to 42.1 pence (2021: 34.4 pence - restated)
- Proposed final dividend of 22.9 pence per share bringing total dividend per share to 27.6 pence (2021: 20.6 pence) up 34.0%.
- Cash reserves up 52.6% to £107.0 million (2021: £70.1 million)

Sally Bridgeland, Chair, commented:

"Impax has shown the value of its authentic, long-held investment philosophy focused on the transition to a more sustainable economy. The management team has successfully led the business through difficult market conditions, with strong performance against the majority of its key performance indicators. As the team continues to expand, Impax remains committed to preserving its culture, conscious of the challenges of growing quickly in a hybrid working environment.

"In 2019, the Company adopted a policy of paying an annual dividend of between 55% and 80% of adjusted profit after tax. In line with this, the Board now recommends paying a final dividend for 2022 of 22.9p a total for the year of 27.6p, an increase in the total dividend of 34% on 2021."

Ian Simm, Chief Executive, added:

"Impax has delivered commendable results during a year that started strongly but rapidly developed considerable external headwinds. Despite weak market sentiment, fuelled by rising inflation and geopolitical instability, we continued to attract new business, with total net inflows of £2.9 billion over the year and positive flows in both halves.

"For more than two decades we have built a robust and well-diversified global client base of institutional and intermediary investors and served both through our own channels and via trusted distribution partners. The Company's performance during the Period demonstrates the benefit of

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[1] Eight out of 10 largest strategies outperformed benchmarks over three years. Seven out of nine with five-year track records also outperformed (Gross of fees). For more information see Annual Report.

[2] Full-time equivalent

this diversified strategy as asset owners continued to show their shared conviction in the medium to long-term opportunities presented by the transition to a more sustainable economy.

"It is a pleasure to welcome Karen Cockburn, who in January 2023 will become Chief Financial Officer, succeeding Charlie Ridge. Karen is a highly experienced professional, whose career includes spells in banking, insurance, wealth management and digital platforms. On behalf of my colleagues, I would like to extend my sincere thanks to Charlie for his outstanding leadership over the past 14 years.

"Looking ahead to 2023, for companies exposed to the transition to a more sustainable economy, the current environment is providing positive tailwinds. Over the longer term, we expect the rise in input prices to drive an increased focus on energy- and resource-efficiency and to accelerate the shift to diversify energy supplies and decarbonise economies. At a policy level, energy security concerns are likely to remain high, further prioritising the shift away from fossil fuels, while pressure on investors to demonstrate climate resilience and protect ecosystems are also likely to grow in prominence. Although market volatility is likely to remain elevated, robust companies with correctly designed business strategies should continue to out-perform."

Board Changes

Following 13 years on the Board, Vince O'Brien has notified the Board of his intention to retire as a Director, effective at the AGM in March 2023. He has retired as Senior Independent Director, Chair and member of the Audit & Risk Committee, and member of the Remuneration Committee, effective 30 November 2022. Annette Wilson will succeed Vince as Chair of the Audit & Risk Committee and will assume his role as Board Sponsor of the employee-led Environment Group. Simon O'Regan will succeed Vince as the Senior Independent Director and as the Board's Whistleblowing Champion.

Karen Cockburn will become Chief Financial Officer, succeeding Charlie Ridge, in January 2023. In due course it is anticipated that Karen will join the Impax Board as an Executive Director. This is expected to be following the conclusion of the Company's AGM, subject to receipt of regulatory approval in relation to her appointment as a director of the Company's FCA regulated subsidiaries.

Ends

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About Impax Asset Management

Founded in 1998, Impax is a specialist asset manager, with approximately £37.4 billion/$42.9 billion as of 31 October 2022, in both listed and private markets strategies, investing in the opportunities arising from the transition to a more sustainable global economy.

Impax believes that capital markets will be shaped profoundly by global sustainability challenges, including climate change, pollution and essential investments in human capital, infrastructure and resource efficiency. These trends will drive growth for companies that Impax believes are well positioned and create risks for those unable or unwilling to adapt.

The Company seeks to invest in higher quality companies with strong business models that demonstrate sound management of risk. Impax offers a well-rounded suite of investment solutions spanning multiple asset classes seeking superior risk-adjusted returns over the medium to long term.

Impax has approximately 270 staff across its offices in the United Kingdom, the United States, Ireland and Hong Kong, making it one of the investment management sector's largest investment teams dedicated to sustainable development.

www.impaxam.com

Chief Executive's Report

BUSINESS UPDATE

Impax has delivered commendable results during a year that started strongly but rapidly developed considerable external headwinds. Despite weak market sentiment, fuelled by rising inflation and geopolitical instability, we continued to attract new business, with total net inflows of £2.9 billion over the 12 months ending 30 September 2022 (the "Period") and positive flows in both halves.

Despite attracting additional clients and subscriptions, the Company's assets under discretionary and advisory management ("AUM") fell over the Period by 4.1% from £37.2 billion to £35.7 billion, driven principally by falling markets and negative, absolute, investment performance. As of 31 October 2022 the Company's AUM had recovered to £37.4 billion.

For more than two decades we have built a robust and well-diversified global client base of institutional and intermediary investors and served both through our own channels and via trusted distribution partners. The Company's performance during the Period demonstrates the benefit of this diversified strategy as asset owners continued to show their shared conviction in the medium to long-term opportunities presented by the transition to a more sustainable economy.

CHALLENGING EXTERNAL ENVIRONMENT

Having reached all-time highs at the end of December 2021, global equity markets fell, initially as a result of rising concerns over inflation, interest rates and monetary tightening. In late February, weak sentiment was exacerbated by Russia's invasion of Ukraine, which impacted investor confidence for more than seven months of the financial year.

The war has intensified a looming global energy crisis caused by structural under-investment and supply disruption. Policymakers sought to reduce quickly Europe's dependency on Russian gas, bolstering the secular case for renewables. Investors shifted towards value-orientated stocks such as energy and commodities, causing the share prices of companies active in clean energy and energy efficiency markets to suffer on both an absolute and a relative basis: for example, the FTSE Environmental Opportunities All-Share Index dropped 28.1%, in US$ terms, between 1 January and 30 September 2022, compared to the MSCI ACWI Index, which fell by 25.6%.

Meanwhile, evidence of the impact of climate change on weather systems continued to build. During summer in the northern hemisphere, temperature records were broken and the global food crisis was exacerbated by droughts affecting river basins from the Yangtse to the Colorado. Meanwhile, the catastrophic storms and flooding in Pakistan and the devastation caused by Hurricane Ian in the US have further strengthened the case for investing in environmental solutions, especially around climate adaptation.

Amid nature's warning signs, it was encouraging to see the successful adoption into United States law of President Biden's Inflation Reduction Act. This was almost certainly the most significant piece of climate-related federal legislation in US history, allocating more than US$370 billion in incentives and programmes to accelerate action on climate and energy over the next decade. Its progress on limiting methane emissions can be seen as one of the major successes to have emerged from the COP26 Climate Conference in Glasgow. At the COP27 summit in November 2022, more than 150 countries signed up to the Global Methane Pledge and agreed to contribute to reducing global methane emissions by at least 30% from 2020 levels by 2030.

Movements in the Company's AUM for the full year ended 30 September 2022

	Listed equities £m	Fixed income £m	Private markets £m	Total firm £m
Total AUM at 30 September 2021	35,637	1,257	318	37,211
Net flows	2,634	62	191	2,887
Market movement, FX and performance	(4,470)	35	12	(4,423)
Total AUM at 30 September 2022	**33,801**	**1,354**	**521**	**35,676**

INVESTMENT PERFORMANCE

Given the challenging external environment, many of our investment strategies, managed by our teams in the UK, US and Hong Kong, lagged their benchmarks over the Period.

