Impax Asset Management Group plc
Results for the year ended 30 September 2023

London, 29 November 2023 – 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 2023 (the "Period").

Business highlights

- Further development of the transition to a more sustainable economy, with significant growth in renewable power generation, electric vehicle fleets and investment to adapt to more extreme weather
- High client retention despite challenging markets
- Targeted investment to support growth
- Strengthened distribution capabilities, including in North America, Latin America, and Japan, with a new office in Tokyo
- Increased product pipeline, including launching an equities strategy targeting Sustainable Infrastructure
- Additional investment to expand the Company's fixed income offering
- Increased operational resilience and improved efficiency through investment in systems and infrastructure
- Launched Impax Sustainability Centre to facilitate the scaling of resources in this key area
- Awards during and after the Period included: 'Investment Manager of the Year' (European Pensions Awards 2023); 'Responsible Investor of the Year' (Reuters Responsible Business Awards) and 'Listed Equites Manager of the Year' (Environmental Finance Sustainable Investment Awards).

Financial highlights

- Assets under management ("AUM") increased by 4.8% to £37.4 billion (2022: £35.7 billion)
- Revenue increased 1.7% to £178.4 million (2022: £175.4 million)
- Adjusted operating profit decreased by 13.8% to £58.1 million (2022: £67.4 million)
- Profit before tax decreased by 28.2% to £52.1 million (2022: £72.6 million)
- Cash reserves of £87.7 million (2022: £107.0 million)
- Adjusted diluted earnings per share decreased by 16.4% to 35.2 pence (2022: 42.1 pence)
- Proposed final dividend of 22.9 pence per share bringing total dividend per share to 27.6 pence (2022: 27.6 pence)

Sally Bridgeland, Chair, commented:

"Despite the challenging macro environment that has faced the asset management community, Impax has continued to deliver for its clients over the financial year. The Company has been recognised for its sector leadership and its commitment to investing in the transition to a more sustainable economy, winning several industry awards.

"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 2023 of 22.9p for a total for the year of 27.6p, representing a flat total dividend relative to the 2022 payout.

"Lindsey Brace Martinez and I will step down from the Board on the ninth anniversary of joining at the end of July 2024. I am delighted that Simon O'Regan has agreed, subject to his re-election as a Director at the Company's AGM in March 2024, to succeed me as independent Non-Executive Chair with effect from 31 July 2024. I'm also very pleased to welcome Julia Bond as a Non-Executive Director of the Company, effective 29 November 2023."

Ian Simm, Chief Executive, added:

"Impax has delivered creditable results during a year that has presented challenging investment conditions. Over the Period, assets under management increased by 4.8% to £37.4 billion, driven by investment returns and strong client retention.

"The Company was able to expand revenue by £3.0 million to £178.4 million. Nevertheless, operating costs also rose as we invested in our distribution and investment capabilities, technology and operations to ensure that the business is resilient and scalable, and hence adjusted operating profit decreased to £58.1 million.

"We made good progress in developing and launching new products, including a new sustainable infrastructure strategy and will soon launch a new social thematic strategy. We have also identified a particular opportunity within fixed income and have made strategic hires into that team. We are reviewing opportunities to source additional fixed income capabilities and will provide an update in due course.

"In a year where we have celebrated Impax's 25th anniversary, our conviction in our investment thesis focused on the transition to a more sustainable economy is stronger than ever. With valuations increasingly attractive, our investment teams have identified several compelling themes that we believe will play out over the medium to long term, for example the adoption of renewable energy, the provision of climate resilient water supply and infrastructure and the deployment of new technology to improve access to healthy food and financial services worldwide."

Board Changes

Effective 29 November 2023, Julia Bond joins as a Non-Executive Director of the Company. Julia will serve as a member of the Remuneration and Audit & Risk Committees.

At the end of July 2024, in line with UK corporate governance best practice, Lindsey Brace Martinez and Sally Bridgeland will step down from the Board on the ninth anniversary of joining.

Simon O'Regan, subject to his re-election as a Director at the Company's AGM in March 2024, will succeed Sally as independent Non-Executive Chair with effect from 31 July 2024, upon which Simon will also cease to be a member of the Audit & Risk Committee. Simon's appointment as Chair is subject to regulatory approval.

Annette Wilson, who joined the Board in June 2022, will succeed Simon as Senior Independent Director and Whistleblowing Champion, with effect from 31 July 2024.

It is contemplated that Julia Bond will become Chair of the Remuneration Committee with effect from 31 July 2024 when Lindsey Brace Martinez departs.

The Company is currently interviewing US-based candidates with a view to appointing a new US-based Non-Executive Director in due course.

Ends

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Notes to Editors - About Impax Asset Management

Founded in 1998, Impax is a specialist asset manager, with approximately £37.4 billion of 30 September 2023 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 well-positioned companies 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 300 employees[1] across its offices in the United Kingdom, the United States, Ireland, Hong Kong and Japan making it one of the investment management sector's largest investment teams dedicated to sustainable development.
www.impaxam.com

[1] Full-time equivalent

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Chief Executive's Report

BUSINESS UPDATE

Impax has delivered creditable results during a year that presented challenging investment conditions. Over the 12 months ending 30 September 2023 ("the Period"), the Company's assets under discretionary and advisory management ("AUM") increased by 4.8% to £37.4 billion, driven by investment returns and strong client retention.

Despite a challenging external environment for the asset management industry, the Company was able to expand revenue by £3.0 million to £178.4 million. Nevertheless, operating costs also rose as we invested in our distribution and investment capabilities, technology and operations to ensure that the business is resilient and scalable, and hence adjusted operating profit decreased to £58.1 million (2022: £67.4 million).

As set out below, we continue to build strong, long-term relationships with clients and to expand our new capabilities, such as in fixed income. Our long-term investment approach, which focuses on companies with robust business models that are well placed to benefit from the transition to a more sustainable economy, continues to appeal to a growing segment of the investment community, and, when market sentiment improves, we believe that the Company will be well positioned for further growth.

CHALLENGING EXTERNAL ENVIRONMENT

Global equities markets returned to positive territory over the Period, following a torrid prior Period for investors. While the headline performance of wider equities markets has been encouraging, continued challenges and upheavals in the macroeconomic environment have created a volatile investment backdrop, with higher inflation and interest rates impacting the real economy.

The public release of OpenAI's ChatGPT in November 2022 sparked huge public excitement about the potential for artificial intelligence. This was exemplified by the meteoric rise in the share price of chipmaker Nvidia, one of a narrow range of technology stocks that has contributed significantly to the rise in global equities indices over the Period.

