Final Results

For the financial year ended 31 March 2022

Embargoed until 7:00am on 26th May 2022

A defining year in the development of ICG; accelerating fundraising guidance

Highlights

- Defining year in growing our client base and investment strategies, ICG is operating at an increasing scale across our platform and now manages Total AUM of $72bn
- Record fundraising: $22.5bn raised across a broad range of emerging and established strategies
- Third-party fee-earning AUM grew 30% on a constant currency basis to $58bn
- Third-party fee income: £449m during the period, an increase of 34% compared to FY21
- Fund Management Company: profit before tax of £286m, an increase of 41% compared to FY21
- Total dividends for FY22 of 76p per share, an increase of 36% compared to FY21 and the twelfth consecutive annual increase in ordinary dividend per share
- NAV per share of 696p (31 March 2021: 566p) and Group EPS of 187.6p (FY21: 162.3p)
- Net gearing of 0.45x; long-term objective of zero net gearing
- Accelerating fundraising guidance by a year due to confidence in outlook and execution: now at least $40bn fundraising in aggregate between 1 April 2021 and 31 March 2024 (a year earlier than previously guided)

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

Andrew Sykes

Interim Chairman

"Our consistent strategic focus on growing and broadening our platform is increasingly demonstrating tangible value and reinforcing our attractive strategic positioning within our chosen markets.

We take a long-term view in managing the business. The record results we are announcing for FY22 build on the work we have done in prior years, and position us well for the years ahead.

One of the many qualities of the ICG business model is its resilience during periods of macro-economic and geopolitical volatility. We have demonstrated this over many years, and I am confident that we can successfully navigate complex economic environments."

Benoît Durteste

CEO and CIO

"This has been a defining year for ICG both in our market standing and in our growth trajectory. Our scale, diversification, brand and investment performance have combined to generate a record year on many levels. We more than doubled our previous fundraising record, grew our client base by 23%, and substantially increased our fee income and fund management profits.

We continue to scale ICG to meet increasing client demand across our waterfront of strategies, with growing AUM providing a diverse and locked-in stream of management fees. We have been able to scale up existing flagship strategies considerably and we have had outstanding success with two first time funds, cementing substantial organic growth for the coming years.

We have started FY23 in a strong position both strategically and financially, with substantial capital to deploy and a robust balance sheet.

I am confident in our future prospects. Structural tailwinds remain supportive of the industry and ICG is well positioned to take advantage of the opportunities that invariably arise in more volatile market conditions. This confidence is reflected in the acceleration of our fundraising guidance as we look to continued growth and success in the coming 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 7 and a reconciliation of the APM to the IFRS measures, along with the IFRS financial statements and supporting notes, can be found on pages 33 to 61.

The Group's profit after tax on an IFRS basis was above the prior year at £525.1m (FY21 £461.0m). On the APM basis it was also above the prior year at £538.0m (FY21: £462.7m).

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

AUM activity	31 March 2022	31 March 2021	Change
Total AUM	$72,051m	$59,586m	26 %[1]
Third-party AUM	$68,468m	$56,152m	27 %[1]
Third-party fee-earning AUM	$58,335m	$46,729m	30 %[1]
Fundraising during period	$22,534m	$10,624m	112 %
Realisations during period[2]	$8,685m	$4,593m	89 %
Deployment during period[3]	$14,950m	$7,221m	107 %

[1] On a constant currency basis; [2] Realisations of third-party AUM; [3] From direct investment funds

Financial results	31 March 2022	31 March 2021	Change
Third-party fee income	£448.7m	£333.7m	34 %
Fund Management Company profit before tax	£286.2m	£202.3m	41 %
Investment Company profit before tax	£282.6m	£305.4m	(7)%
Group profit before tax	£568.8m	£507.7m	12 %
Group earnings per share	187.6p	162.3p	16 %
Dividend per share	76.0p	56.0p	36 %
Balance sheet investment portfolio	£2,821.7m	£2,556.4m	10 %
Net asset value per share	696p	566p	23 %
Net gearing	0.45 x	0.63 x	(0.18)x

Historical growth	FY18 - FY22 CAGR
Third-party AUM	20 %
Third-party fee income	28 %
Fund Management Company profit before tax	32 %

COMPANY TIMETABLE

Ex-dividend date	16 June 2022
Record date	17 June 2022
Last date to elect for dividend reinvestment	15 July 2022
AGM and Q1 trading statement	21 July 2022
Payment of ordinary dividend	5 August 2022
Half year results announcement	17 November 2022

COMPANY PRESENTATION

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

A recording of the presentation will be available 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 Listing Rules and 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 $72bn 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 achieving net zero 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. We have made clear progress across our three strategic objectives encompassing fundraising, deployment and realisations:

- "Grow AUM": record $22.5bn third-party AUM raised, bringing total AUM to $72bn
- "Invest": record $15.0bn third-party AUM deployed from our direct investment funds
- "Manage and realise": continued value creation within our portfolio, realisations of $6.4bn of third-party fee-earning AUM within our direct investment funds

We are delivering on our growth strategy. During the period we pulled forward the launch of our flagship strategy Europe VIII to take advantage of an attractive fundraising window; we closed two first-time funds at over €1bn each; and we continued to make seed investments on behalf of strategies that we expect to launch in future. At 31 March 2022 we had a total of 586 clients (31 March 2021: 476), and during the year attracted new clients both across our established and first-time strategies.

This has been a defining year in demonstrating the scale and breadth of our business. We have a number of large strategies across equity and debt, making us even more relevant to our clients and potential clients. With a growing presence in real assets, we are opening up potentially very substantial markets and pools of capital to ICG that we could not access a number of years ago. ICG is scaling substantially, and the strategic and financial benefits of our business model are becoming ever more visible in the growth of our client base and in our operational and financial results.

