ICG

Interim results statement

For the six months ended 30 September 2021

Embargoed until 7:00am on 16 November 2021

Record fundraising and multiple drivers of future compounding growth

Highlights

- Strong momentum continuing across our three strategic objectives encompassing fundraising, deployment and realisations
- Record fundraising: $13.8bn raised, Europe VIII already 42% larger than Europe VII and continuing to fundraise
- Third-party AUM: $65.3bn, an increase of 28% compared to H1 FY21
- Continued growth in third-party fee income: £199.0m during the period, an increase of 29% compared to H1 FY21
- Fund Management Company: profit before tax of £120.9m, an increase of 35% compared to H1 FY21
- Investment Company: NIR of 18% driven by strong fund performance, profit before tax of £143.8m
- Balance sheet supporting growth: seed investments made on behalf of new strategies totalling £115.7m
- Dividend policy maintained: interim dividend of 18.7p, in line with policy of paying a third of prior full year dividend
- Sustainability and people: post period-end, committed to reach net zero by 2040; 2030 emissions reduction targets covering 100% of relevant investments approved and validated by the Science Based Targets initiative

Note: unless otherwise stated the financial results discussed herein are on the basis of Alternative Performance Measures - see page 2

Benoît Durteste

CEO and CIO

“This has been a record period for ICG on a number of levels, continuing the strong momentum of H2 FY21 and delivering progress against all three of our strategic priorities encompassing fundraising, deployment and realisations. We anticipated the first half would be strong, and it has exceeded our expectations.

Fundraising has been remarkable: we have raised more in six months than in any full year in the history of ICG. Notably it has been across both established and emerging strategies, evidencing the breadth of our embedded growth opportunities. We have also attracted a substantial number of new clients during the period across a range of established and emerging strategies.

I am delighted that we continue to help lead our industry on sustainability, with our commitment to net zero by 2040 supported by approved and validated science-based targets for reductions in greenhouse gas emissions by 2030.

Looking ahead, activity levels across our business remain high. Our performance demonstrates our multiple drivers of compounding growth, and gives us further confidence in our medium-term guidance. As we raise successor vintages of current strategies and expand our product offering, our visible and long-term third-party fee income on a growing base of AUM is poised to increase meaningfully over the next several years.”

PERFORMANCE OVERVIEW

The Board and management monitor the financial performance of the Group on the basis of alternative performance measures (APM), which are non-IFRS measures. An explanation of these measures can be found on page 6 and a reconciliation of the APM to the IFRS measures, along with the IFRS condensed consolidated financial statements and supporting notes, can be found on pages 19 to 46.

The Group's profit after tax on an IFRS basis was above the prior period at £242.4m (H1 FY21 £192.8m). On the APM basis it was also above the prior period at £240.7m (H1 FY21 £183.9m).

Unless stated otherwise the financial results discussed herein are on the basis of APM, which the Board believes assists shareholders in assessing the financial performance of the Group.

Third-party AUM activity for the period	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	Change	31 March 2021
Third-party AUM at period end	$65,349m	$51,198m	28 %	$56,152m
Third-party fee-earning AUM at period end	$55,647m	$43,483m	28 %	$46,729m
Third-party AUM additions during period	$14,557m	$2,993m	386 %	$10,624m
Third-party AUM realisations during period	$4,793m	$1,130m	324 %	$4,593m
Third-party AUM deployed during period [1]	$8,417m	$2,411m	249 %	$7,221m

[1] From direct investment funds

Financial results	Six months ended 30 September 2021 (Unaudited)	Six months ended 30 September 2020 (Unaudited)	Change	12 months ended 31 March 2021 (Audited)
Third-party fee income	£199.0m	£154.2m	29 %	£333.7m
Fund Management Company profit before tax	£120.9m	£89.8m	35 %	£202.3m
Investment Company profit before tax	£143.8m	£103.0m	40 %	£305.4m
Group profit before tax	£264.7m	£192.8m	37 %	£507.7m
Group earnings per share	83.9p	64.6p	30 %	162.3p
Dividend per share	18.7p	17.0p	10 %	56.0p
Balance sheet investment portfolio	£2,732.0m	£2,208.3m	24 %	£2,556.4m
Net asset value per share	609p	488p	25 %	566p
Net gearing	0.63x	0.67x	(0.04)x	0.63x

Last 12 months	12 months ended 30 September 2021 (Unaudited)	12 months ended 30 September 2020 (Unaudited)	Change	12 months ended 31 March 2021 (Audited)
Third-party AUM additions	$22,264m	$9,083m		
Third-party AUM realisations	$9,959m	$2,618m		
Third-party AUM deployed[1]	$13,283m	$6,119m		
Third-party fee income	£378.5m	£296.4m	28 %	£333.7m
Fund Management Company profit before tax	£233.4m	£187.9m	24 %	£202.3m

[1] From direct investment funds

COMPANY PRESENTATION

A presentation for investors and analysts will be held at 09:00 GMT today on our website via the link on Results Centre FY22 (icgam.com).

A recording of the presentation will be available on demand at Results Centre FY22 (icgam.com) later in the day.

ENQUIRIES

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This results statement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The results statement should not be relied on by any other party or for any other purpose.

This results statement may contain forward looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

ABOUT ICG

ICG provides flexible capital solutions to help companies develop and grow. We are a global alternative asset manager with over 30 years' history, managing $69bn of assets and investing across the capital structure. We operate across four asset classes: Structured and Private Equity, Private Debt, Real Assets, and Credit.

We develop long-term relationships with our business partners to deliver value for shareholders, clients and employees, and use our position of influence to benefit the environment and society. We are committed to being a net zero asset manager across our operations and relevant investments by 2040.

ICG is listed on the London Stock Exchange (ticker symbol: ICP). Further details are available at www.icgam.com. You can follow ICG on LinkedIn.

CHIEF EXECUTIVE OFFICER'S REVIEW

Our product breadth, global footprint, client relationships and brand strength have enabled ICG to perform very strongly, and the momentum we enjoyed in the second half of FY21 has continued into this period. We have made clear progress across our three strategic objectives encompassing fundraising, deployment and realisations:

- "Grow AUM": record $13.8bn third-party AUM raised, bringing total third-party AUM to $65.3bn
- "Invest": record $8.4bn third-party AUM deployed from our direct investment funds
- "Manage and realise": continued value creation within our portfolio and record realisations of $4.8bn

We are delivering on our growth strategy: during the period we launched our flagship strategy Europe VIII, made seed investments totalling £116m on behalf of strategies that we expect to launch in future, and continued to raise capital in all four of our asset classes. The appeal of our strategies is underlined by the growth of our client base, which grew by 14% during the period, and at 30 September 2021 stood at 542 (31 March 2021: 476). We attracted new clients across both our established and first-time strategies.

As anticipated, fundraising for the year has been front-loaded and the shape of fundraising exemplifies how our platform can grow existing strategies and successfully bring new strategies to market. In absolute terms, fundraising has been driven by Europe VIII, which raised $6.8bn. This vintage is already 42% larger than its predecessor and is continuing to raise capital. First-time strategies have also had an impressive performance: Sale and Leaseback I had its final close at $1.3bn of third-party capital. Infrastructure Equity I now has $0.7bn of third-party commitments and is continuing to fundraise.

At the end of the period we managed $65.3bn of third-party AUM: double the amount we managed at 31 March 2018 and an increase of 28% in the last 12 months.

Our local footprint, ability to source opportunities and provide flexible financing solutions across the capital structure have enabled us to deploy $8.4bn[1] of our clients' capital during the period. We remain disciplined given the macro environment, and during the period we took advantage of strong markets to realise $3.5bn[1] of third-party fee-earning AUM. Strong deployment and realisation activities underpin our future fundraising cycles and increased fund sizes.

As well as providing capital and expertise to help companies develop and grow, we have an important role in the areas of sustainability and people. Our initiatives here are integral to our future growth, and in particular the integration of sustainability into our existing and new strategies is fundamental to how we market them to our clients and how they implement their investment objectives. This is true across all our asset classes and we take a nuanced approach reflecting the various degrees of influence we have across our portfolio.

After the end of the period we committed to reach net zero greenhouse gas emissions by 2040 across our operations and relevant investments[2]. This commitment is supported by ambitious emissions reduction targets which cover 100% of our relevant investments[2] and which have been approved and validated by the Science Based Targets initiative. We are part of a small group leading the way in our industry in this field.

These factors have culminated in strong financial performance, with third-party fee income of £199.0m, up 29% compared to H1 FY21 and driving Fund Management Company profit before tax of £120.9m, up 35% compared to H1 FY21. We have declared an interim dividend of 18.7p per share, in line with our policy of paying a third of the prior full year dividend. The continued value creation in our third-party funds also benefits shareholders through the 18.0% net investment return the Investment Company reported for the period.

Looking ahead, we have a broad platform, a powerful client franchise, a strong origination capability and a track record of managing our portfolios to generate value for our clients. These qualities have enabled us to successfully navigate periods of evolving and dynamic market conditions in the past, and I believe we are well positioned to continue to do so. As we raise successor vintages of current strategies and expand our product offering, our highly predictable and long-term third-party fee income on a growing base of AUM is poised to increase meaningfully over the next several years.

Benoît Durteste

[1] From direct investment funds
[2] See Sustainability and People section for more detail

SUSTAINABILITY AND PEOPLE

It has been a busy time for our colleagues given the level of activity across the business, and we continue to focus on our employees' physical and mental well-being. The number of Group permanent employees grew by 8% during the period to 508 (31 March 2021: 470). Hiring was broad-based across our investment, marketing and client relations, and corporate and business services teams. The investments we have been making in our people in recent years are meaningful, and our ability to successfully attract new colleagues highlights the appeal of ICG as a place to work and our growing reputation in the market. We will continue to invest selectively in our people across all parts of the business to ensure we are able to execute on our strategy.

We have also continued to make progress against our Diversity and Inclusion (D&I) and broader people objectives. We launched two new employee networks during the period; increased direct engagement with our staff; continued to progress our efforts around inclusion; held insight days into our industry for female students; and welcomed several interns this summer in partnership with the 10,000 Black Interns program and Seize Every Opportunity initiative. As a sponsor of these final two programmes, we will continue to provide opportunities for diverse young talent, and thereby also ensure that we are able to attract, retain and develop the very best people, irrespective of background.

From a responsible investing perspective, Europe VIII launched during the period with an enhanced ESG engagement strategy. The fund is taking a thematic approach, with a particular emphasis on climate change, human capital management and D&I. These topics are consistent with our broader areas of focus, and will feed directly into portfolio company governance, performance tracking and reporting.

Building on the £550m ESG-linked RCF into which we entered during the last financial year, we continued to innovate around ESG financing. We agreed ESG-linked fund facilities for Europe VIII and for Real Estate Partnership Capital VI during the period:

- For Europe VIII, the price of the fund facility is linked to two metrics: the percentage of eligible portfolio companies that satisfy the climate change KPIs; and the percentage of eligible portfolio companies that satisfy engagement KPIs; and
- For Real Estate Partnership Capital VI, the fund operates under a green loan framework to the real estate sector to support environmentally sustainable economic activity for developments, major refurbishments and operational investments. The price of the fund facility is linked to achieving annually one of two KPIs: either a) >50% of the AUM falling under the Fund's green loan framework; or b) >50% of underlying AUM being invested in buildings constructed to an externally-verified green building certification of at least "Very Good" (or equivalent).

Post period-end we committed to reach net zero greenhouse gas emissions by 2040 across our operations and relevant investments. This commitment is supported by two ambitious emissions reduction targets, which have been approved and validated by the Science Based Targets initiative (SBTi):

- Ensure 100% of relevant investments[3] have SBTi-approved targets by 2030, with an interim target of 50% by 2026; and
- Reduce ICG's direct (Scope 1 and 2) emissions by 80% by 2030 from a 2020 base year.

We will systematically monitor progress and will report annually against our targets in our Annual Report and on our website. More details on our net zero commitments and how they will be implemented can be found in our Sustainability and People report, which we will publish in due course.

We will be holding a shareholder seminar on Sustainability and People following our Q3 results on 27 January 2022. We invite you to sign-up here.

[3] See Glossary for definition

FINANCE AND OPERATING REVIEW

The Board and management monitor the financial performance of the Group on the basis of Alternative Performance Measures (APM), which are non-IFRS measures. The APM form the basis of the financial results discussed in this review, which the Board believes assists shareholders in assessing their investment and the delivery of the Group's strategy through its financial performance.

The substantive difference between APM and IFRS is the consolidation of funds and related entities deemed to be controlled by the Group, which are included in the IFRS condensed consolidated financial statements but excluded for the APM.

Under IFRS, the Group is deemed to control and therefore consolidate entities where it can make significant decisions that can substantially affect the variable returns of investors. This has the impact of including the assets and liabilities of these entities in the condensed consolidated statement of financial position and recognising the related income and expenses of these entities in the condensed consolidated income statement.

The Group's profit after tax on an IFRS basis was above the prior period at £242.4m (H1 FY21 £192.8m). On the APM basis it was also above the prior period at £240.7m (H1 FY21 £183.9m).

Detail of these adjustments can be found in note 3 to the IFRS condensed consolidated financial statements on pages 19 to 46.

AUM and fund performance

On 8 September 2021 we announced that we were updating our asset classes for the purposes of financial reporting. The new reporting structure more accurately reflects the business and operations of ICG. The presentation of our third-party AUM and third-party fee-earning AUM in this report is on the basis of these new asset classes. Bridges for third-party AUM and third-party fee-earning AUM for H1 FY21 are in the data pack released with this announcement.