In other areas of the economy sentiment has been more fragile, contributing to a cyclical derating of Impax's major investment portfolios. Smaller and mid-cap companies in particular have faced challenges in the form of the higher costs of borrowing and supply chain issues.

Additionally, post-pandemic inventory destocking has temporarily disrupted the demand for goods across several sectors that our investment strategies have long-term exposure to, including nutritional ingredients, life sciences tools and solar energy.

This uncertain backdrop and the impact of higher rates has led many investors to delay investment decisions, preferring to benefit from the positive returns currently available in cash.

Meanwhile, policy support has benefitted many of the companies held in our portfolios. In the US the Inflation Reduction Act and the CHIPS and Science Act have made available a combined US$420 billion via the provision of subsidies and tax breaks into clean energy deployment and manufacturing. The Infrastructure Investment and Jobs Act is set to provide a further US$550 billion over the next five years.

The US government's heavy skew towards encouraging domestic job creation and its success in attracting multinationals to direct their investment into the US, has led to equivalent climate-related initiatives, including the EU's Green Deal Industrial Plan and similar measures in China and India.

In the UK the government's decision after the Period to wind back key net-zero policies was disappointing. While it brings the UK in line with other countries (for example, the shift to 2035 from 2030 for the ban of the sale of new petrol and diesel cars), the announcement inevitably sends a negative signal about the UK government's commitment to investing in the transition to a low-carbon economy. The direct impact of this announcement on Impax is limited. 78% of the Company's AUM is from outside the UK and approximately 93% of our investment assets are outside the UK.

INVESTMENT PERFORMANCE

During the Period, the performance of MSCI ACWI, the benchmark index for many of our listed equities strategies, was driven particularly by strong returns from certain US-listed large-cap stocks, particularly the 'mega-cap' technology stocks referred to above.

Many of our strategies, particularly in our thematic listed equities Environmental Markets range, have a lower exposure to this sector, so while our strategies on the whole saw positive absolute returns, the market cap and sector bias meant that the majority underperformed their respective benchmarks during the 12-month Period.

Longer term, nine out of twelve of our active strategies, accounting for a combined 86% of AUM have outperformed their benchmarks over the five years to 30 September 2023, with three out of thirteen outperforming over three years.

Movements in the Company's AUM for the full year ended 30 September 2023

	Listed equities £m	Fixed income £m	Private markets £m	Total firm £m
Total AUM at 30 September 2022	33,801	1,354	521	35,676
Net flows	(144)	2	49	(92)
Market movement, FX and performance	1,896	(73)	(6)	1,816
Total AUM at 30 September 2023	35,552	1,283	564	37,399

NET FLOWS

The Company experienced modest net outflows of £92 million over the Period, demonstrating the benefits of our increasingly diversified distribution strategy and product range and the strength of our existing client relationships. Redemptions from our Environmental Markets strategies were largely offset by inflows into our Sustainability Lens strategies.

Amid challenging market conditions, our Environmental Markets strategies saw total net outflows of £1.7 billion. A high portion of the outflows came via redemptions from our distribution partners, including from BNP Paribas Asset Management ("BNPP AM"), our most significant channel for this range of thematic strategies. Overall, the proportion of Impax's annual revenues from the BNPP AM range of SICAV mutual funds fell to 28%, compared to 30% in the previous financial year.

Overall, our Sustainability Lens strategies saw net inflows of £1.6bn over the Period. Global Opportunities consolidated its position as our largest strategy at £9.2bn, with net inflows of £1.0bn, including a large contribution from UK-based St James's Place, and via Formuepleje in Denmark and Desjardins in Canada. The US Large Cap strategy registered net inflows of £700 million, supported by subscriptions via Lombard Odier and a significant segregated mandate from a Japanese pension fund, awarded in October 2022.

CLIENT SERVICE AND BUSINESS DEVELOPMENT

We continued to expand our international footprint, strengthening our own direct distribution capabilities and consolidating our partner relationships. Highlights included expanding our distribution resources in Japan, Australia, the Nordics, Latin America, the US and Canada.

Meanwhile we are focused on providing an outstanding service to our clients. During the Period we engaged a third-party organisation to carry out our first client survey, with 90% of clients reporting a positive view of Impax.

In March we opened a new office in Japan, following our selection by the Tokyo Metropolitan Government to receive a Green Finance Subsidy. We have hired a senior Country Head to lead our growth in Japan, which has a sophisticated asset owner community with a considerable interest in the investable opportunities relating to the transition to a more sustainable economy, and where Impax has managed client money since 2008.

In Australia, after the Period end, we launched a second fund targeting the wholesale market in collaboration with our local distributor, Fidante Partners.

In June 2023 we signed a distribution agreement to bring our services to clients in Latin America. São Paolo-based BTG Pactual, Latin America's largest investment bank, will distribute our range of Irish-domiciled UCITS funds, marking the first time that we have actively targeted clients in this region.

In the US, we increased the availability of the Impax mutual fund range on several of the largest wealth management platforms and are now able to offer the investment strategies underlying these funds both as collective investment trusts ("CITs") and separately managed accounts ("SMAs"). After the end of the Period, we engaged a client-introducing representative in Canada, a market where we have enjoyed considerable success for over a decade with support from our US offices.

Our team investing in privately held companies operating in the renewable power sector has continued to raise capital for our fourth fund, which at final close in January 2024 will be Impax's largest private markets fund to date. During the Period the team made nine new investments from this fund across five technologies, including solar PV, energy efficiency and decentralised generation, and completed two exits from the portfolio of our third fund.

PRODUCT DEVELOPMENT

Over the Period we made good progress in developing and launching new products, continuing to both diversify our range and provide additional solutions in line with the needs of our clients.

We have identified a particular opportunity within fixed income. Since these markets are earlier in their adoption of sustainability considerations than listed equities, we believe that Impax is well placed to develop additional strategies beyond our current offerings in US Investment Grade and US High Yield. We have recently hired four professionals into our Fixed Income team, and, last month, completed the recruitment of an experienced executive to head up our investment work and business development in this asset class. In addition, we are reviewing opportunities to source additional fixed income capabilities, and will provide an update in due course.

Within Listed Equities, we launched a new Sustainable Infrastructure product in October 2022, and we plan shortly to add our US Environmental Leaders strategy to our Ireland-based UCITS range and will soon launch a strategy targeting Social themes.

We plan to launch a Global Emerging Markets listed equities strategy using our Sustainability Lens during 2024.

IMPAX SUSTAINABILITY CENTRE

Since the late 1990s, Impax has built up expertise across a range of topics and activities linked to investing in the transition to a more sustainable economy, for example long-term market assessment, engagement with investee companies, impact reporting and policy advocacy.