As anticipated, FY22 was a record year for fundraising in this cycle, raising $22.5bn from our clients. It exemplifies our strategy of "growing up" and "growing out", which generates an increasingly diverse and compounding stream of visible management fees. These fundraises lock-in streams of fee income for future years and demonstrate the benefits of scale we are experiencing: the larger our strategies grow, the more relevant we are becoming to our largest clients.

In absolute terms, fundraising was driven by established strategies. Notably, Europe VIII (which is still fundraising) raised €6.5bn of capital from clients during the financial year and, at the end of April, has already attracted 69% more third-party AUM than its predecessor vintage. During the year we also signed our two largest-ever mandates within Private Debt (Senior Debt Partners), at over $1bn each.

Successfully raising first-time strategies is an important milestone in underpinning future diversified growth as we continue to broaden our waterfront of strategies. FY22 was a very impressive year in this regard, with Sale and Leaseback I closing at a total fund size of €1.2bn and Infrastructure Equity I at €1.5bn. Both funds have already made a number of attractive investments, have large addressable markets, and in the coming years have the potential to generate meaningful incremental shareholder value as we raise subsequent vintages.

Our long-term success is underpinned by our track record of investing in attractive opportunities, managing those investments well, and being disciplined in our approach to realisations. Our local footprint enables us to source and manage proprietary opportunities, and our investment strategies allow us to provide flexible financing solutions across the capital structure. Within our direct investment funds, these qualities have enabled us to deploy $15.0bn of our clients' capital and to realise $6.4bn of third-party fee-earning AUM during the period. Our funds in all asset classes continued to perform strongly during the period. In particular, a number of our equity strategies recorded significant increases in value and are showing the potential to be some of our best-ever vintages.

In the final quarter of our financial year there were a number of economic and geopolitical events, including rising inflation, rising interest rates and the invasion of Ukraine by Russia. Within this context, our levels of deployment and realisation activity remained robust; indeed, in absolute terms Q4 FY22 was in-line with or above what we saw in Q4 FY21. Furthermore, our funds continued to deliver attractive performance. And so while the markets are clearly more complex, we have the breadth and expertise to successfully navigate them.

Sustainability and people are integral to our success, and I enjoyed discussing this topic in depth during our shareholder seminar in January. More detail on our progress in this area during the year can be found later in this report, and I am particularly proud that during the period we committed to achieve Net Zero by 2040 across our operations and relevant investments *(see Glossary for definition)*. This is supported by ambitious emissions reduction targets that 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, and we believe there are powerful moral and commercial reasons to ensure we execute successfully on this ambition.

We are a long-term business, and take a long-term view when building for future growth. During this year we made a number of senior hires within investment teams to drive future growth, particularly in Real Estate, and we worked to further enhance how our colleagues collaborate to leverage the knowledge and capabilities across our organisation. Importantly, we also continue to reinforce our operating platform with a "fit for future" mindset.

These factors have culminated in strong financial performance, with third-party fee income of £448.7m, up 34% compared to FY21 and resulting in record Fund Management Company profit before tax of £286.2m, up 41% compared to FY21. We have declared a final dividend of 57.3p per share, bringing total dividends for the year to 76.0p per share, an increase of 36% compared to FY21. Our balance sheet is diversified and robust, with net gearing of 0.45x and total available liquidity of £1.3bn.

Looking ahead, we are well positioned to navigate the elevated levels of macro-economic and geopolitical uncertainty. We actively chose to pull forward fundraising in FY22, in particular for Europe VIII, which has resulted in us having significant levels of capital to deploy across our strategies. Our ability to invest across the capital structure and to execute on complex transactions puts us in advantageous position, and means we are able to provide flexible solutions at all points in a market cycle. While rising inflation and interest rates could have a range of potential impacts on the global economy, our investment approach and breadth of strategies - including those that directly benefit clients in rising interest rate environments - are strategic benefits supporting our long-term growth.

In FY23 we expect to hold final closes for Europe VIII and Strategic Equity IV, and will continue fundraising for Senior Debt Partners V and the first vintage of our LP Secondaries strategy. Depending on the pace of deployment of current vintages and the broader market conditions, we will consider launching subsequent vintages towards the end of the financial year for a number of existing strategies (including Sale and Leaseback II, Europe Mid-Market II and North America Private Debt III), as well as potentially launching some first-time strategies.

The enduring structural tailwinds that support successful platforms within our industry remain very much in place. We have exceptional people, a powerful client franchise, a strong origination capability, and a track record of creating sustainable value. With our focus and approach, I am confident we will continue to drive scalable growth in AUM and profitability.

As a result of our strong strategic and financial progress, we are accelerating our fundraising guidance: we now expect to raise at least $40bn in aggregate one year earlier than previously communicated. I look forward to building on this defining year in the development of ICG, and to continue delivering long-term success.

Benoît Durteste

SUSTAINABILITY AND PEOPLE

Our people are at the heart of our success, and during the year we continued to focus on our employees. Our staff globally have largely returned to the office, and we are engaging with our colleagues to understand what we as an organisation can take from our experiences over the last two years to improve efficiency, work-life balance and employee wellbeing.

The record results we are reporting are testament to the hard work of our people and their collaborative, entrepreneurial approach. We would like to extend our thanks to each of our colleagues for their continued dedication to the success of ICG.