Third-party AUM

Third-party AUM grew 16%, or $9.2bn, since 31 March 2021 to $65.3bn. This growth was primarily driven by Structured and Private Equity, which accounted for $7.2bn of the increase.

In aggregate we raised $13.8bn of third-party AUM across 14 strategies during the period. Additions to third-party AUM also include $0.8bn of capital that we have called during the period from vintages of funds that have previously had a step-down and are therefore reflected in third-party AUM on a net invested cost basis. This brings total additions to our third-party AUM during the period to $14.6bn. We realised $4.8bn, and also recognised an AUM reduction of $(0.6)bn through a combination of FX ($(0.8)bn) and other market movements ($0.2bn).

At 30 September 2021 we had $17.8bn of third-party AUM available to deploy in new investments, $9.7bn of which is not yet paying fees but will do so when the capital is invested or enters its investment period.

Third-party AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party AUM
At 1 April 2021	14,548	17,289	6,317	17,998	56,152
Additions	9,104	1,992	853	2,608	14,557
Realisations	(1,643)	(431)	(120)	(2,599)	(4,793)
FX and other	(221)	(290)	(38)	(18)	(567)
At 30 September 2021	**21,788**	**18,560**	**7,012**	**17,989**	**65,349**
Change $m	7,240	1,271	695	(9)	9,197
Change %	50 %	7 %	11 %	— %	16 %
Change % (constant exchange rate)[1]	51 %	9 %	13 %	1 %	18 %

[1]Please see page 15 for an explanation of constant exchange rate calculation methodology

Structured and Private Equity

Structured and Private Equity third-party AUM increased by 50% since 1 April 2021 to $21.8bn, with $9.1bn of third-party AUM added during the period. Europe VIII was the single largest contributor, attracting $6.8bn (€5.7bn) of third-party AUM and an associated fee-paying continuation vehicle contributing a further $0.8bn. This vintage is already 42% larger than its predecessor and fundraising is continuing. Strategic Equity raised $0.6bn for Strategic Equity IV as well as fee-paying co-investments associated with the Strategic Equity strategy ($0.3bn). Additions also included $0.6bn of capital that we called during the period from vintages of funds that have previously had a step-down. Realisations in the period were largely from Europe V and Europe VI, funds that started their investment periods in September 2011 and March 2015 respectively.

Private Debt

Private Debt third-party AUM increased by 7% since 1 April 2021 to $18.6bn, with $1.9bn of third-party AUM raised. $1.8bn was raised by Senior Debt Partners IV and associated mandates. The co-mingled fund for Senior Debt Partners IV held its final close in April 2021, although the strategy has the ability to raise SMAs on an ongoing basis. The remainder was raised by Australian Senior Loans. Additions also included $0.1bn of capital that we called during the period from vintages of funds that have previously had a step-down. Realisations were limited during the period, and largely from Senior Debt Partners II and Senior Debt Partners III. These funds started their investment periods in March 2015 and December 2017 respectively.

Real Assets

Real Assets' third-party AUM increased by 11% since 1 April 2021 to $7.0bn, with $834m of third-party AUM raised. Sale and Leaseback I was the single largest contributor, raising $476m during the period. This strategy, which was launched in 2019, had its final close on 28 September 2021, bringing its total third-party AUM to $1.3bn – an exceptional fundraise for a first time fund and closing at a level above its original hard cap. The remainder of the fundraising for this asset class was from Infrastructure Equity I (which raised $185m) and two Real Estate Debt strategies (which together raised a further $173m). The remaining $19m of additions related to capital that we called during the period from vintages of funds that have previously had a step-down. Realisations in the period were limited and occurred within certain of our real estate debt funds whose investment periods started in or before February 2015.

Credit

Credit third-party AUM was flat at $18.0bn. A total of $2.6bn was raised in the asset class, of which $0.4bn was in liquid funds and $2.2bn was in CLOs. Within CLOs, we raised one new European CLO, accounting for $0.4bn of fundraising. We also took advantage of attractive market conditions by amending the terms of five existing CLOs to extend the duration of our management fees and lock-in enhanced future returns; two in Europe and three in the US. These CLO amendments accounted for $1.8bn of fundraising and realisations within Credit, with the remainder of realisations due to a small number of redemptions.

Third-party fee-earning AUM

Third-party fee-earning AUM grew 19%, or $8.9bn, to $55.6bn.

Additions to third-party fee-earning AUM totalled $15.3bn. We realised $6.1bn of investments within our third-party fee-earning AUM during the period: of this, $1.3bn remains committed from our clients and available for ICG to deploy in new opportunities. The net result was that $4.8bn of third-party fee-earning AUM was realised during the period and no longer counted within our third-party AUM. We also recognised an AUM reduction of $(0.3)bn through FX and other movements.

Third-party fee-earning AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party fee-earning AUM
At 1 April 2021	13,878	10,315	5,331	17,205	46,729
Additions	8,995	2,403	1,333	2,566	15,297
Realisations	(1,704)	(1,558)	(268)	(2,599)	(6,129)
FX and other	(47)	(111)	(127)	35	(250)
At 30 September 2021	**21,122**	**11,049**	**6,269**	**17,207**	**55,647**
Change $m	7,244	734	938	2	8,918
Change %	52 %	7 %	18 %	— %	19 %
Change % (constant exchange rate)[1]	54 %	8 %	20 %	1 %	20 %

[1]Please see page 15 for an explanation of constant exchange rate calculation methodology

Fund deployment levels of key ICG funds

Deployment levels are lead indicators of our potential fundraising timetable. The deployment rate for funds that charge fees on invested capital also has an impact on our profitability.

During the period we deployed a total of $8.4bn third-party capital on behalf of our direct investment funds (H1 FY21: $2.4bn). We saw strong levels of deployment in both our Structured and Private Equity and Private Debt asset classes.

The table below details the deployment levels for funds whose fundraising cycle is dependent on the deployment level of the current vintage:

$m unless otherwise stated	**Third-party AUM at 30 September 2021**	***Third-party capital deployed during H1 FY22***	**Total third-party capital deployed at 30 September 2021**	**%age deployed at 30 September 2021**
Fees charged on committed capital				
Structured and Private Equity				
Europe VIII[1]	6,595	*1,039*	1,039	15%
Asia Pacific IV[1]	425	*49*	196	46%
Europe Mid-Market	1,033	*292*	522	50%
Strategic Equity IV[1]	1,823	*1,149*	1,149	63%
Real Assets				
Infrastructure Equity I[1]	723	*7*	259	37%
Sale and Leaseback I	1,266	*348*	702	51%
Fees charged on invested capital				
Private Debt				
North American Private Debt II	1,200	*46*	658	54%
Senior Debt Partners IV	5,586	*1,202*	2,907	50%
Real Assets				
Real Estate Partnership Capital V	1,250	*332*	963	77%
Real Estate Partnership Capital VI[1]	354	*81*	81	23%

[1] Fund was continuing to raise third-party AUM at period-end; percentage deployed is shown as a proportion of third-party AUM at 30 September 2021
Note: co-mingled fund, excluding mandates and undrawn commitments for all funds. % deployed calculated in underlying fund currency

In addition to the funds in the table above, $3.9bn was deployed across a range of other vehicles.

Gross MOIC of key ICG funds

Our clients entrust their capital with us to make attractive risk-adjusted returns over the life of the investments, and in line with the strategy of the funds in which they invest. Gross MOIC (Multiple of Invested Capital) is an indication of the returns our funds have made before fees, including both realised and unrealised returns, and therefore the value that we have created. The target MOIC will vary between strategies and within strategies, and newer vintages with more recent investments will typically have a lower MOIC as the investments have not had time to grow in value.

We saw particularly strong value creation in a number of funds within Structured and Private Equity, most notably Strategic Equity III and Asia Pacific III. As expected, our Private Debt strategies and debt strategies within Real Assets show a lower level of movement between periods. Equity funds within Real Assets (Sale and Leaseback I and Infrastructure Equity I) are at early stages of their fund lives and are showing attractive value creation at this point in time. The Gross MOIC of key ICG funds is set out below:

	Investment period started	30 September 2021	31 March 2021
Structured and Private Equity			
Europe V	September 2011	1.8x	1.8x
Europe VI	March 2015	2.0x	1.9x
Europe VII	April 2018	1.5x	1.5x
Europe Mid-Market I	May 2019	1.2x	1.1x
Asia Pacific III	July 2014	2.0x	1.7x
Asia Pacific IV	February 2020	1.3x	1.2x
Strategic Secondaries II[1]	March 2016	1.8x	1.8x
Strategic Equity III[1]	November 2018	1.7x	1.5x
Private Debt			
Senior Debt Partners II	March 2015	1.3x	1.2x
Senior Debt Partners III	December 2017	1.2x	1.2x
Senior Debt Partners IV	January 2020	1.1x	1.1x
North America Private Debt I	June 2014	1.4x	1.4x
North America Private Debt II	January 2019	1.2x	1.2x
Real Assets			
Real Estate Partnership Capital III	December 2012	1.4x	1.4x
Real Estate Partnership Capital IV	February 2015	1.3x	1.3x
Real Estate Partnership Capital V	April 2018	1.4x	1.4x
Infrastructure Equity I	March 2020	1.2x	1.1x
Sale & Leaseback I	September 2019	1.1x	1.0x

[1] Strategic Equity data reported as at 30 June 2021
Note: co-mingled fund, excluding mandates and undrawn commitments for all funds

Overview: Group financial performance

Third-party fee income grew 29% to £199.0m, driving a 32% increase in our Fund Management Company (FMC) revenue to £231.7m. The FMC operating margin was 52.2% (H1 FY21: 51.1%), resulting in FMC profit before tax of £120.9m, an increase of 35% compared to H1 FY21.

Strong performance of our funds led to a significant net investment return (NIR) for the Investment Company (IC) of £237.9m, driven by strong performance in particular within Structured and Private Equity. The increase in NIR compared to H1 FY21 resulted in a significant increase in profit before tax of the IC (£143.8m compared to £103.0m in H1 FY21).

The strong performance of the FMC along with the exceptional performance of the IC resulted in a Group profit before tax of £264.7m (H1 FY21: £192.8m).

Group earnings per share grew by 30% to 83.9p (H1 FY21: 64.6p).

We remain committed to our progressive dividend policy. In line with our stated policy that the interim dividend will equate to a third of the prior-year total, the Board has approved an interim dividend of 18.7p, an increase of 10% on the previous year. We continue to make the dividend reinvestment plan available.

Our balance sheet remains strong and well capitalised, with net gearing of 0.63x, total available liquidity of £703.6m and a net asset value per share of 609p.

£m unless stated	Six months ended 30 September 2021 (Unaudited)	Six months ended 30 September 2020 (Unaudited)	Change %
Third-party management fees	180.5	138.7	30%
Third-party performance fees	18.5	15.5	19%
Third-party fee income	**199.0**	**154.2**	**29%**
Other income	32.7	21.7	51%
Fund Management Company revenue	**231.7**	**175.9**	**32 %**
Fund Management Company operating expenses	(110.8)	(86.1)	29%
Fund Management Company profit before tax	**120.9**	**89.8**	**35 %**
Fund Management Company operating margin	52.2 %	51.1 %	(1%)
Investment Company revenue	224.1	169.2	32%
Investment Company operating expenses	(55.4)	(35.8)	55%
Interest expense	(24.9)	(30.5)	(18%)
Investment Company profit before tax	**143.8**	**103.0**	**40 %**
Group profit before tax	**264.7**	**192.8**	**37 %**
Tax	(24.0)	(8.9)	(170%)
Group profit after tax	**240.7**	**183.9**	**31 %**
Earnings per share	83.9p	64.6p	30%
Dividend per share	18.7p	17.0p	10%
Net gearing	0.63x	0.67x	(0.04)x
Net asset value per share	609p	488p	25%

Fund Management Company

The FMC is the Group's principal driver of long-term profit growth. It manages our third-party AUM, which it invests on behalf of the Group's clients.

During the period the FMC generated profit before tax of £120.9m (H1 FY21: £89.8m).

Third-party fee income

Third-party fee income grew 29% to £199.0m in the period (H1 FY21: £154.2m), with increases across all asset classes.

Our third-party fee income is largely comprised of management fees, which have a high degree of visibility. Performance fees are a small but integral part of our revenue, and during the five years to 31 March 2021 accounted for an average of 11.6% of our third-party fee income. In this period performance fees totalled £18.5m (H1 FY21: £15.5m) and accounted for 9.3% (H1 FY21: 10.1%) of our third-party fee income. The weighted average fee rate, excluding performance fees, across our third-party fee-earning AUM was broadly in line with FY21.

£m	Six months ended 30 September 2021	Six months ended 30 September 2020	Change %
Structured and Private Equity – management fees	94.7	69.0	37%
Structured and Private Equity – performance fees	16.7	12.9	29%
Structured and Private Equity	**111.4**	**81.9**	**36%**
Private Debt – management fees	25.7	23.6	9%
Private Debt – performance fees	0.1	1.6	(94)%
Private Debt	**25.8**	**25.2**	**2%**
Real Assets – management fees	27.1	17.0	59%
Real Assets – performance fees	—	—	n/m
Real Assets	**27.1**	**17.0**	**59%**
Credit – management fees	33.0	29.1	13%
Credit – performance fees	1.7	1.0	70%
Credit	**34.7**	**30.1**	**15%**
Third-party fee income	**199.0**	**154.2**	**29 %**
Of which management fees	180.5	138.7	30%
Of which performance fees	18.5	15.5	19%

Structured and Private Equity

Structured and Private Equity management fees increased largely due to fundraising for Europe VIII and Strategic Equity IV. Performance fees were largely driven by our flagship Europe strategy and ICG Enterprise Trust.