In order to ensure that our resources in these areas add even greater value to our clients, are efficiently managed, accessible to others and scalable, we recently launched the Impax Sustainability Centre, which brings together our Sustainability & Stewardship and Policy & Advocacy teams.

As an example of the synergies from this initiative, we have recently started combining company engagement and our policy advocacy activities, seeking to shape company practices through regulatory or policy change and focusing our activities on four pillars: climate, nature, people and governance.

We have continued to advance our proprietary impact reporting. This includes introducing a new metric this year for quantifying the positive impacts associated with investee companies that supply consumers with healthy and nutritious food. We are also developing metrics related to social impact and biodiversity.

We continue to provide research and insights to our clients and partners. This year we supported a report by researchers from Imperial College London to identify corporate activity that has delivered positive outcomes for companies and nature, and we produced a three-part series of articles examining the US energy transition.

CLIMATE AND THE COMMUNITY

We are pleased again this year to include a report that describes how we manage climate risks and opportunities. In the next few months we plan to publish a separate Taskforce for Climate-related Financial Disclosures ("TCFD") Report for the calendar year 2023, including information about our strategic approach and risk management in this area.

We also significantly expanded our community activity during 2023, focusing on charities in education and skills development for the green economy. During the Period we developed new community partnerships with Country Trust and Groundwork UK, and launched the Pax Scholarship programme supporting students in New Hampshire. Our colleagues once again voted that food scarcity should be our 'Community Cause of the Year' and engaged in a wide range of volunteering and fundraising activities in their local communities.

ATTRACTING AND DEVELOPING OUR TALENT

In our employee engagement survey this year, 97% of our colleagues told us that they feel closely aligned to Impax's mission, culture and values, with its clear focus on sustainable development.

Our overall engagement score, which reflects employee's satisfaction and commitment, rose 1 point to 90%, with Impax once again being rated as a '5-star employer' by WorkBuzz, the survey organiser. At 10%, our staff turnover remains low relative to peers.

Over the Period we sharply reduced our headcount expansion, up 10% (compared to 26% in 2022),[1] and, mindful of market conditions, have already slowed this further in the new financial year.

We rolled out a new remuneration framework across the Company and now provide clearer guidance and consistency around how we assess performance through scorecards and performance evaluation in appraisals.

Having made good progress against our equity, diversity and inclusion ("E,D&I") strategy in recent years, we have refined our E,D&I goals and will be monitoring our progress around this area as part of our performance appraisal system.

SYSTEMS, INFRASTRUCTURE AND COST EFFICIENCY

To increase our operational resilience as the business expands, we have continued to invest selectively in systems, infrastructure, risk management and compliance capabilities.

During the Period we moved our customer relationship management system to Salesforce in order to establish a scalable platform for client relations. We have also extended our data management capabilities and automated some processes within the middle office. Finally, we implemented a new HR system to support recruitment, talent development and performance evaluation and to assist in the management of personal data.

Given the sustained bearish sentiment in equities, we have been particularly focused on the effectiveness of our operations, examining each area of our work and launching a wide range of initiatives to improve efficiency. As well as supporting Impax's current profitability, we believe that this work will help significantly in positioning the Company for scalable growth over the medium term.

AWARDS AND INDUSTRY RECOGNITION

Impax continues to be recognised for our leadership within the investment management industry. During the Period we were named 'Investment Manager of the Year', by European Pensions Awards; 'Listed Equites Manager of the Year', in the Environmental Finance Sustainable Investment Awards; and 'ESG Manager of the Year', by Financial News. We also received a Morningstar ESG Commitment Level of 'Leader', the highest ranking for the 108 asset managers evaluated this year. Impax was one of four to maintain this Level on each of the three occasions this survey has been run.

After the end of the Period, we were named as 'Responsible Investor of the Year', in the Reuters Responsible Business Awards and 'Boutique Manager of the Year' by Financial News.

JOE KEEFE

In January 2024, Joe Keefe will retire as President of Impax North America, to be succeeded by Ed Farrington, who will also retain his position as our Head of Distribution for North America. Joe has headed our US-based team since the acquisition of Pax World Management in 2018 and previously led that business since 2005. We have all benefited from Joe's expertise and his passion, kindness and good nature will be much missed.

OUTLOOK: 25 YEARS ON

This year we have been celebrating 25 years since I founded Impax Asset Management. The Company and the markets in which we invest have certainly come a long way in that time. For example, in 1998, the largest wind turbines generated 1MW (vs 16MW today), the price of solar panels was the equivalent of around US$7 per watt (versus around US$0.16 per watt today), and the most common electric vehicles were golf buggies!

Ever since we received our first mandate from the World Bank, Impax has argued consistently that, on a finite planet with an expanding population seeking ever higher standards of living, the transition to a more sustainable economy is practically inevitable. It is our conviction that this transition will continue to provide excellent investment opportunities for red-blooded capitalists and ethically motivated investors alike.

Our belief in this investment thesis is stronger than ever and, with valuations increasingly attractive, our investment teams have identified several compelling themes that we believe will play out over the medium to long term. For example, our recent launch of the new Social thematic strategy underlines the opportunities that we have identified in addressing challenges facing global society, including access to basic needs, financial inclusion and healthcare innovation.

Meanwhile the increasing de-coupling of the global economy presents opportunities for certain companies as those sectors that are identified by national governments as strategic are reshored, but also the potential for heightened risk, for example through business inefficiency.

As highlighted earlier, artificial intelligence ("AI") has attracted excitement and valid concerns in equal measure. Many of our strategies' holdings are already deploying AI to help deliver efficiencies in the context of a more sustainable global economy, an area in which we see considerable potential for the technology.

September 2023 saw the publication of the recommendations from the Taskforce on Nature-related Financial Disclosures ("TNFD"). Impax has long considered nature within our Environmental Markets strategies and we expect to assess the risks and opportunities related to biodiversity loss over the coming months, including through the work of the Impax Sustainability Centre.

Finally, in its first 'Synthesis Report' in nine years, in March 2023 the Intergovernmental Panel on Climate Change ("IPCC") said that there is a more than a 50% chance that global temperature rise will reach or surpass 1.5˚C between 2021 and 2040. The need for accelerated investment in climate solutions and addressing physical climate risks has never been more acute, presenting considerable opportunities for investors. With a 25-year heritage of specialising in investing in climate solutions, Impax is ideally placed to support asset owners as they decide on how best to allocate to this meta-trend reshaping society.

