Impax Asset Management

Tough H1, but shares detached from fundamentals

22 May 2025

Given previous updates, the challenge of H1 is no surprise. AUM fell 32% to £25.3bn, with half of the fall due to two cancelled (low margin) St James's Place (SJP) mandates. Revenue fell 11% y-o-y to £76.5m, adjusted operating profit 21% to £20.5m, and investors can expect a fall in full-year dividend (page 12). But Impax is hardly the disaster implied by its share price, which is down 31% over six months and 68% over 12 - a forward PE of just 8.5 for a business with £65m of net cash and no debt. Indeed, a £10m share buyback is announced. Even after the AUM fall, this is a robust business with a huge opportunity, and we see a strong medium-term scope for recovery in fundamentals. We make only small adjustments to our forecasts (page 13) and our DCF valuation remains 400p / share, more than twice the share price.

Fundamental reality

Impax is currently on the wrong side of a common narrative - that sustainable investing is dead. While the 'ESG bandwagon' may be dying, **the global sustainable fund market has not shrunk, remains vast at over US$3trn in assets, with ample evidence of demand for credible offerings** (page 4).

Within this space, **many competitors' interest is waning**. There are fewer fund launches and more fund closures (page 5). With one of the most credible track records, Impax could capitalise. Moreover, **investment performance is improving with 71% of AUM outperforming benchmarks YTD**, which should be a tailwind making Impax an attractive destination for clients' capital.

Indeed, it has noted stronger interest for its offering in its outlook for H2 and beyond with a number of new accounts won. Prospects for its fixed income business, expanded by two recent acquisitions, look especially good with strong demand for active management in the fixed interest space (page 3).

Impax has demonstrated impressive nimbleness to keep its financials strong. It has cut over 30 roles (10% of headcount), reducing run-rate annual costs by c. £11m. Its adjusted operating margin of 27% is only slightly below the sector median (page 10) and should recover rapidly with AUM growth.

The balance sheet remains robust with net cash of £65m and no debt. Cash and on-balance sheet investments (seeding of funds) now make up 37% of the market capitalisation (and that is at the low point of the annual cash cycle due to dividend and annual bonus payments in H1).

We think a period of stabilisation and indeed a return to positive net flows (proving the demand for Impax's specialised offering) is nearing, which could trigger a substantial rerating of IPX shares.

Key financials & valuation metrics

Year to 30 Sep (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
AUM (£bn)	35.7	37.4	39.6	37.2	25.3	25.0	28.8
Revenue	175.4	178.4	86.2	170.1	76.5	141.4	129.3
Adj. Op. Profit*	67.4	58.1	25.8	52.7	20.5	36.1	29.6
PAT	59.5	39.2	18.2	36.5	12.5	24.5	22.2
EPS basic (p)	46.0	30.5	14.3	28.5	9.8	19.5	18.3
EPS adj. & dil. (p)	42.1	35.2	16.0	32.2	12.6	21.7	19.7
Net cash**	110.9	91.5	65.0	93.1	65.3	55.0	57.6
P/E	3.6	5.4	5.8	5.8	8.4	8.5	9.1
DPS (p)	27.6	27.6	4.7	27.6	4.0	13.0	13.0
Dividend yield	16.7%	16.7%	2.8%	16.7%	2.4%	7.9%	7.9%

*Source: Company data, Equity Development, Priced at 21/05/25 *See page 9, **See page 11.*

Company data

EPIC	IPX.L
Price (last close)	165p
52 weeks Hi/Lo	525p/121p
Market cap	£219m
ED Fair Value / share	400p
Net cash** 2024A	£93m
Avg. daily volume (3m)	1,034k

Share price, p

Source: Investing.com

Description

Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy.

Founded in 1998, it offers a range of listed equities, fixed income, systematic, and private markets strategies.

AUM on 31 Mar 2025: £25.3bn

Next event

Q3-25 AUM update Jul 2025

Paul Bryant (Analyst)
0207 065 2690
paul.bryant@equitydevelopment.co.uk

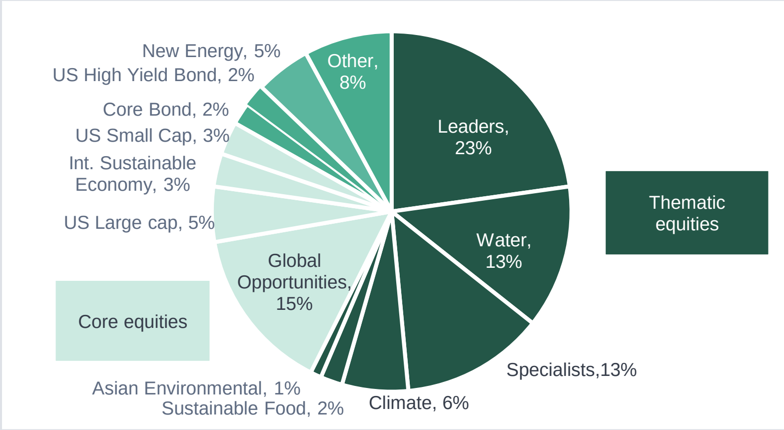
Andy Edmond
0207 065 2691
andy@equitydevelopment.co.uk

Impax at a glance

History and structure

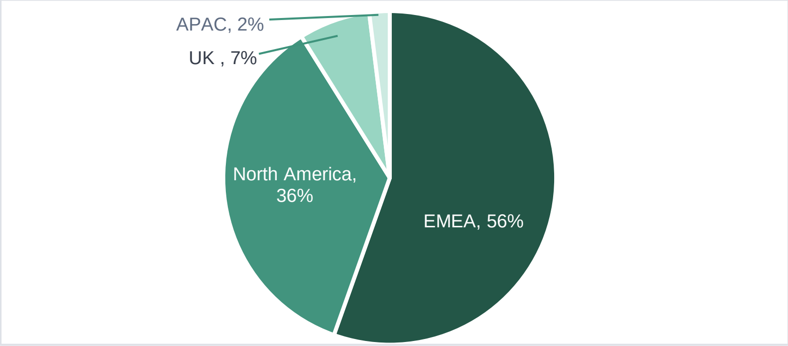
- Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy.
- Launched in 1998, it listed on AIM in 2001 and is still led by founder Ian Simm (CEO), who owns >7% of the business.
- It offers a range of listed equities strategies (92% of AUM), fixed income (6%), and private markets (2%) strategies. It is looking to grow fixed income as a % of AUM and has made two recent acquisitions in this space.
- It employs just under 300 people, the bulk of which are based in the UK and the US, with smaller offices in Ireland, Hong Kong, Japan, and Denmark.