Private Debt

Private Debt management fees increased largely due to the continued deployment of capital for Senior Debt Partners IV and associated mandates.

Real Assets

Real Assets management fees increased largely due to fundraising for Sale and Leaseback I and Infrastructure Equity I, both of which charge fees on committed capital. Of the increase, £8.2m relate to catch-up fees generated as a result of both these funds holding their first close in FY20. These are not expected to repeat in FY23.

Credit

Within Credit, the increase in management fees was largely due to fundraising for our liquid credit strategies.

Other income

The FMC recorded dividend receipts of £20.2m (H1 FY21: £11.7m) from investments in CLO equity, which have continued to perform strongly in a favourable market environment.

Revenue of £12.5m was recognised in the FMC for managing the IC balance sheet investment portfolio (H1 FY21: £10.0m).

Operating expenses and margin

Operating expenses of the FMC were £110.8m (H1 FY21: £86.1m). The increase was driven by employee-related expenses due to the full year impact of hires made in FY21 and new hires made so far in FY22. We have hired across the business, ensuring that we have the platform to continue to execute on our growth ambitions. The remainder of the increase in operating expenses was predominantly third-party consulting and advisory fees to support the growth of our business and the ongoing enhancement of our support functions.

FMC operating expenses (£m)	**Six months ended 30 September 2021**	**Six months ended 30 September 2020**	**Change %**
Salaries	37.6	30.3	24%
Incentive scheme costs	44.6	33.9	32%
Administrative costs	24.6	19.1	29%
Depreciation and amortisation	4.0	2.8	43%
FMC operating expenses	**110.8**	**86.1**	**29%**
FMC operating margin	52.2%	51.1%	

The FMC therefore recorded a profit before tax of £120.9m (H1 FY21: £89.8m) and an operating margin of 52.2% (H1 FY21: 51.1%).

Investment Company

The IC invests the Group's proprietary capital to seed and accelerate emerging strategies, and invests alongside the Group's more established funds to align interests between our clients, employees and shareholders. It also supports a number of costs including for certain central functions, a part of the Executive Directors' compensation, and the portion of the investment teams' compensation linked to the returns of the balance sheet investment portfolio (Deal Vintage Bonus, or DVB).

Balance sheet investment portfolio

The balance sheet investment portfolio (excluding warehoused investments) has increased 5% since 31 March 2021 to £2,605.5m at 30 September 2021. This is equivalent to $3,511m, resulting in total AUM for the Group of $68,860m (31 March 2021: $59,586m), of which the balance sheet investment portfolio accounted for 5.1% (31 March 2021: 5.8%).

The increase in the balance sheet investment portfolio (excluding warehoused assets) was due to £206.6m of unrealised gains, driven by the strong value creation in the funds within Structured and Private Equity alongside which the balance sheet is invested. Net investments during the period totalled £(135.7)m, comprising new investments of £429.7m and realisations of £565.4m.

In addition, at 30 September 2021 the balance sheet had £126.5m (31 March 2021: £64.6m) of investments that it is warehousing in anticipation of transferring the investments to a third-party fund once the relevant fund has had a first close. Within the warehoused assets, we made new investments of £149.0m during the period including £115.7m of seed investments on behalf of new strategies. This was partially offset by realisations of £100.5m, as we transferred various warehoused assets into third-party funds.

FX and other movements of £48.0m included £23.0m of accrued interest income, and an increase of £25.0m in the Sterling value of the portfolio as a result of FX movements due to the Euro and US dollar strengthening against Sterling during the period. The balance sheet investment portfolio is 47% Euro denominated, 28% US dollar denominated and 18% Sterling denominated.

The total value of the balance sheet investment portfolio at 30 September 2021 was £2,732.0m (31 March 2021: £2,556.4m).

£m	As at 31 March 2021	New investments	Realisations	Unrealised gains/ (losses)	FX & Other	As at 30 September 2021
Structured and Private Equity	1,564.6	313.8	(444.1)	193.3	25.5	1,653.1
Private Debt	158.8	10.3	(32.2)	9.4	6.4	152.7
Real Assets	303.6	45.4	(43.9)	(1.8)	1.7	305.0
Credit[1]	464.8	60.2	(45.2)	5.7	9.2	494.7
Total balance sheet investment portfolio (excluding warehoused investments)	**2,491.8**	**429.7**	**(565.4)**	**206.6**	**42.8**	2,605.5
Warehoused investments	*64.6*	*149.0*	*(100.5)*	*8.2*	*5.2*	*126.5*
Total balance sheet investment portfolio (including warehoused investments)	**2,556.4**	**578.7**	**(665.9)**	**214.8**	**48.0**	**2,732.0**

[1] Within Credit, at 30 September 2021 £190.7m was invested in liquid strategies, with the remaining £304.0m invested in CLO debt (£124.0m) and equity (£180.0m)

Net Investment Return

NIR of £237.9m (H1 FY21: £186.6m) was primarily driven by Structured and Private Equity, and was split by asset class on an absolute basis as follows:

£m	Six months ended 30 September 2021	Six months ended 30 September 2020	Change %
Structured and Private Equity	207.7	150.9	38%
Private Debt	14.0	10.2	37%
Real Assets	(1.0)	7.6	(113%)
Credit	7.0	17.9	(61%)
Total net investment returns (excluding warehoused investments)	**227.7**	**186.6**	**22%**
Warehoused investments	10.2	—	*—%*
Total net investment returns (including warehoused investments)	**237.9**	**186.6**	**27 %**

This translated into the following NIR as a percentage of the average balance sheet investment portfolio:

£m	Balance sheet investment portfolio at 30 September 2021	H1 FY22 average balance sheet investment portfolio	Target return profile %	H1 FY22 net investment returns %
Structured and Private Equity	1,653.1	1,608.9	~15%	26%
Private Debt	152.7	155.8	~8%	18%
Real Assets	305.0	304.3	~10%	(1)%
Credit	494.7	479.8	~8%	3%
Total net investment returns (excluding warehoused investments)	**2,605.5**	**2,548.8**		**18%**
Warehoused investments	*126.5*	*95.6*	*n/a*	*21%*
Total net investment returns (including warehoused investments)	**2,732.0**	**2,644.4**		**18%**

Target return profiles by asset class should be viewed on a through-the cycle basis. During the five years to 31 March 2021, NIR has averaged 11.9%, in line with our medium-term guidance.

The NIR we experienced was driven by an exceptionally strong performance in Structured and Private Equity, which reported a 26% NIR in the period. The main contributors to that performance were our European Corporate, Asia Pacific and Strategic Equity strategies. The single largest contributors to the NIR within Structure and Private Equity in the period were either successful realisations or increases in valuations where we have visibility on an exit. As such, we do not expect this performance to recur. Performance across Private Debt, Real Assets and Credit was generally strong. Real Assets was negatively impacted by equalisation payments as we brought new investors into Sale and Leaseback I.

In addition to the NIR, the IC recorded other operating income of £1.9m, paid a fee of £12.5m (H1 FY21: £10.0m) to the FMC and recorded a fair value loss of £(3.2)m (H1 FY21: loss of £7.4m) in movements on derivatives (which are now being reported through the revenue line). This resulted in the IC recording revenues of £224.1m (H1 FY21: £169.2m).

Investment Company expenses

Operating expenses in the IC of £55.4m increased from £35.7m in H1 FY21. The increase is predominantly due to a £14.2m increase in incentive scheme costs, which were higher following the strong performance of certain investments within the balance sheet investment portfolio within the Group that are eligible for the DVB scheme. For more information on this scheme see our FY21 Annual Report. The growth in administrative costs was largely due to increased business development costs and investments in our support functions.

Employee costs for teams who do not yet have a third-party fund are allocated to the IC. Once those funds have a first close the costs of those teams are transferred to the Fund Management Company. For H1 FY22, the directly-attributable costs within the Investment Company for teams that have not had a first close of a third-party fund was £4.1m (H1 FY21: £1.5m).

IC operating expenses (£m)	Six months ended 30 September 2021	Six months ended 30 September 2020	Change %
Salaries	8.4	6.3	33%
Incentive scheme costs	38.4	24.2	59%
Administrative costs	7.3	4.1	78%
Depreciation and amortisation	1.3	1.1	18%
IC operating expenses	**55.4**	**35.7**	**55%**

Interest expense of £24.9m (H1 FY21: £30.5m) was £5.6m lower than the prior year due to a decrease in the average level of drawn debt in the period.

The IC therefore recorded a profit before tax of £143.8m (H1 FY21: £103.0m).

Group

Tax

The Group recognised a tax charge of £24.0m (H1 FY21: £8.9m), resulting in an effective tax rate for the period of 9.1% (H1 FY21: 2.5%). The increase in the effective tax rate compared to H1 FY21 is driven by the lower relative mix of IC returns benefiting from tax exemptions.

Net debt and liquidity

At 30 September 2021, the Group had net financial debt of £1,096.9m, total available liquidity of £703.6m, and net gearing of 0.63x.

Net financial debt increased slightly since 31 March 2021, from £1,027.2m to £1,096.9m, with cash reducing from £296.9m to £228.6m:

	£m
Cash at 1 April 2021	**296.9**
Net cash generated by operating activities	62.8
Debt drawdown – RCF	75.0
Debt (repayment) – term debt	(96.0)
Dividend paid	(112.2)
FX and other	2.1
Cash at 30 September 2021	**228.6**
Available undrawn ESG-linked RCF	475.0
Cash and undrawn debt facilities (total available liquidity)	**703.6**

[1]Cash excludes £23.7m held in respect of agency services provided

The Group's drawn debt is provided through a range of facilities. The weighted-average life of drawn debt at 30 September 2021 was 3.9 years, and the facilities are provided in a range of currencies (the Group hedges certain foreign currency exposures). All facilities, except the ESG-linked RCF, are fixed-rate instruments. Committed debt facilities in place at 30 September 2021 were as follows:

	Currency	Drawn £m	Undrawn £m	Total £m	Interest rate	Maturity
ESG-linked RCF	**GBP**	**75.0**	**475.0**	**550.0**	**L + 1.40%**	**Jan-24 + 2yrs**
Eurobond	EUR	429.6	–	429.6	1.63%	Feb-27
EMTN 2015	GBP	160.0	–	160.0	5.00%	Mar-23
Total bonds		**589.6**	**–**	**589.6**		
PP2013 – Class B	USD	47.5	–	47.5	6.25%	May-23
Private Placement 2013		**47.5**	**–**	**47.5**		
PP 2015 – Class B	USD	31.2	–	31.2	4.95%	May-22
PP 2015 – Class C	USD	59.4	–	59.4	5.21%	May-25
PP 2015 – Class F	EUR	37.8	–	37.8	3.38%	May-25
Private Placement 2015		**128.3**	**–**	**128.3**		
PP 2016 – Class B	USD	83.9	–	83.9	4.66%	Sep-24
PP 2016 – Class C	USD	40.1	–	40.1	4.96%	Sep-26
PP 2016 – Class D	EUR	18.9	–	18.9	2.27%	Jan-22
PP 2016 – Class E	EUR	18.9	–	18.9	3.04%	Jan-27
PP 2016 – Class F	EUR	25.8	–	25.8	2.74%	Jan-25
Private Placement 2016		**187.5**	**–**	**187.5**		
PP 2019 – Class A	USD	92.8	–	92.8	4.76%	Apr-24
PP 2019 – Class B	USD	74.2	–	74.2	4.99%	Mar-26
PP 2019 – Class C	USD	92.7	–	92.7	5.35%	Mar-29
PP 2019 – Class D	EUR	37.8	–	37.8	2.02%	Apr-24
Private Placement 2019		**297.6**	**–**	**297.6**		
Total Private Placements		**660.9**	**–**	**660.9**		
Total		**1,325.5**	**475.0**	**1,800.5**		

Shareholder equity increased to £1,752.1m (31 March 2021: £1,619.5m) due to the retained profits generated during the period.

The movements in the Group's cash position, debt facilities and shareholder equity resulted in net gearing remaining flat, standing at 0.63x at 30 September 2021 (31 March 2021: 0.63x).

Net gearing (£m)	As at 30 September 2021	As at 31 March 2021	Change %
Cash[1]	228.6	296.9	(23)%
Gross drawn debt	1,325.5	1,324.1	—%
Net financial debt (A)	**1,096.9**	**1,027.2**	**7%**
Shareholder equity (B)	1,752.1	1,619.5	8%
Net gearing (A/B)	**0.63 x**	**0.63 x**	**—%**

[1]Cash excludes £23.7m held in respect of agency services provided

Net asset value

	£m	Pence per share
At 1 April 2021	1,619.5	566
FMC profit after tax	97.1	32
IC profit after tax	143.6	46
Dividends paid	(112.2)	(36)
FX and other	4.1	1
At 30 September 2021	**1,752.1**	**609**

Medium-term guidance

Our medium-term guidance remains unchanged from our FY21 results announcement and is set out below:

Fundraising	Performance fees	FMC Operating margin	Net Investment Return	Net gearing
• $40bn in aggregate over next four years • At least $7bn in every year	• 10 - 15% of total third-party fee income	• Above 50%	• Low double-digit percentage points	• No higher than 1.0x

Foreign exchange rates

The following foreign exchange rates have been used throughout this review:

	Six months ended 30 September 2021 Average	Six months ended 30 September 2020 Average	12 months ended 31 March 2021 Average	30 September 2021 Period end	30 September 2020 Period end	31 March 2021 Period end
GBP:EUR	1.1631	1.1166	1.1254	1.1640	1.1025	1.1750
GBP:USD	1.3833	1.2786	1.3173	1.3474	1.2920	1.3783
EUR:USD	1.1893	1.1453	1.1705	1.1576	1.1719	1.1730

At 30 September 2021 our third-party AUM was $65,349m. If GBP:USD had been by 5% higher (1.4148) our reported third-party AUM would have been $457m higher. If EUR:USD had been 5% higher (1.2155) our reported third-party AUM would have been $1,912m higher.