Diversity of thought has been a crucial ingredient in this success. We were pleased this year to achieve our UK Women in Finance Charter ambition a year early, with women accounting for 41% of our senior employees in the UK (35% globally). We continue to make progress internally through recruitment and development, and externally through partnering with other organisations to help make successful and fulfilling careers in the investment industry accessible to a wide range of people irrespective of their ethnicity, gender, sexual orientation or socio-economic background.

Strategic hiring across the organisation continues in order to ensure we have the breadth and depth of expertise to execute on the long-term opportunities ahead. The investments we have made 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 as well as our growing reputation. The number of Group permanent employees grew by 12% during the period to 525 (31 March 2021: 470). In FY23 we expect to continue to invest in our platform, in particular in growing our Marketing and Client Relations team.

We are proud to be helping to lead the alternative asset management sector in the area of sustainability. During the year we committed to achieve Net Zero by 2040 across our operations and relevant investments *(see Glossary for definition)*. 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 will 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.

The integration of sustainability into our existing and new strategies is fundamental to our offering to clients. During the year Europe VIII launched with an enhanced ESG engagement strategy, taking a thematic approach with a particular emphasis on climate change, human capital management and D&I. These topics will feed directly into the governance of portfolio companies, as well as into the tracking and reporting of their strategic, operational and financial performance. The first-time funds we raised during the year (Sale and Leaseback I and Infrastructure Equity I) are each aligned to specific UN Sustainable Development Goals, underlining how a thoughtful approach to sustainability can drive innovation and create value for all our stakeholders. Of the AUM raised during the year that is classified under the Sustainable Finance Disclosure Regulation (SFDR), 99% was categorised as Article 8.

We also continued to pursue a strategy of integrating ESG KPIs into our financing, and at 31 March 2022 we had $3.9bn of ESG-linked financing committed across Group- and fund-level facilities. At the Group level, we successfully executed an 8-year, €500m sustainability-linked bond in January 2022. This builds on the £550m ESG-linked RCF into which we entered during the last financial year. We also agreed ESG-linked fund facilities for Europe VIII and for Real Estate Partnership Capital VI during the period.

Our third-party ESG ratings reflect our focus in these areas. In 2021, ICG received a rating of AAA (on a scale of AAA - CCC) in the MSCI ESG Ratings assessment. In October 2021 ICG received an ESG Risk Rating of 18.4 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. ICG's ESG Risk Rating places it 12th percentile in the Diversified Financials industry and 3rd percentile in the Asset Management and Custody Services subindustry assessed by Sustainalytics.

These areas will continue to be a focus in FY23, and we look forward to achieving further progress on these important matters.

Benoît Durteste and Antje Hensel-Roth

FINANCIAL 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 consolidated financial statements but excluded from 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. Details of the reconciliation of APM to IFRS can be found in note 3 to the IFRS financial statements on pages 33 to 56.

The Group's profit after tax on an IFRS basis was above the prior year at £525.1m (FY21 £461.0m). On the APM basis it was also above the prior year at £538.0m (FY21 £462.7m).

AUM and fund performance

Refer to the Datapack issued with this announcement for further detail on AUM (including fundraising, realisations and deployment by fund and strategy).

Total AUM

Total AUM for the Group grew 21% during the year (26% on a constant currency basis) and at 31 March 2022 was $72.1bn (31 March 2021: $59.6bn). The balance sheet investment portfolio (excluding warehoused assets) accounted for 5.0% of the Total AUM (31 March 2021: 5.8%).

Third-party AUM

Third-party AUM grew 22% (27% on a constant currency basis), or $12.3bn, during the period to $68.5bn (FY21: $56.2bn).

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	11,064	4,239	3,017	5,064	23,384
Realisations	(2,642)	(860)	(576)	(4,607)	(8,685)
FX and other	(463)	(862)	(730)	(328)	(2,383)
At 31 March 2022	**22,507**	**19,806**	**8,028**	**18,127**	**68,468**
Change $m	7,959	2,517	1,711	129	12,316
Change %	55%	15%	27%	1%	22%
Change % (constant exchange rate)[1]	61%	19%	34%	4%	27%

[1] Please see page 19 for an explanation of constant exchange rate calculation methodology

At 31 March 2022 we had $17.3bn of third-party AUM available to deploy in new investments, $10.1bn of which is not yet paying fees but will do so when the capital is invested or enters its investment period.

Additions to third-party AUM include $0.9bn 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. Of this, $0.7bn was in Structured and Private Equity and $0.2bn in Private Debt. This is not included in the fundraising performance discussed below.

The movement in "FX and other" during the year of $(2.4)bn was largely due to the strengthening of the US dollar against the euro during the year.

<u>Fundraising</u>

- We raised $22.5bn of third-party AUM during the period, a record amount for ICG. Fundraising was strong across existing and first-time strategies
- Structured and Private Equity was the key driver of fundraising, contributing $10.4bn. Within this, Europe VIII raised $7.7bn from clients and Strategic Equity IV raised $1.5bn during the year. At 31 March 2022, Strategic Equity IV's total fund size was $3.0bn. Both funds are still raising, and we expect to hold final closes for them during FY23

- Private Debt raised a total of $4.1bn, including $2.9bn across two mandates for our SDP strategy, our two largest-ever single-client mandates within ICG
- Real Assets raised $3.0bn, with real estate debt raising a total of $1.6bn across a number of strategies. In addition Infrastructure Equity I raised $1.0bn and Sale and Leaseback I raised $0.5bn during the year. Both funds had final closes during the period (with total fund sizes of €1.5bn/$1.7bn and €1.2bn/$1.3bn at 31 March 2022 respectively), and both represent very strong first-time funds, embedding the future growth potential of those strategies
- Credit raised $5.1bn, of which $0.9bn was in liquid funds and $4.2bn was in CLOs. During the year we raised three new CLOs, accounting for $1.2bn of fundraising. We also took advantage of attractive market conditions by amending the terms of eight existing CLOs to extend the duration of our management fees and lock-in enhanced future returns. This accounted for $3.0bn of fundraising, for which we recorded an equivalent level of realisations