Our Environmental Markets strategies in particular – which use a "quality growth at a reasonable price" investment style – were negatively impacted, as market sentiment switched to favour value-oriented stocks. This led in particular to stronger, relative performance of the fossil fuel energy sector, to which Impax strategies typically have no exposure.

Longer term, eight out of the largest ten strategies, accounting for a combined 89% of AUM, have outperformed their benchmarks over three years. Of the nine that have five-year track records, seven have outperformed their benchmarks.

After the Period end, we launched a UCITS fund based on a new Sustainable Infrastructure (active) strategy, which seeks to generate long-term capital growth with income by investing in listed equities, while seeking to avoid the sustainability risks which dominate the traditional infrastructure universe, for example future carbon taxes on transportation fuels.

Our team investing in privately-held companies operating in the renewable generation sector made eight new investments through our fourth fund, ranging from a solar and energy efficiency investment in Italy to forming a joint venture partnership with a decentralised generation specialist to deploy rooftop solar, battery storage and smart meters at scale in Germany. Meanwhile, the team successfully completed its third exit from the portfolio of our third fund.

CLIENT SERVICE AND BUSINESS DEVELOPMENT

We continue to expand the breadth of our client base, which is already well diversified by channel and geography, with 79% of our AUM coming from clients outside the UK. We are particularly focused on strengthening our direct distribution capabilities and have appointed new Heads of Distribution in North America (October 2021) and in Europe & Asia-Pacific (June 2022).

Inflows over the Period were directed particularly into our Sustainability Lens strategies. Global Opportunities accounted for 58.2% of net inflows, driven principally by our relationship with St James's Place in the UK and by new pension fund mandates in Australia. The US Large Cap strategy was responsible for 10.7% of net inflows, which included the launch of a fund on Lombard Odier's PrivilEdge platform targeted at European investors.

Of our thematic Environmental Markets strategies, Leaders and Climate received the greatest investor interest, and were responsible for 10.7% and 8.9% of net inflows respectively. This included two new Climate strategy mandates in the US and China during the first half of the Period.

From our intermediaries, consultants, and distribution partner channels, amongst others, we also saw positive flows via Principal Global Investors and a private bank in the US, Formuepleje in Denmark, and Fidante in Australia.

Our efforts to increase our direct distribution led to positive flows into our own-label fund ranges. Our Ireland-based UCITS fund range saw net inflows of £150 million, with AUM at £1.9 billion at the Period end, and our investment trust, Impax Environmental Markets plc, registered net inflows of £50 million.

The AUM of US-based Pax World Funds grew by 4% to £6.4 billion, including net inflows of £669 million.

After the Period end, we announced that the Pax World mutual fund range would be renamed under the Impax brand, becoming the Impax Funds, effective 31 December 2022. By renaming the mutual funds while keeping the underlying portfolios and investment processes unchanged, we are emphasising Impax's unified investment approach, offering a consistent brand globally and avoiding confusion in the marketplace.

BEYOND FINANCIAL RETURNS

During the Period, we extended our 'Beyond Financial Returns' programme, an approach to enhancing our investment outcomes and client reporting with activity focused in four areas.

First, our corporate engagement and stewardship activity aims to improve our understanding and management of investment risk. In 2021 we took part in 204 engagements, while in 2022 we were proud to become a signatory to the UK Stewardship Code, a step that requires the demonstration of robust processes in this area.

Second, we disclose through our annual impact report the quantified environmental and social benefits linked to our clients' investments in our portfolio companies. This year we have evolved our reporting to include inter alia a fixed income strategy, and added metrics on social, water, and nature-related impact.

Third, we strive to influence policy outcomes that support solutions to environmental and social challenges. We prioritised four areas during the Period: financing the transition to net-zero emissions; greening the financial system; biodiversity; and human capital, including equity, diversity and inclusion as well as the response to Covid-19. We collaborate closely with a broad network, including the scientific community, industry bodies, and not-for-profit organisations.

Finally, we continue to publish research that provides insights to our clients and partners. Our work this year included a report on the investment case for sustainable infrastructure and articles on the implications of US policy developments, including the Inflation Reduction Act.

CLIMATE AND THE COMMUNITY

We are pleased this year to include, in our annual report, our first report that describes how we manage climate risks and opportunities, using the Taskforce for Climate-related Financial Disclosures ("TCFD") framework. Impax has been supportive of the TCFD reporting recommendations since it was established.

We have also expanded our community activity during 2022. In addition to building our relationships with existing charitable partners, Ashden, ClientEarth, Ceres and Diversity Project, we are now supporting Toigo, an organisation in the US focused on equity, diversity & inclusion. Separately, our colleagues voted that our new "Community Cause of the Year", coordinated by our Volunteering Group, should focus on food scarcity. We plan to grow our community support further next year.

IMPAX'S CHIEF FINANCIAL OFFICER

Charlie Ridge, who has been Impax's Chief Financial Officer since 2008, recently signalled his wish to retire and will step down from this role in January 2023. On behalf of my colleagues, I would like to extend my sincere thanks to Charlie for his outstanding leadership of our Finance team and, until 2021, our Corporate Services teams, and for his excellent contribution to communicating with our shareholders over the past 14 years.

I'm very pleased to report that, upon Charlie's retirement, Karen Cockburn will become Impax's Chief Financial Officer in January 2023. Karen, who joined Impax as CFO Designate last month, is a highly experienced professional, whose career includes spells in banking, insurance, wealth management and digital platforms. She will lead the Finance function, including Investor Relations, have oversight of Governance arrangements and the Legal function, and will be a member of Impax's Executive Committee.

ATTRACTING AND DEVELOPING OUR TALENT

Karen is just one of the many outstanding colleagues that we have welcomed recently. Over the Period we grew our headcount by 26%, opened a new office in Manhattan and welcomed 21 summer interns to Impax as part of our first global internship scheme.

We now conduct our global employee engagement survey annually. This year, the overall engagement score, which reflects staff satisfaction and commitment, was in the top decile of our peer group. Our colleagues continue to tell us that they feel closely aligned to Impax's purpose and values, in particular our focus on sustainable development. Our staff turnover remains low relative to peers.

The People team continues to build the systems, processes and resources that we require as we scale and grow. This has included providing additional training and development opportunities for our colleagues and reviewing our employee benefits to make sure they are in line with market practice. Following a review where we worked with independent external advisers, we are rolling out an updated remuneration framework, including encouraging clearer objective setting and providing more clarity on the link between performance and pay outcomes.

SYSTEMS AND INFRASTRUCTURE

We are paying particular attention to ensuring that our Corporate Services functions are appropriately scaled to support the expansion of our investment and distribution capabilities. In the context of our current business plan, we have developed further our IT platform, and are expanding and globalising our compliance team and risk function.

AWARDS AND INDUSTRY RECOGNITION

Impax continues to be recognised for our leadership within the investment management industry. After the Period, we were named as “ESG Manager of the Year” by Financial News. Highlights during the Period included Pensions Age’s “Active Manager of the Year” and “Listed Equities Manager of the Year” at Environmental Finance’s Sustainable Investment Awards.

KEITH FALCONER AND DAVID LI

In May this year, we received the very sad news that Keith Falconer had died unexpectedly at the age of 67. Keith played an integral role in Impax’s growth during his time as Chairman from 2004 until 2020. In particular, his long experience of distribution helped us to raise our level of ambition as we sought to extend our reach outside Europe. But above all, Keith was a kind, warm and generous person: the Impax leadership team benefitted greatly from his encouragement and sage advice.

In October 2022, we were also devastated to hear that our friend and colleague, David Li had died suddenly at the age of just 51. David joined Impax in 2007 as our first colleague in the Asia-Pacific region and co-managed our Asian Environmental and Asian Opportunities strategies, together with Oscar Yang. David was a valued leader and mentor of the Asia-Pacific team, a talented portfolio manager and a generous and warm person with a gentle humour.

