

Stabilising after tough FY25, with huge opportunities

1 December 2025

FY25 was disappointing as AUM fell 30% to £26.1bn, heavily impacted by the loss of £6.2bn of St James's Place mandates. Yet, Impax's share price seems to price in further decline. The PER is just 10.9, nearly the lowest in the sector, despite net cash of £68m (31% of market cap), no debt, and generating £20m PAT in a rare bad year. We see Impax fundamentally mispriced.

Our expectation is that it will return to robust long-term growth. It operates in the sustainable investing space which, despite many headlines to the contrary, is a huge US\$3.7trn market that is growing, even though flows are volatile. Impax is uniquely placed in this specialist area. It has been focused on finding economically attractive investments within the sustainable transition for 27 years. It has not opportunistically ridden the 'ESG bandwagon'. As others exit this space and the number of competing funds fall, Impax can thrive (see pages 4 - 6).

AUM fall hits FY25 results

The AUM fall was responsible for a y-o-y decline in key financial metrics. Revenue fell 17% to £142m; adjusted operating profit 36% to £34m (adjusted operating margin fell from 31% to 24%); PBT 43% to £28m; and basic EPS 44% to 15.9p per share.

The balance sheet remains strong. Net cash ended FY25 at £68m (-27%), but that was after outgoings of £35m on dividends, £4.4m on acquisitions and £6.9m on share-buybacks. £24m of cash was generated from operations (post-tax). As flagged in its interim results, the total dividend for FY25 would be c. 55% of adj. PAT – that has translated to a final dividend of 8p per share or a total dividend of 12p (in line with our forecast), down from 27.6p in FY24. **The FY25 dividend yield is 6.9%.**

If AUM stability moves to growth, operational leverage should kick in

AUM has stabilised recently (flat in Q4-25). And Impax has highlighted that while net flows remain negative, **outflows have slowed substantially, and inflows are picking up**. For example, it recently won its largest ever segregated mandate from a new institutional client.

A step-change in profits may take a little time as FY26 starts on a low AUM base, which will depress average-AUM and revenue in the short term. But Impax has cut its cost base (headcount down by 45 or 15%), so operating leverage should kick in with growth. We see solid profit growth post-FY26. We trim our AUM forecasts as a return to net inflows takes a little longer than expected. **This moves our DCF valuation down to 380p /share (from 400p), still more than double the current share price.**

Company data

EPIC	IPX.L
Price (last close)	174p
52 weeks Hi/Lo	334p/121p
Market cap	£222m
ED Fair Value / share	380p
Net cash** 2025A	£68m
Avg. daily volume (3m)	391k

Share price, p



Source: Investing.com

Description

Founded in 1998, Impax is a specialist asset manager, with approximately £26.1 billion of AUM on 30 September 2025, in both listed and private markets strategies, investing in the transition to a more sustainable global economy.

It seeks to invest in higher quality companies with strong business models that demonstrate sound management of risk. Its investment solutions span multiple asset classes and seek superior risk-adjusted returns over the medium to long term.

Next event

Q1-26 AUM update, Jan 2026

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Key financials & valuation metrics

Year to 30 Sep (£m)	FY23A	FY24A	FY25A	FY26E	FY27E
AUM (£bn)	37.4	37.2	26.1	28.1	32.2
Revenue	178.4	170.1	141.9	129.1	141.2
Adj. Op. Profit*	58.1	52.7	33.6	29.5	35.3
PAT	39.2	36.5	20.3	22.0	26.3
EPS basic (p)	30.5	28.5	15.9	18.1	21.7
EPS adj. & dil. (p)	35.2	32.2	21.3	19.6	23.1
Net cash	91.5	93.1	68.0	73.3	82.1
P/E	5.7	6.1	10.9	9.6	8.0
DPS (p)	27.6	27.6	12.0	13.0	14.0
Dividend yield	15.9%	15.9%	6.9%	7.5%	8.1%

Source: Company data, Equity Development, Priced at 28/11/25. *See page 12. **ex leases

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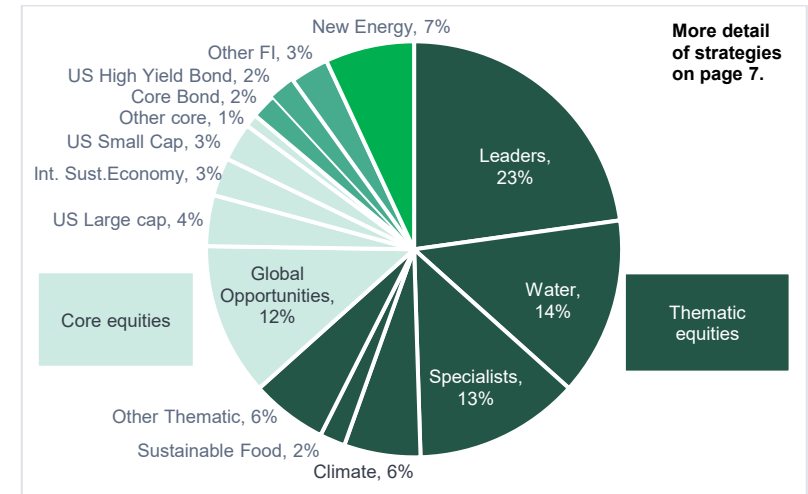
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Impax at a glance

History and structure

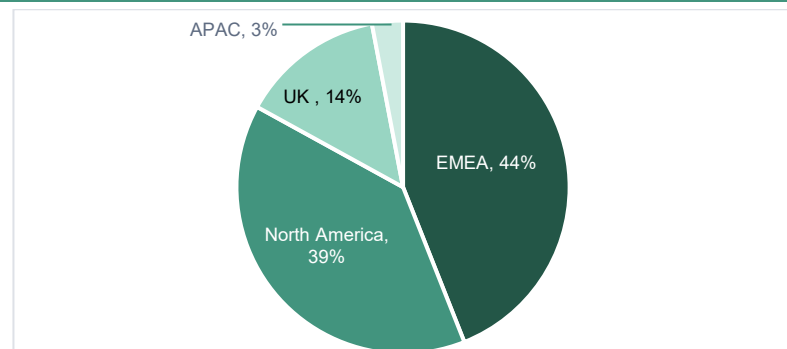
- Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy.
- Launched in 1998, it listed on AIM in 2001 and is still led by founder Ian Simm (CEO), who owns c. 7% of the business.
- It offers a range of listed equities strategies (88% of AUM), fixed income (9%), and private markets (3%) strategies. It is looking to grow fixed income as a % of AUM and has made two recent acquisitions in this space.
- It employs 275 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



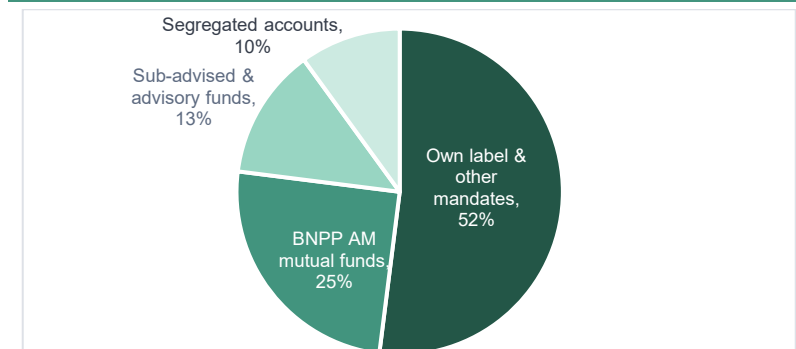
Source: Company, as at 30 Sep 25. *Thematic equities focus on one area of the transition to a more sustainable economy. Core equities are sustainability strategies use a proprietary Impax framework for thinking about the risks and opportunities associated with the transition in every corner of the investable universe.