Where noted, this review presents changes in AUM on a constant exchange rate basis. For the purposes of these calculations, FY21 AUM numbers have been translated from their underlying fund currencies to USD at the respective H1 FY22 period end exchange rates. This has then been compared to the H1 FY22 closing AUM to arrive at the change on a constant currency exchange rate basis.

Company timetable

Ex-dividend date	9 December 2021
Record date	10 December 2021
Last date to elect for dividend reinvestment	15 December 2021
Payment of ordinary dividend	10 January 2022
Q3 trading statement	27 January 2022
Shareholder seminar on Sustainability and People	27 January 2022
Full year results announcement	26 May 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Group is exposed for the remainder of the year have been subject to robust assessment by the Directors and remain consistent with those outlined in our annual report for the year ended 31 March 2021.

Careful attention continues to be paid to the ongoing potential impacts of Covid-19 and the resulting impact on our principal risks and the overall risk profile of the Group. There have been no material changes and we will continue to monitor the situation and potential exposures as matters evolve.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- The condensed set of financial statements have been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting';
- The interim management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- There have been no material related-party transactions that have an effect on the financial position or performance of the Group in the first six months of the current financial year since that reported in the 31 March 2021 Annual Report.

This responsibility statement was approved by the Board of Directors on 15 November 2021 and is signed on its behalf by:

Benoît Durteste	Vijay Bharadia
CEO	CFOO

INDEPENDENT REVIEW REPORT TO INTERMEDIATE CAPITAL GROUP PLC

Conclusion

We have been engaged by the Intermediate Capital Group plc (the ‘Company’ or the ‘Group’) to review the condensed consolidated financial statements in the Half-year financial report for the six months ended 30 September 2021 which comprises the Condensed consolidated income statement, Condensed consolidated statement of financial position, Condensed consolidated statement of cash flows, Condensed consolidated statement of changes in equity and the related notes 1 to 9 (together the ‘condensed consolidated financial statements’). We have read the other information contained in the Half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements in the Half-year financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group will be prepared in accordance with UK adopted international accounting standards. The condensed consolidated financial statements included in this Half-year financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting”.

Responsibilities of the directors

The directors are responsible for preparing the Half-year financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Auditor's Responsibilities for the review of the financial information

In reviewing the Half-year financial report, we are responsible for expressing to the Company a conclusion on the condensed consolidated financial statements in the Half-year financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
15 November 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

	Notes	Six months ended 30 September 2021 (Unaudited) £m	Six months ended 30 September 2020 (Unaudited) £m
Fee and other operating income	2	193.2	148.1
Finance loss		(0.3)	(10.3)
Net gains on investments		282.5	214.3
Total Revenue		**475.4**	**352.1**
Finance costs		(28.2)	(30.5)
Administrative expenses		(180.5)	(124.0)
Share of results of joint ventures accounted for using equity method		(0.3)	0.2
Profit before tax		**266.4**	**197.8**
Tax charge	7	(24.0)	(5.0)
Profit after tax		**242.4**	**192.8**
Attributable to:			
Equity holders of the parent		240.5	190.5
Non-controlling interests		1.9	2.3
		242.4	**192.8**
Earnings per share (pence)	**5**	**83.9**	**66.9**
Diluted earnings per share (pence)	**5**	**82.8**	**66.0**

All activities represent continuing operations.

The accompanying notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Six months ended 30 September 2021 (Unaudited)	Six months ended 30 September 2020 (Restated) (Unaudited)[1]
	£m	£m
Profit after tax	242.4	192.8
Items that will be reclassified subsequently to profit or loss if specific conditions are met		
Exchange differences on translation of foreign operations	6.1	(1.5)
Total comprehensive income for the year	**248.5**	**191.3**
Attributable to:		
Equity holders of the parent	246.6	189.0
Non controlling interests	1.9	2.3
	248.5	**191.3**

[1] Total comprehensive income for the period ended 30 September 2020 has been restated, excluding a tax credit of £3.8m.

The accompanying notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 (Unaudited) £m	31 March 2021 (Audited) £m
Non-current assets			
Intangible assets		22.3	21.5
Property, plant and equipment		62.8	67.0
Investment property		1.5	1.8
Investment in Joint Venture accounted for under the equity method		2.6	2.8
Trade and other receivables		46.8	62.8
Financial assets at fair value	4	6,905.3	6,264.5
Derivative financial assets	4	1.9	2.4
Deferred tax asset		0.8	2.9
		7,044.0	6,425.7
Current assets			
Trade and other receivables		366.1	215.2
Current tax debtor		15.8	4.4
Financial assets at fair value	4	6.7	64.6
Derivative financial assets	4	114.8	109.5
Deferred tax asset		5.2	5.9
Cash and cash equivalents		614.2	581.2
		1,122.8	980.8
Disposal groups held for sale		260.5	57.4
Total assets		**8,427.3**	**7,463.9**
Equity and reserves			
Called up share capital		77.2	77.2
Share premium account		180.3	180.2
Other reserves		5.6	(2.9)
Retained earnings		1,471.6	1,362.7
Equity attributable to owners of the Company		**1,734.7**	**1,617.2**
Non controlling interest		38.1	5.0
Total equity		**1,772.8**	**1,622.2**
Non current liabilities			
Trade and other payables		65.7	41.9
Financial liabilities at fair value	4,8	4,328.7	3,882.9
Financial liabilities at amortised cost	8	1,203.0	1,208.9
Other financial liabilities	8	54.9	55.0
Derivative financial liabilities	4	33.1	31.7
Deferred tax liabilities		3.7	0.8
		5,689.1	5,221.2
Current liabilities			
Provisions		0.2	0.5
Trade and other payables		669.8	427.3
Current tax creditor		5.9	3.5
Financial liabilities at amortised cost	8	128.3	112.5
Other financial liabilities	8	4.2	3.7
Derivative financial liabilities	4	88.4	68.2
		896.8	615.7
Liabilities directly associated with assets classified as held for sale		68.6	4.8
Total liabilities		**6,654.5**	**5,841.7**
Total equity and liabilities		**8,427.3**	**7,463.9**

The accompanying notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September 2021 (Unaudited) £m	Six months ended 30 September 2020 (Restated) (Unaudited)[1] £m
Profit before tax from continuing operations	**266.4**	**197.8**
Adjustments for non cash items:		
Fee and other operating Income	(193.2)	(148.1)
Net investment returns	(282.5)	(214.3)
Net fair value gains on derivatives	9.2	8.8
Interest expense	28.2	30.5
Depreciation, amortisation and impairment of property, equipment and intangible assets	8.8	8.7
Share based payment expense	15.6	13.4
Unrealised currency translation (gains)/losses	(8.9)	1.5
Working capital changes:		
Increase in trade and other receivables	(61.6)	(54.7)
Increase/(Decrease) in trade and other payables	93.1	(52.4)
Cash used in operations	**(124.9)**	**(208.8)**
Proceeds from sale of current financial assets and disposal groups held for sale	99.5	6.9
Purchase of current financial assets and disposal groups held for sale	(146.6)	(13.0)
Purchase of investments	(2,732.4)	(894.1)
Proceeds from sales and maturities of investments	2,749.0	1,081.3
Interest and dividend income received	133.8	120.5
Fee and other operating income received	141.0	129.6
Interest paid	(65.8)	(86.3)
Taxes paid	(22.5)	(3.6)
Net cash flows from operating activities	**31.1**	**132.5**
Investing activities		
Purchase of intangible assets	(3.1)	(2.8)
Purchase of property, plant and equipment	(0.7)	(1.3)
Net cashflow from derivative financial instruments	7.7	6.2
Cashflow as a result of acquisition of subsidiaries	127.3	—
Net cash flows from investing activities	**131.2**	**2.1**
Financing activities		
Payment of principal portion of lease liabilities	(2.3)	(5.4)
Proceeds from borrowings	75.0	—
Repayment of long-term borrowings	(96.0)	(496.3)
Dividends paid to equity holders of the parent	(112.2)	(102.3)
Net cash flows used in financing activities	**(135.5)**	**(604.0)**
Net increase/(decrease) in cash and cash equivalents	26.8	(469.4)
Effects of exchange rate differences on cash and cash equivalents	6.2	(15.0)
Cash and cash equivalents at 1 April	581.2	1,086.9
Cash and cash equivalents at 30 September	**614.2**	**602.5**

[1] The Group has adopted the indirect method for the presentation of the consolidated cash flow statement for the year ended 31 March 2021. The Condensed consolidated cashflow for the period ended 30 September 2021 has been prepared using the indirect method and the prior period has been presented on a consistent basis (see Note 1 for more details).

The Group's cash and cash equivalents includes £385.6m (31 March 2021: £284.3m) of restricted cash of which £361.9m was held by structured entities and £23.7m was held in respect of agency services provided.

The accompanying notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital	Share premium	Capital redemption reserve	Share based payments reserve	Own shares	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2021	**77.2**	**180.2**	**5.0**	**60.5**	**(82.2)**	**13.8**	**1,362.7**	**1,617.2**	**5.0**	**1,622.2**
Profit after tax	—	—	—	—	—	—	240.5	240.5	1.9	242.4
Exchange differences on translation of foreign operations	—	—	—	—	—	6.1	—	6.1	—	6.1
Total comprehensive income/ (expense) for the period	**—**	**—**	**—**	**—**	**—**	**6.1**	**240.5**	**246.6**	**1.9**	**248.5**
Movement in control of subsidiary	—	—	—	—	—	—	(9.8)	(9.8)	31.2	21.4
Options/awards exercised[1]	—	0.1		(27.6)	9.8	—	(9.6)	(27.3)	—	(27.3)
Tax on options/awards exercised	—	—	—	4.6	—	—	—	4.6	—	4.6
Credit for equity settled share schemes	—	—	—	15.6	—	—	—	15.6	—	15.6
Dividends paid	—	—	—	—	—	—	(112.2)	(112.2)	—	(112.2)
Balance at 30 September 2021	**77.2**	**180.3**	**5.0**	**53.1**	**(72.4)**	**19.9**	**1,471.6**	**1,734.7**	**38.1**	**1,772.8**

	Share capital	Share premium	Capital redemption reserve	Share based payments reserve (Restated)	Own shares	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2020	**77.2**	**179.9**	**5.0**	**58.4**	**(114.4)**	**22.7**	**1,080.4**	**1,309.2**	**1.5**	**1,310.7**
Profit after tax							190.5	190.5	2.3	192.8
Exchange differences on translation of foreign operations	—	—	—	—	—	(1.5)	—	(1.5)	—	(1.5)
Total comprehensive income/ (expense) for the period	**—**	**—**	**—**	**—**	**—**	**(1.5)**	**190.5**	**189.0**	**2.3**	**191.3**
Movement in control of subsidiary	—	—	—	—	—	—	—	—	—	—
Options/awards exercised	—	—	—	(31.1)	31.9	—	(23.8)	(23.0)	—	(23.0)
Tax on options/awards exercised	—	—	—	3.8	—	—	—	3.8	—	3.8
Credit for equity settled share schemes	—	—	—	13.4	—	—	—	13.4	—	13.4
Dividends paid	—	—	—	—	—	—	(102.3)	(102.3)	—	(102.3)
Balance at 30 September 2020	**77.2**	**179.9**	**5.0**	**44.5**	**(82.5)**	**21.2**	**1,144.8**	**1,390.1**	**3.8**	**1,393.9**

[1]The movement in the Group Own Shares reserve in respect of Options/awards exercised represents the employee shares vesting net of personal taxes and social security. The associated personal taxes and social security liabilities are settled by the Group with the equivalent value of shares retained in the Own shares reserve.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE HALF YEAR REPORT

For the six months ended 30 September 2021

1. General information and basis of preparation

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ('IAS 34'), as adopted by the United Kingdom, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, and on the basis of the accounting policies and methods of computation set out in the consolidated financial statements of the Group for the year ended 31 March 2021.

While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of UK adopted International Accounting Standards, this announcement does not itself contain sufficient information to comply with UK adopted IAS.

The financial information for the year ended 31 March 2021 contained within this half year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year to 31 March 2021 have been reported on by Ernst & Young LLP and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 31 March 2021 which were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No.1606/2002 as it applies in the European Union are available on the Group's website, www.icgam.com. The financial statements for the year ended 31 March 2022 will be prepared in accordance with UK adopted IAS.

Going concern

In making this assessment, the Directors have considered a range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources through the twelve month period to 30 November 2022. The Group has good visibility on future management fees due to the long term and diversified nature of its funds, underpinned by a strong, well capitalised balance sheet and over £0.7bn of liquidity in cash and undrawn facilities at 30 September 2021.

The Directors have concluded based on the above assessment that the preparation of the interim condensed consolidated financial statements on a going concern basis, to 30 November 2022, a period of more than 12 months from the signing of the interim condensed consolidated financial statements, continues to be appropriate.