OUTLOOK

Looking ahead to 2023, we face the prospect of a sharp drop in consumer confidence associated with spiralling energy and food prices and higher costs of borrowing. The growing cost-of-living crisis will create severe social challenges requiring a significant response from policymakers.

Inflationary pressures are expected to continue to create challenges for companies unable to reflect rising costs in price increases. For this reason, our investment teams remain focused on companies with strong market positions and pricing power that should be more resilient during this period.

For companies exposed to the transition to a more sustainable economy, the current environment is also providing positive tailwinds. Over the longer term, we expect the rise in input prices to drive an increased focus on energy- and resource-efficiency and to accelerate the shift to diversify energy supplies and decarbonise economies. At a policy level, energy security concerns are likely to remain high, further prioritising the shift away from fossil fuels, while pressure on investors to demonstrate climate resilience and protect ecosystems are also likely to grow in prominence. Although market volatility is likely to remain elevated, robust companies with correctly designed business strategies should continue to out-perform.

Regulation should also provide a tailwind. Regulators are increasingly examining the appropriate use of “ESG” and sustainability-related terms in the promotion of investment products. We believe these proposals and rules will broadly be helpful in reducing “greenwashing” and those investment managers that have robust practices in this area should benefit from additional demand from asset owners.

2023 will also mark Impax’s 25-year anniversary. Since our inception, it has become even clearer that global sustainability challenges, combined with disruptive forces in technology, policy, and consumer preferences, are creating transformations on the scale of the Industrial Revolution across all sectors of the global economy. This is creating mispricing of capital and growth opportunities for well-positioned companies and increased risks for companies that do not adapt.

Asset owners continue to be attracted to Impax’s specialist focus on the transition to a more sustainable economy. We remain confident in our ability to respond to this increased client demand. While continuing to expand our current strategies and develop new products, we have the capacity to significantly grow our assets under management using our existing investment platform.

With a quarter century of experience, our authenticity and heritage, our institutionally focused client-base, and our commitment to delivering value for clients beyond financial returns, make us well positioned to continue to provide long-term benefits for all our stakeholders.

Ian Simm
29 November 2022

Financial Review

I am pleased to report another year of strong results despite challenging market conditions, including growth in adjusted operating profit of 20.8%.

Financial highlights for financial year 2022 versus financial year 2021

	2022	2021
AUM	£35.7bn	£37.2bn
Revenue	£175.4m	£143.1m
Adjusted operating profit	£67.4m	£55.8m
Adjusted profit before tax	£68.4m	£54.9m
Adjusted diluted earnings per share	42.1p	34.4p
Cash reserves	£107.0m	£70.1m
Seed investments	£7.3m	£7.5m
Dividend per share	4.7p interim + 22.9p final	3.6p interim + 17.0p final

	2022	2021
IFRS operating profit	£65.2m	£47.4
IFRS profit before tax	£72.6m	£45.7m
IFRS diluted earnings per share	44.7p	30.3p

As in previous periods, in order to facilitate comparison of performance with previous time periods and to provide an appropriate comparison with our peers, the Board encourages shareholders to focus on financial measures after adjustment for accounting charges or credits arising from the acquisition accounting from Impax NH, adjustments arising from the accounting treatment of National Insurance costs on share-based payment awards and significant tax credits related to prior periods.

This year we have also made an adjustment to remove certain foreign exchange gains and losses. The same adjustment has been made to the prior year reported numbers. A reconciliation of the International Financial Reporting Standards ("IFRS") and adjusted numbers is provided in Note 4 of the Financial report.

This also marks my final Report and Accounts as CFO. My time at Impax has been fulfilling and exciting and I hand over the role to a superb successor in Karen Cockburn.

REVENUE

Revenue for the Period grew by £32.3 million to £175.4 million (2021: £143.1 million). Growth was driven by the positive net inflows across the business seen in the current and prior year offset in part by market falls during the Period.

The weighted average run rate revenue margin remained consistent with 2021 at 46 basis points. Our run-rate revenue, which is based on the Period end AUM, fell to £166.2 million (2021: £173.8 million).

OPERATING COSTS

Adjusted operating costs increased to £108.0 million (2021: £87.3 million), mainly reflecting a full year of costs from hires made in 2021 as well as further hires made during the Period to support the Group's current and projected growth. We expect costs to increase further in the next financial year as a result of inflation and further investment in the Group's infrastructure and people.

IFRS operating costs include additional charges and credits, principally the amortisation of intangible assets arising on the Impax NH acquisition and National Insurance charges and credits on share options and restricted shares. Employer's National Insurance is payable based on the share price when an option is exercised or restricted shares vest and accordingly a credit has been recognised as our share price has fallen over the year. This credit is offset by the reversal of a tax credit which is recorded in equity.

PROFITS

Adjusted operating profit increased to £67.4 million (2021: £55.8 million), driven by the revenue growth described above. Run-rate adjusted operating profits at the end of the Period was £54.3 million (2021: £67.5 million). IFRS operating profit in 2022 increased to £65.2 million (2021: £47.4 million).

Including adjusted net finance income of £0.9 million (2021: adjusted net finance losses of £0.9 million) gives adjusted profit before tax of £68.4 million (2021: £54.9 million (restated)). IFRS profit before tax of £72.6 million (2021: £45.7m) includes foreign exchange gains of £6.4 million (2021: foreign exchange losses of £0.9 million) on the retranslation of intercompany loans and other unrealised foreign exchange gains and losses that are not linked to the performance of the Group.

TAX

Tax rates were higher than the prior period as we benefited in the prior year from a £2.8 million credit in relation to taxation of prior years private equity income.

EARNINGS PER SHARE

Adjusted diluted earnings per share grew to 42.1 pence (2021: 34.4 pence (restated)) as a result of the growth in profits. IFRS diluted earnings per share increased to 44.7 pence (2021: 30.3 pence).

FINANCIAL MANAGEMENT

At the Period end the Company held £107.0 million of cash resources, an increase of £36.9 million on 2021. The Company had no debt (2021: no debt).

The Company continues to make seed investments and to invest in our private equity funds. These investments were valued at £7.3 million at the Period end.

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 1.1 million ordinary shares. The EBT holds shares for Restricted Share awards until they vest or to satisfy share option exercises.

At the Period end the EBTs held a total of 3.3 million shares, 2.5 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 2.7 million options outstanding at the Period end, of which 0.7 million were exercisable. No new shares were issued during the Period.

DIVIDENDS

The Company paid an interim dividend of 4.7 pence per share in July 2022. Our dividend policy is to pay, in normal circumstances, an annual dividend within a range of 55% and 80% of adjusted profit after tax. Impax has reported strong growth in revenue and profits and is in good financial health. The Board has therefore decided to recommend a final dividend of 22.9 pence. This would be an increase in the total dividend for the year of 7.0 pence or 34%. The total dividend for the year represents 65% of our adjusted profit after tax which is in the middle of our stated range.

This dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 16 March 2023. If approved, the dividend will be paid on or around 21 March 2023. The record date for the payment of the proposed dividend will be 10 February 2023 and the ex-dividend date will be 9 February 2023.

The Company operates a dividend reinvestment plan (“DRIP”). The final date for receipt of elections under the DRIP will be 28 February 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.

GOING CONCERN

The Financial Reporting Council requires all companies to perform a rigorous assessment of all the factors affecting the business when deciding to adopt a “going concern” basis for the preparation of the accounts.