Revenue by region*



Source: Company, as at 30 Sep 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 30 Sep 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.

The big picture: Sustainable fund market overview

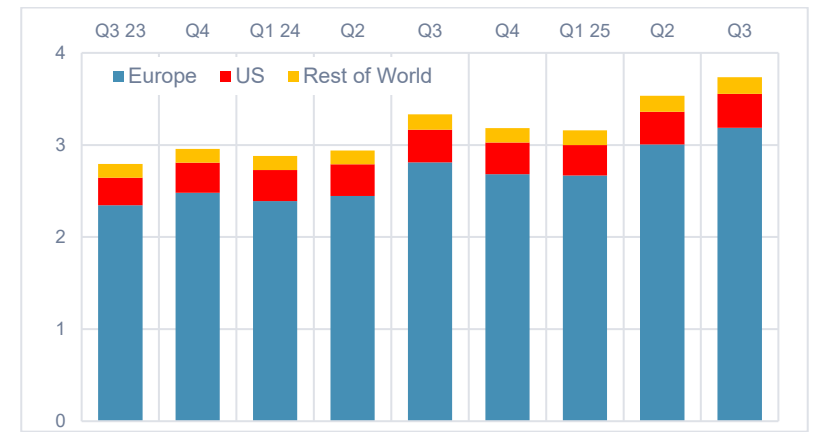
Market is huge and growing, but flows are volatile

Europe dominates but has weak Q3, outflows in US, Rest-of-World positive

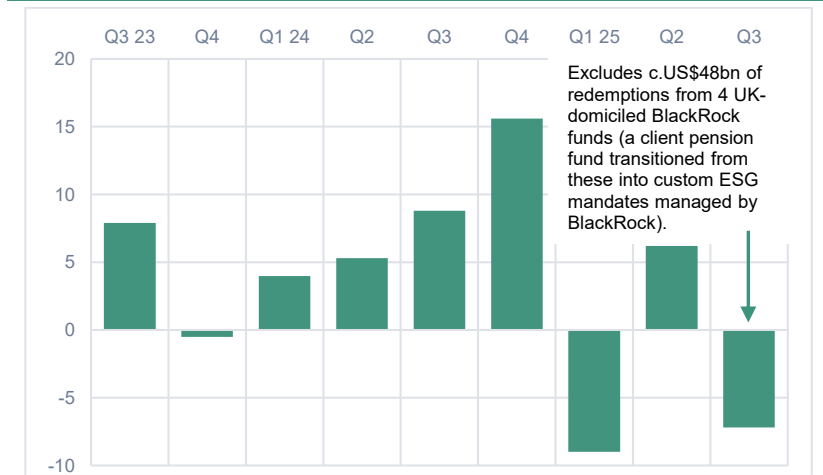
- The size of the global sustainable fund* market topped \$3.7 trillion in Q3 25. While not a perfect match to Impax's target market, the size of this market certainly confirms that **Impax has an enormous opportunity to grow, even if it captures a tiny incremental market share** (current market share <1%).
- Contrary to so many headlines, the sustainable fund market is growing. While recent growth has been driven by strong markets, and flows remain volatile, sustainable funds continue to attract significant demand, with positive net flows recorded in six out of the last nine quarters (bottom chart).
- Europe makes up c. 85% of the global sustainable fund market, with c. \$3.2 trillion of assets. Sustainable funds make up c. 19% of the overall European open-end funds and ETF universe. The US makes up c. 10% of the sustainable fund market at \$367bn. But this is just 1% of the total US market.
- Flows are dominated by Europe, with mostly positive flows over the last few years. Rest-of-world flows (ex-US) have also been mostly positive, although far smaller than in Europe. But US flows have been consistently negative.
- In the most recent quarter, Q3 of 2025:
 - Europe saw -US\$ 3.1bn of outflows, down from +US\$11.3 of inflows in Q2. [-US\$3.1bn excludes Blackrock transfer noted in bottom right chart.]
 - US outflows were -US\$5.1bn, the 12th consecutive quarter of outflows.
 - Asia ex-Japan inflows were +US\$ 902m up from US\$ 811m in Q2.
 - Japan outflows were -US\$ 840m, the 13th straight quarter of outflows.
 - Canadian inflows jumped to +US\$700m (Q2: +US\$146m).
 - Australia and New Zealand inflows were +US\$268m (outflows in Q2).

All statistics quoted above sourced from Morningstar report: [Global Sustainable Fund Flows: Q3 2025 in Review](#). *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.

Global sustainable fund* assets last two years, US\$trn



Quarterly global sustainable fund* net flows last 2 years, US\$bn



Source: Morningstar: [Global Sustainable Fund Flows: Q3 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.

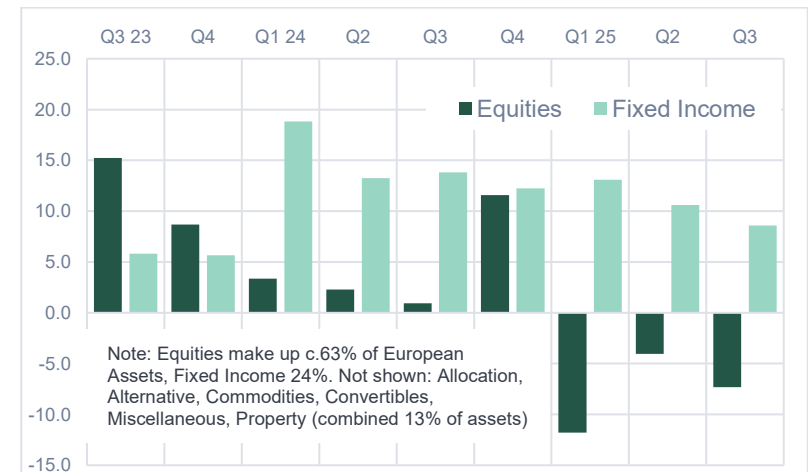
Recent trends: fixed income sustainable flows strong, equity flows weak, active bounces back

Europe dominant, fixed income and active strategies showing strength

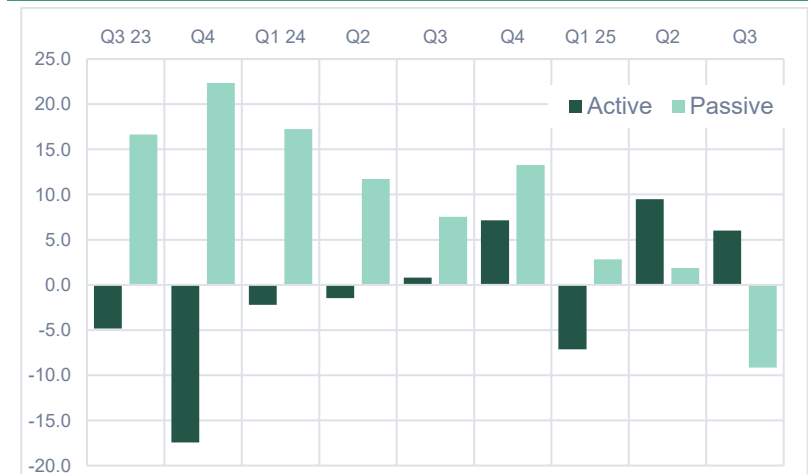
- In Europe, fixed income (FI) has seen consistently positive flows (top right chart). FI is also the most popular sustainable strategy in the US, where, perhaps surprisingly given the large total outflows in the US, FI sustainable funds have recorded positive flows in ten of the last twelve quarters.
- FI is seen by Impax as a key growth area.** While it has been in this market for a long time, it has expanded its offerings with the acquisition of Denmark-based Absalon Capital Management in FY24 (c. £0.3bn of fixed income AUM) and US-based Sky Harbor in F25 (c. £1.1bn of fixed income AUM).
- Sustainable equity funds in Europe have moved from consistently positive inflows to fairly significant outflows over the last three quarters. Morningstar cites sustainability concerns being overshadowed by priorities such as economic growth, competitiveness, and defence, as well as lingering regulatory uncertainties. Sustainable equity funds have suffered persistent outflows in the US, heavily impacted by the 'anti-ESG' political backlash.
- Another trend likely to surprise some is **the recent strength in actively managed fund flows in Europe** with positive flows in four of the last five quarters (bottom right chart). This is different in the US which has seen large active outflows and only very small passive outflows. Actively managed funds make up c. 70% of European sustainable funds AUM and 55% in the US.
- Impax's increased **focus on actively managed fixed income funds** seems sound. 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..."