Notwithstanding the headwinds that we have experienced during 2023, I am highly encouraged that our client retention has been excellent. Meanwhile, we continue to develop new investment capabilities while enhancing our operating model to ensure that the business is efficient and scalable, and, as a result, we believe we're well positioned to continue to deliver value for all stakeholders.

Ian Simm
Chief Executive

28 November 2023

Financial Review

I am pleased to present our results for the year which, in a time of challenging market conditions, demonstrate the resilient nature of the Company which has allowed for continued investment in our growth strategy.

FINANCIAL HIGHLIGHTS FOR FINANCIAL YEAR 2023 VERSUS FINANCIAL YEAR 2022

	2023	2022
AUM[1]	£37.4bn	£35.7bn
Revenue	£178.4m	£175.4m
Adjusted operating costs	£120.3m	£108.0m
Adjusted operating profit[2]	£58.1m	£67.4m
Adjusted profit before tax[2]	£60.0m	£68.4m
Adjusted diluted earnings per share[2]	35.2p	42.1p
Cash reserves[2]	£87.7m	£107.0m
Seed investments	£13.3m	£7.3m
Dividend per share[3]	4.7p interim + 22.9 p final	4.7p interim + 22.9p final

	2023	2022
IFRS operating profit	£54.2m	£65.2m
IFRS profit before tax	£52.1m	£72.6m
IFRS diluted earnings per share	29.8p	44.7p

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 of 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.

REVENUE

Revenue for the Period increased by £3.0 million to £178.4 million (2022: £175.4 million) as a result of the growth in AUM driven by £1.8 billion of market movements and investment performance during the Period.

At the end of the Period, the weighted average run rate revenue margin was 45 basis points (2022: 46 basis points) on the £37.4 billion of AUM. Our run-rate revenue[1], also based on the Period end AUM, rose to £168.8 million (2022: £166.2 million).

OPERATING COSTS

Adjusted operating costs increased to £120.3 million
(2022: £108.0 million) as we continued to invest strategically in the business to support our long-term growth ambitions. Being mindful of the challenging market conditions and economic uncertainty that remains, we have focused our investment in the areas of people, technology and operations that will ensure we build a scalable and resilient business that is well prepared for future growth.

These costs also reflect a full year of costs from hires made in FY2022.

IFRS operating costs include additional charges and credits, principally the amortisation of intangible assets and equity incentive scheme charges arising on the acquisition of Impax NH as well as national insurance charges and credits on share options and restricted shares which is payable based on the share price when an option is exercised or restricted shares vest.

PROFITS AND OPERATING MARGINS

Adjusted operating profit decreased to £58.1 million (2022: £67.4 million) owing to the increased operating costs discussed above offset in part by the increase in revenue. As a result, adjusted operating profit margin reduced to 32.6% (2022: 38.4%). Run-rate adjusted operating profit at the end of the Period was £51.9 million (2022: £54.3 million) and run-rate adjusted operating margin at the end of the Period was 30.8% (2022: 32.6%).

Adjusted profit before tax of £60.0 million (2022: £68.4 million) and adjusted diluted earnings per share of 35.2 pence (2022: 42.1 pence) include net finance income of £1.9 million (£0.9 million).

IFRS operating profit for the Period decreased to £54.2 million (2022: £65.2 million) reflecting the increased operating costs. IFRS profit before tax of £52.1 million (2022: £72.6m) includes foreign exchange losses of £4.0 million (2022: foreign exchange gains of £6.4 million) on the retranslation of monetary assets held in foreign currencies that are not linked to the operating performance of the Group. £1.2 million of this loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve. IFRS diluted earnings per share decreased to 29.8 pence (2022: 44.7 pence).

TAX

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

FINANCIAL MANAGEMENT

The Company continues to be a strongly cash generative business with high levels of cash and no debt. At the Period end the Company held £87.7 million of cash resources (2022: £107.0 million). The decrease of £19.3 million from 2022 is mainly attributable to further seed investments and share purchases made during the Period.

During the Period, we made seed investments, net of redemptions, of £5.3 million in our listed equity and private equity funds (2022: net redemptions of £0.3 million) and at the Period end these investments were valued at £13.3 million (2022: £7.3 million).

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 Trusts (“EBTs”) (subject to the trustees’ discretion), using funding provided by the Company.

During the Period, the EBT purchased 2.1 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 4.3 million shares, 2.7 million of which were held for Restricted Share awards leaving up to 1.6 million available for option exercises and future share awards. There were 2.0 million options outstanding at the Period end, of which none were exercisable.

DIVIDENDS

The Company paid an interim dividend of 4.7 pence per share in July 2023. Our dividend policy is to pay, in normal circumstances, an annual dividend between 55% and 80% of adjusted profit after tax. As described above, despite uncertain markets, business performance was stable during the Period and the Company remains in good financial health. The Board has therefore decided to recommend a final dividend of 22.9 pence (2022: 22.9 pence) taking the total dividend for 2023 to 27.6 pence (2022: 27.6 pence). The total dividend for the year represents 78% of our adjusted profit.

This dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 12 March 2024. If approved, the dividend will be paid on or around 22 March 2024. The record date for the payment of the proposed dividend will be 9 February 2024 and the ex-dividend date will be 8 February 2024.

The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 23 February 2024. 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 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). The Directors therefore have a reasonable expectation that the Group has adequate resources to remain in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Karen Cockburn
Chief Financial Officer
28 November 2023

Consolidated Income Statement

For the year ended 30 September 2023

	Notes	2023 £000	2022 £000
Revenue	6	178,367	175,396
Operating costs	7	(124,120)	(110,213)
Finance income	10	3,130	7,950

Finance expense	11	(5,271)	(574)
Profit before taxation		52,106	72,559
Taxation	12	(12,884)	(13,077)
Profit after taxation		**39,222**	**59,482**
Earnings per share			
Basic	13	30.5p	46.0p
Diluted	13	29.8p	44.7p
Dividends per share			
Interim dividend paid and final dividend declared for the year	14	27.6p	27.6p

Adjusted results are provided in note 4.