The Board has made an assessment covering a period of at least 12 months from the date of approval of this report which indicates that, taking account of a reasonably possible downside in relation to asset inflows, market performance and costs, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Group has high cash balances and no debt and, at the Period end market levels, is profitable. A significant part of the Group’s cost base 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). The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Charles D Ridge
Chief Financial Officer

29 November 2022

Consolidated Income Statement

For the year ended 30 September 2022

	Notes	2022 £000	2021 £000
Revenue	6	175,396	143,056
Operating costs	7	(110,213)	(95,622)
Finance income	10	7,950	286
Finance expense	11	(574)	(1,971)
Profit before taxation		72,559	45,749
Taxation	12	(13,077)	(5,504)
Profit after taxation		**59,482**	**40,245**
Earnings per share			
Basic	13	46.0p	31.5p
Diluted	13	44.7p	30.3p
Dividends per share			

Interim dividend paid and final dividend declared for the year	14	27.6	20.6p

Adjusted results are provided in Note 4.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2022

	2022 £000	2021 £000
Profit for the year	59,482	40,245
Change in value of cash flow hedges	–	137
Tax on change in value of cash flow hedges	–	(26)
Exchange differences on translation of foreign operations	2,685	(1,075)
Total other comprehensive income	**2,685**	**(964)**
Total comprehensive income for the year attributable to equity holders of the Parent	**62,167**	**39,281**

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.

Consolidated Statement of Financial Position

As at 30 September 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Assets					
Goodwill	15	13,932		11,816	
Intangible assets	16	18,340		17,473	
Property, plant and equipment	17	9,279		9,435	
Deferred tax assets	12	4,781		11,895	
Total non-current assets			46,332		50,619
Trade and other receivables	18	38,769		39,800	
Investments	19	7,255		7,564	
Current tax asset		176		134	
Cash invested in money market funds	21	58,687		38,066	
Cash and cash equivalents	21	52,232		36,172	
Total current assets			157,119		121,736
Total assets			203,451		172,355
Equity and liabilities					
Ordinary shares	24	1,326		1,326	

	Notes	2022 £000	2022 £000	2021 £000	2021 £000
Share premium		9,291		9,291	
Merger reserve		1,533		1,533	
Exchange translation reserve		3,059		374	
Retained earnings		122,969		97,998	
Total equity			138,178		110,522
Trade and other payables	22	53,624		50,107	
Lease liabilities	17	1,488		1,330	
Current tax liability		2,202		1,923	
Total current liabilities			57,314		53,360
Lease liabilities	17	7,590		8,102	
Deferred tax liability	12	369		371	
Total non-current liabilities			7,959		8,473
Total equity and liabilities			203,451		172,355

Consolidated Statement of Changes in Equity

For the year ended 30 September 2022

	Note	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
1 October 2020		1,304	9,291	–	1,449	(111)	59,515	71,448
Transactions with owners of the Company:								
New shares issued		22	–	1,533	–	–	(20)	1,535
Dividends paid	14	–	–	–	–	–	(13,616)	(13,616)
Cash received on option exercises		–	–	–	–	–	597	597
Purchase of Impax NH shares		–	–	–	–	–	(2,239)	(2,239)
Tax credit on long-term incentive schemes		–	–	–	–	–	8,634	8,634
Share based payment charges	9	–	–	–	–	–	4,882	4,882
Total transactions with owners of the Company		22	9,291	1,533	–	–	(1,762)	(207)
Profit for the year		–	–		–	–	40,245	40,245
Other comprehensive income:		–	–	–	–			
Change in value of cash flow hedge		–	–	–	–	137	–	137
Tax on change in value of cash flow hedges		–	–	–	–	(26)	–	(26)
Exchange differences on translation of foreign operations		–	–	–	(1,075)	–	–	(1,075)

	Note	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
Total other comprehensive Income		–	–	–	(1,075)	111	–	(964)
30 September 2021		**1,326**	**9,291**	**1,533**	**374**	–	**97,998**	**110,522**
Transactions with owners of the Company:								
Dividends paid	14	–	–	–	–	–	(28,665)	(28,665)
Cash received on option exercises		–	–	–	–	–	540	540
Tax charge on long-term incentive schemes		–	–	–	–	–	(3,756)	(3,756)
Share based payment charges	9	–	–	–	–	–	6,151	6,151
Acquisition of own shares		–	–	–	–	–	(8,781)	(8,781)
Total transactions with owners of the Company		–	–	–	–	–	(34,511)	(34,511)
Profit for the year		–	–		–	–	59,482	59,482
Other comprehensive income:								
Exchange differences on translation of foreign operations		–	–	–	2,685	–	–	2,685
Total other comprehensive Income		–	–	–	2,685	–	–	2,685
30 September 2022		**1,326**	**9,291**	**1,533**	**3,059**	–	**122,969**	**138,178**

Consolidated Cash Flow Statement

For the year ended 30 September 2022

	Note	2022 £000	2021 £000
Operating activities			
Cash generated from operations	27	80,321	59,812
Corporation tax paid		(9,046)	(4,445)
Net cash generated from operating activities		**71,275**	**55,367**
Investing activities			
Net acquisition of property plant & equipment and intangible assets		(796)	(257)
Net redemptions/(investments) from/into unconsolidated Impax funds		355	(2,529)
Income from settlement of investment related hedges		69	(455)
Purchase of Impax NH shares		–	(704)
Investment income received		586	93
Increase in cash held in money market funds		(19,091)	(19,550)
Net cash used by investing activities		**(18,877)**	**(23,402)**
Financing activities			

Acquisition of non-controlling interest		(182)	(191)
Interest paid on bank borrowings		(141)	(129)
Payment of lease liabilities		(1,729)	(1,691)
Acquisition of own shares		(8,781)	–
Cash received on exercise of Impax staff share options		540	597
Dividends paid		(28,665)	(13,616)
Net cash used by financing activities		**(38,958)**	**(15,030)**
Net increase in cash and cash equivalents		**13,440**	**16,935**
Cash and cash equivalents at beginning of year		36,172	20,245
Effect of foreign exchange rate changes		2,620	(1,008)
Cash and cash equivalents at end of year	21	**52,232**	**36,172**

Cash and cash equivalents under IFRS does not include cash held in money market funds. The Group however considers its total cash reserves to include these amounts. Cash held in RPA accounts are not included in cash reserves (see note 21). There are no significant changes to liabilities arising from financing activities.

Movements on cash reserves are shown in the table below:

	At the beginning of the year £000	Cashflow £000	Foreign exchange £000	At the end of the year £000
Cash and cash equivalents	36,172	13,440	2,620	52,232
Cash invested in money market funds	38,066	19,091	1,530	58,687
Cash in RPAs	(4,089)	138	–	(3,951)
Total Group cash reserves	**70,149**	**32,669**	**4,150**	**106,968**

Notes to the Financial Statements

For the year ended 30 September 2022

1 REPORTING ENTITY

Impax Asset Management Group plc (the “Company”) is incorporated and domiciled in the UK and is listed on the Alternative Investment Market (“AIM”). These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”).

2 BASIS OF PREPARATION

These Group and Parent Company financial statements have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of certain investments and derivatives being measured at fair value.

The financial statements are presented in sterling. All amounts have been rounded to the nearest thousand unless otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. Cash flow forecasts covering a period of 12 months from the date of approval of these financial statements indicate 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.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements management has made estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Revisions to estimates are recognised prospectively.

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 notes 15 and 16.

4 ADJUSTED PROFITS AND EARNINGS

The reported operating earnings, profit before tax and earnings per share are substantially affected by business combination affects 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.

	Year ended 30 September 2022			
		Adjustments		
	Reported – IFRS £000	Business combination effects £000	Other £000	Adjusted £000
Revenue	175,396			175,396
Operating Costs	(110,213)			(107,980)
Amortisation of intangibles arising on acquisition		2,420		
Acquisition equity incentive scheme charges		1,340		
Mark to market credit on equity awards*			(1,527)	
Operating Profit	**65,183**	**3,760**	**(1,527)**	**67,416**
Finance income	7,950		(6,440)	1,510
Finance costs	(574)			(574)
Profit before taxation	**72,559**	**3,760**	**(7,967)**	**68,352**
Taxation	(13,077)			(12,293)
Credit re historical tax charges			(730)	
Tax charge on adjustments			1,514	

Profit after taxation	**59,482**	**3,760**	**(7,183)**	**56,059**
Diluted earnings per share	**44.7**	**2.8**	**(5.4)**	**42.1**

* The credit is offset by £3,756,000 of tax charges shown in the Statement of Changes in Equity.