Related party transactions

There have been no material changes to the nature or size of related party transactions since 31 March 2021.

Changes in significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year then ended 31 March 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

LIBOR cessation

The FCA and the Bank of England have imposed significant interest rate benchmarking reform. As a result, there will be the imminent cessation of LIBOR. LIBOR publication is expected to cease by 31 December 2021. Those instruments within the Group that may have exposure to the cessation of LIBOR will apply the practical expedient as permitted under the transition rules, which became effective for reporting periods commencing on or after 1 January 2021. The rules permit the change to the contractual interest rates, from LIBOR to the newly applied rate, to be treated as a movement in market interest rates rather than as a modification. The impact of this application is not expected to be material to the Group.

Cash flow restatement

The Group adopted the indirect method for the presentation of the cash flow statement for the first time in the preparation of the Group's annual consolidated financial statements for the year then ended 31 March 2021. The adoption of the indirect method brings the Group in line with the presentation adopted by its peers. The condensed consolidated statement of cash flows for the six months ended 30 September 2021 is presented under the indirect method. The comparative for the six months ended 30 September 2020 is presented on a consistent basis.

In restating the comparative amounts in the cash flow statement for the six months ended 30 September 2020, the Group:

[1] Implemented changes in its accounting policy with respect to the classification of cash flows between Operating, Investing or Financing, and reclassified a number of items where necessary;

[2] Reviewed the components of cash flow within the Operating, Investing and Financing classifications, and re-presented a number of items. This included re-presenting cash flows which had also been reclassified as set out in [1] above; and

[3] In undertaking the reviews and changes described in [1] and [2], certain errors were identified in the Group cash flow statements for the six months ended 30 September 2020. These errors included amounts that were incorrect or mis-presented. These errors are corrected in the restated cash flow for the six months ended 30 September 2020.

The impact of the reclassifications and re-presentations outlined [1] and [2] above are set out in Table 1 and a full analysis of the errors outlined in [3] above is set out in Table 2 below.

There was no impact on the Group closing cash balance as at 30 September 2020 and there was no change to the movement in cash for the year. The changes arising from [1], [2] and [3] noted above relate to the description of the movement in cash during the six month period ended 30 September 2020.

Summary of changes

The table below provides details of the amount of the adjustment for each line item within the cash flow statement affected by the restatements noted above.

Group	Original £m	Reclassifications and re-presentations [1] and [2][1] £m	Correction of errors [3][2] £m	Restated £m
Cash and cash equivalents as at 1 April 2020	**1,086.9**	—	—	**1,086.9**
Operating activities	*228.9*	*(93.8)*	*(2.6)*	*132.5*
Investing activities	*(8.9)*	*8.7*	*2.3*	*2.1*
Financing activities	*(689.9)*	*85.1*	*0.8*	*(604.0)*
Effects of foreign exchange rate changes [3]	*(14.5)*		*(0.5)*	*(15.0)*
Total movement in cash and cash equivalents	**(484.4)**	—	—	**(484.4)**
Cash and cash equivalents as at 30 September 2020	**602.5**	—	—	**602.5**

[1] Detailed in Table 1
[2] Table 2 contains details of the impact of the correction on Operating activities, Investing activities and Financing activities
[3] 'Effects of foreign exchange rate changes' was re-presented as 'Effects of exchange rate differences on cash and cash equivalents'

Table 1: Cash flows reclassified and re-presented (i), re-presented (ii) or reclassified (iii)

	Operating activities Cash flow impact Increase/(decrease) £m	Investing activities Cash flow impact Increase/(decrease) £m	Financing activities Cash flow impact Increase/(decrease) £m
Cash outflows presented as 'Interest paid' and 'Interest paid on lease liabilities' were reclassified as Operating (from Financing) and re-presented as 'Interest paid'	(85.1)	—	85.1
(i) Net restatement arising from reclassification and re-presentation of cash flows	**(85.1)**	**—**	**85.1**
Cash outflows previously presented as 'Purchase of non current financial assets' were re-presented as 'Purchase of investments'	—	—	—
Cash inflows previously presented as 'Proceeds from sales of non current financial assets' were re-presented as 'Proceeds from sales and maturities of investments'	—	—	—
Cash inflows previously presented as 'Interest received' and 'Dividends received' were aggregated and re-presented as 'Interest and dividend income received'	—	—	—
Cash inflows previously presented as 'Fees received' were re-presented as 'Fee and other operating income'	—	—	—
Cash outflows previously presented as 'Principal paid on lease liabilities' were re-presented as 'Payment of principal portion of lease liabilities'	—	—	—
Cash inflows previously presented as 'Increase in long-term borrowings' were re-presented as 'Proceeds from borrowings'	—	—	—
Cash outflows previously presented as 'Dividends paid' were re-presented as 'Dividends paid to equity holders of the parent'	—	—	—
(ii) Net restatement arising from re-presentation of cash flows	**—**	**—**	**—**
Cash outflows reflecting payments for derivative contracts held for the purpose of economic hedging presented as 'Net cashflow from derivative financial instruments' were reclassified as Investing (from Operating)	(8.7)	8.7	—
(iii) Net restatement arising from reclassification of cash flow	**(8.7)**	**8.7**	**—**
Overall net restatement arising from reclassifications and re-presentations of cash flows	**(93.8)**	**8.7**	**85.1**

Table 2: Correction of prior period errors

	Operating activities Cash flow impact Increase/(decrease) £m	Investing activities Cash flow impact Increase/(decrease) £m	Financing activities Cash flow impact Increase/(decrease) £m
Correction of prior period errors			
Cash outflows within consolidated credit funds were restated and presented as ‘Purchase of investments’	(21.5)	—	—
Cash inflows within consolidated credit funds were restated and presented as ‘Proceeds from sales and maturities of investments’	98.3	—	—
Cash inflows not within consolidated credit funds were restated and presented as ‘Proceeds from sales and maturities of investments’	(10.2)	—	—
The impact of a misstatement of cash outflows within 'Payments to suppliers and employees'	(67.4)	—	—
Cash inflows presented as ‘Fee and other operating income received’ were restated	9.4	—	—
Cash inflows presented as ‘Interest received’ were misstated	(6.9)	—	—
Cash outflows presented as ‘Purchase of property, plant and equipment’ were misstated	—	5.4	—
Cash outflows presented as ‘Purchase of intangible assets’ were misstated	—	(0.6)	—
Other changes	(4.3)	(2.5)	0.8
Impact of correction of errors	**(2.6)**	**2.3**	**0.8**

The correction of errors had no impact on cash flows in the year. The impact of reclassifications and re-presentations set out in Table 1, being a cash outflow of £0.5m, offset the correction of an error in ‘Effects of foreign exchange differences on cash and cash equivalents’. There was no impact on the overall cash movement in the six month period ended 30 September 2020.

FRC correspondence

In February 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company’s 2020 Annual Report and Accounts. The letter focused on the significant judgement in respect of non-consolidation of carried interest partnerships and on the cashflow statement. The FRC have confirmed that their enquiries in respect of both matters have closed.

With respect to the significant judgement in respect of non-consolidation of carried interest partnerships the FRC has not identified any issue. With respect to the cashflow statement for the year ended 31 March 2020 and its restatement in the 2021 Annual Report and Accounts, the FRC identified a number of omissions of disclosures required by IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and, as a result of the FRC’s review, the Company has agreed to provide the relevant disclosures which are included in Note 9.

When reviewing the Company’s 2020 Annual Report and Accounts, the FRC has asked us to make clear the limitations of its review are as follows: its review is based on the 2020 Annual Report and Accounts only and does not benefit from a detailed knowledge of the Group’s business or an understanding of the underlying transactions entered into; communications from the FRC provide no assurance that the Company’s 2020 Annual Report and Accounts are correct in all material respects and are made on the basis that the FRC (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders; and the FRC’s role is not to verify information provided but to consider compliance with reporting requirements.

2. Revenue

Revenue and its related cashflows, within the scope of IFRS 15 Revenue from Contracts with Customers, are derived from the Group's fund management company activities and are presented net of any rebates payable to a customer. The significant components of the Group's fund management revenues are as follows:

Type of contract/service	Six months ended 30 September 2021 (Unaudited) £m	Six months ended 30 September 2020 (Unaudited) £m
Management fees[1]	188.8	144.2
Other income	4.4	3.9
Fee and other operating income	**193.2**	**148.1**

[1]Included within management fees is £18.5m (H1 2021: £15.5m) of performance related fees

Management Fees

The Group earns management fees from its performance of investment management services. Management fees are charged on third-party capital managed by the Group and are based on an agreed percentage of either committed capital, invested capital or net asset value (NAV), dependent on the fund. Management fees are variable fee revenue streams which relate to one obligation which has both a non-performance and performance related fee element. Non-performance related management fees for the period of £170.3m (H1 2021: £128.7m) are charged in arrears and are recognised in the period services are performed.

Performance-related management fees ('performance fees') are recognised only to the extent it is highly probable that there will not be a significant reversal of the revenue recognised in the future. This is generally towards the end of the performance period or upon early liquidation of a fund. The estimate of performance fees is made with reference to the liquidation profile of the fund, which factors in portfolio exits and timeframes. For certain funds the estimate of performance fees is made with reference to specific performance requirements. A constraint is applied to the estimate to reflect uncertainty of future fund performance. Performance fees of £18.5m (H1 2021: £15.5m) have been recognised in the period. Performance related fees will only be crystallised and subsequently received in cash when a performance hurdle is met.

3. Segmental reporting

For management purposes, the Group is organised into two operating segments, the Fund Management Company (FMC) and the Investment Company (IC) which are also reportable segments. In identifying the Group's reportable segments management considered the basis of organisation of the Group's activities, the economic characteristics of the operating segments and the type of products and services from which each reportable segment derives its revenues.

The Executive Directors monitor the operating results of the FMC and the IC for the purpose of making decisions about resource allocation and performance assessment. The Group does not aggregate the FMC and IC as those segments do not have similar economic characteristics. Information about these segments is presented below.

The FMC earns fee income for the provision of investment management services and incurs the majority of the Group's costs in delivering these services, including the cost of the investment teams, as well as the cost of support functions supporting the investment teams, primarily marketing, operations, information technology and human resources.

The IC is charged a management fee of 1% of the carrying value of the average investment portfolio by the FMC and this is shown below as Inter-segmental fee. The costs of finance, treasury and legal teams, and the other group costs primarily related to being a listed entity, are allocated to the IC. The remuneration of the Executive Directors is allocated equally to the FMC and the IC.

The amounts reported for management purposes in the tables below are reconciled to the IFRS reported amounts on the following pages.

Analysis of income and profit before tax by operating segment

	Six months ended 30 September 2021 (Unaudited)			Six months ended 30 September 2020 (Unaudited)		
	FMC	IC	Reportable segments Total	FMC	IC	Reportable segments Total
	£m	£m	£m	£m	£m	£m
External fee income	199.0	—	199.0	154.2	—	154.2
Inter-segmental fee	12.5	(12.5)	—	10.0	(10.0)	—
Other operating income	—	1.9	1.9	—	—	—
Fund management fee income	**211.5**	**(10.6)**	**200.9**	**164.2**	**(10.0)**	**154.2**
Net investment returns	—	237.9	237.9	—	186.6	186.6
Dividend income	20.2	—	20.2	11.7	—	11.7
Net fair value (loss) on derivatives	—	(3.2)	(3.2)	—	(7.4)	(7.4)
Total revenue	**231.7**	**224.1**	**455.8**	**175.9**	**169.2**	**345.1**
Interest expense	—	(24.9)	(24.9)	—	(30.5)	(30.5)
Staff costs	(37.6)	(8.4)	(46.0)	(30.3)	(6.3)	(36.6)
Incentive scheme costs	(44.6)	(38.4)	(83.0)	(33.9)	(24.2)	(58.1)
Other administrative expenses	(28.6)	(8.6)	(37.2)	(21.9)	(5.2)	(27.1)
Profit before tax	**120.9**	**143.8**	**264.7**	**89.8**	**103.0**	**192.8**

[1] The presentation of this table has been updated to include fair value loss/gain on derivatives from expenses to revenue. The comparatives have been re-presented accordingly.

Reconciliation of amounts reported to the Executive Directors to the financial statements reported under IFRS

Included in the table below are statutory adjustments made for the following:

- All income generated from Investment Company investments is presented as net investment returns for reportable segments purposes, whereas under IFRS it is presented within gains on investments and other operating income. Total reportable segment figures are alternative performance measures ('APMs').
- The structured entities controlled by the Group are presented as fair value investments for reportable segments, whereas the statutory financial statements present these entities on a consolidated basis.