Realisations

- We continued to take advantage of attractive valuations and elevated levels of market activity to anchor fund performance by realising assets as appropriate. We had $8.7bn of realisations within third-party AUM and $11.0bn of realisations of third-party fee-earning AUM (of which $6.4bn was from direct investment funds)
- Structured and Private Equity accounted for $2.6bn of realisations within both third-party AUM and third-party fee-earning AUM, with particularly notable activity in Europe VI and Europe VII (2015 and 2018 vintages respectively)
- Realisations of third-party AUM in Private Debt were $0.9bn, whilst realisations within third-party fee-earning AUM were $2.8bn. The difference between the two is that the majority of realisations were from funds and mandates within Senior Debt Partners where we can re-deploy the capital we realised. While we do not earn fees on uninvested capital on these funds and mandates, and so it is no longer within third-party fee-earning AUM, it remains within our third-party AUM (and we will earn fees on the capital once it is re-deployed)
- Credit accounted for $4.6bn of realisations within both third-party AUM and third-party fee-earning AUM, of which $3.0bn were due to the eight CLOs we amended during the year and for which we recorded an equivalent level of fundraising. The remainder primarily came from liquid credit ($1.2bn)

Deployment

- During the year we deployed a total of $15.0bn of AUM on behalf of our direct investment funds (FY21: $7.2bn), split between our asset classes as follows:

$m	FY22
Structured and Private Equity	8,027
Private Debt	4,843
Real Assets	2,080
Group	14,950

- Within Structured and Private Equity we saw particularly strong activity in our European Corporate strategies ($5.2bn) and Strategic Equity ($2.5bn)
- Within Private Debt, deployment was driven by Senior Debt Partners ($4.3bn from combination of co-mingled funds and SMAs)
- Within Real Assets, real estate debt strategies deployed $1.2bn, Sale and Leaseback I deployed $0.5bn and Infrastructure Equity deployed $0.2bn

Third-party fee-earning AUM

Third-party fee-earning AUM grew 25% (30% on a constant currency basis), or $11.6bn, during the period to $58.3bn (FY21: $46.7bn).

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
Funds raised: fees on committed capital	*9,598*	—	*1,388*	—	*10,986*
Deployment of funds: fees on invested capital	*1,534*	*4,843*	*1,403*	*5,064*	*12,844*
Total additions	11,132	4,843	2,791	5,064	23,830
Realisations	(2,642)	(2,756)	(1,005)	(4,607)	(11,010)
FX and other	(268)	(449)	(244)	(253)	(1,214)
At 31 March 2022	**22,100**	**11,953**	**6,873**	**17,409**	**58,335**
Change $m	8,223	1,637	1,542	204	11,606
Change %	59%	16%	29%	1%	25%
Change % (constant exchange rate)[1]	66%	20%	35%	5%	30%

[1] Please see page 19 for an explanation of constant exchange rate calculation methodology

Deployment levels of key funds

Deployment levels are lead indicators of our potential fundraising timetable. The deployment level for funds that charge fees on invested capital also has an impact on our profitability. The table below details the deployment levels for funds whose fundraising cycle for the subsequent vintage is dependent on the deployment level of the current vintage (excluding funds that were still fundraising at 31 March 2022):

	Percentage deployed at 31 March 2022
Fees charged on committed capital	
Structured and Private Equity	
Europe Mid-Market I	64%
Real Assets	
Infrastructure Equity I[1]	32%
Sale and Leaseback I	74%
Fees charged on invested capital	
Private Debt	
North American Private Debt II	74%
Senior Debt Partners IV[1]	64%

[1] Co-mingled fund, excluding mandates, and, for Senior Debt Partners IV, excludes mandates and undrawn commitments

To ensure continuity between two fund vintages, ICG's fundraisings usually follow a cycle whereby successor vintages start investing when the predecessor fund is close to being fully invested. This means that the investment period of the predecessor fund typically ends when approximately 90% of its total commitments are invested (with the remaining commitments being used primarily for add-on acquisitions and other capital injections as well as for ongoing expenses).

Performance of key ICG funds

Refer to the Datapack issued with this announcement for further detail on fund performance.

Our funds have continued to perform very strongly this year. We saw particularly significant value creation across all our strategies within Structured and Private Equity. Equity strategies within Real Assets (Sale and Leaseback I and Infrastructure Equity I) are at relatively early stages of their fund lives, and both are showing very promising signs at this point. Our debt strategies are performing well, and the floating-rate nature of many of these strategies is attractive to clients in the current environment, who benefit from rising rates.

We take a disciplined approach to portfolio management. This is reflected in our core sectors such as software, healthcare services, education and renewable energy, as well in how we structure our transactions (typically with lower leverage and a focus on downside protection). Across all our strategies, we ensure that our portfolio companies are appropriately hedged to protect them against interest rate rises, and this is an area we have been spending time on during the last twelve months.