All statistics quoted above sourced from Morningstar report: [Global Sustainable Fund Flows: Q3 2025 in Review](#). "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."

European Sustainable Fund Flows split equities/ fixed income, US\$bn



European Sustainable Fund Flows split active/passive, US\$bn



Source: Morningstar: [Global Sustainable Fund Flows: Q3 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."

Clients & regulators more demanding, many funds fold so Impax's opportunity ratchets up

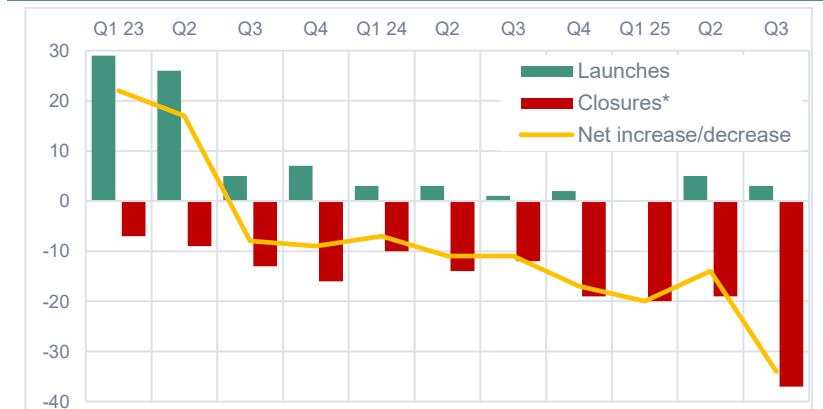
Impax offering has been consistent, credible and is positioned to capitalise

- Client demand for sustainable investing is not abating. But they demand more credible offerings. Morningstar's [Voice of the Asset Owner Survey 2025](#) (of >500 institutions) found that **44% of AUM was invested with ESG or sustainability considerations applied, up from 38% in 2022**. And over 50% of asset owners were now using the terms 'sustainable investing' and 'responsible investing' instead of 'ESG', with ESG sometimes dismissed as a "marketing term". Regulatory demands and scrutiny are also more intense.
- 'ESG opportunists' are taking flight. The number of sustainable funds has declined with fewer new fund launches and more 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 is a standout leader with a 27-year track record, and an offering that has always been, and remains, an economic one, not an altruistic one:**
 - 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.
 - Impax 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.
- Its 25 strategies (next page) are anything but generic ESG offerings. **They are highly targeted strategies**, mostly within high-growth markets associated with the transition to a more sustainable economy.

European sustainable fund launches and closures, number



US sustainable fund launches and closures, number



Source: Morningstar: [Global Sustainable Fund Flows: Q3 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.

Impax's AUM: offering, developments, outlook

25 focused and highly differentiated strategies across asset classes

Thematic Equities	Core Equities	Fixed Income	Private & Multi
Leaders All-cap global equities investing in Environmental Markets	Global Opportunities All-cap global equities investing in high quality companies with sustainability tailwinds.	US Short Duration Responsible High Yield Diversified high current income strategy. US\$ denominated high yield debt expected to be redeemed in <3Y.	Private Markets (New Energy Strategy) Investing in renewable energy infrastructure.
Water All-cap global equities. Companies operating across the water infrastructure, utilities and treatment sectors	International Sustainable Economy Systematic strategy investing in non-US developed markets companies positioned to benefit from the transition to a more sustainable economy.	Core Bond Broad, diversified exposure across a range of investment grade credit sectors - single solution fixed income portfolio.	Sustainable Allocation Multi-asset strategy using a dynamic risk-focused asset allocation approach and diversifies across a broad range of Imax strategies.
Specialists Global equities investing in stocks of small and mid-cap environmental services and technology companies.	US Large Cap Strategy US large cap companies with strong prospects and attractive valuations.	US High Yield Bond Seeking high current income and capital appreciation from a diversified portfolio of predominantly high yield securities.	
Climate Listed equities with exposure to products and services enabling mitigation of climate change or adaptation to its consequences.	US Sustainable Economy Strategy A systematic strategy investing in US companies positioned to benefit from the transition to a more sustainable economy.	Global High Yield Bond Investing in attractive High Yield credits globally.	
Sustainable Food Investing in companies helping to address the sustainability challenges facing the food sector.	US Small Cap Strategy Focused on risk management and identifying high quality US small cap companies with fair valuations.	Global Short Maturity Responsible High Yield Diversified, high current income strategy. US\$ and non-US\$ high yield debt expected to be redeemed in <5Y.	
Asian Environmental Invests regionally in APAC companies active in the rapidly growing resource efficiency and environmental markets.	Impax Global Women's Leadership Systematic, global large cap strategy investing in companies that advance gender diversity and equity	Emerging Markets Corporate Bond Diversified, investing in Emerging Markets focusing on corporate fundamentals and attractive risk adjusted return.	
US Environmental Leaders All-cap US equities investing in Environmental Markets.	Global Social Leaders Global equities. Companies with strong corporate cultures and that provide products or services benefitting society.	Core Plus Bond Diversified, multi-sector broad fixed income exposure to core and plus sectors - single portfolio solution.	
	Global Emerging Markets Opportunities All-cap equities investing in high quality companies with sustainability tailwinds within emerging markets		
	Sustainable Infrastructure Focused on the infrastructure that will drive the transition to a more sustainable economy.		