	Year ended 30 September 2021			
		Adjustments		
	Reported – IFRS £000	Business combination effects £000	Other £000	Adjusted (restated)** £000
Revenue	143,056			143,056
Operating costs	(95,622)			(87,272)
Amortisation of intangibles arising on acquisition		2,358		
Acquisition equity incentive scheme charges		1,649		
Contingent consideration adjustment		167		
Mark to market charge on equity awards*			4,176	
Operating Profit	**47,434**	**4,174**	**4,176**	**55,784**
Finance income	286		(89)	197
Finance costs	(1,971)		906	(1,065)
Profit before taxation	**45,749**	**4,174**	**4,993**	**54,916**
Taxation	(5,504)			(9,255)
Credit re historical tax charges			(2,803)	
Tax credit on adjustments			(948)	
Profit after taxation	**40,245**	**4,174**	**1,242**	**45,661**
Diluted earnings per share	**30.3**	**3.2**	**0.9**	**34.4**

* The charge is offset by £8,634,000 of tax credits shown in the statement of changes in equity.
** Adjusted profit before tax has been restated to add back unrealised foreign exchange losses of £906,000.

The diluted number of shares is the same as used for the IFRS calculation of earnings per share (see note 13).

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.

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 income for the Period has been adjusted for foreign exchange gains on intercompany loans and other unrealised foreign exchange gains and losses that are not linked to the performance of the Group. Prior year adjusted profit before tax has been restated to remove unrealised foreign exchange losses of £906,000 to aid comparability with the current Period.

Taxation

The IFRS tax charge in both the current and prior period included a credit in respect of the reversal 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.

Contingent consideration adjustment

Until the time it was settled, the Group was required to review and adjust its estimate of the contingent consideration payable in respect of the Impax NH acquisition. Adjustments were recorded through income but excluded from adjusted profit. These adjustments are not linked to the operating performance of the Impax NH business and are therefore eliminated from operating costs.

5 SEGMENTAL REPORTING

(a) Operating segments

The Group is managed on an integrated basis and there are no reportable segments. Segment information is presented on the same basis as that provided for internal reporting purposes to the Group's chief operating decision maker, the Chief Executive.

(b) Geographical analysis

An analysis of revenue by the location of client is presented below:

	Revenue	
	2022 £000	2021 £000
UK	34,069	26,733
North America	61,890	50,608
France	12,261	12,680
Luxembourg	43,362	35,448
Ireland	13,175	9,412
Netherlands	3,012	3,359
Australia	2,796	1,523
Other	4,831	3,293
	175,396	**143,056**

The Group's non-current assets (property plant and equipment, goodwill and intangible assets) are located in the countries listed below:

	Non-current assets	
	2022 £000	2021 £000
UK	6,427	6,952
United States	34,907	31,594
Hong Kong	140	7
Ireland	77	171
	41,551	**38,724**

6 REVENUE

The Group's main source of revenue is investment management and advisory fees. The Group may also earn carried interest from its Private Equity funds. Management and advisory fees are generally based on an agreed percentage of the valuation of assets under management ("AUM") for Listed Equity and Fixed Income funds. For Private Equity funds they are generally based on an agreed percentage of commitments made to the fund by investors during the fund's investment period and thereafter on the cost price of investments made and not exited. Carried interest is earned from Private Equity funds if the cash returned to investors exceeds an agreed return.

The Group determines the investment management and advisory fees to be a single revenue stream as they are all determined through a consistent performance obligation. Should AUM reduce as result of equity market downturns or allocation of capital away from equity markets then the revenue would reduce.

None of the Group's funds individually represented more than 10% of Group revenue in the current or prior year.

Revenue includes £170,840,243 (2021: £140,236,441) from related parties.

7 OPERATING COSTS

The Group's largest operating cost is staff costs. Other significant costs include direct fund costs, IT and communication costs, premises costs (depreciation on office building leases, rates and service charge), amortisation of intangible assets, mark to market charges on share awards and professional fees.

	2022 £000	2021 £000
Staff costs (note 8)	81,766	66,215
Direct fund expenses	6,388	5,542
IT and communications	5,805	4,457
Depreciation and amortisation	4,257	4,057
Professional fees	4,006	3,321
Placing agent fees	1,783	1,774
Premises costs	1,333	1,015
Research costs	980	780
Mark to market (credit)/charge on share awards	(1,527)	4,176
Other costs	5,422	4,118
Sub-total	110,213	95,455
Contingent Consideration	–	167
Total	**110,213**	**95,622**

Operating costs include £1,183,000 (2021: £898,000) in respect of placing agent fees paid to related parties.
Other costs include £295,000 (2021: £291,000) paid to the Group's auditors which is analysed below:

	2022 £000	2021 £000
Audit of the Group's Parent Company and consolidated financial statements	91	75
Audit of subsidiary undertakings	124	130
Audit-related assurance services	80	86
	295	**291**

8 STAFF COSTS AND EMPLOYEES

Staff costs include salaries, a variable bonus, social security cost (principally UK NIC on salary, bonus and share awards), the cost of contributions made to employees' pension schemes and share-based payment charges. Further details of the Group's remuneration policies are provided in the Remuneration Committee Report. Share-based payment charges are offset against the total cash bonus pool paid to employees. NIC charges on share-based payments are accrued based on the share price at the balance sheet date and the proportion vested.

	2022 £000	2021 £000
Salaries and variable bonuses	62,393	51,510
Social security costs	6,356	5,181
Pensions	1,635	1,069
Share-based payment charge (see note 9)	6,152	4,882
Other staff costs	5,230	3,573
	81,766	**66,215**

The Group contributes to private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to these funds. Contributions totalling £105,000 (2021: £82,000) were payable to the funds at the year end and are included in trade and other payables.

Other staff costs include the cost of providing health and other insurances for staff, Non-Executive Directors' fees, contractor fees, recruitment fees and termination costs.

Directors and key management personnel

Key management personnel are related parties and are defined as members of the Board and/or the Executive Committee. The remuneration of key management personnel, including pension contributions, during the year was £14,525,298 with £2,239,493 of share-based payments (2021: £14,080,503 plus £1,024,156 of share-based payments). No Board members received pension contributions during the year (2021: nil).

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 240 (2021: 195).

	2022 No.	2021 No.
Portfolio Management	86	69
Private Equity	13	12

Client Service and Business Development	82	63
Group	59	51
	240	**195**

9 SHARE-BASED PAYMENT CHARGES

The total expense recognised for the year arising from share-based payment transactions was £6,151,000 (2021: £4,882,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS") and the Group's Employee Share Option Plans which are described below. Share based payment charges also arose in the prior year in respect of the Put and Call arrangement made with Impax NH management to acquire their shares in Impax NH. Details of all outstanding options are provided at the end of this note. The charges for each scheme are:

	2022 £000	2021 £000
RSS	5,231	3,636
LTOP	920	1,003
Put and Call	–	243
	6,151	**4,882**

Restricted Share Scheme

Restricted shares are awarded to some employees as part of their year-end remuneration. These awards are made post year end but part of the charge is recorded in the Period based on an estimated value at the year end date. 413,750 restricted shares were granted during the Period under the 2021 plan. Awards may also be made to new employees and during the Period, 397,889 RSS awards were granted to employees joining under the 2022 plan ("RSS 2022A"). Post year end, the Board approved the grant of a further 763,000 restricted shares under the 2022 plan ("RSS 2022 Final"). Following grant, the shares are held by a nominee for employees, who are then immediately entitled to receive dividends. After a period of three years' continuous employment, the employees will receive unfettered access to one third of the shares, after four years a further third and after five years the final third. The employees are not required to make any payment for the shares on grant or when the restrictions lapse other than personal taxes.