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 of 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. The Gross MOIC of key ICG funds is set out below:

	Investment period started	31 March 2022	31 March 2021
Structured and Private Equity			
Europe V	September 2011	1.8x	1.8x
Europe VI	March 2015	2.1x	1.9x
Europe VII	April 2018	1.7x	1.5x
Europe VIII	April 2021	1.1x	—
Europe Mid-Market I	May 2019	1.2x	1.1x
Asia Pacific III	July 2014	2.1x	1.7x
Asia Pacific IV	February 2020	1.4x	1.2x
Strategic Secondaries II	March 2016	2.8x	1.8x
Strategic Equity III	November 2018	2.2x	1.5x
Strategic Equity IV	March 2021	1.3x	—
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	1.2x	1.2x
Infrastructure Equity I	March 2020	1.2x	1.1x
Sale & Leaseback I	September 2019	1.3x	1.0x

Overview: Group financial performance

Third-party fee income grew 34% to £448.7m, driving a 32% increase in our Fund Management Company (FMC) revenue to £512.8m. FMC profit before tax was £286.2m, an increase of 41% compared to FY21, resulting in an FMC operating margin of 55.8% (FY21: 52.1%).

Strong performance of our funds led to a significant net investment returns (NIR) for the co-investment by the Investment Company (IC) of £485.7m, driven predominantly by Structured and Private Equity.

In aggregate the Group reported profit before tax of £568.8m (FY21: £507.7m).

Group earnings per share grew by 16% to 187.6p (FY21: 162.3p).

We remain committed to our progressive dividend policy, and the proposed final dividend of 57.3p per share brings the total dividend per share to 76.0p for FY22, an increase of 36% compared to FY21.

Our balance sheet remains strong and well capitalised, with net gearing of 0.45x, total available liquidity of £1,311.5m and a net asset value per share of 696p. We have a long-term objective to have zero net gearing.

£m unless stated	**31 March 2022**	**31 March 2021**	**Change %**
Third-party management fees	392.7	280.5	40%
Third-party performance fees	56.0	53.2	5%
Third-party fee income	**448.7**	**333.7**	**34%**
Other income	64.1	54.8	17%
Fund Management Company revenue	**512.8**	**388.5**	**32%**
Fund Management Company operating expenses	(226.6)	(186.2)	22%
Fund Management Company profit before tax	**286.2**	**202.3**	**41%**
Fund Management Company operating margin	55.8 %	52.1 %	7%
Investment Company revenue	451.7	419.0	8%
Investment Company operating expenses	(118.6)	(58.1)	104%
Interest expense	(50.5)	(55.5)	(9%)
Investment Company profit before tax	**282.6**	**305.4**	**(7%)**
Group profit before tax	**568.8**	**507.7**	**12%**
Tax	(30.8)	(45.0)	(32%)
Group profit after tax	**538.0**	**462.7**	**16%**
Earnings per share	187.6p	162.3p	16%
Dividend per share	76.0p	56.0p	36%
Net gearing	0.45x	0.63x	(0.18)x
Net asset value per share	696p	566p	23%

Fund Management Company

The Fund Management Company (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 year the FMC generated profit before tax of £286.2m, a 41% increase compared to FY21 (FY21: £202.3m).

Third-party fee income

Third-party fee income grew 34% to £448.7m in FY22 (FY21: £333.7m).

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Structured and Private Equity – management fees	206.2	131.4	57%
Structured and Private Equity – performance fees	47.3	42.0	13%
Structured and Private Equity	**253.5**	**173.4**	**46%**
Private Debt – management fees	66.5	52.9	26%
Private Debt – performance fees	6.1	2.9	110%
Private Debt	**72.6**	**55.8**	**30%**
Real Assets – management fees	61.4	36.5	68%
Real Assets – performance fees	0.1	—	—%
Real Assets	**61.5**	**36.5**	**68%**
Credit – management fees	58.6	59.7	(2%)
Credit – performance fees	2.5	8.3	(70%)
Credit	**61.1**	**68.0**	**(10%)**
Third-party fee income	**448.7**	**333.7**	**34%**
Of which management fees	*392.7*	*280.5*	*40%*
Of which performance fees	*56.0*	*53.2*	*5%*

Our third-party fee income is largely comprised of management fees, which have a high degree of visibility and are directly linked to our third-party fee-earning AUM. The increase in management fees during FY22 was largely due to fundraising for Europe VIII and Strategic Equity IV, both of which charge fees on committed capital. Real Assets also saw a notable year-on-year increase due to fundraising for Sale and Leaseback I and Infrastructure Equity I.

Management fees during FY22 include a total of £14.3m catch-up fees, primarily due to Sale and Leaseback I and Infrastructure Equity I.

The effective management fee rate on our third-party fee-earning AUM at the period end was 0.88% (FY21: 0.81%). The increase was due to the substantial fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital. The fee rate is split between asset classes as follows:

	31 March 2022	31 March 2021
Structured and Private Equity	1.24%	1.21%
Private Debt	0.83%	0.82%
Real Assets	0.87%	0.88%
Credit	0.47%	0.45%
Group	0.88%	**0.81%**

Performance fees are a relatively small but integral part of our revenue, and during the five years to 31 March 2022 accounted for an average of 12.3% of our third-party fee income. In FY22 performance fees totalled £56.0m (FY21: £53.2m) and accounted for 12.5% (FY21: 16.0%) of our third-party fee income.

Third-party fees are 88% denominated in euros or US dollars. The Group's policy is to economically hedge non-sterling fee income to the extent that it is not matched by costs and is predictable. Third-party fee income in FY22 included a negative impact of £(14.7)m due to FX (FY21: £(1.6)m).

Other income

The FMC recorded dividend receipts of £38.0m (FY21: £33.4m) from investments in CLO equity and recognised £24.8m for managing the IC balance sheet investment portfolio (FY21: £21.4m).