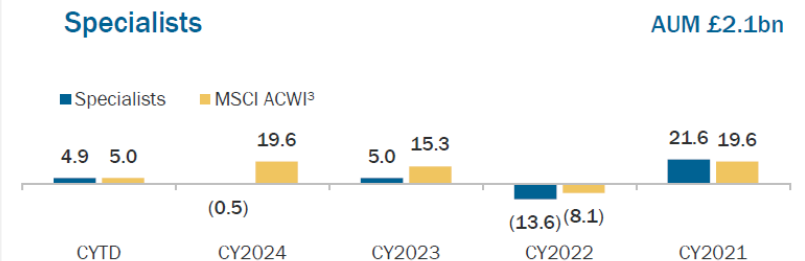
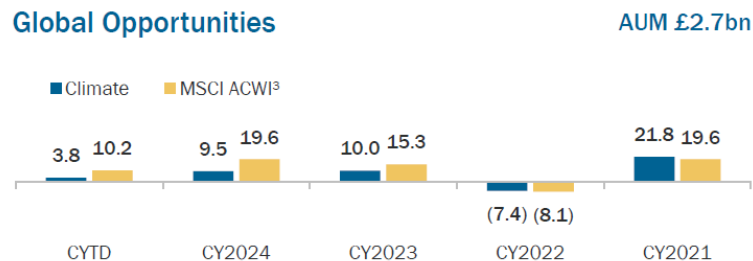
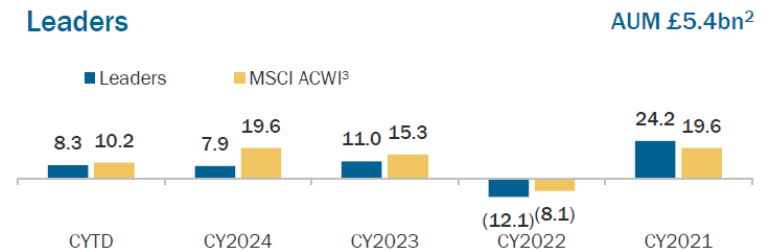
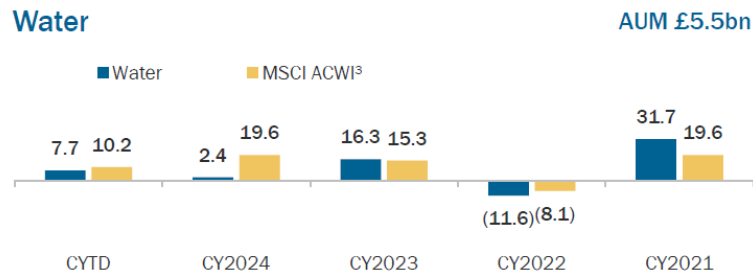
Source: Impax website. Strategies are listed top to bottom in order of descending AUM (some smaller strategies AUM not available). See also page 3 for relative AUM size of strategies.

Listed-equity investment performance diverges from ‘mag-7’ and generic market indexes

Impax’s investment approach will result in divergence from generic indexes, which are heavily exposed to mega-caps. It has described its listed-equities performance in FY25 as follows: *“We typically invest in ‘quality’ companies and, relative to generic benchmarks, have a tilt towards mid-cap stocks. After a particularly difficult first quarter characterised by extreme market concentration in US mega-cap technology stocks, in the second and third quarters of the Period (i.e. between January and June 2025), our listed equities strategies benefitted from broader markets. However, in the latter stages of the fourth quarter, markets unexpectedly narrowed again, impacting our relative performance.”*

But the investment case remains compelling longer-term: *“For around three years, equity markets have been driven largely by AI-related and other ‘momentum’ stocks.... Against this backdrop, we continue to invest in companies harnessing long-term, durable growth trends such as demographic shifts, technological advancement, and rising consumption. Stocks of these companies have often lagged generic indices, but many currently trade at compelling valuations with strong fundamentals... There are plentiful signs that the market is broadening, a situation in which our investment style should deliver strong relative returns.”*

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



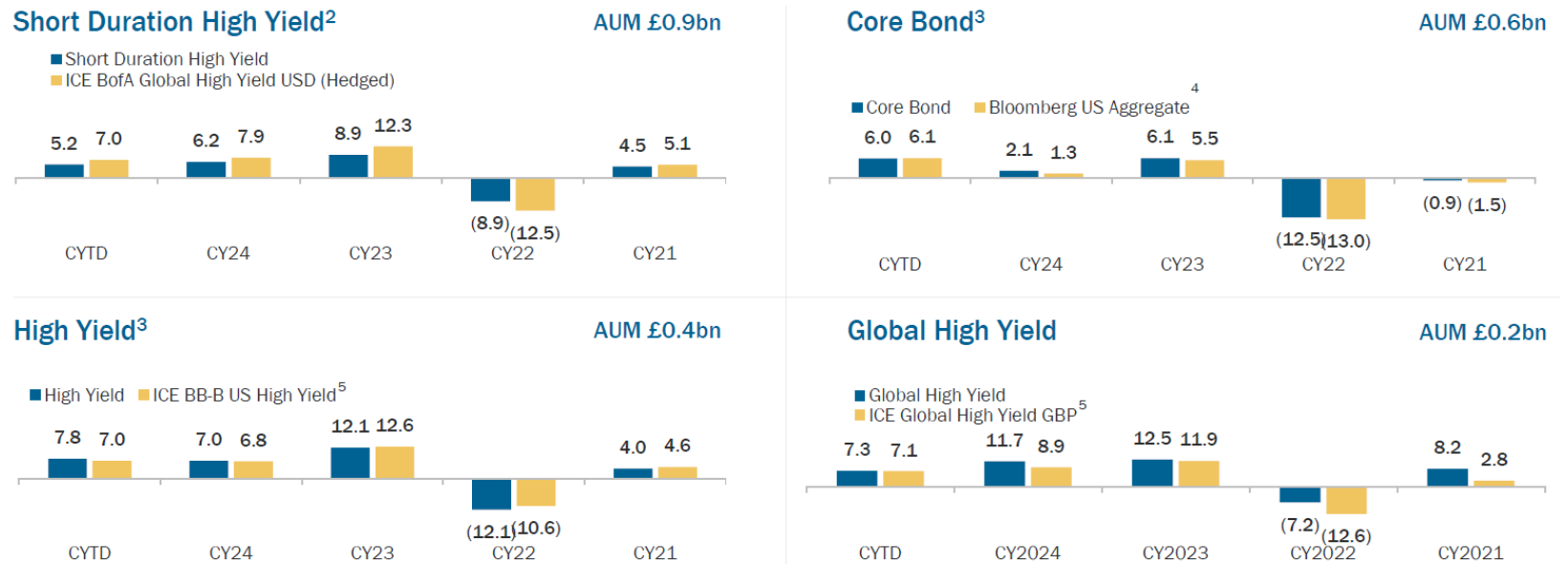
Source: Impax.

¹Year-to-date as at 30 September 2025. Includes largest four Listed Equities strategies. 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 organisation, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request. ²A hybrid account is not included in the Total AUM of the Leaders strategy and the AUM of this account is £606m. ³MSCI indices are total net return (net dividend re-invested).

Fixed income investment performance has been strong on an absolute and relative basis

In fixed income, Impax's relative and absolute performance has been positive, with five out of seven principal strategies outperforming benchmarks over FY25 and 62% of fixed income strategies' AUM outperforming benchmarks over three years.