In the prior period, 912,084 restricted shares were also granted to employees of Impax NH following the acquisition of the remaining shares held by management in that business ("2021 RSS NH"). These have the same conditions as described above except that unfettered access is gained to all of the shares after a period of 3 years.

Full details of the awards granted during the year along with their valuation and the inputs used in the valuation are described in the tables below. The valuation was determined using the Black-Scholes-Merton model with an adjustment to reflect that dividends are received during the vesting period.

	2022 RSS Final (estimated)	2022		2021	
		2022 RSS A	2021 RSS	2020 RSS	2021 RSS NH
Awards originally granted	763,000	397,889	413,750	356,500	912,084
Weighted average award value	£7.45	£7.32	£13.82	£7.10	£4.78
Weighted average share price on grant	£7.58	£7.32	£13.94	£7.26	£5.02
Weighted average expected volatility	35.0%	34.6%	34.0%	32.4%	32.4%
Weighted average award life on grant	5.2 years	2.6 years	5.2 years	5.3 years	3.2 years
Weighted average expected dividend yield	3.9%	3.0%	1.5%	1.2%	1.2%
Weighted average risk free interest rate	4.3%	1.6%	1.0%	0.0%	0.0%

The expected volatility was determined by reviewing the historical volatility of the Company and that of comparator companies. The expected dividend rate is determined using the Company share price and most recent full year dividend to grant date.

The fair value of the 2022 RSS Final awards has initially been estimated using the average share price over the period of five days preceding the final Remuneration Committee and other inputs as at this date.

Restricted shares outstanding	
Outstanding at 1 October 2021	3,322,833
Granted during the year	811,639
Vested during the year	(1,616,286)
Forfeited during the year	(24,180)
Outstanding at 30 September 2022	**2,494,006**

Employee share option plans

Options are awarded to some employees as part of their year-end remuneration.

Options granted in 2017

Awards were granted to employees under the Company's Employee Share Option Plan ("ESOP"). The strike price of these options was set at a 10% premium to the average market price of the Company's shares for the five business days following the announcement of the results for the preceding financial year. The 2017 options did not have performance conditions but did have a time vesting condition such that they vested subject to continued employment on 31 December 2020.
The valuation was determined using the Black-Scholes-Merton model.

Options granted between 2018 and 2021

Awards have been granted to employees under the Company's Long Term Option Plan ("LTOP"). The strike prices of these options were £1 (2018 and 2019), £3 (2020) and £9 (2021). These options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on five years following grant. Vested shares are restricted from being sold until after a further five year period (other than to settle any resulting tax liability).

Post year end the Board approved the grant of 60,000 options under the 2022 plan with a £7.50 strike price and with the other conditions the same as the 2018–2021 plans.

The valuation was determined using the binomial model. Full details of the awards granted during the year along with their valuation and the inputs used in the valuation are described in the table below.

Share options are equity settled.

	2022 LTOP (estimated)	2022 2021 LTOP	2021 2020 LTOP
Awards originally granted	60,000	339,575	610,000
Exercise price	£7.50	£9.00	£3.00
Weighted average award value	£1.87	£4.87	£3.47
Weighted average share price on grant	£7.58	£13.90	£7.26
Weighted average expected volatility	35.0%	34.2%	32.4%
Weighted average award life on grant	6 years	6 years	6 years
Weighted average expected dividend yield	3.9%	1.5%	1.2%
Weighted average risk free interest rate	4.3%	0.8%	0.0%

The expected volatility was determined by reviewing the historical volatility of the Company and that of comparator companies. The expected dividend rate is determined using the Company share price and most recent full year dividend to grant date.

The fair value of the 2022 LTOP awards has initially been estimated as at the time of preparing the accounts.

Options outstanding

An analysis of the outstanding options arising from the Company's option plans is provided below:

	Number	Weighted average exercise price p
Options outstanding at 1 October 2021	2,660,000	176.0
Options granted	339,575	900.0
Options exercised	(300,000)	180.2
Options outstanding at 30 September 2022	**2,699,575**	**266.6**
Options exercisable at 30 September 2022	**700,000**	**180.2**

The weighted average remaining contractual life, including the exercise period, was 6.0 years.

10 FINANCE INCOME

	2022 £000	2021 £000
Fair value gains	148	161
Interest income	520	36
Other investment income	33	89
Foreign exchange gains	7,249	–
	7,950	**286**

Fair value gains represent those arising on the revaluation of listed and unlisted investments held by the Group (see note 19) and any gains or losses arising on related hedge instruments held by the Group.

The fair value gain comprises realised gains of £102,000 and unrealised gains of £46,000 (2021: £487,000 of realised losses and £648,000 of unrealised gains). Foreign exchange gains mainly arise on the retranslation of cash and intercompany loans held in USD.

11 FINANCE EXPENSE

	2022 £000	2021 £000
Interest on lease liabilities	433	468
Finance costs on bank loans	141	85
Foreign exchange losses	–	1,418
	574	**1,971**

Commitment fees are payable on the revolving credit facility which the Group retains (see note 23).
Foreign exchange losses in the prior year mainly arose on the retranslation of intercompany loans.

12 TAXATION

The Group is subject to taxation in the countries in which it operates (the UK, the US, Hong Kong and Ireland) at the rates applicable in those countries. The total tax charge includes taxes payable for the reporting period (current tax) and also charges relating to taxes that will be payable in future years due to income or expenses being recognised in different periods for tax and accounting periods (deferred tax).

(a) Analysis of charge for the year

	2022 £000	2021 £000
Current tax expense:		
UK corporation tax	13,400	5,960
Foreign taxes	472	235
Adjustment in respect of prior years	(1,606)	73
Total current tax	12,266	6,268
Deferred tax expense/(credit):		
Charge for the year	133	2,104
Adjustment in respect of prior years	678	(2,868)
Total deferred tax	811	(764)
Total income tax expense	**13,077**	**5,504**

Net tax charges of £3,756,000 (deferred tax charges of £6,739,000 net of current tax credits of £2,983,000) are also recorded in equity in respect of tax deductions on share awards arising due to the share price decrease (2021: credits of £8,634,000). Tax credits of £26,000 on cash flow hedges were reclassified from equity to the income statement in 2021 on maturity of the hedges.

A tax credit of £713,000 was recorded in 2021 in respect of prior year tax losses that previously had not been recognised.

The current tax adjustment in respect of prior years in the Period arises as a result of tax that was expected to be payable on private equity income as well as the finalisation of intra-group recharges.

The deferred tax adjustment in respect of prior years in the Period arises from the finalisation of intra-group recharges.

The deferred tax adjustment in respect of prior years in the prior period mainly reflects reductions in the tax expected to be payable on private equity income, recorded in prior years, as a result of transactions which took place in the year.

An increase in the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted in the Finance Act 2021. This rate increase has been taken into account in the calculation of the Group's UK deferred tax assets and liabilities as at 30 September 2022, to the extent that they are expected to reverse after the rate increase comes into effect.