Operating expenses and margin

Operating expenses of the FMC were £226.6m (FY21: £186.2m). The increase was driven by employee-related expenses due to the full year impact of hires made in FY21 and new hires made in FY22, as well as an increase in incentive costs due to the strong performance of the Group during the year.

During the year we have hired across the business, particularly into investment teams and corporate functions (CBS), ensuring that we have the platform to continue to execute on our growth ambitions. We expect to continue to invest in our business during FY23, as well as to see the full-year impact of the hires made in FY22.

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Salaries	76.0	63.3	20%
Incentive scheme costs	87.2	73.1	19%
Administrative costs	55.1	43.2	28%
Depreciation and amortisation	8.3	6.6	26%
FMC operating expenses	**226.6**	**186.2**	22%
FMC operating margin	55.8%	52.1%	7%

The FMC therefore recorded a profit before tax of £286.2m (FY21: £202.3m) and an operating margin of 55.8% (FY21: 52.1%). The operating margin for FY22 was supported by the rapid fundraising for Europe VIII as well as the catch-up fees that we earned during the year. For FY23 we continue to expect an operating margin in excess of 50%, consistent with our medium-term guidance.

Investment Company

The Investment Company (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) was valued at £2,727.1m at 31 March 2022 (31 March 2021: £2,491.8m). The growth was due to valuation gains of £473.1m, largely within Structured and Private Equity. On a cash basis, it experienced net realisations during the year of £269.9m, being new investments of £748.3m and realisations of £1,018.2m.

In addition, the balance sheet had £94.6m (FY21: £64.6m) of warehoused investments at 31 March 2022 that are held in anticipation of being transferred to a third-party fund once the relevant fund has had a first close. Within the warehoused assets, we made new investments of £203.7m during the year including on behalf of LP Secondaries and Life Sciences, and transferred £187.1m to funds that were launched (primarily Real Estate Partnership Capital VI and LP Secondaries I).

The total value of the balance sheet investment portfolio at 31 March 2022 was therefore £2,821.7m (31 March 2021: £2,556.4m).

£m	As at 31 March 2021	New investments	Realisations	Gains / (losses) in valuation	FX & Other	As at 31 March 2022
Structured and Private Equity	1,564.6	509.5	(706.8)	454.2	4.3	1,825.8
Private Debt	158.8	37.6	(75.8)	24.6	3.6	148.8
Real Assets	303.6	107.7	(117.7)	(5.2)	16.6	305.0
Credit[1]	464.8	93.5	(117.9)	(0.5)	7.6	447.5
Total balance sheet investment portfolio (excluding warehoused investments)	**2,491.8**	**748.3**	**(1,018.2)**	**473.1**	**32.1**	**2,727.1**
Warehoused investments	*64.6*	*203.7*	*(187.1)*	*7.7*	*5.7*	*94.6*
Total balance sheet investment portfolio (including warehoused investments)	**2,556.4**	**952.0**	**(1,205.3)**	**480.8**	**37.8**	2,821.7

[1] Within Credit, at 31 March 2022 £162.0m was invested in liquid strategies, with the remaining £285.5m invested in CLO debt (£105.6m) and equity (£179.9m)

The balance sheet investment portfolio is 45% euro denominated, 28% US dollar denominated and 19% sterling denominated. We hedge the majority of the FX exposure on our balance sheet.

Net Investment Returns

Net Investment Returns (NIR) of £485.7m (FY21: £445.1m) were primarily driven by Structured and Private Equity, and was split by asset class on an absolute basis as follows:

£m	As at 31 March 2022	As at 31 March 2021	Change %
Structured and Private Equity	457.7	342.1	34%
Private Debt	24.9	19.2	29%
Real Assets	(4.1)	20.9	n/m
Credit	(0.5)	57.9	n/m
Total net investment returns (excluding warehoused investments)	**478.0**	**440.1**	**9%**
Warehoused investments	7.7	*5.0*	*54%*
Total net investment returns (including warehoused investments)	**485.7**	**445.1**	**9%**

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

£m	Balance sheet investment portfolio at 31 March 2022	FY22 average balance sheet investment portfolio	FY22 net investment returns %
Structured and Private Equity	1,825.8	1,695.2	27.0%
Private Debt	148.8	153.8	16.2%
Real Assets	305.0	304.4	(1.4%)
Credit	447.5	456.0	(0.1%)
Balance sheet investment portfolio (excluding warehoused investments)	**2,727.1**	**2,609.4**	**18.3%**
Warehoused investments	*94.6*	*79.6*	*9.7%*
Balance sheet investment portfolio (including warehoused investments)	**2,821.7**	**2,689.0**	**18.1%**

During the five years to 31 March 2022, NIR have averaged 12.8% and we continue to expect NIR of low double-digit percentage points over the medium term.

Our NIR in FY22 were driven by a strong performance in Structured and Private Equity, which reported a 27.0% NIR in the year. The main contributors to that performance were our European Corporate, Asia Pacific Corporate and Strategic Equity strategies. Real Assets was impacted by a write-down on one legacy asset. Within Credit, FY21 was a particularly strong year given write-ups following FY20, and there was also a modest (£2.6m) negative impact on our NIR in Q4 as a result of our liquid funds mark-to-market. Structured and Private Equity and Private Debt both continued to see positive NIR in Q4 of FY22.

Over 50% of the NIR generated during the period were from assets that were sold or for which sale prices were agreed during the period.

In addition to the NIR, the IC recorded other operating income of £2.6m, paid a fee of £24.8m (FY21: £21.4m) to the FMC and recorded a fair value loss of £11.8m (FY21: loss of £7.3m) in movements on derivatives (which are now reported through the revenue line). This resulted in the IC recording revenues of £451.7m (FY21: £419.0m).