Consolidated Income Statement

Six months ended 30 September 2021 (Unaudited)	Operating segments £m	Consolidated structured entities £m	Financial statements £m
Fund management fee income	199.0	(10.2)	188.8
Other operating income	1.9	2.5	4.4
Fee and other income	**200.9**	**(7.7)**	**193.2**
Dividend income	20.2	(20.2)	—
Net fair value gain/(loss) on derivatives	(3.2)	2.9	(0.3)
Finance and Dividend income/(loss)	**17.0**	**(17.3)**	**(0.3)**
Net investment returns/gains on investments	**237.9**	**44.6**	**282.5**
Total revenue	**455.8**	**19.6**	**475.4**
Finance costs	**(24.9)**	**(3.3)**	**(28.2)**
Staff costs	(46.0)	0.1	(45.9)
Incentive scheme costs	(83.0)	—	(83.0)
Other administrative expenses	(37.2)	(14.4)	(51.6)
Administrative expenses	**(166.2)**	**(14.3)**	**(180.5)**
Share of results of joint ventures accounted for using equity method	**—**	**(0.3)**	**(0.3)**
Profit before tax	**264.7**	**1.7**	**266.4**
Tax charge	(24.0)	—	(24.0)
Profit after tax	**240.7**	**1.7**	**242.4**

Six months ended 30 September 2020 (Unaudited)	Operating segments £m	Consolidated structured entities £m	Financial statements £m
Fund management fee income	154.2	(10.0)	144.2
Other operating income	—	3.9	3.9
Fee and other income	**154.2**	**(6.1)**	**148.1**
Dividend income	11.7	(11.7)	—
Net fair value gain/(loss) on derivatives	(7.4)	(2.9)	(10.3)
Finance and Dividend income/(loss)	**4.3**	**(14.6)**	**(10.3)**
Net investment returns/gains on investments	**186.6**	**27.7**	**214.3**
Total revenue	**345.1**	**7.0**	**352.1**
Finance costs	**(30.5)**	**—**	**(30.5)**
Staff costs	(36.6)	(0.4)	(37.0)
Incentive scheme costs	(58.1)	—	(58.1)
Other administrative expenses	(27.1)	(1.8)	(28.9)
Administrative expenses	**(121.8)**	**(2.2)**	**(124.0)**
Share of results of joint ventures accounted for using equity method	**—**	**0.2**	**0.2**
Profit before tax	**192.8**	**5.0**	**197.8**
Tax charge	(8.9)	3.9	(5.0)
Profit after tax	**183.9**	**8.9**	**192.8**

[1]The presentation of these tables have been updated to include fair value loss/gain on derivatives within revenue for Operating Segments. The comparatives have been re-presented accordingly.

4. Financial assets and liabilities

Accounting Policy

Financial assets

Financial assets can be classified into the following categories: Amortised cost, Fair Value Through Profit and Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI). The Group has classified all invested financial assets at FVTPL.

Financial assets at FVTPL are initially recognised and subsequently measured at fair value. A valuation assessment is performed on a recurring basis with gains or losses arising from changes in fair value recognised through net gains on investments in the consolidated income statement. Dividends or interest earned on the financial assets, are included in the net gains on investments.

Where the Group holds investments in a number of financial instruments such as debt and equity through a portfolio company, the Group views their entire investment as a unit of account for valuation purposes. Industry standard valuation guidelines such as the International Private Equity and Venture Capital valuation guidelines ('IPEV'), December 2018, allows for a level of aggregation where there are a number of financial instruments held within a portfolio company.

Recognition of financial assets

When the Group invests in the capital structure of a portfolio company, these assets are initially recognised and subsequently measured at fair value, and transaction costs are written off to the consolidated income statement immediately.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying value amount and the sum of the consideration received and receivable, is recognised in profit or loss.

Offsetting of financial assets

Financial assets and liabilities are only offset, and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Key sources of estimation uncertainty on financial assets

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction at the measurement date. The fair value of investments is based on quoted prices, where available. Where quoted prices are not available, the fair value is estimated in line with IFRS and industry standard valuation guidelines such as IPEV for direct investments in portfolio companies, and the Royal Institute of Chartered Surveyors (RICs) valuation – Global Standards 2020 for investment property. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Details of the valuation techniques and the associated sensitivities are further disclosed in this note on page 35.

Given the subjectivity of investments in private companies, senior and subordinated notes of CLO vehicles and investments in investment property, these are key sources of estimation uncertainty, and as such the valuations are approved by the Fund Investment Committees and Group Valuation Committee. The unobservable inputs relative to these investments are further detailed below.

Fair value measurements recognised in the statement of financial position

The information set out below provides information about how the Group and Company determines fair values of various financial assets and financial liabilities, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

Fair value hierarchy

The following table summarises the valuation of the Group's financial assets and liabilities by fair value hierarchy.

	As at 30 September 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial Assets				
Investment in managed funds	11.6	—	1,921.6	1,933.2
Investment in loans held in consolidated credit funds	—	4,151.4	558.8	4,710.2
Derivative assets	—	116.7	—	116.7
Investment in private companies	—	—	138.1	138.1
Senior and subordinated notes of CLO vehicles	—	107.8	22.9	130.7
Disposal groups held for sale[1]	26.8	—	109.3	136.1
Total assets	**38.4**	**4,375.9**	**2,750.7**	7,165.0
Financial Liabilities				
Borrowings and loans held in consolidated credit funds	—	(4,019.1)	(309.6)	(4,328.7)
Derivative liabilities	**—**	**(121.5)**	**—**	(121.5)
Disposal groups held for sale[1]	—	—	(4.8)	(4.8)
Total liabilities	**—**	**(4,140.6)**	**(314.4)**	(4,455.0)

[1] Excludes non-financial assets and liabilities with Disposal groups held for sale.

	As at 31 March 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial Assets				
Investment in managed funds	11.7	—	1,802.1	1,813.8
Investment in loans held in consolidated credit funds	—	3,978.3	168.6	4,146.9
Derivative assets	—	111.9	—	111.9
Investment in private companies	—	—	234.6	234.6
Senior and subordinated notes of CLO vehicles	—	106.6	27.2	133.8
Disposal groups held for sale	—	—	57.4	57.4
Total assets	**11.7**	**4,196.8**	**2,289.9**	**6,498.4**
Financial Liabilities				
Borrowings and loans held in consolidated credit funds	—	(3,619.5)	(263.4)	(3,882.9)
Derivative liabilities	—	(99.9)	—	(99.9)
Disposal groups held for sale	—	—	(4.8)	(4.8)
Total liabilities	**—**	**(3,719.4)**	**(268.2)**	**(3,987.6)**

Valuations

Investment in managed funds

When fair values of publicly traded closed-ended funds and open-ended funds are based on quoted market prices in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Group values these investments at bid price for long positions and ask price for short positions.

The Group also co-invests with funds, including credit and private equity secondary funds, which are not quoted in an active market. The Group considers the valuation techniques and inputs used by these funds to ensure they are reasonable, appropriate and consistent with the principles of fair value. The NAV of these funds are generally used as an input into measuring their fair value. The NAV of the funds are adjusted, as necessary, to reflect restrictions on redemptions, and other specific factors relevant to the funds. In measuring fair value, consideration is also given to any transactions in the interests of the funds. The Group classifies these funds as Level 3.

Investment in private companies

The Group takes debt and equity stakes in private companies that are not quoted in an active market and uses a market-based valuation technique for these positions.

The Group's investments in private companies are carried at fair value using the most appropriate valuation technique based on the nature, facts and circumstances of the private company. The primary valuation technique is typically an earnings multiple technique. The Enterprise Value (EV) of the portfolio company is determined by applying an earnings multiple, taken from comparable companies, to the portfolio company. The Group determines comparable private and public companies, based on industry, size, location, leverage and strategy, and calculates an appropriate multiple for each comparable company identified. Where necessary a discounted cashflow 'DCF' approach is adopted. Fair value is determined by discounting the expected future cashflows of the portfolio company to the present value. Various assumptions are utilised as inputs, such as terminal value and the appropriate discount rate to apply. Typically, the DCF is then calibrated alongside an earnings multiple approach. Alternate valuation techniques may be used where there is a recent offer or a recent comparable market transaction, which may provide an observable market price and an approximation to fair value of the private company. The Group classified these assets as Level 3.

Investment in loans held in consolidated structured entities

In the absence of quoted prices in an active market, the loan asset portfolios of the consolidated structured entities are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and from independent loan pricing sources. To the extent that the significant inputs are observable, the Group classifies these investments as Level 2, other assets are classified as Level 3.

Derivative assets and liabilities

The Group uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

Senior and subordinated notes of CLO vehicles

The Group holds investments in the senior and subordinated notes of the CLOs it manages, predominately driven by EU risk-retention requirements. The Group employs DCF analysis to fair value these investments, using several inputs including constant annual default rates, prepayments rates, reinvestment rates, recovery rates and discount rates.

The DCF analysis at the reporting date shows that the senior notes are expected to recover all contractual cashflows, including under stressed scenarios, over the life of the CLOs. Unobservable inputs are used in determining the fair value of subordinated notes, which are therefore classified as Level 3 instruments. Observable inputs are used in determining the fair value of senior notes and these instruments are therefore classified as Level 2.

Borrowings and loans held in consolidated credit funds

Rated debt liabilities of consolidated CLOs are generally marked at par plus accrued interest, which we assess as fair value, as evidenced by the general availability of market prices and discounting spreads for rated debt liabilities of CLOs. This is consistent with the marking approach of the rated debt assets held in the unconsolidated CLOs. As a result we deem these liabilities as Level 2.

Unrated/subordinated debt liabilities of consolidated CLOs are marked directly in line with the fair value of the CLOs' underlying loan asset portfolios. These underlying assets comprise observable loan securities traded in active markets. The underlying assets are reported in both Level 2 and Level 3. As a result of this methodology deriving the valuation of unrated/ subordinated debt liabilities from a combination of Level 2 and Level 3 asset values, we deem these liabilities to be Level 3.

Real assets

To the extent that the Group's real asset investments in real estate assets, whether through an investment in a managed fund or an investment in a private company, the underlying assets may be a debt instrument or property classified as investment property in accordance with IAS 40 Investment Property. The fair value of the directly held investment properties have been recorded based on independent valuations prepared by third-party real estate valuation specialists in line with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020. At the end of each reporting period, the Group reviews its assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property value within a range of reasonable fair value estimates, based on information provided. All resulting fair value estimates for properties are included in Level 3.

Reconciliation of Level 3 fair value measurements of financial assets

The following tables set out the movements in reoccurring financial assets valued using the Level 3 basis of measurement in aggregate. Within the income statement, realised gains and fair value movements are included within gains on investments, and foreign exchange gains/(losses) are included within finance costs.

	Financial assets designated as FVTPL £m
At 1 April 2021	**2,289.9**
Total gains or losses in the income statement	
– Net investment return	221.9
– Foreign exchange	19.5
Purchases	516.8
Exit proceeds	(600.5)
Transfer between levels	303.1
At 30 September 2021	**2,750.7**

	Financial assets designated as FVTPL £m
At 1 April 2020	**1,820.9**
Total gains or losses in the income statement	
– Net investment return	390.8
– Foreign exchange	(96.2)
Purchases	490.4
Exit proceeds	(461.1)
Transfer between levels	145.1
At 31 March 2021	**2,289.9**

Transfers in and out of Level 3 financial assets were due to changes to the observability of inputs used in the valuation of these assets.

Reconciliation of Level 3 fair value measurements of financial liabilities

The following tables set out the movements in reoccurring financial liabilities valued using the Level 3 basis of measurement in aggregate. Within the income statement, realised gains and fair value movements are included within gains on investments, and foreign exchange gains/(losses) are included within finance costs.

	Financial liabilities designated as FVTPL £m
At 1 April 2021	268.2
Total gains or losses in the income statement	
– Fair value gains	28.6
– Foreign exchange gains/(losses)	(3.2)
Purchases	20.8
At 30 September 2021	**314.4**

	Financial liabilities designated as FVTPL
	£m
At 1 April 2020	—
Total gains or losses in the income statement	
– Fair value gains	29.9
– Foreign exchange gains/(losses)	21.0
Purchases	29.8
Disposal groups held for sale	4.8
Transfer between levels	182.7
At 31 March 2021	**268.2**

Valuation inputs and sensitivity analysis

Valuation inputs and sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy. The following table summarises the inputs and estimates used for items categorised in Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis.

	Fair Value As at 30 September 2021 (Unaudited) £m	Fair Value As at 31 March 2021 (Audited) £m	Primary Valuation Technique[1]	Key Unobservable Inputs	Range	Weighted Average/ Fair Value Inputs	Sensitivity/ Scenarios	Effect on Fair Value 30 September 2021 £m
Corporate - subordinated debt and equity[2]	1,507.9	1,485.0	Market Comparable Companies	Earnings Multiple	4.5x – 31.8x	17.2x	+10% Earnings Multiple[2]	108.5
			Discounted Cash Flow	Discount rate	7.8% - 11.9%	9.5 %	-10% Earnings Multiple[2]	(108.5)
				Earnings Multiple	6.4x – 20.8x	12.7x		
Real Estate	307.7	357.6	Third-party Valuation	N/A	N/A	N/A	+10% Valuation	30.8
			LTV based impairment model				-10% Valuation	(30.8)
Strategic Equity[3]	314.9	215.5	Third-party Valuation	N/A	N/A	N/A	+10% Valuation[3]	31.5
							-10% Valuation[3]	(31.5)
Corporate - Senior debt	38.5	36.0	Discounted Cash Flow	Probability of Default	4.5	4.5	The higher the probability of default, the lower the fair value	
				Loss Given Default	19.9	19.9	The higher the loss given default, the lower the fair value	
				Maturity of Loan	3 years	3 years	The higher the effective interest rate, the lower the fair value	
				Effective Interest Rate	8.7% - 9.0%	9		
Subordinated notes of CLO vehicles	22.9	27.2	Scenario Analysis	Discount rate	11.5	11.5		
			Discounted Cash Flow	Next 12 months Annual Default Rate	3.0% - 4.0%	3.3		
				Subsequent months Default Rate %	3	3	Upside Case[4]	5.8
							Downside Case[4]	(20.5)
				Prepayment rate %	20	20		
				Recovery rate %	75	75		
				Reinvestment price	99.5	99.5		
Investments in loans held in structured entities	558.8	168.6	Third-party Valuation	N/A	N/A	N/A	+10% Valuation	55.9
							-10% Valuation	(55.9)
Total assets	2,750.7	2,289.9						
Borrowings and loans held in structured entities	(309.6)	(263.4)	Third-party Valuation	N/A	N/A	N/A	+10% Valuation	31.0
							-10% Valuation	(31.0)
Disposal group held for sale	(4.8)	(4.8)						
Total liabilities	(314.4)	(268.2)						

[1]The primary valuation technique is selected with reference to the type of underlying investment, whether this is held by the Group through a co-investment with its managed funds or through a direct investment.