Revenue by investment strategy



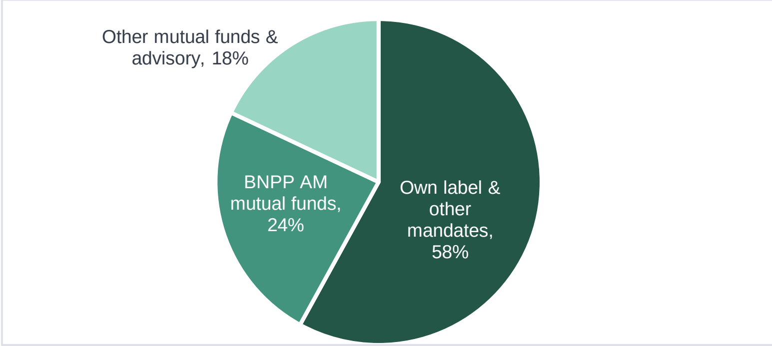
*Source: Company, as at 31 Mar 25. *Thematic equities focus on one area of the transition to a more sustainable economy. Core equities are sustainability strategies use a proprietary Impax framework for thinking about the risks and opportunities associated with the transition in every corner of the investable universe.*

Split in AUM by client geography *



Source: Company, as at 31 Mar 25.
**Regional data is by fund/account country of domicile. EMEA includes Impax Irish UCITS platform and SICAV funds sub-managed for BNP Paribas Asset Management and other distribution partners.*

Revenue by client type*



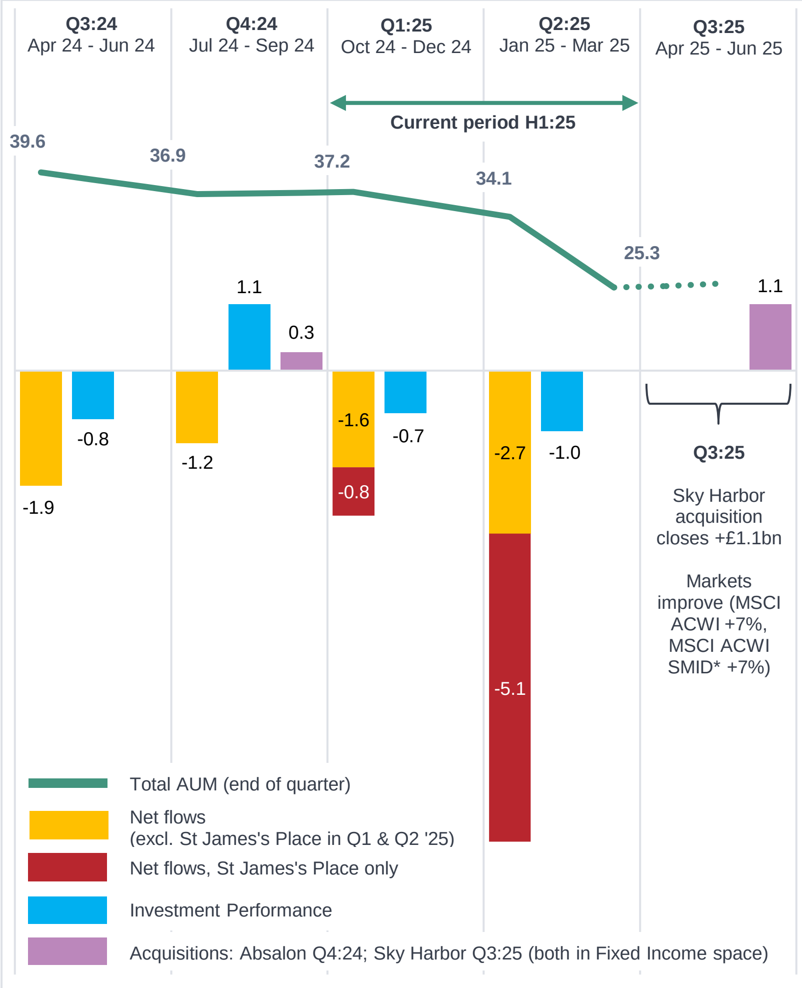
Source: Company, as at 31 Mar 25.
**'Own label' includes Irish UCITS platform in Europe, Impax Funds and Delaware Funds in US and Impax New Energy Funds; "other mandates" includes segregated mandates.*

Net flows disappoint, but outlook brightens

Key account losses have hit net flows hard

- AUM was down £11.9bn or 32% over H1:25 from £37.2bn to £25.3bn, with c. 50% of the fall attributed to the loss of two mandates from SJP, totalling c. £6.2bn. Impax have said SJP wanted to adjust investment style to be more 'value' oriented as opposed to Impax's tilt towards growth equities.
- While a blow to top-line AUM – the SJP mandates made up c. 15% of AUM at the time of cancellation – they were low-fee-margin accounts averaging c. 24bps v the current Impax average fee margin (ex-SJP) of 50bps, resulting in its impact on revenue being far more muted (c. 8% annualised).
- The SJP loss followed a period in FY24 which saw a net outflow of £3.1bn from key wholesale partner BNP Paribas Asset Management, driven mainly by an asset allocation decision to reduce their clients' weighting to equities in favour of money market funds, taking advantage of higher interest rates.
- But the loss of SJP assets is now out of the system, and BNP outflows have slowed substantially (£1.2bn in H125 v £2.1bn in H124). Indeed, it appears inflows may accelerate. **In April '25 Impax announced a new investment advisory agreement with BNP Paribas Asset Management Europe**.
- Management is also more optimistic on the flow outlook, emphasising a **number of new accounts won which are due to incept in H2**.
- Fixed income looks well positioned following the acquisitions of **Absalon** and **Sky Harbor**. Boston Consulting Group's *Global Asset Management Report 2025* said: "(*All regions except the US) saw positive net flows into active funds, driven largely by fixed-income funds and actively managed ETFs. Fixed-income funds attracted $700 billion in net new flows globally...*"

Quarterly AUM moves, £bn



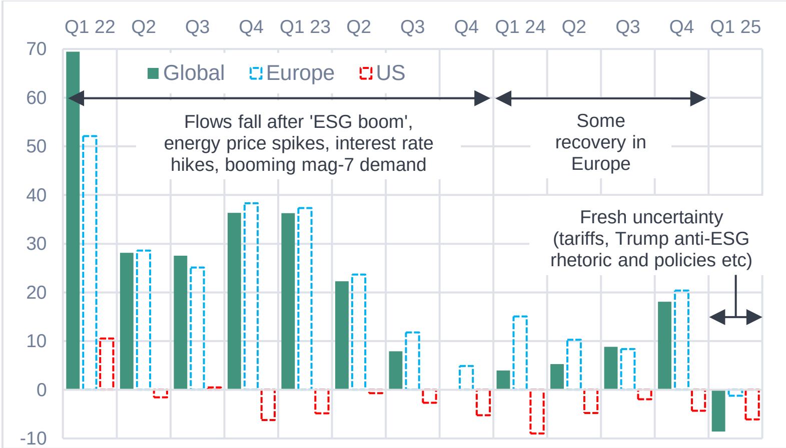
Source: Company reports, ED analysis, Investing.com *Global small & mid cap equity index

Headwinds for sustainable fund market, yet it remains huge and VERY relevant

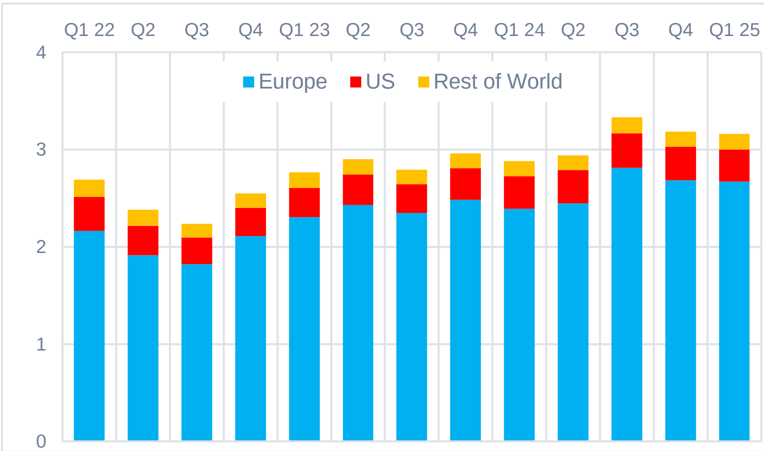
Opportunists chased 'easy' inflows; clients now seek credibility