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



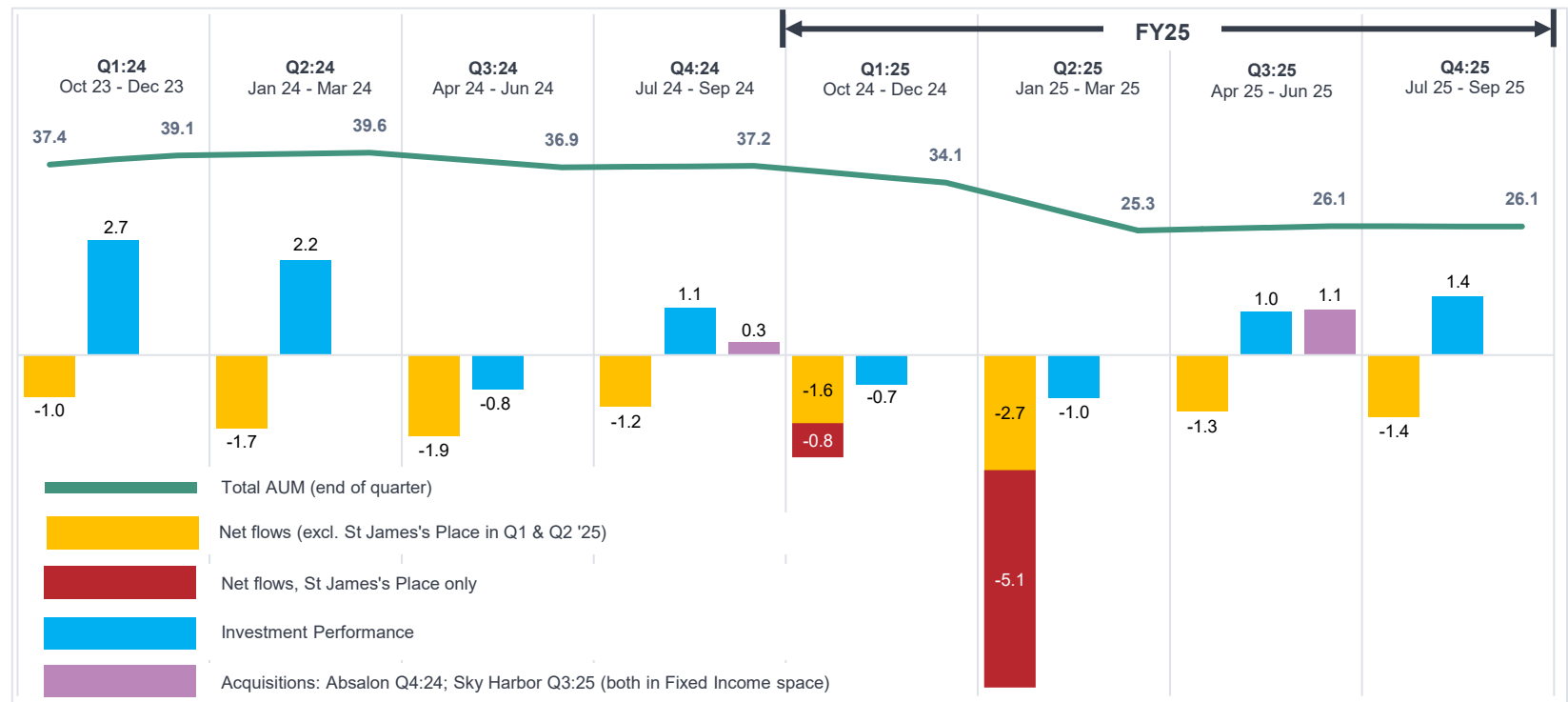
Source: Impax. ¹Year-to-date as at 30 September 2025. Includes largest four Fixed Income strategies. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees. Impax Asset Management claims compliance with Global Investment Performance Standards (GIPS)®. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request. ² SICAV Fund (not composite); A Cap share class ³ Performance for this strategy is reported in USD. ⁴ 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. ⁵ 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%. See appendix for more detail on strategy performance.

FY25 dominated by key account losses, but outlook brightens

These strategies don't always find favour. AUM fell 30% over FY25 from £37.2bn to £26.1bn, with £6.2bn (56%) of the fall from St James's Place (SJP). It decided to move funds from Impax to diversify across investment styles and include more 'value' oriented investing in addition to the 'growth' style. That followed an FY24 outflow of £3.1bn from BNP Paribas Asset Management, driven mainly by an asset allocation decision to reduce clients' equities exposure to take advantage of higher interest rates.

But the loss of SJP assets is now out of the system, and BNP flows look set to improve. Indeed, in Apr 25 Impax announced a new investment advisory agreement with BNP Paribas Asset Management Europe. Impax management is also more optimistic on the flow outlook. It says: ***"Encouragingly, at a time when many investment managers are retreating from our area of expertise, we are seeing growing interest from asset owners who want to partner with a specialist firm such as Impax."***

Quarterly AUM moves, last two years



Source: Company, ED analysis

Analysis of FY25 financials

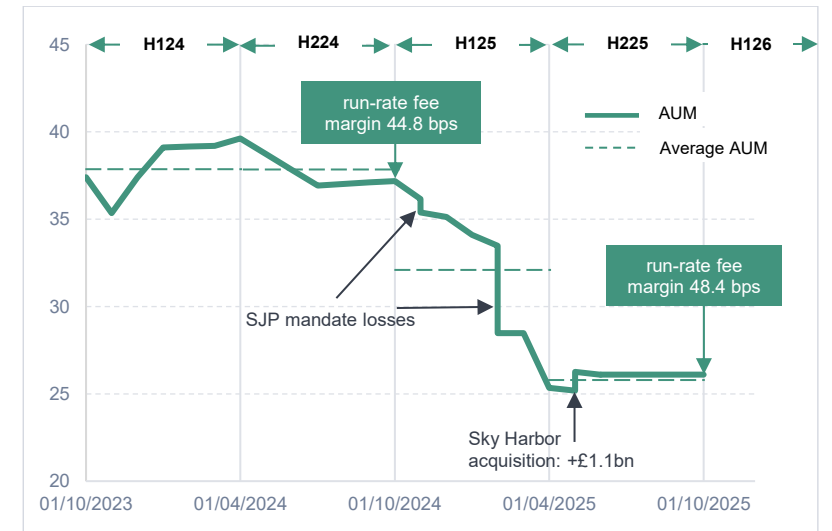
Revenue -17%, fee margin rises with removal of low-fee SJP accounts

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

- Average AUM is important because it is the main revenue driver. Average fee margin has not tended to move by large amounts. But this period is different. Both average AUM (down) and fee margin (up) have moved significantly.
- Most significantly, the loss of two SJP accounts in H1 (£6.2bn combined) hit AUM levels. Total AUM fell 30% over the year. Revenue fell less, by 17%, from £170.1m in FY24 to £141.9m in FY25, with average AUM in H1 still far higher than in H2, mainly due to the timing of the SJP account losses (top chart).
- Additionally, SJP was a low-fee-margin client (c. 24bps v the overall FY25 Impax average fee margin of 46.9bps), so the impact on revenue was lower than the impact on AUM. SJP made up c. 15% of AUM at the time of cancellation but will reduce revenue by c. 8% on an annualised basis.
- With these low margin accounts removed, Impax's average fee margin has risen. Over FY25 it was 46.9bps (still diluted to an extent by the SJP accounts) compared to 44.3bps in FY24. But run-rate fee margin on 30 Sep 25 was 48.4bps** (although this is expected to reduce gradually as fixed income AUM grows and some fee erosion occurs).
- FY26 starts at a low AUM level, and as such, average AUM in FY26 (particularly in H1) is likely to remain lower than FY25 comparators, hence our FY26 revenue forecast is lower than FY25 even though we expect to see some AUM growth. Impax has reported run-rate revenue* on 30 Sep 25 of £126.1m. We then forecast average AUM and revenue to rise in FY27 (see pages 16 and 17 for more detail on forecasts).

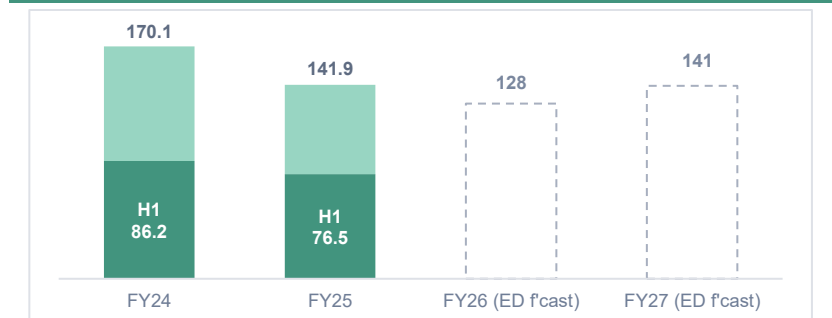
*Run rate revenue: Monthly end-of-period revenue, extrapolated for 12 months and adjusted to remove the effects of one-off transactions.