(b) Factors affecting the tax charge for the year

The UK tax rate for the year is 19%. The tax assessment for the period is lower than this rate (2021: lower).
The differences are explained below:

	2022 £000	2021 £000
Profit before tax	72,559	45,749

Tax charge at 19% (2021: 19%)	13,786	8,692
Effects of:		
Non-taxable income	(506)	(18)
Non-deductible expenses and charges	617	316
Adjustment in respect of historical tax charges	(928)	(2,795)
Effect of higher tax rates in foreign jurisdictions	31	22
Tax losses not recognised	77	–
Recognition of prior year tax losses	–	(713)
Total income tax expense	**13,077**	**5,504**

(c) Deferred tax

The deferred tax asset/(liability) included in the Consolidated Statement of Financial Position is as follows:

	Share-based payment scheme £000	Other assets £000	Total assets £000	Income not yet taxable £000	Other liabilities £000	Total liabilities £000
As at 1 October 2020	5,202	291	5,493	(3,130)	(210)	(3,340)
Credit to equity	8,634	(26)	8,608	–	–	–
Exchange differences on consolidation	–	–	(1)	–	–	–
Credit/(charge) to the income statement	(3,243)	1,038	(2,205)	2,969	–	2,969
As at 30 September 2021	10,593	1,303	11,895	(161)	(210)	(371)
Credit/(charge) to equity	(7,848)	1,109	(6,739)	–	–	–
Exchange differences on consolidation	311	127	438	–	–	–
Credit/(charge) to the income statement	267	(1,081)	(813)	161	(159)	2
As at 30 September 2022	**3,323**	**1,458**	**4,781**	**–**	**(369)**	**(369)**

Other assets include carried forward losses of £611,000 as at 30 September 2022 (2021: £681,000). The tax credit on other assets recognised directly in equity of £1,109,000 relates to the increase in carried forward tax losses arising from share-based payment schemes that vested during the period.

13 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company (the "Earnings") by the weighted average number of ordinary shares outstanding during the year, less the weighted average number of Own Shares held. Own Shares are held in Employee Benefit Trusts ("EBTs").

Diluted EPS includes an adjustment to reflect the dilutive impact of share awards.

	Earnings for the year £000	Shares 000's	Earnings per share
2022			
Basic	59,482	129,409	46.0p
Diluted	59,482	133,168	44.7p
2021			
Basic	40,245	127,644	31.5p
Diluted	40,245	132,669	30.3p

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

	2022 £000	2021 £000
Weighted average issued share capital	132,597	131,772
Less Own Shares held not allocated to vested ESOP options	(3,188)	(4,128)
Weighted average number of ordinary shares used in the calculation of basic EPS	129,409	127,644
Additional dilutive shares regarding share schemes	4,860	5,983
Adjustment to reflect option exercise proceeds and future service from employees receiving share awards	(1,101)	(958)
Weighted average number of ordinary shares used in the calculation of diluted EPS	133,168	132,669

14 DIVIDENDS

Dividends are recognised as a reduction in equity in the period in which they are paid or in the case of final dividends when they are approved by shareholders. The reduction in equity in the year therefore comprises the prior year final dividend and the current year interim dividend.

Dividends declared/proposed in respect of the year

	2022 pence	2021 pence
Interim dividend declared per share	4.7	3.6
Final dividend proposed per share	22.9	17.0
Total	**27.6**	**20.6**

The proposed final dividend of 22.9p will be submitted for formal approval at the Annual General Meeting to be held on 16 March 2023. Based on the number of shares in issue at the date of this report, and excluding own shares held, the total amount payable for the final dividend would be £30,188,130.

Dividends paid in the year

	2022 £000	2021 £000
Prior year final dividend – 17.0p, 6.8p	22,475	8,871
Interim dividend – 4.7p, 3.6p	6,190	4,745
	28,665	**13,616**

15 GOODWILL

The goodwill balance within the Group at 30 September 2022 arose from the acquisition of Impax Capital Limited on 18 June 2001 and the acquisition of Impax NH in January 2018.

	Goodwill £000
Cost	
At 1 October 2020	12,306
Foreign exchange	(490)
At 1 October 2021	11,816
Foreign exchange	2,116
At 30 September 2022	**13,932**

Impax NH consists of only one cash-generating unit ("CGU"). Goodwill is allocated between CGUs at 30 September 2022 as follows – £12,303,000 to Impax NH and £1,629,000 to the Listed Equity and Private Equity CGUs.

The Group has determined the recoverable amount of its CGUs at the Period-end by calculating their value in use using a discounted cash flow model over a period of 10 years. The cash flow forecasts were derived taking into account the budget for the year ended 30 September 2023, which was approved by the Directors in September 2022. The discount rate was derived from the Group's weighted average cost of capital and takes into account the weighted average cost of capital of other market participants.

The goodwill on the Listed Equity and Private Equity CGUs arose over 15 years ago and the business has grown significantly in size and profitability since that date. There is accordingly significant headroom before an impairment is required. The main assumptions used to calculate the cash flows in the impairment test for these CGUs were that assets under management would continue at current levels and margins would continue at current levels, that fund performance for the Listed Equity business would be 5% per year (2021: 5%) and a discount rate of 12.5% (2021: 12.5%). There has been no impairment of goodwill related to these segments to date and there would have to be significant asset outflows over a sustained period before any impairment was required. If the discount rate increased by 3% there would no impairment and if fund performance reduced to zero there would be no impairment (2021: 3% increase in discount rate,
no impairment).

The impairment test for the Impax NH CGU showed no impairment (2021: no impairment) was required and used the following key assumptions, based on historical performance – average fund inflows of US$0.38 billion (2021: US$0.38 billion), fund performance of 5% (2021: 5%), an average operating margin of 17% (2021: 17%) and a discount rate of 12.5% (2021: 12.5%). The following plausible changes in assumptions would individually not give rise to an impairment: a consistent 10% decrease in inflows (2021: 10% decrease); a 100 basis point annual reduction in performance each year (2021: 100 basis point reduction); a 1% annual reduction in operating margin (2021: 1% reduction), a 1% increase in discount rate (2021: 1% increase).

16 INTANGIBLE ASSETS

Intangible assets mainly represents the value of the management contracts acquired as part of the acquisition of Impax NH.

	Management contracts £000	Software £000	Total £000
Cost			
As at 1 October 2020	27,707	529	28,236
Foreign exchange	(1,266)	–	(1,266)
As at 30 September 2021	26,441	529	26,970
Additions	–	81	81
Disposals		(309)	(309)
Foreign exchange	5,469	–	5,469
As at 30 September 2022	**31,910**	**301**	**32,211**
Accumulated amortisation			
As at 1 October 2020	6,907	458	7,365
Charge for the year	2,358	51	2,409
Foreign exchange	(277)	–	(277)
As at 30 September 2021	8,988	509	9,497
Charge for the year	2,459	26	2,485
Disposals	–	(310)	(310)
Foreign exchange	2,199	–	2,199
As at 30 September 2022	**13,646**	**225**	**13,871**
Net book value			
As at 30 September 2022	**18,264**	**76**	**18,340**
As at 30 September 2021	17,453	20	17,473
As at 30 September 2020	20,800	71	20,871

The management contracts were acquired with the acquisition of Impax NH in January 2018 and are amortised over an 11 year life.

Asset inflows, operating margin and 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.

17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment mainly represents the costs of fitting out the Group's leased London (leasehold improvements), office furniture and computers (fixtures, fitting and equipment) and the capitalised value of the Group's leases on its office buildings (right of use assets).

	Right of use assets £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 October 2020	10,555	2,093	1,847	14,495
Additions	194	-	257	451
Disposals	–	(19)	–	(19)
Foreign exchange	(222)	–	(14)	(236)
As at 30 September 2021	10,527	2,074	2,090	14,691
Additions	139	274	441	854
Disposals	-	(6)	(22)	(28)
Foreign exchange	951	1	105	1,057
As at 30 September 2022	**11,617**	**2,343**	**2,614**	**16,574**
Accumulated depreciation				
As at 1 October 2020	1,240	1,118	1,280	3,638
Charge for the year	1,236	145	267	1,648
Disposals	–	(10)	–	(10)
Foreign exchange	(14)	–	(6)	(20)
As at 30 September 2021	2,462	1,253	1,541	5,256
Charge for the year	1,273	181	318	1,772
Disposals	-	(6)	(22)	(28)
Foreign exchange	235	1	59	295
As at 30 September 2022	**3,970**	**1,429**	**1,896**	**7,295**
Net book value				
As at 30 September 2022	**7,647**	**914**	**718**	**9,279**
At 30 September 2021	8,065	821	549	9,435
As at 30 September 2020	9,315	975	567	10,857

Lease arrangements

Property, plant and equipment includes right-of-use assets in relation to operating leases for the Group's office buildings.