- Following the 'ESG boom' of 2020/2021, flows into sustainable and ESG funds fell off fairly dramatically around the world, initially due to energy price spikes causing fossil fuel stocks to be favoured over renewables, and the beginning of an interest rate hiking cycle reducing demand for growth stocks.
- Scepticism of ESG grew on greenwashing concerns, with investors recognising that many asset managers' ESG efforts were not much more than a fund 'label' used only to attract capital. ESG investing also became heavily politicised in the US, with a powerful and vocal anti-ESG lobby.
- Additionally, demand for 'mag-7' stocks and passive funds took off, with both of these trends dampening demand for sustainable funds, especially active funds.
- US flows have remained negative, but flows in Europe recovered during 2024, before turning negative in Q125, with some possible spillover of anti-ESG sentiment from the US and definitely as a result of rising economic uncertainty.
- But in spite of these headwinds, **the size of the sustainable fund market has held up and remains enormous at over US$3trn** (bottom chart). That's hardly a dying market, as is so often the prevailing narrative today.
- Indeed, **examples of ongoing demand abound**. In Feb 25, the FT said that "*Institutional investors with $1.5tn in funds have told asset managers to step up on climate action or risk being dumped*". Later that month it noted that action had been taken with one of the UK's largest pension funds pulling **£28bn** from State Street, "*in a high-profile example of an asset owner pushing back against the retreat from ESG among the biggest US asset managers*".

Sustainable fund net flows, US$bn



Sustainable fund assets, US$trn



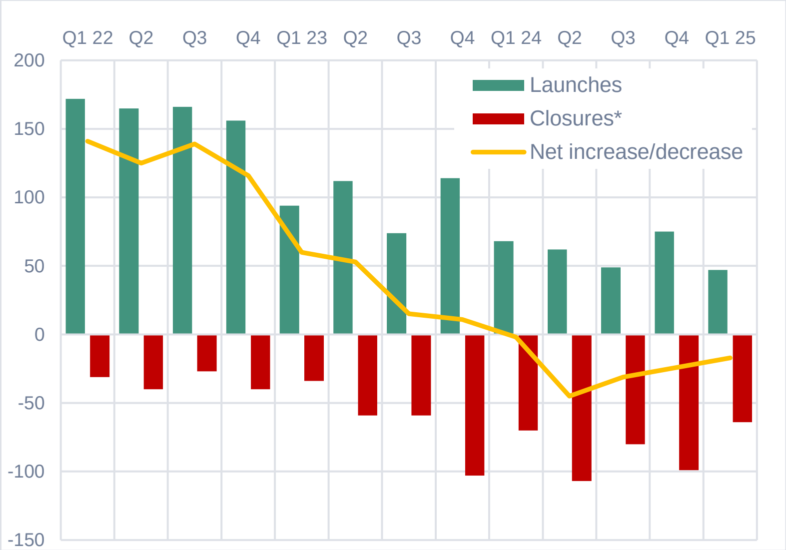
*Source: Morningstar: Global Sustainable Fund Flows: Q1 2025 in Review. Chart reproduced with permission. *Global sustainable fund universe encompasses open-end funds and ETFs that, by prospectus or other regulatory filings, claim to focus on sustainability; impact; or ESG factors.*

As the number of competing offerings declines, Impax's opportunity ratchets up

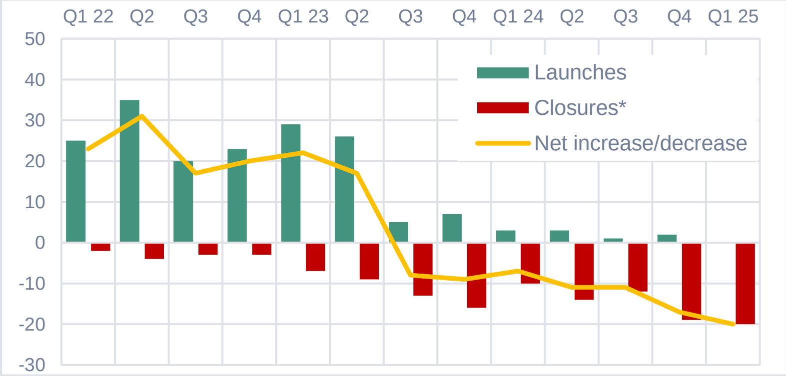
Impax offering consistent, credible and positioned to capitalise

- With increased client pressure for credible offerings, and with increasing regulatory demands and scrutiny, many asset managers' interest in sustainable investing is waning. The number of sustainable funds has declined in Europe and the US, with fewer new fund launches and more fund closures. **A culling of the least credible funds, and a flight to quality is underway**.
- Amidst this 'cleanout', **Impax's offering to clients has not changed. It has always been, and remains, an economic offering, not an altruistic one**.
- Impax maintains that its fundamental opportunity is that it invests in high quality companies positioned in markets with long-term secular growth trends associated with the transition to a more sustainable economy, which have the ability to consistently compound returns. And it is a standout leader in this space **with one of the longest and most credible track records**.
- This strategy presents a huge variety of investment opportunities. Some are obvious, such as renewable power. Others less so, such as engineering design, infrastructure monitoring, weather forecasting and disaster management systems (demand is boosted by more frequent and severe weather events). And more recently identified opportunities include healthcare innovation, re-shoring in the semiconductor and other industries, reinsurance of climate events, and the building of infrastructure in emerging markets.
- The strategy does give Impax **a small and mid-cap equities bias**, which has in turn resulted in relative underperformance in recent years versus mag-7 dominated benchmarks. Yet if CEO Ian Simm is correct that **a mean reversion in valuations is underway** (which appears to be the case in 2025 – see next page)), this will surely make Impax an even more attractive destination for clients' capital.