AUM (£bn) profile last two years



Source: Company, ED analysis

Group revenue, £m



Source: Company, ED analysis

Adjusted income statement: operating costs -8%, operating margin 24%

Expenses cut as part of efficiency programme

- In addition to statutory accounts, Impax reports *adjusted operating profit*, 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 remaining **adjusted operating costs decreased by 8% y-o-y from £117.4m in FY24 to £108.2m in FY25**. This fall was driven by:
 - 1) An efficiency program which reduced FY25 fixed costs by £5.6m. This comprised optimisation of team structures and business processes – which has seen Impax remove 45 roles (c. 15% of headcount). Headcount on 30 Sep 25 was 275, down from 315 on 30 Sep 24.
 - 2) A fall in variable staff costs of £10m as Impax's remuneration model is heavily incentive based i.e. variable staff pay fell due to profits falling. (see policy on right).
- The above cost reduction was achieved despite £3.0m of adjusted operating costs being added in FY25 (acquired) from recent acquisitions.
- Further cost savings will filter through to FY26 (e.g. full-year cost savings of roles eliminated during FY25). We forecast a further 7-8% cost reduction with adjusted operating costs of around £100m for FY26** (this is also dependant on AUM growth and the link to staff variable costs).
- Adjusted operating profit fell 36% from £52.7m in FY24 to £33.6m in FY25, with adjusted operating margin falling from 31.0% to 23.7%.

'Adjusted operating' income statement, £m & key cost changes

	FY25	FY24	Change
Revenue	141.9	170.1	(17%)
Staff costs	(70.9)	(82.2)	(14%)
Non-staff costs*	(37.3)	(35.2)	6%
(*includes: IT & communications, direct fund expenses, professional fees, premises and other expenses)			
Total adjusted operating costs	(108.2)	(117.4)	(8%)
Adjusted operating profit	33.6	52.7	(36%)
Adjusted Operating Margin	23.7%	31.0%	
Key changes to cost base:			
Total number of employees	275	315	(13%)
Fixed staff cost incr./decr. from prior year	(1.2)	+0.5	
Variable staff cost incr./decr. from prior year	(10.1)	(4.4)	
Non-staff cost increase from prior year	+2.1	+1.0	
Variable staff cost/bonus policy			
The Company's policy is to pay salaries and benefits that are broadly in line with market median levels and, under normal circumstances, to award a total variable performance-related remuneration amount ("the Bonus Pool") of up to 45% of adjusted operating profit.			

Source: Company. Totals may not add due to rounding.

Statutory income statement: PBT £28m, basic EPS 15.9p per share (PE 10.9x)

Redundancy costs reduce statutory profits

- The main differences in costs between adjusted operating profit and statutory operating profit were:
 - Redundancy costs of £3.3m (FY24: nil).
 - Amortisation of intangibles (management contracts arising from the 2018 Impax NH acquisition in the US, the Absalon acquisition in 2024, and the Sky Harbor acquisition in 2025) which were slightly up from £2.6m to £2.7m
 - Exceptional acquisition costs, which were £0.8m in FY25 (FY24: £1.0m).
 - Mark to market changes on equity awards of £0.8m (FY24: £0.3m).
 - Acquisition equity incentive charges which fell from £0.4m to £0.2m.
- In turn, IFRS operating profit decreased 44% from £49.0m to £27.4m.
- Finance income (interest income) was down from £3.9m to £2.9m, while finance costs were reduced from -£4.0m (mostly a foreign exchange loss) to -£2.5m (mostly a foreign exchange loss of £1.1m and a fair value movement loss of £0.9m).
- PBT was down 33% from £49.0m in FY24 to £27.8m and PAT was down 44% from £36.5m to £20.3m.
- Basic EPS was down 44% to 15.9p and diluted EPS down 44% to 15.8p.

Bridge from adjusted to IFRS income statement, £m

	FY25	FY24
Revenue	141.9	170.1
Total adjusted operating costs	(108.2)	(117.4)
Adjusted operating profit	33.6	52.7
<u>Bridge to IFRS profits</u>		
Redundancy costs	(3.3)	
Amortisation of intangibles (acquisitions)	(2.7)	(2.6)
Acquisition equity incentive charges	(0.2)	(0.4)
Mark to market charge on equity awards	0.8	0.3
Exceptional acquisition costs	(0.8)	(1.0)
Other exceptional costs	(0.1)	-
Total operating costs	(114.5)	(121.1)
Operating profit	27.4	49.0
Finance income	2.9	3.9
Finance costs	(2.5)	(4.0)
Profit before tax	27.8	49.0
Tax	(7.5)	(12.5)
Profit after tax	20.3	36.5
Basic EPS	15.9	28.5
Diluted EPS	15.8	28.2

Source: Company. Totals may not add due to rounding

Balance sheet, cash flow, cash reserves remain strong, no debt

Key balance sheet events

- Despite net assets being down 12%, Impax maintains its strong balance sheet, with net assets of £115m (30 Sep 24: £131m). It has no debt.
- The group provides a capital resources breakdown (chart on right) that considers minimum regulatory cash. This shows Impax having a **capital surplus (including seed investments) of £54.5m** (FY23: £51.5m), including seed capital, 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.
- On 30 Sep 25 £17m (30 Sep 24: £16m) was invested into seed capital.

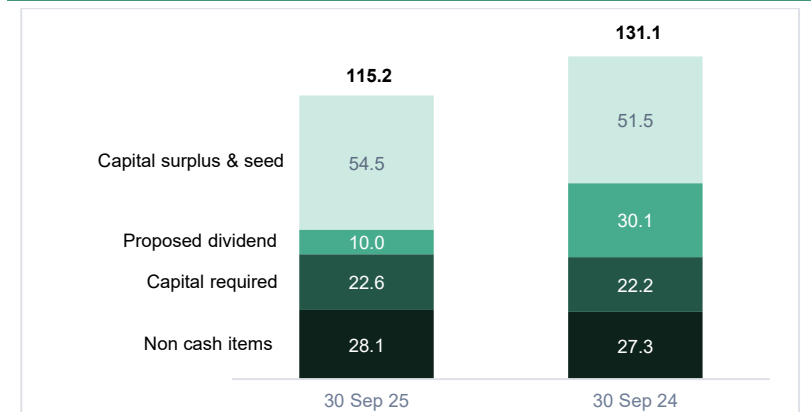
Source: Company

Cash position still strong

- Cash generated from operating activities (after tax) was £23.8m (FY24: £49.0m).
- Cash reserves decreased y-o-y to £64.7m from £90.8m (these reserves exclude 3rd-party interest on consolidated funds and therefore differ slightly from accounting 'net cash' which includes these funds), with the major movements shown in the chart on the right.
- That cash position is after Impax paid £35m in dividends, spent £7m acquiring its own shares as part of the ongoing buy-back programme (£10m in total), and paying £4.4m for the acquisition of Sky Harbor in the fixed income space.