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 £m	Lease liabilities £m
At 1 October 2021	8,065	9,432
New leases	139	139

Lease payments	–	(1,729)
Interest expense	–	433
Depreciation charge	(1,273)	–
Foreign exchange movement	716	803
At 30 September 2022	**7,647**	**9,078**
	Current	1,488
	Non-current	7,590
		9,078

The contractual maturities on the undiscounted minimum lease payments under lease liabilities are provided below:

	2022 £000	2021 £000
Within one year	2,937	1,694
Between 1 and 5 years	6,339	6,452
Later than 5 years	2,447	3,110
Total undiscounted lease liabilities	**11,723**	**11,256**

The Company's London office lease has an extension option of a further five years from June 2027, subject to a rent review, which is not included in the above numbers on the basis that it is not yet reasonably certain that it will be exercised.

18 TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Trade receivables	10,196	8,679
Other receivables	1,205	1,717
Prepayments and accrued income	27,368	29,404
	38,769	**39,800**

Accrued income relates to accrued management fees and arises where invoices are raised in arrears.
An analysis of the aging of trade receivables is provided below:

	2022 £000	2021 £000
0–30 days	9,069	6,865
Past due but not impaired:		
31–60 days	382	1,052
61–90 days	557	762
Over 90 days	188	–
	10,196	**8,679**

At the date of this report, substantially all of the trade receivables above have been received. As at 30 September 2022, the assessed provision under the IFRS 9 expected loss model for trade receivables and prepayments and accrued income was immaterial (2021: immaterial).

£32,954,000 of trade and other receivables and accrued income were due from related parties (2021: £34,685,000).

19 CURRENT ASSET INVESTMENTS

The Group makes seed investments into its own Listed Equity 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.

	Total £000
At 1 October 2020	4,387
Additions	2,832
Fair value movements	648
Repayments/disposals	(303)
At 30 September 2021	7,564
Additions	256
Fair value movements	46
Repayments/disposals	(611)
At 30 September 2022	**7,255**

The investments include £3,534,000 in related parties of the Group (2021: £3,474,000).

Hierarchical classification of investments

The hierarchical classification of the investments as considered by IFRS 13 Financial Instruments: Disclosures is shown below:

	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
At 1 October 2021	4,090	–	3,474	7,564
Additions	–	–	256	256
Fair value movements	(369)	–	415	46
Repayments/disposals	–	–	(611)	(611)
At 30 September 2022	**3,721**	**–**	**3,534**	**7,255**

There were no movements between any of the levels in the Period.
The level 3 investments are in the Group's Private Equity funds. The net asset value of these funds as reported in the NAV statements represents the fair value at the end of the reporting period and as such a range of unobservable inputs is not reported. If the NAV of those funds changed by +/- 10% then the valuation of those investments would change by +/- £353,000.

Market risk and investment hedges

Investments made are subject to market risk. Where appropriate the Group has attempted to hedge against the risk of market falls by the use of derivative contracts. The derivative contracts consist of short positions against a global equity index and are arranged through BNP Paribas, a related party. Any outstanding amounts on the short positions are settled daily.

20 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interest in structured entities is reflected in the Group's AUM. The Group is exposed to movements in AUM of structured entities through potential loss of fee income as a result of client withdrawals or market falls. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the Strategic Report. Considering the potential for changes in AUM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

At 30 September 2022, AUM managed within unconsolidated structured entities was £35.68 billion (2021: £37.21 billion) and within consolidated structured entities was £nil (2021: £nil).

£175,396,000 (2021: £143,056,000) in revenue was earned from unconsolidated structured entities.

The total exposure to unconsolidated structured entities in the Statement of Financial Position is shown in the table below:

	2022 £000	2021 £000
Management fees receivable (including accrued income)	35,069	36,356
Investments	3,534	3,474
	38,603	**39,830**

21 CASH AND CASH EQUIVALENTS AND CASH INVESTED IN MONEY MARKET FUNDS

Cash and cash equivalents under IFRS does not include cash invested in money market funds which is exposed to market variability. However the Group considers its total cash reserves to include these amounts. Cash held by consolidated funds is not considered to be available to the Group so it is not included in cash reserves. 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:

	2022 £000	2021 £000
Cash and cash equivalents	52,232	36,172
Cash invested in money market funds	58,687	38,066
Less: cash held in RPAs	(3,951)	(4,089)
Cash reserves	**106,968**	**70,149**

The Group is exposed to interest rate risk on the above balances as interest income fluctuates according to the prevailing interest rates. The average interest rate on the cash balances during the year was 0.6% (2021: 0.05%). Given current interest rate levels a sensitivity rate of 1% is considered appropriate. A 1% increase in interest rates would have increased Group profit after tax by £885,000. An equal change in the opposite direction would have decreased profit after tax by £501,000.

The credit risk regarding cash balances of the operating entities of the Group is spread by holding parts of the balance with RBS International, Lloyds Bank, Citizens Financial Group (all with Standard & Poor's credit rating A-2), Santander (A-1) and the Bank of New Hampshire (unrated) and the remainder in money market funds managed by BlackRock (with a Standard & Poor's credit rating of AAA) and Goldman Sachs (with a Standard & Poor's credit rating of A-1).

Cash invested in money market funds is classified as Level 1 on the fair value hierarchy.

22 TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Trade payables	1,078	852
Taxation and other social security	1,981	5,160
Other payables	4,738	4,655
Accruals	45,827	39,440
	53,624	**50,107**

The most significant accrual at the year end relates to variable staff remuneration.

23 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.

24 ORDINARY SHARES

Issued and fully paid	2022 No of shares/000s	2021 No of shares/000s	2022 £000	2021 £000
At 1 October and 30 September	132,597	132,597	1,326	1,326

Ordinary shares have a par value of £0.01 per share. Each ordinary share carries the right to attend and vote at general meetings of the Company. Holders of these shares are entitled to dividends as declared from time to time. 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 consideration for the acquisition of that business that occurred in 2018.

25 OWN SHARES

	No of Shares	£000
At 1 October 2020	5,186,867	7,210
Issuance of shares to EBT 2012	2,000,000	–
Satisfaction of option exercises and RSS vesting	(3,083,472)	(3,093)
At 30 September 2021	4,103,395	4,117
Purchase of shares by EBT 2012	1,078,000	8,781
Satisfaction of option exercises and RSS vesting	(1,916,286)	(4,770)

At 30 September 2022	**3,265,109**	**8,128**

The EBT holds shares for RSS awards until they vest or to satisfy share option exercises. Included within Own Shares are 2,494,006 shares held in a nominee account in respect of the RSS as described in note 9. During the Period, the EBT purchased 1,078,000 ordinary shares.

26 FINANCIAL COMMITMENTS

At 30 September 2022 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €57,499 into Impax New Energy Investors II LP (2021: €113,000); this amount could be called on in the period to 22 March 2023;
- €1,276,000 into Impax New Energy Investors III LP (2021: €1,567,000); this amount could be called on in the period to 31 December 2026; and
- €1,446,977 into Impax New Energy Investors IV LP (2021: €449,616); this amount is called on in the period to 31 October 2031.

27 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

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

	2022 £000	2021 £000
Profit before taxation	72,559	45,749
Adjustments for income statement non-cash charges/income:		
Depreciation of property plant and equipment and amortisation of intangible assets	4,257	4,057
Finance income	(7,950)	(286)
Finance expense	574	1,971
Share-based payment charges	6,151	4,882
Adjustment for statement of financial position movements:		
Decrease/(increase) in trade and other receivables	1,031	(19,021)
Increase in trade and other payables	3,699	22,460
Cash generated from operations	**80,321**	**59,812**