European sustainable fund launches and closures, number



US sustainable fund launches and closures, number

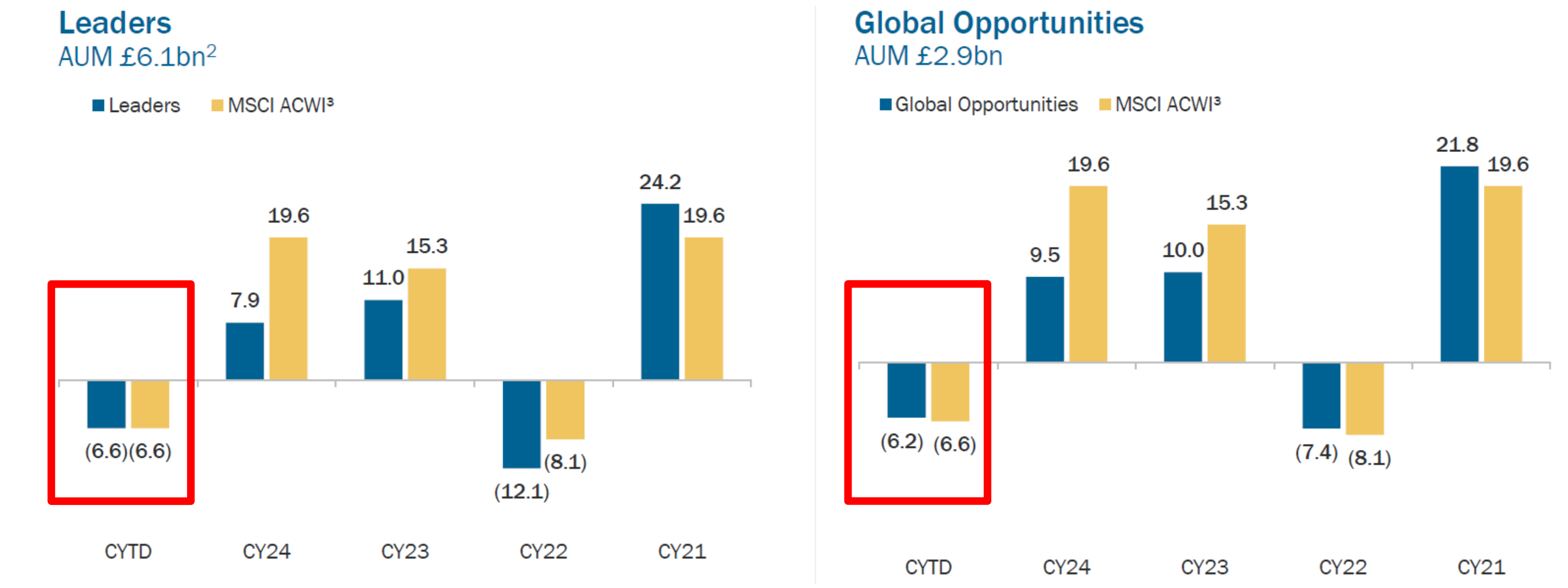


Source: Morningstar: Global Sustainable Fund Flows: Q1 2025 in Review. Data used with permission.
**Liquidated or merged. Sustainable fund universe encompasses open-end funds and ETFs that, by prospectus or other regulatory filings, claim to focus on sustainability; impact; or ESG factors.*

Investment performance turning around, strong YTD, hurt by low exposure to mag-7 in recent years

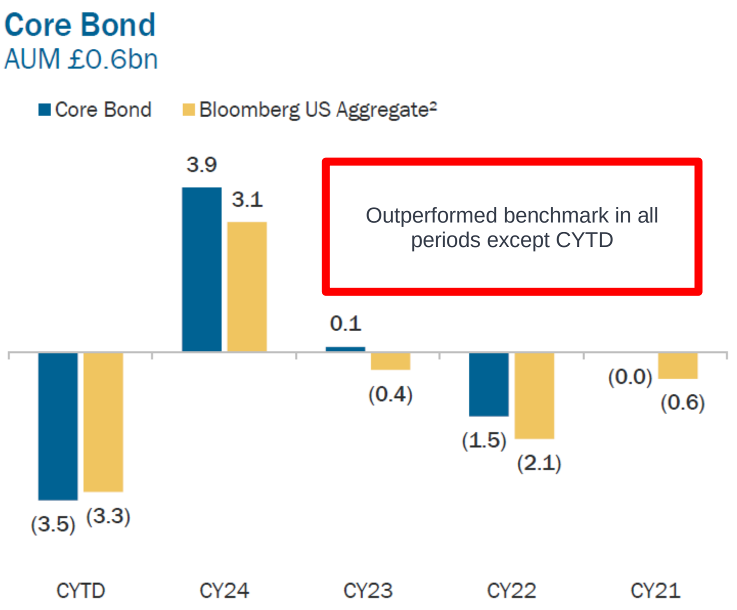
Impax has stressed that although many of its investment strategies lagged generic benchmarks during 2023 and 2024, there are strong signs that this is turning around. Its **listed equities strategies have benefitted from the broadening of market performance away from the US-listed mega-cap stocks** that had dominated global equity returns over the last two years. Since the start of the calendar year, relative investment performance has improved: as at 30 April 2025, **71% of AUM had outperformed their generic benchmarks since 1 January 2025**. **Fixed income strategy performance has been mostly ahead of benchmarks for a number of years (see next page)**. Many asset owners are likely to perceive a buying opportunity.

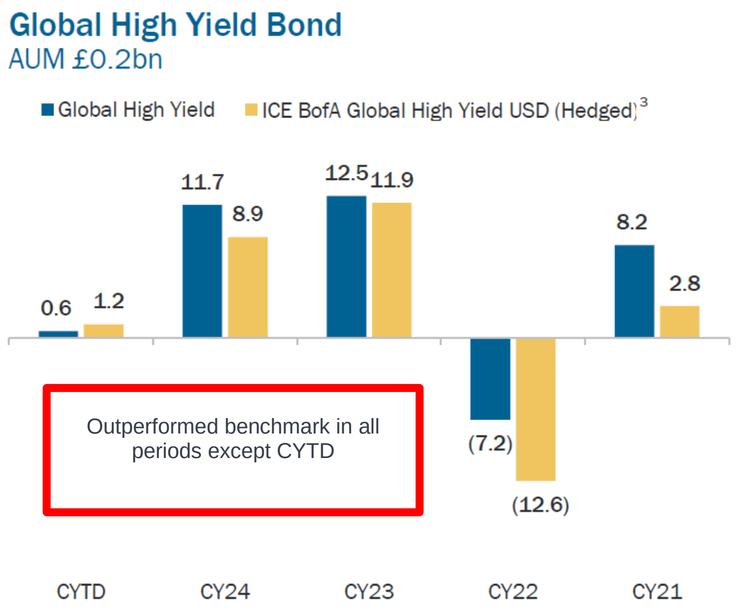
Select equity strategy performance versus benchmark (GBP, annualised, %) [1]



Source: Impax. [1]"CYTD": Calendar year-to-date as at 30 April 2025. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees. Impax Asset Management claims compliance with Global Investment Performance Standards (GIPS)®. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request. [2]A hybrid account is not included in the Total AUM of the Leaders strategy and the AUM of this account is £848m. [3]MSCI indices are total net return (net dividend re-invested).

Select fixed income strategy performance versus benchmark (GBP, annualised, %) [1]





Source: Impax. [1]Year-to-date as at as at 30 April 2025. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees. [2]Bloomberg Barclays US Aggregate Bond Index is a broad-based index, maintained by Bloomberg L.P. often used to represent investment grade bonds being traded in United States. [3]The ICE BofAML US High Yield BB-B (Constrained 2%) index ("Benchmark") tracks the performance of BB- and B-rated fixed income securities publicly issued in the major domestic or eurobond markets, with total index allocation to an individual issuer limited to 2%.