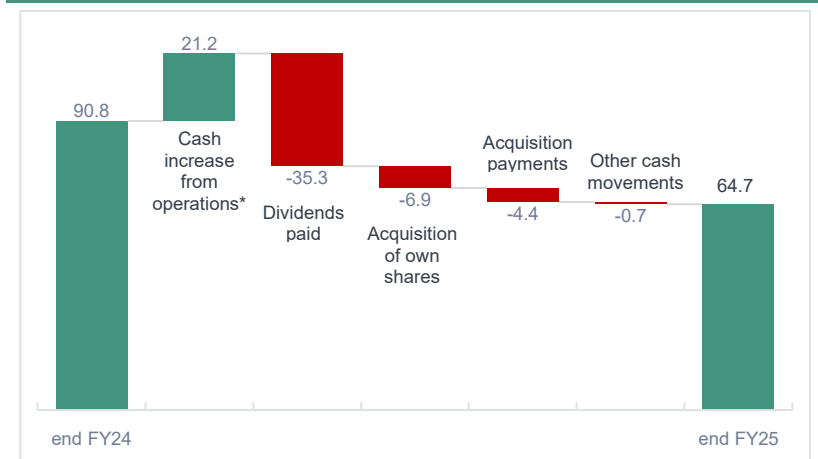
Source: Company

Capital allocation, £m



Source: Company

Cash movements between end-FY23 and end-FY24



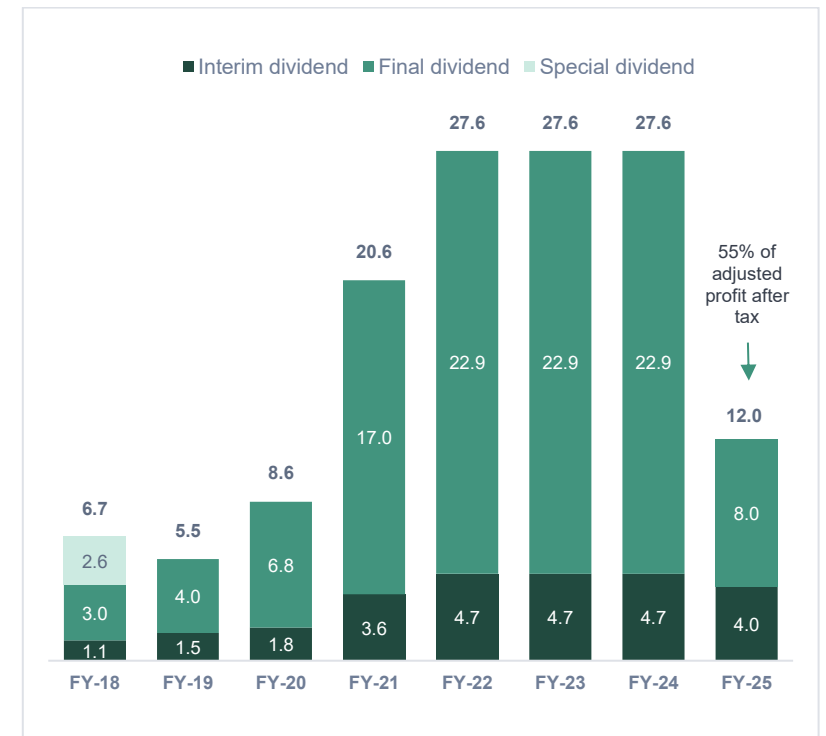
Source: Company.
Excludes third-party interest on consolidated funds and cash held in Research Payment Accounts.
*Cash generated from operations after tax and lease-related charges.

FY25 dividend 12.0p, yield 6.9%

Reduction in dividend reflects 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.
- As flagged in Impax's interim results, the payout is 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.
- The final dividend is 8.0p, in addition to the interim dividend of 4.0p, bringing the total dividend for the year to 12.0p (FY26: 27.6p).
- **The full year dividend translates to a 6.9% yield on the closing share price of 174p on 28 Nov 25.**
- 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 difference between our previous FY25 forecasts and actual FY25 results, and the main changes to our FY26 forecasts are shown below. The most significant points being:

- **For FY25**
 - Actual revenue was slightly higher than our forecast.
 - Actual adjusted operating costs were slightly higher than forecast, with actual adjusted operating profit slightly lower than forecast.
 - Redundancy costs were higher than our forecast, with a knock-on effect of statutory profits being lower than forecast.
- **For FY26**
 - We reduce our AUM forecast downwards slightly, as a return to net inflows is taking longer than anticipated.
 - Revenue margin is slightly higher than we forecast which offsets this, hence **our revenue forecast for FY26 is unchanged**.
 - Our cost forecast also remains unchanged.

Forecast changes

Year to 30 Sep (£m)	FY25E actual	FY25E forecast	Change	FY26E Revised	FY26E Old	Change
AUM (£bn)	26.1	26.1	0%	28.1	28.8	-2%
Revenue	141.9	141.4	0%	129.1	129.1	0%
Adjusted Operating Profit	33.6	35.9	-6%	29.5	29.5	0%
PAT	20.3	24.3	-16%	22.0	22.1	0%
EPS basic (p)	15.9	19.3	-17%	18.1	18.2	0%
EPS adjusted & diluted (p)	21.3	21.6	-1%	19.6	19.6	0%
Net cash**	68.0	54.8	24%	73.3	58.6	25%
P/E	10.9	9.9		9.6	9.5	
DPS (p)	12.0	12.0	0%	13.0	13.0	0%
Dividend yield	6.9%	6.9%		7.5%	7.5%	

Source: Equity Development, Priced at 28/11/2025

*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 380p per share: PE 10.9 v peer median 13.1

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 returns to growth in FY26 (with growth weighted towards H2), followed by a return to stronger flows post-FY26, with a 5Y CAGR of 11% (including an assumed investment return of 5% per annum).
 - Revenue grows at a CAGR of 6%, 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 24% adjusted operating margin (due primarily to lower average AUM levels) before increasing again to c. 30% as operational leverage is captured. We also note that Impax has previously achieved adjusted operating margin levels of 39% (in FY21).

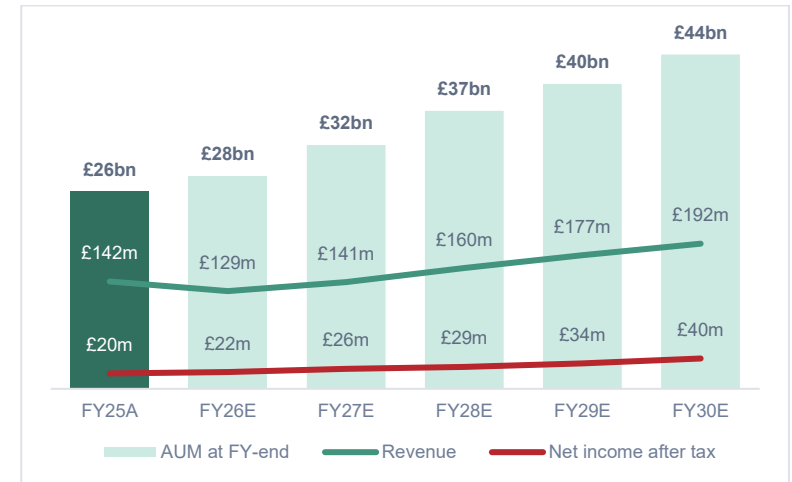
These forecasts are summarised in the top chart on the right.

- 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 12.5%.

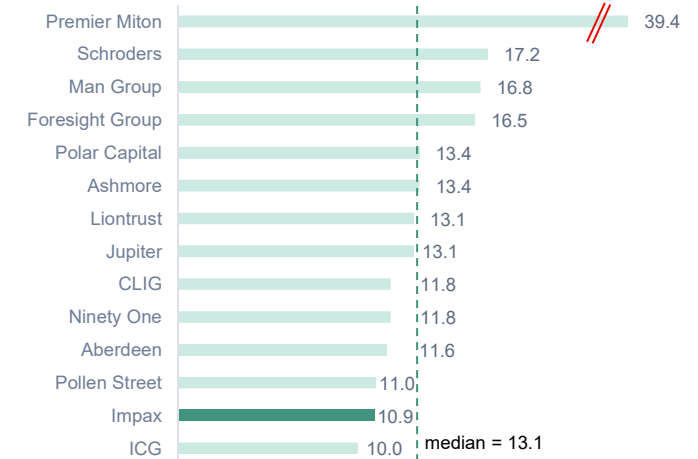
This methodology indicates a fundamental valuation of 380p, more than twice the current share price.