Consolidated Statement of Comprehensive Income
For the year ended 30 September 2023

	2023 £000	2022 £000
Profit for the year	39,222	59,482
Exchange differences on translation of foreign operations	(119)	2,685
Total other comprehensive income	(119)	2,685
Total comprehensive income for the year attributable to equity holders of the Company	**39,103**	**62,167**

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

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

Consolidated Statement of Financial Position
As at 30 September 2023

		2023		2022	
	Notes	£000	£000	£000	£000
Assets					
Goodwill	15	12,883		13,932	
Intangible assets	16	14,185		18,340	
Property, plant and equipment	17	8,820		9,279	
Deferred tax assets	12	3,665		4,781	
Total non-current assets			39,553		46,332

Trade and other receivables	18	42,543		38,769	
Investments	19	13,270		7,255	
Current tax asset		1,645		176	
Cash invested in money market funds	21	53,542		58,687	
Cash and cash equivalents	21	37,963		52,232	
Total current assets			148,963		157,119
Total assets			188,516		203,451
Equity and liabilities					
Ordinary shares	24	1,326		1,326	
Share premium		9,291		9,291	
Merger reserve		1,533		1,533	
Exchange translation reserve		2,940		3,059	
Retained earnings		118,868		122,969	
Total equity			133,958		138,178
Trade and other payables	22	44,809		53,624	
Lease liabilities	17	1,524		1,488	
Current tax liability		1,007		2,202	
Total current liabilities			47,340		57,314
Lease liabilities	17	7,218		7,590	
Deferred tax liability	12	–		369	
Total non-current liabilities			7,218		7,959
Total equity and liabilities			188,516		203,451

Consolidated Statement of Changes in Equity

For the year ended 30 September 2023

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Retained earnings £000	Total equity £000
1 October 2021		1,326	9,291	1,533	374	97,998	110,522
Transactions with owners of the Company:							
Dividends paid	14	–	–	–	–	(28,665)	(28,665)

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Retained earnings £000	Total equity £000
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

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Retained earnings £000	Total equity £000
30 September 2022		1,326	9,291	1,533	3,059	122,969	138,178
Transactions with owners of the Company:							
Dividends paid	14	–	–	–	–	(36,376)	(36,376)
Cash received on option exercises		–	–	–	–	1,261	1,261
Tax credit on long-term incentive schemes		–	–	–	–	371	371
Share-based payment charges	9	–	–	–	–	6,535	6,535
Acquisition of own shares		–	–	–	–	(15,114)	(15,114)
Total transactions with owners of the Company		–	–	–	–	(43,323)	(43,323)
Profit for the year		–	–		–	39,222	39,222
Other comprehensive income:							
Exchange differences on translation of foreign operations		–	–	–	(119)	–	(119)
Total other comprehensive Income		–	–	–	(119)	–	(119)
30 September 2023		1,326	9,291	1,533	2,940	118,868	133,958

Consolidated Cash Flow Statement

For the year ended 30 September 2023

	Notes	2023 £000	2022 £000
Operating activities			
Cash generated from operations	27	53,218	80,321
Corporation tax paid		(14,562)	(9,046)
Net cash generated from operating activities		**38,656**	**71,275**
Investing activities			
Net acquisition of property, plant & equipment and intangible assets		(824)	(796)
Net (investments)/redemptions from unconsolidated Impax funds		(5,281)	355
(Expenditure)/income from settlement of investment related hedges		(390)	69
Investment income received		2,865	586
Decrease/(increase) in cash held in money market funds		5,145	(19,091)
Net cash generated from/(used by) investing activities		**1,515**	**(18,877)**
Financing activities			
Acquisition of non-controlling interest		–	(182)
Finance costs paid on a loan facility		(86)	(141)
Payment of lease liabilities		(1,979)	(1,729)
Acquisition of own shares		(15,114)	(8,781)
Cash received on exercise of Impax staff share options		1,261	540
Dividends paid		(36,376)	(28,665)
Net cash used by financing activities		**(52,294)**	**(38,958)**
Net (decrease)/increase in cash and cash equivalents		**(12,123)**	**13,440**
Cash and cash equivalents at beginning of year		52,232	36,172
Effect of foreign exchange rate changes		(2,146)	2,620
Cash and cash equivalents at end of year	21	37,963	52,232

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 Research Payment Accounts ("RPAs") 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	Cash flow £000	Foreign exchange	At the end of the
Cash and cash equivalents	52,232	(12,123)	(2,146)	37,963
Cash invested in money market funds	58,687	(5,145)	–	53,542

Cash in RPAs	(3,951)	138	–	(3,813)
Total Group cash reserves	106,968	(17,130)	(2,146)	87,692

Notes to the Financial Statements

For the year ended 30 September 2023

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 financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and applicable law.

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.

Details of the significant accounting policies adopted by the Group are shown in note 31.

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 9, 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 2023			
		Adjustments		
	Reported – IFRS £000	Business combination effects £000	Other £000	Adjusted £000
Revenue	178,367			178,367
Operating costs	(124,120)			(120,264)
Amortisation of intangibles arising on acquisition		2,813		
Acquisition equity incentive scheme charges		1,318		
Mark to market credit on equity awards			(275)	
Operating Profit	**54,247**	**4,131**	**(275)**	**58,103**
Finance income	3,130			3,130
Finance costs	(5,271)		3,994	(1,277)
Profit before taxation	**52,106**	**4,131**	**3,719**	**59,956**
Taxation	(12,884)			(13,591)
Tax on adjustments			(707)	
Profit after taxation	**39,222**	**4,131**	**3,012**	**46,365**
Diluted earnings per share	**29.8**	**3.1**	**2.3**	**35.2**

	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)
Adjustment re historical tax charges			(730)	
Tax 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 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 (the "Acquisition") and are amortised over their 11-year life. This charge is not linked to the operating performance of the Impax NH business and so is excluded from adjusted profit.

Acquisition equity incentive scheme charges

Impax NH staff have been awarded share-based payments in respect of the Acquisition. 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 options when they are exercised and on the RSS awards when they vest, based on the valuation of the underlying shares at that point. A charge is accrued for the NIC within IFRS operating profit based on the share price at the balance sheet date. The Group also receive a corporation tax credit equal to the value of the awards at the date they are exercised (options) or vest (RSS awards). The tax credit in excess of the cumulative share-based payment expense is recognised directly in equity.

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

Finance income and expense

Finance expense for the Period has been adjusted for foreign exchange gains and losses on monetary assets that are not linked to the operating performance of the Group. £1,200,000 of the current Period foreign exchange loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve

5 SEGMENTAL REPORTING

(a) Operating segments

The Group is managed on an integrated basis and there is one reportable segment.

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	
	2023 £000	2022 £000
North America	54,183	61,890
Luxembourg	49,383	43,362

UK	30,712	34,069
Ireland	13,323	13,175
France	11,085	12,261
Canada	6,363	954
Australia	3,821	2,796
Netherlands	3,641	3,012
Denmark	3,378	2,129
Other	2,478	1,748
	178,367	175,396

The following non-current assets: property, plant and equipment, goodwill and intangible assets are located in the countries listed below:

	Non-current assets	
	2023 £000	2022 £000
UK	5,753	6,427
United States	29,738	34,907
Hong Kong	6	140
Ireland	391	77
	35,888	41,551

6 REVENUE

See accounting policy at note 31 (D).