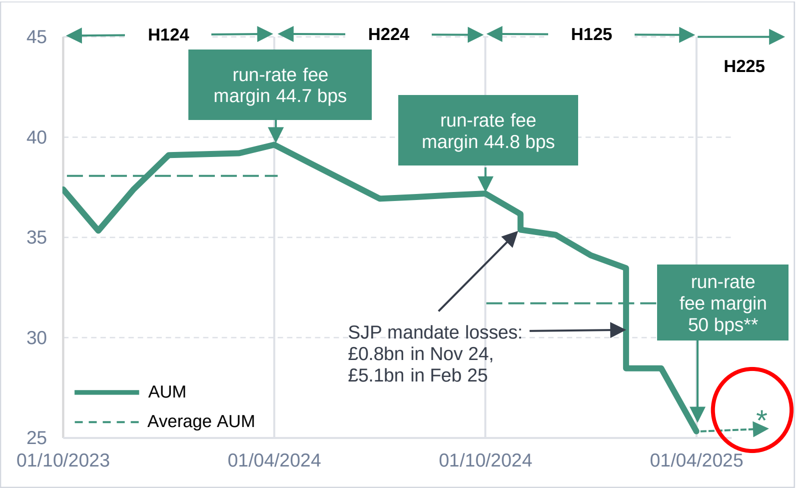
Analysis of H1'25 financials

Revenue

SJP loss dominates drop in average AUM, lower impact on revenue

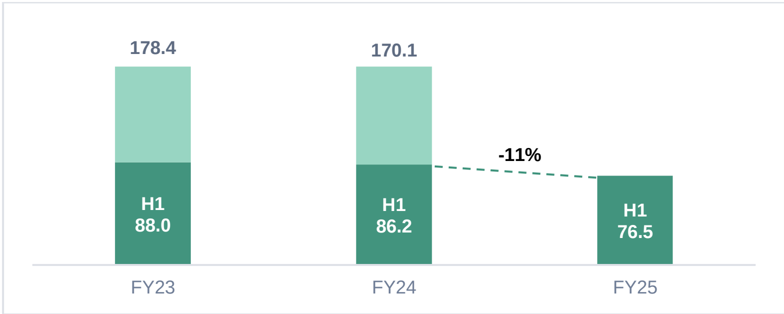
- In previous y-o-y comparisons, we have stressed the importance of average AUM levels as this has been the primary driver of revenue movements. Average management fee has not tended to move by large amounts. But this period is different. Both average AUM and average fees have moved significantly (average AUM downwards and average fee upwards). This is illustrated in the top chart on the right.
- Most significantly, the loss of two large SJP accounts (£0.8bn in Nov 24 and £5.1bn in Feb 25) reduced AUM levels and in turn, revenue. **Y-o-y, revenue fell 11% from £86.2m in H124 to £76.5m in H125.**
- Importantly though, the SJP mandates were low-fee-margin accounts (c. 24bps v the overall FY24 Impax average fee margin of 44.3bps), so the impact on revenue is lower than the impact on AUM. The SJP mandates made up c. 15% of AUM at the time of cancellation but will reduce revenue by c. 8% on an annualised basis.
- Moving into H225, after the loss of the SJP (and some other low-margin accounts**), Impax's average management fee margin has jumped to 50bps**, although this is expected to reduce gradually over time as FI grows.
- Impax also reports run-rate revenue – an insight into current conditions and end-of-period trend. It is the monthly end-of-period revenue, extrapolated for 12 months and adjusted to remove the effects of one-off transactions. End-H125 run-rate revenue was £126.3m (H124: 177.1m).

AUM (£bn) & Fee margin profile last 3 half-years



Source: Company, ED analysis
*** In H225: Sky Harbor acquisition closes (AUM +£1.1bn), markets improve (MSCI ACWI +c7%), flow outlook improves. Run-rate fee margin up. **March 2025.*

Group revenue, £m



Source: Company, ED analysis

Adjusted income statement

Cost cuts partially offset rev. fall; margin still respectable with huge upside

- In addition to statutory accounts, Impax reports adjusted operating profit (AOP), which eliminates some volatile and non-cash costs and allows for a clearer view of the underlying performance of the business. Excluded costs are amortisation of intangible assets arising from acquisitions; charges in respect of acquisition-related incentive schemes; mark-to-market effects of NIC payable on share awards; and foreign exchange gains and losses.

- The two primary influences on AOP during the period were the previously discussed fall in revenue, and Impax's cost-cutting measures. Over the last year or so Impax has repeatedly emphasised that cost control has been a key management priority. **It accelerated its efficiency programme during the period and removed over 30 roles (c. 10% of headcount) since 1 Oct 24, reducing run-rate annual costs by c. £11m**.

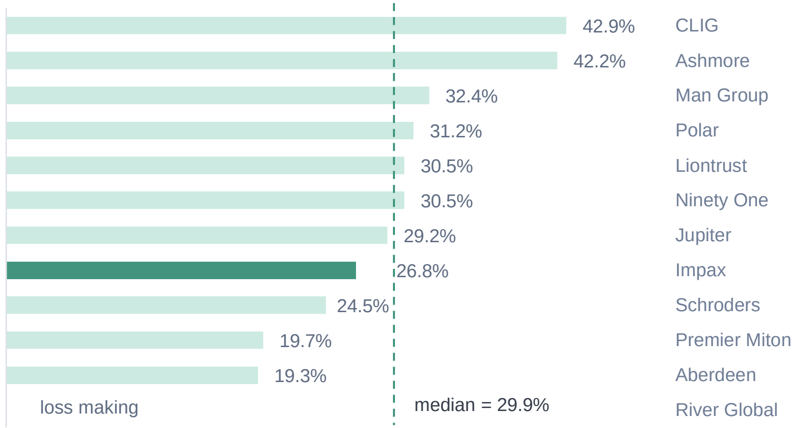
- **These measures resulted in adjusted operating costs decreasing 7% y-o-y from £60.4m in H124 to £55.9m in H125**.

- AOP fell 21% from £25.8m in H124 to £20.5m in H125, with adjusted operating margin falling from 30.0% to 26.8%. Despite the sharp fall in AUM and revenue though, the margin is still not far off sector median levels (see chart on right) and **we expect margin to recover strongly as Impax returns to growth,** reminding readers that Impax has achieved an AOP margin of 39.0% in FY21.

'Adjusted operating' income statement, £m

	H125	H124
Revenue	**76.5**	**86.2**
Staff costs	(37.1)	(42.3)
Revenue-related (commissions etc)	(5.0)	(5.8)
IT & Communications	(5.0)	(4.6)
Other operating costs	(8.9)	(7.6)
Total adjusted operating costs	**(55.9)**	**(60.4)**
Adjusted operating profit	**20.5**	**25.8**
Adjusted Operating Margin	26.8%	30.0%
Total staff (average/period-end)	310/296	307/306
Efficiency programme	(0.8)	
Variable staff cost decrease from prior year	(-2.3)	

Adjusted operating margin* comparisons, £m



*Source: Company reports (latest FY or HY), ED analysis. *Or closest measure: CLIG: Underlying PBT; Ashmore: Adj. EBITDA; Man Group: Core profit; Polar: Core operating profit; Jupiter: Underlying PBT; Schroders PBT (adjusted for perf. fees, finance income, acquisition costs); all others Adj. Op. Profit.*

Statistical Income statement

One-off redundancy and acquisition costs depress statutory profits

- The main differences in costs between adjusted operating profit and statutory operating profit are:
  - One-off redundancy costs of £1.7m
  - Amortisation of intangibles (management contracts arising from the previous Impax NH acquisition in the US and the Jul 24 acquisition of Impax Denmark (Absalon): £1.3m (H124: £1.3m).
  - Exceptional costs related to the Impax Denmark and Sky Harbor acquisitions, which were £0.4m (H124: nil).
  - Acquisition equity incentive charges which fell to £0.07m (H124: £0.4m).
  - Mark to market changes on equity awards which were £0.6m (H124: -£0.03m).
- In turn, IFRS operating profit decreased 27% from £24.1m to £17.6m.
- Finance income (mostly interest income) was £1.7m (H124: £1.9m), while finance costs were £0.6m (mostly fair value and foreign exchange losses), compared to £1.5m in H124 (mostly a foreign exchange loss).
- PBT was down 24% from £24.6m in H124 to £18.6m and PAT down 31% from £18.2m to £12.5m, with an increased effective tax rate of 32.7% (FY24: 25.5%). This was due to the recognition of an additional tax charge during relating to the reduction in the level of tax credits on Group share schemes expect to be received in the future.
- Basic EPS was down 31% to 9.8p and diluted EPS down 31% to 9.7p.