- We also highlight that Impax's PER is just 10.9, compared to a peer group median of 13.1.** Given its niche strategic positioning, still-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 28 Nov 25 and latest available basic EPS on Trailing Twelve Months (TTM) basis on that date.

Summary financials

Income statement

Year to 30 Sep (£m)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	178.4	170.1	141.9	129.1	141.2
IFRS Income Statement					
Operating costs	(124.1)	(121.1)	(114.5)	(102.2)	(108.5)
Operating profit	54.2	49.0	27.4	26.9	32.7
Investment income	3.1	3.9	2.9	2.9	2.9
Finance cost	(5.3)	(4.0)	(2.5)	(0.4)	(0.4)
IFRS profit before tax	52.1	49.0	27.8	29.4	35.1
Taxation	(12.9)	(12.5)	(7.5)	(7.3)	(8.8)
IFRS PAT	39.2	36.5	20.3	22.0	26.3
Basic EPS, p	30.5	28.5	15.9	18.1	21.7
Diluted EPS, p	29.8	28.2	15.8	18.0	21.5
Adjusted Income Statement					
Adjustments to operating costs:					
Redundancy costs	-	-	3.3	-	-
Acquisition equity incentive scheme awards	1.3	0.4	0.2	-	-
Mark to market charge on equity awards	(0.3)	(0.3)	(0.8)	-	-
Exceptional acquisition costs	-	1.0	0.8	-	-
Other exceptional costs	-	-	0.1	-	-
Amortisation of goodwill/intangibles	2.8	2.6	2.6	2.6	2.6
Adjusted operating profit	58.1	52.7	33.6	29.5	35.3
Investment income	3.1	3.9	2.9	2.9	2.9
Finance cost	(1.3)	(1.0)	(2.2)	(0.4)	(0.4)
Adjusted profit before taxation	60.0	55.7	34.3	32.0	37.7
Taxation	(13.6)	(14.1)	(6.9)	(8.0)	(9.4)
Adjusted PAT	46.4	41.6	27.3	24.0	28.3
Adjusted Basic EPS, p	36.0	32.6	21.5	19.7	23.3
Adjusted Diluted EPS, p	35.2	32.2	21.3	19.6	23.1
Dividends					
Interim dividend, p	4.7	4.7	4.0	4.3	4.3
Final dividend, p	22.9	22.9	8.0	8.7	8.7
FY dividends per share, p	27.6	27.6	12.0	13.0	13.0

Source: Company data, Equity Development

Balance sheet

Year to 30 Sep (£m)	FY23A	FY24A	FY25A	FY26E	FY27E
Non-current assets					
Goodwill	12.9	11.9	12.7	12.7	12.7
Intangible assets	14.2	11.2	12.2	9.6	7.1
Property, plant and equipment	8.8	7.9	5.9	4.5	13.2
Investments	-	-	4.6	4.6	4.6
Deferred tax assets	3.7	4.2	3.2	3.2	3.2
Sub-total NCAs	39.6	35.2	38.7	34.8	40.8
Current assets					
Trade and other receivables	42.5	36.9	32.8	29.8	32.6
Investments	13.3	16.0	12.2	12.2	12.2
Current tax account	1.6	1.2	2.9	2.9	2.9
Cash: money market & LT deposits	53.5	67.8	45.2	45.2	45.2
Cash and cash equivalents	38.0	25.3	22.9	28.1	36.9
Sub-total CAs	149.0	147.2	116.0	118.3	129.9
TOTAL ASSETS	188.5	182.4	154.7	153.0	170.7
Equity					
Ordinary shares	1.3	1.3	1.3	1.3	1.3
Share premium	9.3	9.3	9.3	9.3	9.3
Capital redemption reserve	-	-	0.0	0.0	0.0
Exchange translation reserve	2.9	1.3	1.7	1.7	1.7
Merger reserve	1.5	1.5	3.0	3.0	3.0
Retained earnings	118.9	117.7	99.9	103.9	111.3
Total Equity	134.0	131.1	115.2	119.1	126.6
Current Liabilities					
Trade and other payables	44.8	42.7	33.1	30.1	33.0
Lease liability	1.5	2.1	2.0	1.6	1.3
Current tax liability	1.0	0.8	0.0	0.0	0.0
Sub-total CLs	47.3	45.6	35.1	31.8	34.3
Non-current Liabilities					
Lease liabilities	7.2	5.7	3.8	1.5	9.2
Deferred tax liability	-	-	-	-	-
Sub-total NCLs	7.2	5.7	4.4	2.1	9.8
Total Liabilities	54.6	51.3	39.5	33.9	44.1
TOTAL EQUITY AND LIABILITIES	188.5	182.4	154.7	153.0	170.7

Source: Company data, Equity Development

Cash flow statement

Year to 30 Sep (£m)	FY23A	FY24A	FY25A	FY26E	FY27E
Profit before taxation	52.1	49.0	27.8	29.4	35.1
Adjustment for:					
Investment income	(3.1)	(3.9)	(2.9)	(2.9)	(2.9)
Interest expense	5.3	4.0	2.5	0.4	0.4
Depreciation & amortisation	5.1	4.6	5.1	4.9	4.9
Share-based payment charges	6.5	6.7	5.3	5.3	5.3
Loss on disposal of PPE	0.0	-	-	-	-
Op CF before movement in working capital	65.9	60.3	37.9	37.1	42.9
(incr.)/decr. in receivables	(3.8)	5.8	4.1	2.9	(2.8)
(decr.)/incr. in payables	(8.9)	(2.5)	(9.1)	(3.0)	2.8
Cash generated from operations	53.2	63.6	32.9	37.1	42.9
Corporation tax paid	(14.6)	(13.0)	(9.1)	(7.3)	(8.8)
Net cash generated from operating activities	38.7	50.6	23.8	29.7	34.1
Investing activities					
Investment income received	2.9	3.3	2.9	2.9	2.9
Settlement of investment related hedges	(0.4)	(1.2)	(1.3)	-	-
Net redemptions/(investments) from uncons. funds	(5.3)	(1.2)	(0.4)	-	-
(incr.)/decr. in cash money market & LT deposit	5.1	(14.3)	22.6	-	-
Earn out payment	-	-	(0.0)	-	-
Acquisition of PPE & intangible assets	(0.8)	(1.1)	(0.5)	(0.9)	(0.9)
Payment of contingent consideration					
Net cash used in investing activities	1.5	(14.4)	18.8	2.0	2.0
Financing activities					
Acquisition of non-controlling interest	-	-	-	-	-
Interest paid on debt	(0.1)	-	-	(0.4)	(0.4)
Dividends paid	(36.4)	(36.3)	(35.3)	(15.5)	(16.2)
Acquisition of own shares	(15.1)	(8.4)	(6.9)	(8.0)	(8.0)
Payment of lease liabilities	(2.0)	(1.6)	(2.6)	(2.6)	(2.6)
Cash received on exercise of Impax share options	1.3	0.4	0.4	-	-
Net cash generated from /(used in) fin. activities	(52.3)	(46.0)	(44.5)	(26.5)	(27.2)
Net (decr.)/incr. in cash & cash equivalents	(12.1)	(9.7)	(1.8)	5.2	8.8
Cash & cash equivalents at beginning of year	52.2	38.0	25.3	22.9	28.1
Effect of foreign exchange rate changes	(2.1)	(2.9)	(0.6)	-	-
Cash & cash equivalents at end of year	38.0	25.3	22.9	28.1	36.9

Source: Company data, Equity Development

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