[2]In respect of investments valued using the DCF approach, the earnings multiple is used for this sensitivity analysis. This includes investments in infrastructure.

[3]The implied multiple of invested capital, that currently range from 0.8x to 2.6x (weighted average: 1.5x) have been used for this sensitivity analysis.

[4]The sensitivity analysis is performed on the entire portfolio of subordinated notes of CLO vehicles that the Group has originated and invested in of £178.0m fair value (2021: £163.4m). This comprises holdings in CLOs that are not consolidated, being £22.9m fair value (2021: £27.2m), and holdings in those CLOs which are consolidated, being £163.8m fair value (2021: £136.1m). For the sensitivity analysis, the upside case is based on the probability of default being lowered to 2% p.a. for the next twenty four months, keeping all other parameters consistent. The downside case is based on the probability of default being increased over the next twenty four months to 6% and 8% p.a, respectively in the Europe and US portfolios, keeping all other parameters consistent.

[5]The effect of fair value across the entire investment portfolio ranges from -£278.2m (downside case) to +£263.5m (upside case).

5. Earnings per share

Earnings	Six months ended 30 September 2021 (Unaudited) £m	Six months ended 30 September 2020 (Unaudited) £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	240.5	190.5
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	286,771,551	284,882,238
Effect of dilutive potential ordinary share options	3,654,034	3,857,392
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**290,425,585**	**288,739,630**
Earnings per share (pence)	83.9p	66.9p
Diluted earnings per share (pence)	82.8p	66.0p

The total number of shares issued during the period to 30 September 2021 was 8,734 (H1 2021: 5,118).

6. Dividends

Dividends on ordinary shares paid during the period to 30 September 2021 of £112.2m being 39.0p per share (H1 2021: £102.3m, 35.8p).

The Board has approved an interim dividend of 18.7p per share (H1 2021: 17.0p).

7. Tax expense

Analysis of tax on ordinary activities	Six months ended 30 September 2021 (Unaudited) £m	Six months ended 30 September 2020 (Unaudited) £m
Current tax	18.7	8.0
Deferred taxation	5.3	(3.0)
Tax charge on profit on ordinary activities	**24.0**	**5.0**

The Group is an international business and operates across many different tax jurisdictions. Income and expenses are allocated to these jurisdictions based on transfer pricing methodologies set out both (i) in the laws of the jurisdictions in which the Group operates, and (ii) under guidelines set out by the Organisation for Economic Co-operation and Development (OECD).

The effective tax rate reported by the Group for the period ended 30 September 2021 of 9**%** is lower than the current statutory UK corporation tax rate of 19%.

The FMC activities are subject to tax at the relevant statutory rates ruling in the jurisdictions in which the income is earned.

The lower effective tax rate compared to the statutory UK rate is largely driven by the IC activities. The IC benefits from statutory UK tax exemptions on certain forms of income arising from both foreign dividend receipts and gains from assets qualifying for the substantial shareholdings exemption. The effect of these exemptions means that the effective tax rate of the Group is highly sensitive to the relative mix of IC income, and composition of such income, in any one period.

Accounting for tax involves a level of estimation uncertainty given that the application of tax law requires a degree of judgement, which tax authorities may ultimately dispute. Tax liabilities are recognised based on the best estimates of probable outcomes, with regard to external advice where appropriate. The principal factors which may influence the Group's future tax rate are changes in tax legislation in the territories in which the Group operates, the relative mix of FMC and IC income, the mix of income and expenses earned and incurred by jurisdiction, and the timing of recognition of available deferred tax assets.

Deferred tax has been accounted for at the applicable tax rates enacted or substantively enacted, in each case in the relevant jurisdiction of the tax arising, as at the end of the reporting period.

As at 30 September 2021 the value of losses unrecognised for deferred tax is £0.2m.

In its Budget held in March 2021, the UK Government announced that the UK rate of corporation tax will increase from 19% to 25% from 1 April 2023. This legislative change has been substantively enacted, and these rates have been considered when calculating the closing deferred tax balances at the balance sheet date.

8. Financial liabilities

Financial liabilities are £5,719.1m (31 March 2021: £5,263.0m), including £1,331.3m (31 March 2021: £1,321.4m) of financial liabilities at amortised cost. This is an increase of £456.1m in the period since 31 March 2021 and is driven by the consolidation of new structured entities controlled by the Group with a carrying value of £342.2m.

9. Further information in respect of the cash flow statement for the year ended 31 March 2020

During the year ended 31 March 2021 the Group and Parent Company adopted the indirect method for the presentation of the cash flow statement for the first time, having used the direct method of presentation in previous financial reporting periods. This change of accounting policy was disclosed in the 31 March 2021 Annual Report and the comparative amounts in the cash flow statement for the year ended 31 March 2020 were also re-presented on a consistent basis. This change in methodology had no impact on the opening or closing cash balances in any year or on the total movement in cash reported within the year ended 31 March 2020.

As disclosed in Note 1, further to our correspondence with the FRC we are publishing an expanded set of disclosures pertaining to the restatement of the cash flow statement for the year ended 31 March 2020. There are no changes to the cash flow statement for the year ended 31 March 2020 that was published in the 31 March 2021 Annual Report.

In restating the comparative amounts in the cash flow statement for the year ended 31 March 2020, the Group and Parent Company:

[1] Implemented changes in its accounting policy with respect to the classification of cash flows between Operating, Investing or Financing, and reclassified a number of items where necessary;

[2] Reviewed the components of cash flow within the Operating, Investing and Financing classifications, and re-presented a number of items. This included disaggregating certain cash flows to better explain their nature and enable clear differentiation. This included re-presenting cash flows which had also been reclassified as set out in [1] above; and

[3] In undertaking the reviews and changes described in [1] and [2], certain errors were identified in the Group and Parent Company cash flow statements for the year ended 31 March 2020 that were published in the 31 March 2020 Annual Report. The errors included amounts that were incorrect or mis-presented. These errors were corrected in the restated cash flow presented in the 31 March 2021 Annual Report, and there are no changes to the 31 March 2020 cash flow statement as presented in the 31 March 2021 Annual Report.

The impact of the reclassifications and re-presentations outlined [1] and [2] above are set out in Table 1 and a full analysis of the errors outlined in [3] above is set out in Table 2 below.

There was no impact on the Group or Parent Company closing cash balance as at 31 March 2020 or 31 March 2019 and there was no change to the movement in cash for the year. The changes arising from [1], [2] and [3] noted above relate to the description of the movement in cash during the year ended 31 March 2020.

The table below provides details of the amount of the adjustment for each line item within the cash flow statement affected by the restatements noted above:

£m	Group				Parent company			
	Original	Reclassifications and re-presentations [1] and [2][1]	Correction of errors [3][2]	Restated	Original	Reclassifications and re-presentations [1] and [2][2]	Correction of errors [3][3]	Restated
Cash and cash equivalents as at 1 April 2019	**354.0**	**—**	**—**	**354.0**	**96.8**	**—**	**—**	**96.8**
Operating activities	198.1	107.7	(4.9)	300.9	(40.0)	(60.9)	4.6	(96.3)
Investing activities	(43.1)	(16.1)	(14.8)	(74.0)	389.5	(504.3)	(11.7)	(126.5)
Financing activities	551.5	(98.4)	18.1	471.2	458.7	534.0	3.3	996.0
'Effects of foreign exchange rate changes'[3]	26.4	—	8.4	34.8	(11.0)	—	35.0	24.0
Total movement in cash and cash equivalents	**732.9**	**(6.8)**	**6.8**	**732.9**	**797.2**	**(31.2)**	**31.2**	**797.2**
Cash and cash equivalents as at 31 March 2020	**1,086.9**	**—**	**—**	**1,086.9**	**894.0**	**—**	**—**	**894.0**

[1]Detailed in Table 1.

[2]Table 2 contains details of the impact of the correction on Operating activities, Investing activities and Financing activities.

[3]'Effects of foreign exchange rate changes' was presented as 'Effects of exchange rate differences on cash and cash equivalents'.

Table 1: Cash flows reclassified and re-presented (i), re-presented (ii) or reclassified (iii)

£m	Operating activities Cash flow impact Increase/(decrease)		Investing activities Cash flow impact Increase/(decrease)		Financing activities Cash flow impact Increase/(decrease)	
	Group	Parent company	Group	Parent company	Group	Parent company
Cash inflows relating to the issue of debt liabilities by consolidated credit funds previously presented as 'Increase in long-term borrowings' were reclassified as Operating (from Financing) and re-presented within 'Proceeds from sales and maturities of investments'	354.0	—	—	—	(354.0)	—
Cash outflows relating to the purchase of investments by consolidated credit funds previously presented as 'Repayment of long-term borrowings' were reclassified as Operating (from Financing) and re-presented within 'Purchase of investments'	(84.3)	—	—	—	84.3	—
Cash outflows presented as 'Interest paid' and 'Interest paid on lease liabilities' were reclassified as Operating (from Financing) and re-presented as 'Interest paid'	(169.7)	(45.5)	—	—	169.7	45.5
Cash inflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were reclassified as Financing (from Investing) and re-presented [4]	—	—	—	(484.7) [4]	—	—
Cash inflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were reclassified as Financing (from Investing) and re-presented as 'Increase in amounts owed to subsidiaries'	—	—	—	—	—	270.3 [4]

Cash outflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were reclassified as Financing (from Investing) and re-presented as 'Repayment of amounts owed to subsidiaries'	—	—	—	—	—	(86.9) [4]
Cash inflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were reclassified as Financing (from Investing) and re-presented as 'Increase in amounts owed to subsidiaries (receipts of proceeds from long-term assets)'	—	—	—	—	—	301.3 [4]
(i) Net restatement arising from reclassification and re-presentation of cash	**100.0**	**(45.5)**	**—**	**(484.7)**	**(100.0)**	**530.2**
Cash inflows previously presented as 'Interest received' and 'Dividends received' were aggregated and re-presented as 'Interest and dividend income received'	—	—	—	—	—	—
Cash inflows previously presented as 'Fees received' were re-presented as 'Fee and other operating income'	—	—	—	—	—	—
Cash inflows previously presented as 'Proceeds from sales of non current financial assets' were re-presented as 'Proceeds from sales and maturities of investments'	—	—	—	—	—	—
Cash outflows previously presented as 'Purchase of non current financial assets' were re-presented as 'Purchase of investments'	—	—	—	—	—	—
Cash inflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were re-presented as 'Cash paid in respect of group investing activities (acquisition of long-term assets)' within Investing activities	—	—	—	(67.8) [4]	—	—
Cash inflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were re-presented as 'Cash received in respect of group investing activities (proceeds from long-term assets)' within Investing activities	—	—	—	132.2 [4]	—	—
Cash inflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were re-presented as 'Increase in amounts owed by subsidiaries' within Investing activities	—	—	—	(64.1) [4]	—	—
Cash inflows previously presented as 'Cash flow on behalf of subsidiary undertakings' were re-presented as 'Investment in subsidiaries' within Investing activities	—	—	—	(89.8) [4]	—	—
Cash outflows previously presented within as 'Cash flow on behalf of subsidiary undertakings' were re-presented within Investing	—	—	—	89.5 [4]	—	—
Cash outflows previously presented as 'Principal paid on lease liabilities' were re-presented as 'Payment of principal portion of lease liabilities'	—	—	—	—	—	—
Cash outflows previously presented as 'Interest paid' were re-presented within 'Payment of principal portion of lease liabilities'	—	—	—	—	(0.9)	1.3
Cash inflows previously presented as 'Increase in long-term borrowings' were re-presented as 'Proceeds from borrowings'	—	—	—	—	—	—
Cash outflows previously presented as 'Interest paid' were re-presented within 'Repayment of long-term borrowings'	—	—	—	—	2.5	2.5

Cash outflows previously presented as 'Dividends paid' were re-presented as 'Dividends paid to equity holders of the parent'	—	—	—	—	—	—
Cash outflows previously presented within 'Effects of foreign exchange rate changes' were re-presented within Operating activities and offset by the errors detailed in Table 2.	(8.4)	(35.0)	—	—	—	—
(ii) Net restatement arising from re-presentation of cash flows	**(8.4)**	**(35.0)**	**—**	**—**	**1.6**	**3.8**
Cash outflows reflecting payments for derivative contracts held for the purpose of economic hedging presented as 'Net cashflow from derivative financial instruments' were reclassified as Investing (from Operating)	16.1	19.6	(16.1)	(19.6)	—	—
(iii) Net restatement arising from reclassification of cash flow	**16.1**	**19.6**	**(16.1)**	**(19.6)**	**—**	**—**
Overall net restatement arising from reclassifications and re-presentations of cash flows	**107.7**	**(60.9)**	**(16.1)**	**(504.3)**	**(98.4)**	**534.0**

[4]Reclassifications and re-presentation of cash inflows previously presented as '*Cashflow on behalf of subsidiary undertakings*' and disclosed in Note 2 to the financial statements for the year ended 31 March 2021 within 'FRC correspondence: Prior year restatements arising from FRC enquiry'.