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. Carried interest of £35,600 was received in the Period (2022: none).

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 a result of equity market downturns, foreign exchange 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 £172,373,446 (2022: £170,840,243) from related parties.

7 OPERATING COSTS

The Group's largest operating cost is staff costs. Other significant costs include IT and communication costs, direct fund expenses, professional fees, premises costs (depreciation on office building leases, rates and service charge) and placement fees.

	2023 £000	2022 £000
Staff costs (note 8)	86,078	81,766
IT and communications	7,850	5,805
Direct fund expenses	7,441	6,388
Professional fees	5,094	4,006
Depreciation and amortisation	5,073	4,257
Placement fees	2,815	1,783
Premises costs	1,639	1,333
Research costs	1,167	980
Mark to market credit on share awards	(275)	(1,527)
Other costs	7,238	5,422
Total	124,120	110,213

Operating costs include £1,237,000 (2022: £1,183,000) in respect of placement fees paid to related parties.

Other costs include £297,000 (2022: £295,000) paid to the Group's auditors which is analysed below. Audit-related assurance services in the Period relate to the auditor's review of the Group's half-yearly report.

	2023 £000	2022 £000
Audit of the Group's Parent Company and consolidated financial statements	122	91
Audit of subsidiary undertakings	143	124
Audit-related assurance services	32	80
	297	295

8 STAFF COSTS AND EMPLOYEES

Staff costs include salaries, variable bonuses, social security costs (principally employers' 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.

	2023 £000	2022 £000
Salaries and variable bonuses	63,936	62,393

Social security costs	6,188	6,356
Pensions	1,955	1,635
Share-based payment charge (see note 9)	6,535	6,152
Other staff costs	7,464	5,230
	86,078	81,766

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 £140,000 (2022: £105,000) 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 £12,049,310 with £2,457,318 of share-based payments (2022: £14,525,298 plus £2,239,493 of share-based payments). No Board members received pension contributions during the year (2022: nil).

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff) employed during the year was 290 (2022: 240).

	2023 No.	2022 No.
Portfolio Management	105	86
Private Equity	15	13
Client Service and Business Development	101	82
Group	69	59
	290	240

9 SHARE-BASED PAYMENT CHARGES

The total expense recognised for the year arising from share-based payment transactions was £6,535,000 (2022: £6,151,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS") and the Group's Long Term Option Plan ("LTOP") which are described below. Details of all outstanding options are provided at the end of this note. The charges for each scheme are:

	2023 £000	2022 £000
RSS	5,861	5,231
LTOP	674	920
	6,535	6,151

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. 729,750 restricted shares were granted during the Period under the 2022 plan. Awards can also be issued to new employees and during the Period, 42,630 RSS awards were granted to employees joining ("RSS 2023 A"). Post year end, the Board approved the grant of a further 1,519,750 restricted shares under the 2023 plan ("RSS 2023 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.

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.

		2023		2022	
	RSS 2023 (estimate)	RSS 2023 A	RSS 2022 Final	RSS 2022 A	RSS 2021 Final
Awards originally granted	1,519,750	42,630	729,750	397,889	413,750
Weighted average award value	£4.30	£7.51	£8.42	£7.32	£13.82
Weighted average share price on grant	£4.40	£7.61	£8.52	£7.32	£13.94
Weighted average expected volatility	36.3%	35.8%	35.5%	34.6%	34.0%
Weighted average award life on grant	5.3 years	4.0 years	5.3 years	2.6 years	5.2 years
Weighted average expected dividend yield	6.3%	3.6%	3.2%	3.0%	1.5%
Weighted average risk free interest rate	4.2%	3.6%	4.6%	1.6%	1.0%

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 RSS 2023 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. This will be adjusted for using the share price and other inputs at the grant date.

Restricted shares outstanding	
Outstanding at 1 October 2022	2,494,006
Granted during the year	772,380
Vested during the year	(383,618)
Forfeited during the year	(187,086)
Outstanding at 30 September 2023	**2,695,682**

Employee share option plans

Employee Share Option Plan

Awards were granted to employees in 2017 under the Group'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. All remaining options outstanding under the ESOP were exercised during the Period.

Long Term Option Plan

Awards have been granted to employees under the Group's LTOP between 2018 and 2022. The strike prices of these options were £1 (2018 and 2019), £3 (2020), £9 (2021) and £7.50 (2022). 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 1,012,000 options under the 2023 LTOP plan with a £4.40 strike price and with the other conditions the same as the 2018-2022 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.

	2023 LTOP (estimated)	2023 2022 LTOP	2022 2021 LTOP
Awards originally granted	1,012,000	300,000	339,575
Exercise price	£4.40	£7.50	£9.00
Weighted average award value	£0.80	£2.14	£4.87
Weighted average share price on grant	£4.40	£8.12	£13.90
Weighted average expected volatility	36.3%	35.6%	34.2%
Weighted average award life on grant	6 years	6 years	6 years
Weighted average expected dividend yield	6.3%	3.4%	1.5%
Weighted average risk free interest rate	4.2%	4.6%	0.8%

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 2023 LTOP 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. This will be adjusted for using the share price and other inputs at the grant date.

Options outstanding

An analysis of the outstanding options arising from the Group's LTOP is provided below:

	Number	Weighted average exercise price p
Options outstanding at 1 October 2022	2,693,575	265.2
Options granted	300,000	750.0
Options forfeited	(311,000)	246.6

Options exercised	(725,000)	184.3
Options outstanding at 30 September 2023	1,957,575	372.4
Options exercisable at 30 September 2023	–	–

The weighted average remaining contractual life was 7.1 years.

During the Period, 15,750 options, with a £0.01 exercise price, were also granted to employees (2022: 6,000). These options vest in three equal tranches between 2026 and 2028. Post year-end, the Board approved the grant of a further 22,000 of these options with the same conditions which vest between 2027 and 2029.

10 FINANCE INCOME

	2023 £000	2022 £000
Fair value gains	265	148
Interest income	2,865	520
Other investment income	–	33
Foreign exchange gains	–	7,249
	3,130	7,950

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.

Fair value gains comprise unrealised gains of £756,000 offset by realised losses of £491,000 (2022: £46,000 of unrealised gains and £102,000 of realised gains).

Foreign exchange gains in the prior Period mainly arose on the retranslation of monetary assets held in US Dollars.