Bridge from adjusted to IFRS income statement, £m

	H125	H124
Revenue	**76.5**	**86.2**
Total adjusted operating costs	(55.9)	(60.3)
Adjusted operating profit	**20.5**	**25.8**
Bridge to IFRS profits		
Amortisation of intangibles (acquisitions)	(1.3)	(1.3)
Acquisition equity incentive charges	(0.1)	(0.4)
Mark to market charge on equity awards	0.6	(0.0)
Exceptional acquisition costs	(0.4)	0.0
Redundancy costs	(1.7)	0.0
Total operating costs	**(58.9)**	**(62.0)**
Operating profit	**17.6**	**24.1**
Finance income	1.7	1.9
Finance costs	(0.6)	(1.5)
Profit before tax	**18.6**	**24.6**
Tax	(6.1)	(6.3)
Profit after tax	**12.5**	**18.2**
Basic EPS	9.8	14.3p
Diluted EPS	9.7	14.0p

Source: Company

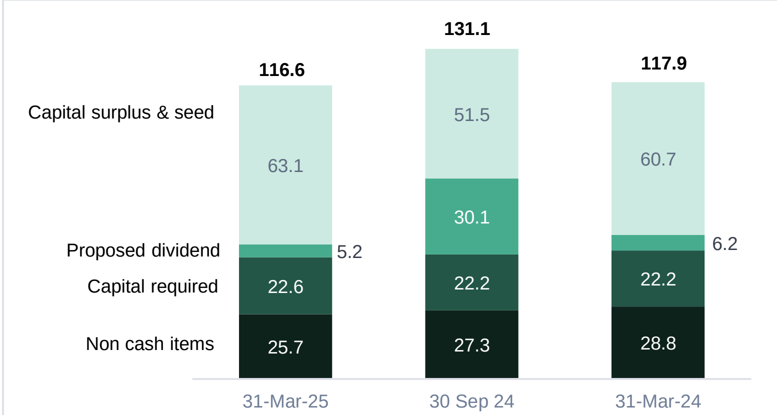
Balance sheet and cash flow

Balance sheet strong, no debt, healthy capital surplus, £10m share buyback

- Impax maintains its **exceptionally strong balance sheet**, with net assets slightly down y-o-y to £116.6m from £117.9m. **It has no debt.**
- The group provides a capital resources breakdown (chart on right) that considers minimum regulatory cash. This shows a **capital surplus of £63.1m,** including seed investments (£16m), which can be utilised to pursue organic or acquisitive growth opportunities, buy shares for the employee benefit trust (to avoid dilution from share awards), and the like.
- The company has also announced **a share buyback programme of £10m** to be launched immediately and completed this calendar year.

Source: Company

Capital allocation, £m



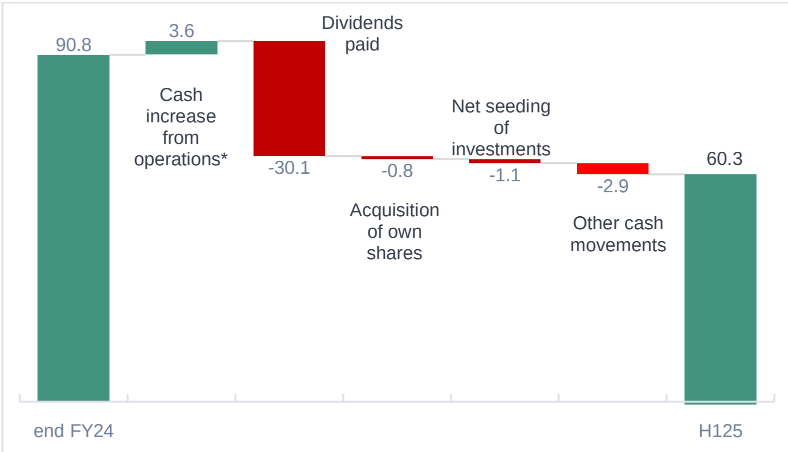
Source: Company

Cash position still exceptionally strong

- Impax is still generating cash and has robust cash reserves. **Cash generated from operating activities (after tax) was £3.6m** (H124: £13.1m).
- As expected, cash reserves declined during the period from £90.8m on 30 Sep 24 to £60.3m (these exclude 3rd-party interest on consolidated funds and therefore differ slightly from accounting 'net cash' which includes these funds).
- Note that end-H1 is usually the low-point of Impax's annual cash cycle due to the payment of the prior-year final dividend (£30.1m) and annual staff bonuses being paid during this period.

Source: Company

Cash movements between end-FY24 and end-H125



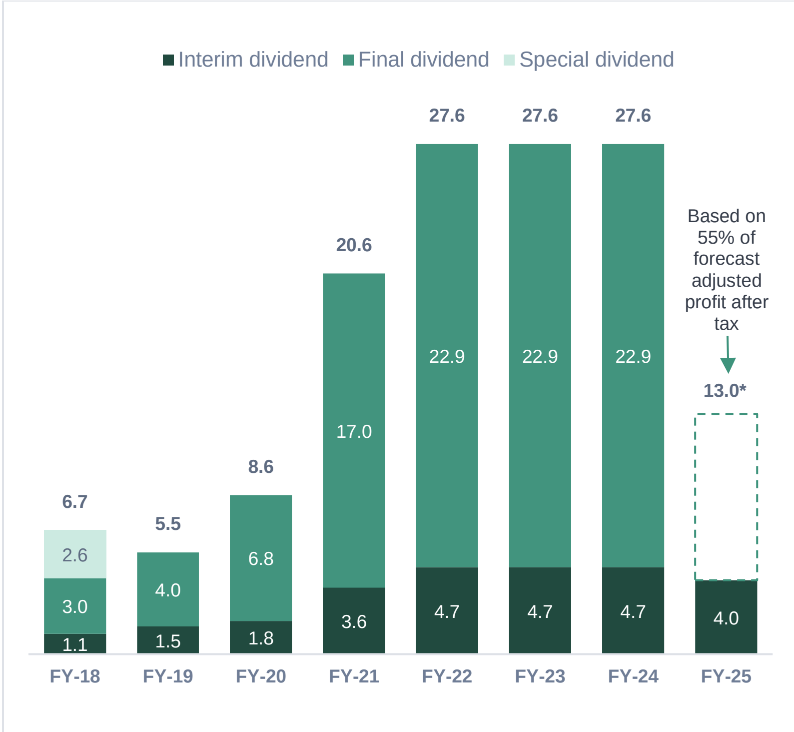
Source: Company.
Excludes third-party interest on consolidated funds and cash held in Research Payment Accounts.
**Cash generated from operations after tax and lease-related charges.*

Dividends

Reduction in dividend to reflect lower AUM and profits

- Impax's dividend policy is to pay an annual dividend of at least 55% of adjusted profit after tax, while ensuring sufficient capital is retained to invest in future growth.
- It has flagged that for the current financial year, it anticipates the payout to be close to this threshold to reflect the reduction in AUM and profits for the year and to ensure it can continue to pay a sustainable dividend in future years. Based on our forecasts for FY25, that would translate to a dividend of approximately 13p for the year.
- Impax has announced an **interim dividend of 4.0p** which is a rebalancing of the split between the interim and final dividend, so that distributions to shareholders are less heavily weighted towards the final dividend.
- **If our forecast is accurate, the full year dividend would still translate to a 7.9% yield** on the closing share price of 165p on 21 May 2025.
- We detail Impax's impressive longer-term dividend payout history in the chart on the right.