Table 2: Correction of prior period errors

Correction of prior period errors (£m)	Operating activities Cash flow impact Increase/(decrease)		Investing activities Cash flow impact Increase/(decrease)		Financing activities Cash flow impact Increase/(decrease)	
	Group	Parent company	Group	Parent company	Group	Parent company
Cash outflows within consolidated credit funds were restated and presented as 'Purchase of investments'	(181.8)	—	—	—	—	—
Cash outflows within consolidated credit funds previously presented as 'Interest paid' were reclassified as Operating (from Financing) and re-presented as 'Purchase of investments'	(16.7)	—	—	—	16.7	—
Cash inflows within consolidated credit funds were restated and presented as 'Proceeds from sales and maturities of investments'	101.8	—	—	—	—	—
Cash inflows presented as 'Fee and other operating income received' were restated	67.0	6.1	—	—	—	—
Cash flows presented as 'Proceeds from sales and maturities of investments' and not within consolidated credit funds were restated	48.4	(6.5)	—	—	—	—
The impact of a misstatement of cash outflows within 'Payments to suppliers and employees' was offset by other errors within Operating cash flows	(22.3)	—	—	—	—	—
Cash outflows not within consolidated credit funds were restated and presented as 'Purchase of investments'	(6.8)	—	—	—	—	—
A non-cash valuation change on derivative contracts was previously presented within 'Net cash (outflow)/inflow from derivative contracts'	—	—	(10.8)	(9.3)	—	—
Cash inflows previously presented as 'Interest received' were misstated.	5.1	8.4	—	—	—	
Cash outflows previously presented as 'Interest paid' were misstated	—	—	—	—	—	4.4
Cash outflows presented as 'Purchase of property, plant and equipment' were misstated	—	—	(4.0)	—	—	
Other corrections	0.4	(3.4)	—	(2.4)	1.4	(1.1)
Impact of correction of errors	(4.9)	4.6	(14.8)	(11.7)	18.1	3.3

The impact of correction of errors was to increase cash outflows in the year by £6.8m (Group) and £31.2m (Parent Company). These were offset by the impact of reclassifications and re-presentations set out in Table 1 and the correction of an error in 'Effects of foreign exchange differences on cash and cash equivalents'. There was no impact on the overall cash movement in the year 31 March 2020.

Glossary

Non-IFRS alternative performance measures (APM) are defined below:

Term	Short Form	Definition		
APM earnings per share	EPS	APM profit after tax divided by the weighted average number of ordinary shares as detailed in note 5.		
APM Group profit before tax		Group profit before tax adjusted for the impact of the consolidated structured entities. As at 30 September, this is calculated as follows:		
			Six months ended 30 September 2021	Six months ended 30 September 2020
		Profit before tax	£266.4m	£197.8m
		Less consolidated structured entities	£(1.7)m	£(5.0)m
		APM Group profit/(loss) before tax	**£264.7m**	**£192.8m**
APM Investment Company profit before tax		Investment Company profit adjusted for the impact of the consolidated structured entities. As at 30 September, this is calculated as follows:		
			Six months ended 30 September 2021	Six months ended 30 September 2020
		Profit before tax	£145.5m	£108.0m
		Less consolidated structured entities	£(1.7)m	£(5.0)m
		APM Group profit/(loss) before tax	**£143.8m**	**£103.0m**
Assets under management	AUM	Value of all funds and assets managed by the FMC. During the investment period third-party AUM is measured on the basis of committed capital. Once outside the investment period third-party AUM is measured on the basis of invested cost. AUM is presented in US dollars, with non-US dollar denominated at the period end closing rate.		
Balance sheet investment portfolio		The balance sheet investment portfolio represents financial assets from the statement of financial position, adjusted for the impact of the consolidated structured entities and excluding derivatives and other financial assets.		
Dividend income		Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities. See note 3 for a full reconciliation.		
EBITDA		Earnings before interest, tax, depreciation and amortisation.		
Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities.		
APM net asset value per share		Total equity from the statement of financial position adjusted for the impact of the consolidated structured entities divided by the closing number of ordinary shares. As at 30 September, this is calculated as follows:		
			30 September 2021	31 March 2021
		Total equity	£1,752.1m	£1,619.5m
		Closing number of ordinary shares	287,534,617	285,887,286
		Net asset value per share	**609p**	**566p**
Net financial debt		Net debt, along with gearing, is used by management as a measure of balance sheet efficiency. Net debt includes unencumbered cash whereas gearing uses gross borrowings and is therefore not impacted by movements in cash balances. Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities. As at 30 September, this is calculated as follows:		
			30 September 2021	31 March 2021
		APM gross drawn debt	£1,325.5m	£1,324.1m
		Less unencumbered cash	£(228.6)m	£(296.9)m
		Net financial debt	**£1,096.9m**	**£1,027.2m**

<table>
<thead>
<tr><th>Term</th><th>Short Form</th><th>Definition</th></tr>
</thead>
<tbody>
<tr><td>Net gearing</td><td></td><td>Net gearing is used by management as a measure of balance sheet efficiency. Net debt, excluding the consolidated structured entities, divided by total equity from the statement of financial position adjusted for the impact of the consolidated structured entities. As at 30 September, this is calculated as follows:
<table>
<tr><th></th><th>30 September 2021</th><th>31 March 2021</th></tr>
<tr><td>Net debt</td><td>£1,096.6m</td><td>£1,027.2m</td></tr>
<tr><td>Shareholders' equity</td><td>£1,752.1m</td><td>£1,619.5m</td></tr>
<tr><td>Net gearing</td><td>0.63x</td><td>0.63x</td></tr>
</table></td></tr>
<tr><td>Net investment return</td><td>NIR</td><td>Net investment return is the total of interest income, capital gains, dividend and other income less asset impairments.</td></tr>
<tr><td>Operating cashflow</td><td></td><td>Operating cashflow represents the cash generated from operating activities from the statement of cashflows, adjusted for the impact of the consolidated structured entities.</td></tr>
<tr><td>Operating expenses of the Investment Company</td><td></td><td>Investment Company operating expenses are adjusted for the impact of the consolidated structured entities.</td></tr>
<tr><td>Operating profit margin</td><td></td><td>Fund Management Company profit before tax divided by Fund Management Company total revenue. As at 30 September this is calculated as follows:
<table>
<tr><th></th><th>Six months ended 30 September 2021</th><th>Six months ended 30 September 2020</th></tr>
<tr><td>Fund Management Company profit before tax</td><td>£120.9m</td><td>£89.9m</td></tr>
<tr><td>Fund Management Company total revenue</td><td>£231.7m</td><td>£175.9m</td></tr>
<tr><td>Operating profit margin</td><td>52.2 %</td><td>51.1 %</td></tr>
</table></td></tr>
<tr><td>Third-party AUM</td><td></td><td>Value of all funds and assets managed by the Group (including both invested and uninvested capital) on which the Group earns, or has the potential to earn, fees. During the investment period third-party AUM is measured on the basis of committed capital. Once outside the investment period, it is measured on the basis of invested cost.</td></tr>
<tr><td>Third-party fee-earning AUM</td><td></td><td>Third-party AUM for which the Group earns a management or performance fee on the date in question.</td></tr>
<tr><td>Third-party fee Income</td><td></td><td>Fees generated on fund management activities as reported in the Fund Management Company including fees generated by consolidated structured entities which are excluded from the IFRS consolidation position.</td></tr>
<tr><td>Total AUM</td><td></td><td>The aggregate of third-party AUM and the balance sheet investment portfolio (excluding warehoused investments):
<table>
<tr><th></th><th>30 September 2021</th><th>31 March 2021</th></tr>
<tr><td>Third Party AUM</td><td>$65.3bn</td><td>$56.2bn</td></tr>
<tr><td>Balance Sheet Investment Portfolio (excluding warehoused investments)</td><td>$3.5bn</td><td>$3.4bn</td></tr>
<tr><td>Total AUM</td><td>$68.8bn</td><td>$59.6bn</td></tr>
</table></td></tr>
<tr><td>Total available liquidity</td><td></td><td>Total available liquidity comprises unencumbered cash and available undrawn debt facilities.</td></tr>
<tr><td>Weighted-average fee rate</td><td></td><td>An average fee rate based on fee-earning AUM in which the fees earned are weighted based on the relative AUM.</td></tr>
</tbody>
</table>

Other definitions which have not been identified as non-IFRS GAAP alternative performance measures are as follows:

Term	Short Form	Definition
Additions (of AUM)		Within third-party AUM: the aggregate of new commitments of capital by clients, and calls of capital from funds that have previously had a step-down and are therefore reflected in third-party AUM on a net invested capital basis. Within third-party fee-earning AUM: the aggregate of new commitments of capital by clients that pay fees on committed capital, and deployment of capital that charges fees on invested capital (including calls of capital from funds that have previously had a step-down and therefore charge fees on a net invested capital basis).
AIFMD		The EU Alternative Investment Fund Managers Directive.
Alternative performance measure	APM	These are non-IFRS financial measures.
Balance sheet investment portfolio		Balance sheet investments made alongside funds, or where the balance sheet is seeding investments for new strategies. The balance sheet investment portfolio is revalued at each reporting date.
Catch-up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Client base		Client base includes all direct investment fund and liquid credit fund investors.
Close (of a fund)		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Closed-end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
Collateralised Loan Obligation	CLO	CLO is a type of investment grade security backed by a pool of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, illiquid secondary market. Specifically, this excludes Credit and ICG Enterprise Trust within Structured and Private Equity.
Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
Equalisation		When new third-party clients subscribe to a closed-end fund after the first close, they pay a pre-agreed return to clients who subscribed to the fund at an earlier close. This compensates those clients for their capital being tied up for longer. This is referred to as 'equalisation' and can result in gain or loss for earlier investors compared to the latest fund valuation.
Event of default	Default	An 'event of default' is defined as: – A company fails to make timely payment of principal and/or interest under the contractual terms of any financial obligation by the required payment date – A restructuring of the company's obligations as a result of distressed circumstances – A company enters into bankruptcy or receivership
Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service companies in provision of services to consumers.
Financial Reporting Council	FRC	The UK's independent regulator responsible for promoting high quality corporate governance and reporting.
Fund		A pool of third-party capital allocated to a specific investment strategy or strategies, managed by ICG plc or its affiliates.
Fund Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third-party funds.
Gross money on invested capital	Gross MOIC	Total realised and unrealised value of investments (before deduction of any fees), divided by the total invested cost.
HMRC		HM Revenue & Customs, the UK tax authority.
IAS		International Accounting Standards.
IFRS		International Financial Reporting Standards as adopted by the European Union.
Illiquid assets		Asset classes which are not actively traded.

Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.

Term	Short Form	Definition
Investment Company	IC	The Investment Company invests the Group’s balance sheet to seed and accelerate emerging strategies, and invests alongside the Group's more established funds to align interests between the Group's client, employees and shareholders. It also supports a number of costs including for certain central functions, a part of the Executive Directors' compensation, and the portion of the investment teams' compensation linked to the returns of the balance sheet investment portfolio.
Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.
Key Person		Certain funds have a designated Key Person. The departure of a Key Person without adequate replacement triggers a contractual right for investors to cancel their commitments or kick-out of the Group as fund manager.
Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.
Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
Open-ended fund		A fund which remains open to new commitments and where an investor’s commitment may be redeemed with appropriate notice.
Payment in kind	PIK	Also known as rolled-up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cashflows until that time.
Performance fees	Carried interest / Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Realisation		The return of invested capital in the form of principal, rolled-up interest and/or capital gain.
Realisations (of AUM)		Reductions in AUM due to capital being returned to investors and / or no longer able to be called by the fund, and the reduction in AUM due to step-downs.
Recycle (of AUM)		Where the fund is able to re-invest capital that has previously been invested and then realised. This is typically only within a defined period during the fund's investment period and is generally subject to certain requirements.
Relevant investments		Relevant investment includes all investments within Structured and Private Equity and Real Assets where ICG has significant influence.
Separately Managed Account	SMA	Third-party capital committed by a single investor allocated to a specific investment strategy or strategies, managed by ICG plc or its affiliates.
Step-down		A reduction in AUM resulting from the end of the investment period in an existing fund or when a subsequent fund starts to invest. Funds that charge fees on committed capital during the investment period will normally shift to charging fees on net invested capital post step-down. There is generally the ability to continue to call further capital from funds that have had a step-down in certain circumstances. In this instance, fees will be earned on that invested capital and it will be added to AUM through Additions and this is termed as step-up.
Sustainable Accounting Standards Board	SASB	The Sustainability Accounting Standards Board is an independent non-profit organisation that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.
Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
SFDR		Sustainable Finance Disclosure Regulation.
Science Based Targets initiative	SBTi	The Science Based Targets initiative helps drives climate action in the private sector by approving and validating companies' science-based emissions reduction targets (SBT).
Structured entities		Entities which are classified as investment funds, credit funds or CLOs and are deemed to be controlled by the Group, through its interests in either an investment, loan, fee receivable, guarantee or commitment. These entities can also be interchangeably referred to as credit funds.
TCFD		Task Force on Climate-related Financial Disclosures.
Total AUM		The aggregate of the Third Party AUM and the Balance Sheet investment portfolio.
UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
UNPRI		UN Principles for Responsible Investing.
Warehoused investments		Investments within the balance sheet investment portfolio that the Group anticipates transferring to a fund in due course, typically made where the Group is seeding new strategies in anticipation of raising a fund.