11 FINANCE EXPENSE

	2023 £000	2022 £000
Interest on lease liabilities	411	433
Finance costs on a loan facility	86	141
Foreign exchange losses	4,774	–
	5,271	574

Foreign exchange losses in the current Period mainly arose on the retranslation of monetary assets held in US Dollars. £1.2 million of this loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve.

12 TAXATION

The Group is subject to taxation in the countries in which it operates (the UK, the US, Hong Kong, Ireland and Japan) 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

	2023 £000	2022 £000
Current tax expense:		
UK corporation tax	9,542	13,400
Foreign taxes	3,639	472
Adjustment in respect of prior years	(53)	(1,606)
Total current tax expense	**13,128**	**12,266**
Deferred tax (credit)/expense:		
Credit for the year	(821)	133
Adjustment in respect of prior years	577	678
Total deferred tax (credit)/expense	(244)	811
Total income tax expense	**12,884**	**13,077**

A tax credit of £371,000 (deferred tax charges of £859,000 net of current tax credits of £1,230,000) is also recorded in equity in respect of changes in estimates of the tax deductions on share awards arising from changes in the share price (2022: charges of £3,756,000 (deferred tax charges of £6,739,000 net of current tax credits of £2,983,000)).

The deferred tax adjustment in respect of prior years in the Period arises from the utilisation of tax losses following the finalisation of intra-group profits.

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 2023, 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 blended UK tax rate for the year is 22% due to the increase in the corporation tax rate from 19% to 25% from 1 April 2023. The tax assessment for the Period is higher than this rate (2022: lower). The differences are explained below:

	2023 £000	2022 £000
Profit before tax	52,106	72,559
Tax charge at 22% (2022: 19%)	11,463	13,786
Effects of:		

Non-taxable income	(231)	(506)
Non-deductible expenses and charges	1,256	617
Adjustment in respect of historical tax charges	559	(928)
Effect of higher tax rates in foreign jurisdictions	(29)	31
Tax losses not recognised	9	77
Recognition of prior year tax losses	(143)	–
Total income tax expense	12,884	13,077

(c) Deferred tax

The deferred tax asset included in the consolidated statement of financial position is as follows:

	Share-based payment scheme £000	Tax losses carried forward £000	Other assets £000	Income not yet taxable £000	Other liabilities £000	Total £000
As at 1 October 2021	10,593	681	621	(161)	(210)	11,524
(Charge)/credit to equity	(7,848)	1,109	–	–	–	(6,739)
Exchange differences on consolidation	311	127	–	–	–	438
Credit/(charge) to the income statement	267	(1,304)	224	161	(159)	(811)
As at 30 September 2022	3,323	611	847	–	(369)	4,412
(Charge)/credit to equity	(859)	–	–	–	–	(859)
Exchange differences on consolidation	(70)	–	(62)	–	–	(132)
Credit/(charge) to the income statement	729	–	(979)	–	494	244
As at 30 September 2023	3,123	611	(194)	–	125	3,665

A deferred tax asset of £952,000 (2022: £1,600,000) relating to £4.4 million of losses in one of the Group's subsidiaries has not been recognised as there is insufficient evidence that there will be sufficient taxable profits in the future against which these deferred tax assets could be utilised.

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

2023			
Basic	39,222	128,769	30.5p
Diluted	39,222	131,572	29.8p
2022			
Basic	59,482	129,409	46.0p
Diluted	59,482	133,168	44.7p

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

	2023 000's	2022 000's
Weighted average number of ordinary shares held	132,597	132,597
Less weighted average number of own shares held	(3,828)	(3,188)
Weighted average number of ordinary shares used in the calculation of basic EPS	128,769	129,409
Additional dilutive shares regarding share schemes	2,803	3,759
Weighted average number of ordinary shares used in the calculation of diluted EPS	131,572	133,168

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 Period therefore comprises the prior Period final dividend and the current Period interim.

Dividends declared/proposed in respect of the year

	2023 pence	2022 pence
Interim dividend declared per share	4.7	4.7
Final dividend proposed per share	22.9	22.9
Total	27.6	27.6

The proposed final dividend of 22.9p will be submitted for formal approval at the Annual General Meeting to be held on 12 March 2024. 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 £30,003,000.

Dividends paid in the year

	2023 £000	2022 £000

Prior year final dividend – 22.9p, 17.0p	30,216	22,475
Interim dividend – 4.7p, 4.7p	6,160	6,190
	36,376	28,665

15 GOODWILL

The goodwill balance within the Group at 30 September 2023 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 2021	11,816
Foreign exchange	2,116
At 1 October 2022	13,932
Foreign exchange	(1,049)
At 30 September 2023	**12,883**

Impax NH consists of only one cash-generating unit ("CGU"). Goodwill is allocated between CGUs at 30 September 2023 as follows – £11,254,000 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 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 2024, which was approved by the Board of Directors in September 2023. The discount rate was derived from the Group's weighted average cost of capital, adjusted for market specific risks associated with the estimated cash flows, 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 20 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 and margins would continue at current levels, that fund performance for the listed equity business would be 5% per year (2022: 5%) and a discount rate of 12.5% (2022: 12.5%). There has been no impairment of goodwill related to this segment 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 1% there would no impairment and if fund performance reduced to zero there would be no impairment (2022: 1% increase in discount rate, no impairment).

The impairment test for the Impax NH CGU showed no impairment (2022: no impairment) was required and used the following key assumptions – average fund inflows of US$0.56 billion (2022: US$0.38 billion), fund
performance of 5% (2022: 5%), an average operating margin of 29% (2022: 17%) and a discount rate of 12.5% (2022: 12.5%). The following plausible changes in assumptions would individually not give rise to an impairment: a consistent 10% decrease in inflows (2022: 10% decrease); a 100 basis point annual reduction in performance each year (2022: 100 basis point reduction); a 1% annual reduction in operating margin (2022: 1% reduction) and a 1% increase in discount rate (2022: 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 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
Additions	–	299	299
Foreign exchange	(2,710)	–	(2,710)
As at 30 September 2023	**29,200**	**600**	**29,800**
Accumulated amortisation			
As at 1 October 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
Charge for the year	2,813	62	2,875
Foreign exchange	(1,131)	–	(1,131)
As at 30 September 2023	**15,328**	**287**	**15,615**
Net book value			
As at 30 September 2023	**13,872**	**313**	**14,185**
As at 30 September 2022	18,264	76	18,340
As at 30 September 2021	17,453	20	17,473