Historic and proposed dividends, pence per share



Source: Company historic data

Updated forecasts

The main changes to our forecasts for FY25 and FY26 are shown below and include:

- Revenue for FY25 slightly down, costs down, adjusted profits slightly up.
- Statutory profits down on exceptional costs (redundancies) and higher tax charge.
- Balance sheet and cash impacted by dividend clarification and by new share buyback programme.
- Revenue for FY26 slightly up on increased revenue fee margin, increasing adjusted profits.

Forecast changes

Year to 30 Sep (£m)	FY25E Revised	FY25E Old	Change	FY26E Revised	FY26E Old	Change
AUM (£bn)	25.0	25.0	0%	28.8	28.8	0%
Revenue	141.4	143.5	-1%	129.3	127.4	1%
Adjusted Operating Profit	36.1	34.2	6%	29.6	27.8	7%
PAT	24.5	26.0	-6%	22.2	21.5	3%
EPS basic (p)	19.5	20.3	-4%	18.3	16.8	8%
EPS adjusted & diluted (p)	21.7	21.3	2%	19.7	17.6	12%
Net cash**	55.0	69.4	-21%	57.6	52.8	9%
P/E	8.5	8.1		9.1	9.8	
DPS (p)	13.0	27.6	-53%	13.0	27.6	-53%
Dividend yield	7.9%	16.7%		7.9%	16.7%	

Source: Equity Development, Priced at 21/05/2025

**Revenue less Adjusted Operating Costs (which are IFRS costs less non-recurring acquisition costs, amortisation of intangibles acquired, one-off tax credits & mark-to-market of NI on equity awards)*
***ex. leases, incl. 3rd-party interest on consolidated funds.*

Impax looking undervalued on fundamentals and when compared to peers

Fundamental valuation of 400p per share; PE 6.5 v peer median 11.4

Our fundamental valuation of Impax uses a discounted cash flow methodology based on the following primary assumptions:

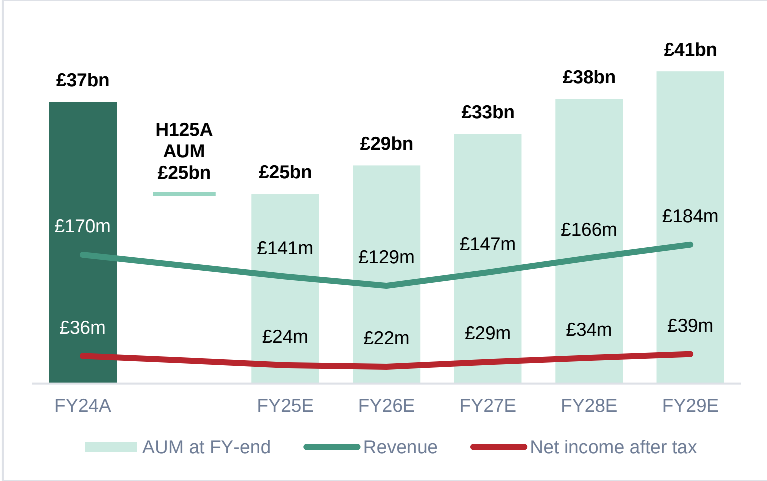
- Over a 5-year explicit forecast period:
  - AUM shows little growth for the remainder of FY25 but returns to growth thereafter at a CAGR 13%, which we believe is a conservative assumption, noting that AUM is driven by net flows and investment performance (assumed to be 5% per annum).
  - Revenue grows at a CAGR of 7%, lower than AUM because of lower opening AUM levels and we have assumed some price erosion over time due to competitive pressures and a greater focus on fixed income with a lower revenue yield.
  - Profit margins initially decrease from the current 27% adjusted operating margin (due primarily to lower average AUM levels) before increasing again to 30%+ as operational leverage is captured. We also note that Impax has previously achieved adjusted operating margin levels of 39% (in FY21).

  These forecasts are summarised in the top chart on the right.
- The business is acquired at a PER of 15 after year 5 (the terminal value in our DCF calculation), which we again believe to be a conservative assumption.
- All future cash flows are discounted at a rate of 13%.

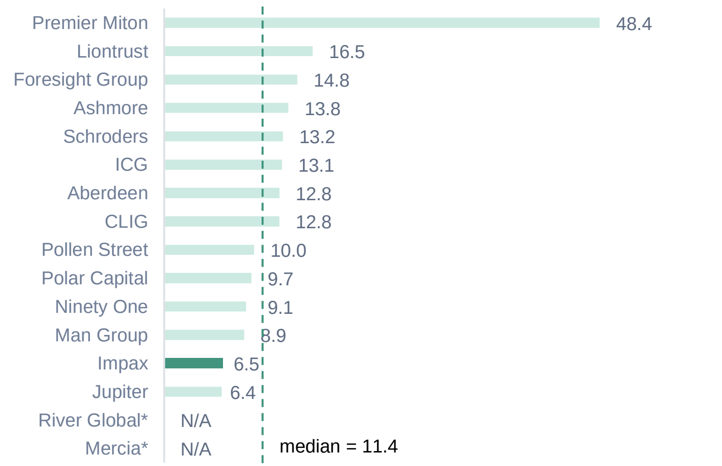
This methodology indicates a fundamental valuation of 400p, 2.4X the current share price.

- We also highlight that **Impax's PER is just 6.5, compared to a peer group median of 11.4**. Given its niche strategic positioning, solid profit margins, and strong balance sheet, **we see this discount as excessive**.

Summary growth forecasts



PER (TTM) peer group comparison



*Source: London Stock Exchange, company announcements. PERs based on share prices on 21 May 25 and latest available basic EPS on Trailing Twelve Months (TTM) basis on that date. *Made statutory losses on TTM basis*

Summary financials

Income statement

Year to 30 Sep (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
Revenue	175.4	178.4	86.2	170.1	76.5	141.4	129.3
IFRS Income Statement							
Operating costs	(110.2)	(124.1)	(62.0)	(121.1)	(58.9)	(109.7)	(102.3)
Operating profit	65.2	54.2	24.1	49.0	17.6	31.7	27.0
Investment income	8.0	3.1	1.9	3.9	1.7	3.5	3.5
Finance cost	(0.6)	(5.3)	(1.5)	(4.0)	(0.6)	(0.8)	(0.8)
IFRS profit before tax	**72.6**	**52.1**	**24.6**	**49.0**	18.6	34.4	29.6
Taxation	(13.1)	(12.9)	(6.3)	(12.5)	(6.1)	(9.9)	(7.4)
IFRS PAT	59.5	39.2	18.2	36.5	12.5	24.5	22.2
Basic EPS, p	46.0	30.5	14.3	28.5	9.8	19.5	18.3
Diluted EPS, p	44.7	29.8	14.0	28.2	9.7	19.3	18.1
Adjusted Income Statement							
Adjustments to operating costs:							
Redundancy costs					1.7		
Acquisition equity incentive scheme awards	1.3	1.3	0.4	0.4	0.1	0.1	-
Mark to market charge on equity awards	(1.5)	(0.3)	0.0	(0.3)	(0.6)	(0.6)	-
Exceptional acquisition costs	-	-	-	1.0	0.4	0.5	-
Amortisation of goodwill/intangibles	2.4	2.8	1.3	2.6	1.3	2.7	2.7
Adjusted operating profit	**67.4**	**58.1**	**25.8**	**52.7**	20.5	36.1	29.6
Investment income	1.5	3.1	1.9	3.9	1.7	3.5	3.5
Finance cost	(0.6)	(1.3)	(0.4)	(1.0)	(0.5)	(1.0)	(1.0)
Adjusted profit before taxation	68.4	60.0	27.4	55.7	21.8	38.7	32.2
Taxation	(12.3)	(13.6)	(6.6)	(14.1)	(5.6)	(11.1)	(8.0)
Adjusted PAT	56.1	46.4	20.8	41.6	16.2	27.5	24.1
Adjusted Basic EPS, p	43.3	36.0	16.2	32.6	12.7	21.9	19.8
Adjusted Diluted EPS, p	42.1	35.2	16.0	32.2	12.6	21.7	19.7
Dividends							
Interim dividend, p	4.7	4.7	4.7	4.7	4.0	4.0	4.3
Final dividend, p	22.9	22.9	-	22.9	-	9.0	8.7
FY dividends per share, p	27.6	27.6	-	27.6	-	13.0	13.0