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

Assets under management, forecast asset inflows and operation margin are all the same or in excess of the assumptions when the management contracts were first valued. The discounted cost of capital is the same as 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 office (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 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
Additions	1,607	82	443	2,132
Disposals	–	–	(37)	(37)
Foreign exchange	(468)	(1)	(53)	(522)
As at 30 September 2023	**12,756**	**2,424**	**2,967**	**18,147**
Accumulated depreciation				
As at 1 October 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
Charge for the year	1,659	214	325	2,198
Disposals	–	–	(6)	(6)
Foreign exchange	(127)	(1)	(32)	(160)
As at 30 September 2023	**5,502**	**1,642**	**2,183**	**9,327**
Net book value				
As at 30 September 2023	**7,254**	**782**	**784**	**8,820**
At 30 September 2022	7,647	914	718	9,279
As at 30 September 2021	8,065	821	549	9,435

Lease arrangements

Property, plant and equipment includes right-of-use assets in relation to 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 assets £m	Lease liabilities £m
At 1 October 2022	7,647	9,078
New leases	1,607	1,607

Lease payments	–	(1,979)
Interest expense	–	410
Depreciation charge	(1,659)	–
Foreign exchange movement	(341)	(374)
At 30 September 2023	7,254	8,742
	Current	1,524
	Non-current	7,218
		8,742

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

	2023 £000	2022 £000
Within 1 year	1,942	2,937
Between 1 and 5 years	6,489	6,339
Later than 5 years	1,702	2,447
Total undiscounted lease liabilities	10,133	11,723

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

	2023 £000	2022 £000
Trade receivables	8,803	10,196
Other receivables	2,282	1,205
Prepayments and accrued income	31,458	27,368
	42,543	38,769

Accrued income relates to accrued management fees and arises where invoices are raised in arrears.

An analysis of the ageing of trade receivables is provided below:

	2023 £000	2022 £000
0–30 days	7,488	9,069
Past due but not impaired:		
31–60 days	1,098	382
61–90 days	6	557
Over 90 days	211	188

	8,803	10,196

At the date of this report, substantially all of the trade receivables above have been received. As at 30 September 2023, the assessed provision under the IFRS 9 expected credit loss model for trade receivables and prepayments and accrued income was immaterial (2022: immaterial).

£33,660,000 of trade and other receivables were due from related parties (2022: £32,954,000).

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 current asset investments are shown in the table below. Investments made in unconsolidated funds are also included.

	Total £000
At 1 October 2021	7,564
Additions	256
Fair value movements	46
Repayments/disposals	(611)
At 30 September 2022	7,255
Additions	8,073
Fair value movements	734
Repayments/disposals	(2,792)
At 30 September 2023	**13,270**

The investments include £4,647,000 in related parties of the Group (2022: £3,534,000).

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 2022	3,721	–	3,534	7,255
Additions	7,175	–	898	8,073
Repayments/disposals	(2,315)	–	(477)	(2,792)
Fair value movements	42	–	692	734
At 30 September 2023	**8,623**	**–**	**4,647**	**13,270**

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 is 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 +/- £465,000.

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 Review. 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 2023, AUM managed within unconsolidated structured entities was £37.40 billion (2022: £35.68 billion) and within consolidated structured entities was nil (2022: £nil).

£178,367,000 (2022: £175,396,000) 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:

	2023 £000	2022 £000
Management fees receivable (including accrued income)	37,159	35,069
Investments	13,270	3,534
	50,429	38,603

The main risk the Group faces from its interest in unconsolidated structured entities are decreases in the value of seed capital investments.

21 CASH AND CASH EQUIVALENTS, 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 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 excluded from cash reserves. A reconciliation is shown below:

	2023 £000	2022 £000
Cash and cash equivalents	37,963	52,232
Cash invested in money market funds	53,542	58,687
Less: cash held in RPAs	(3,813)	(3,951)
Cash reserves	87,692	106,968

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 3.0% (2022: 0.6%). 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 £713,000. An equal change in the opposite direction would have decreased profit after tax by £627,000.

The credit risk relating to cash reserves held by the Group is spread over several counterparties. The Group holds cash balances with RBS International and Bank of Ireland (both with Standard & Poor's credit rating A-2) and the Bank of New Hampshire, SMBC and Hang Seng (unrated). The remainder of the Group's cash reserves is invested in money market funds managed by BlackRock and Goldman Sachs, with a Standard & Poor's credit rating of A, and Santander, with a Standard & Poor's credit rating of A-1.

22 TRADE AND OTHER PAYABLES

See accounting policy at note 31 (S).

	2023 £000	2022 £000
Trade payables	730	1,078
Taxation and other social security	1,166	1,981
Other payables	4,833	4,738
Accruals and deferred income	38,080	45,827
	44,809	53,624

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

23 LOANS

The Group had retained a US$13 million revolving credit facility ("RCF") with RBS International which expired in January 2023. No amounts were drawn down or repaid in the current or prior periods.

24 ORDINARY SHARES

Issued and fully paid	2023 No. of shares 000s	2022 No. of shares 000s	2023 £000	2022 £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.

25 OWN SHARES

	No. of shares	£000
At 1 October 2021	4,103,395	4,117
Issuance of shares to 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
Purchase of shares by EBT 2012	2,074,454	15,114
Satisfaction of option exercises and RSS vesting	(1,065,287)	(4,637)
At 30 September 2023	**4,274,276**	**18,605**

The EBT hold shares for RSS awards until they vest or to satisfy share option exercises. Included within Own Shares are 2,695,682 shares held in a nominee account in respect of the Restricted Share Scheme as described in note 9.

26 FINANCIAL COMMITMENTS

At 30 September 2023 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €1,105,516 into Impax New Energy Investors III LP (2022: €1,276,000); this amount could be called on in the period to 31 December 2026; and
- €952,658 into Impax New Energy Investors IV SCSp Luxembourg (2022: €1,446,977); this amount is called on in the period to 31 October 2031.

The fund life for Impax New Energy Investors II LP ended during the Period and all remaining uncalled capital commitments were cancelled (2022: outstanding commitments of €57,499).

27 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

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

	2023 £000	2022 £000
Profit before taxation	52,106	72,559
Adjustments for income statement non-cash charges/income:		
Depreciation of property, plant & equipment and amortisation of intangible assets	5,073	4,257
Finance income	(3,130)	(7,950)
Finance expense	5,271	574
Share-based payment charges	6,535	6,151
Loss on disposals of property, plant and equipment	31	–
Adjustment for statement of financial position movements:		
(Increase)/decrease in trade and other receivables	(3,774)	1,031
(Decrease)/increase in trade and other payables	(8,894)	3,699
Cash generated from operations	**53,218**	**80,321**