Source: Company data, Equity Development

Balance sheet

Year to 30 Sep (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
Non-current assets							
Goodwill	13.9	12.9	12.5	11.9	12.3	25.9	25.9
Intangible assets	18.3	14.2	12.4	11.2	10.6	8.6	6.0
Property, plant and equipment	9.3	8.8	8.2	7.9	7.0	6.5	5.1
Deferred tax assets	4.8	3.7	3.9	4.2	2.8	2.8	2.8
Sub-total NCAs	46.3	39.6	37.0	35.2	32.6	43.8	39.8
Current assets							
Trade and other receivables	38.8	42.5	39.2	36.9	34.6	30.6	28.0
Investments	7.3	13.3	15.4	16.0	16.6	16.6	16.6
Current tax account	0.2	1.6	1.1	1.2	1.3	1.2	1.2
Cash: money market & LT deposits	58.7	53.5	44.1	67.8	38.4	38.4	38.4
Cash and cash equivalents	52.2	38.0	20.9	25.3	27.0	16.7	19.2
Sub-total CAs	157.1	149.0	120.7	147.2	117.9	103.5	103.4
TOTAL ASSETS	**203.5**	**188.5**	**157.7**	**182.4**	**150.6**	**147.3**	**143.3**
Equity							
Ordinary shares	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Share premium	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Exchange translation reserve	3.1	2.9	2.2	1.3	2.6	1.3	1.3
Merger reserve	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Retained earnings	123.0	118.9	103.5	117.7	101.9	92.5	94.2
Total Equity	**138.2**	**134.0**	**117.9**	**131.1**	**116.6**	**106.0**	**107.7**
Current Liabilities							
Trade and other payables	53.6	44.8	31.0	42.7	26.7	35.5	32.4
Lease liability	1.5	1.5	2.0	2.1	1.9	1.7	1.4
Current tax liability	2.2	1.0	0.7	0.8	0.6	0.8	0.8
Sub-total CLs	57.3	47.3	33.6	45.6	29.1	38.0	34.6
Non-current Liabilities							
Lease liabilities	7.6	7.2	6.2	5.7	4.9	3.3	0.9
Deferred tax liability	0.4	-	-	-	-	-	-
Sub-total NCLs	8.0	7.2	6.2	5.7	4.9	3.3	0.9
Total Liabilities	**65.3**	**54.6**	**39.8**	**51.3**	**34.0**	**41.3**	**35.6**
TOTAL EQUITY AND LIABILITIES	**203.5**	**188.5**	**157.7**	**182.4**	**150.6**	**147.3**	**143.3**

Source: Company data, Equity Development

Cash flow statement

Year to 30 Sep (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
Profit before taxation	72.6	52.1	24.6	49.0	18.6	34.4	29.6
Adjustment for:							
Investment income	(8.0)	(3.1)	(1.9)	(3.9)	(1.7)	(3.5)	(3.5)
Interest expense	0.6	5.3	1.5	4.0	0.6	0.8	0.8
Depreciation & amortisation	4.3	5.1	2.4	4.6	2.5	4.9	4.9
Share-based payment charges	6.2	6.5	3.4	6.7	2.3	4.5	4.5
Loss on disposal of PPE	-	0.0	0.0	-	-	-	-
Op CF before movement in working capital	**75.6**	**65.9**	**30.0**	**60.3**	**22.3**	**41.2**	**36.4**
(incr.)/decr. in receivables	1.0	(3.8)	3.3	5.8	2.2	6.2	2.6
(decr.)/incr. in payables	3.7	(8.9)	(13.8)	(2.5)	(16.0)	(7.2)	(3.0)
Cash generated from operations	80.3	53.2	19.5	63.6	8.5	40.2	36.0
Corporation tax paid	(9.0)	(14.6)	(6.4)	(13.0)	(5.0)	(9.9)	(7.4)
Net cash generated from operating activities	**71.3**	**38.7**	**13.1**	**50.6**	**3.6**	**30.3**	**28.6**
Investing activities							
Investment income received	0.6	2.9	1.8	3.3	1.7	3.5	3.5
Settlement of investment related hedges	0.1	(0.4)	(1.0)	(1.2)	0.2	-	-
Net redemptions/(investments) from uncons. funds	0.4	(5.3)	(1.0)	(1.2)	(1.9)	(0.6)	-
(incr.)/decr. in cash money market & LT deposit	(19.1)	5.1	9.4	(14.3)	29.4	29.4	-
Acquisition of PPE & intangible assets	(0.8)	(0.8)	(0.6)	(1.1)	(0.4)	(0.9)	(0.9)
Payment of contingent consideration					(0.0)		
Net cash used in investing activities	**(18.9)**	**1.5**	**8.6**	**(14.4)**	**29.8**	**17.4**	**2.6**
Financing activities							
Acquisition of non-controlling interest	(0.2)	-	-	-	-	-	-
Interest paid on debt	(0.1)	(0.1)	-	-	-	(0.8)	(0.8)
Dividends paid	(28.7)	(36.4)	(30.1)	(36.3)	(30.1)	(34.3)	(16.6)
Acquisition of own shares	(8.8)	(15.1)	(7.2)	(8.4)	(0.8)	(18.4)	(8.4)
Payment of lease liabilities	(1.7)	(2.0)	(0.7)	(1.6)	(1.4)	(2.7)	(2.7)
Cash received on exercise of Impax share options	0.5	1.3	0.4	0 .4	0.4	-	-
Net cash generated from /(used in) fin. activities	**(39.0)**	**(52.3)**	**(37.6)**	**(46.0)**	**(31.9)**	**(56.3)**	**(28.6)**
Net (decr.)/incr. in cash & cash equivalents	**13.4**	**(12.1)**	**(16.0)**	**(9.7)**	1.5	(8.6)	2.6
Cash & cash equivalents at beginning of year	36.2	52.2	38.0	38.0	25.3	25.3	16.7
Effect of foreign exchange rate changes	2.6	(2.1)	(1.1)	(2.9)	0.2	-	-
Cash & cash equivalents at end of year	**52.2**	**38.0**	**20.9**	**25.3**	**27.0**	**16.7**	**19.2**

Source: Company data, Equity Development

Contacts

Andy Edmond
Direct: 020 7065 2691
Tel: 020 7065 2690
andy@equitydevelopment.co.uk

Hannah Crowe
Direct: 0207 065 2692
Tel: 0207 065 2690
hannah@equitydevelopment.co.uk

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