Investment Company expenses

Operating expenses in the IC of £118.6m increased from £58.1m in FY21. The increase is predominantly due to a £52.1m increase in incentive scheme costs, which were higher following the strong performance of certain investments within the balance sheet investment portfolio that are eligible for the deal vintage bonus (DVB) scheme. This relates to the performance of relevant balance sheet investments and is paid to investment professionals. It is accounted for on an accrual basis but is distributed only when assets are realised. For more information on the DVB scheme, see our FY22 Annual Report.

Employee costs for teams who do not yet manage a third-party fund are allocated to the IC. Once those funds have a first close, the costs of those teams are reported in the FMC from that date onwards. For FY22, the costs within the Investment Company attributable to teams that have not had a first close of a third-party fund were £15.4m (FY21: £11.6m).

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Salaries	16.7	12.4	35%
Incentive scheme costs	82.5	30.4	171%
Administrative costs	16.0	13.0	23%
Depreciation and amortisation	3.4	2.3	48%
IC operating expenses	**118.6**	**58.1**	**104%**

Interest expense was £50.5m (FY21: £55.5m) and the IC therefore recorded a profit before tax of £282.6m (FY21: £305.4m).

Group

Tax

The Group recognised a tax charge of £30.8m (FY21: £45.0m), resulting in an effective tax rate for the period of 5.4% (FY21: 8.9%). The decline in the Group's effective tax rate was largely due to the mix of earnings, resulting in lower taxable income in FY22, as well as a number of reversals of previous accruals.

As detailed in note 7, the Group has a structurally lower effective tax rate than the statutory UK rate. This is largely driven by the Investment Company, where certain forms of income benefit from tax exemptions. The effective tax rate will vary depending on the income mix.

Dividend

We have a progressive dividend policy, distributing 80-100% of FMC profit after tax, to be paid twice-yearly (with the interim dividend being one-third of the previous year's total dividend).

For FY22, in addition to the 18.7p per share interim dividend, the Board is proposing a 57.3p per share final dividend. This would result in a total dividend of 76.0p per share being paid for the year, and increase of 36% compared to FY21 (56.0p). We continue to make the dividend reinvestment plan available.

Balance sheet

Balance sheet strategy

Delivering our strategy and maximising shareholder value require a clear approach to managing our balance sheet. We have a robust, diversified balance sheet and strong liquidity position that allows us to weather crises whilst continuing to invest in the business and support our long-term growth prospects.

Our approach to managing our balance sheet is structured around three priorities. These ensure we have the financial and operational flexibility to successfully execute our strategic objectives:

Align the Group's interests with its clients

- co-invest in our strategies alongside our clients, whilst seeking to reduce the Group's commitments over time where appropriate

Grow third-party fee income in the FMC

- fund and warehouse seed investments to launch new strategies that will be a source of future incremental management fees in the FMC

Maintain robust capitalisation

- retain strong liquidity
- long-term objective of zero net gearing

Net debt and liquidity

At 31 March 2022, the Group had net financial debt of £893.5m, total available liquidity of £1,311.5m, and net gearing of 0.45x.

In January 2022 the Group issued a sustainability-linked, €500m 8-year bond with a fixed coupon of 2.5%. This provides ample liquidity for repaying outstanding instruments as they mature, at an attractive rate below our current blended cost of debt. The bond features a coupon adjustment based on the progress ICG makes in achieving its science-based targets, underlining our commitment to achieving Net Zero by 2040 across all of our operations and relevant investments.

Net financial debt decreased during the year to £893.5m (31 March 2021: £1,027.2m), with cash increasing from £296.9m to £761.5m due to positive operating cashflow along with the proceeds from the bond issuance:

£m	
Cash at 1 April 2021	**296.9**
Net cash generated by operating activities	324.9
Debt issuance – term debt	300.6
Dividend paid	(165.7)
FX and other movements	4.8
Cash at 31 March 2022	**761.5**
Available undrawn ESG-linked RCF	**550.0**
Cash and undrawn debt facilities (total available liquidity)	**1,311.5**

The Group has a credit rating of BBB (stable outlook) / BBB- (positive outlook) from Fitch and S&P respectively. The Group's drawn debt is provided through a range of facilities and in a range of currencies (the Group hedges certain material foreign currency exposures).

All facilities, except the ESG-linked RCF, are fixed-rate instruments. The weighted average cost of term debt at 31 March 2022 was 3.29% (31 March 2021: 3.59%), with the reduction driven by the attractive rate of the bond issuance we undertook during the year as well as a repayment of a more expensive private placement that matured.

Committed debt facilities in place at 31 March 2022 were as follows:

	Currency	Drawn £m	Undrawn £m	Total £m	Interest rate	Maturity
ESG-linked RCF	**GBP**	**—**	**550.0**	**550.0**	**SONIA +1.41%**	**Jan-25 +1 yr**
Eurobond 2020	EUR	421.0	—	421.0	1.63%	Feb-27
ESG Linked Bond	EUR	421.0	—	421.0	2.50%	Jan-30
EMTN 2015	GBP	160.0	—	160.0	5.00%	Mar-23
Total bonds		**1,002.0**	**—**	**1,002.0**		
PP2013 – Class B	USD	48.7	–	48.7	6.25%	May-23
Private Placement 2013		**48.7**	**–**	**48.7**		
PP 2015 – Class B	USD	32.0	–	32.0	4.95%	May-22
PP 2015 – Class C	USD	60.9	–	60.9	5.21%	May-25
PP 2015 – Class F	EUR	37.0	–	37.0	3.38%	May-25
Private Placement 2015		**129.9**	**–**	**129.9**		
PP 2016 – Class B	USD	86.0	–	86.0	4.66%	Sep-24
PP 2016 – Class C	USD	41.1	–	41.1	4.96%	Sep-26
PP 2016 – Class F	EUR	25.3	–	25.3	3.04%	Jan-25
PP 2016 – Class E	EUR	18.5	–	18.5	2.74%	Jan-27
Private Placement 2016		**170.9**	**–**	**170.9**		
PP 2019 – Class A	USD	95.1	–	95.1	4.76%	Apr-24
PP 2019 – Class B	USD	37.1	–	37.1	4.99%	Mar-26
PP 2019 – Class C	USD	76.1	–	76.1	5.35%	Mar-29
PP 2019 – Class D	EUR	95.2	–	95.2	2.02%	Apr-24
Private Placement 2019		**303.5**	**–**	**303.5**		
Total Private Placements		**653.0**	**–**	**653.0**		
Total		**1,655.0**	**550.0**	**2,205.0**		

The weighted-average life of drawn debt at 31 March 2022 was 4.6 years (31 March 2021: 4.2 years). The maturity profile of our term debt is set out below:

£m	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Term debt maturing	192.0	48.7	301.6	135.0	480.6	—	76.1	421.0

Net asset value

Shareholder equity increased to £1,995.0m (31 March 2021: £1,619.5m), equating to 696p per share (31 March 2021: 566p), due to the retained profits generated during the year.

Net asset value	£m	Pence per share
At 1 April 2021	1,619.5	566
Group profit after tax	538.0	188
Dividends paid	(165.7)	(58)
FX and other	3.2	—
At 31 March 2022	**1,995.0**	**696**

Net gearing

The movements in the Group's cash position, debt facilities and shareholder equity resulted in net gearing declining to 0.45x at 31 March 2022 (31 March 2021: 0.63x).

In line with our prudent approach to balance sheet management, we have a long-term objective to have zero net gearing. As we continue to launch a number of new equity funds in the coming years, supported by our balance sheet, we view this as an appropriate trajectory.

£m	As at 31 March 2022	As at 31 March 2021	Change %
Cash	761.5	296.9	156%
Gross drawn debt	1,655.0	1,324.1	25%
Net financial debt (A)	**893.5**	**1,027.2**	**(13%)**
Shareholder equity (B)	1,995.0	1,619.5	23%
Net gearing (A/B)	**0.45 x**	**0.63 x**	**(29%)**

Russia and Ukraine

ICG does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or the Ukraine, nor do we have any Russian or Ukrainian clients. From an investment perspective we do not have any investment strategies whose investment focus is Central and Eastern Europe (including Russia). Operationally, with the exception of Warsaw, we do not have any offices in Central and Eastern Europe (including Russia).

We extend our sympathies and thoughts to those impacted by the ongoing conflict as a result of Russia's invasion of Ukraine. At a corporate level we have made donations to support humanitarian relief efforts, and a number of our colleagues and portfolio companies have also taken direct action to help those in need.

Medium-term guidance

We are accelerating our fundraising ambition given the strength and breadth of our platform, along with the strong continued operational performance of the business we are seeing. We now expect to raise at least $40bn in aggregate between 1 April 2021 and 31 March 2024 (previously: $40bn between 1 April 2021 and 31 March 2025).

Guidance on performance fees, FMC operating margin and net investment returns remains unchanged.

Fundraising	Performance fees	FMC operating margin	Net investment returns
• At least $40bn fundraising in aggregate between 1 April 2021 and 31 March 2024	• Performance fees to represent 10-15% of third-party fee income over the medium term	• In excess of 50%	• Low double-digit percentage points over the medium term

Foreign exchange rates

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

	Average rate for FY22	Average rate for FY21	31 March 2022 year end	31 March 2021 year end
GBP:EUR	1.1755	1.1254	1.1876	1.1750
GBP:USD	1.3626	1.3173	1.3138	1.3783
EUR:USD	1.1595	1.1705	1.1063	1.1730

At 31 March 2022 our third-party AUM was $68,468m. If GBP:USD had been 5% higher 1.3795 our reported third-party AUM would have been $473m higher. If EUR:USD had been 5% higher 1.1616 our reported third-party AUM would have been $1,979m 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 FY22 year end exchange rates. This has been compared to the FY22 closing AUM to arrive at the change on a constant currency exchange rate basis.

RISK MANAGEMENT

Managing risk

Effective risk management is a core competence underpinned by a strong control culture.

Our approach

The Board is accountable for the overall stewardship of the Risk Management Framework (RMF), for internal control assurance, and for determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives. In so doing, the Board sets an appetite for risk within a strong control environment to generate a return for clients and shareholders and protect their interests.

The risk appetite is reviewed by the Risk Committee, on behalf of the Board, and covers the principal risks that the Group seeks to take in delivering the Group's strategic objectives.

The Risk Committee is provided with regular management information and monitors performance against set thresholds and limits to support the achievement of the Group's strategic objectives, within the boundaries of the agreed risk appetite. The Board also seeks to promote a strong risk management culture by encouraging acceptable behaviours and attitudes towards taking and managing risk throughout the Group.

Managing risk

Risk management is embedded across the Group through the RMF, which ensures that current and emerging risks are identified, assessed, monitored, mitigated, and appropriately governed based on a common risk taxonomy and methodology. The RMF is designed to protect the interests of all stakeholders and meet our responsibilities as a UK listed company and parent of several regulated entities. The Board reviews the RMF regularly, and it forms the basis on which the Board reaches its conclusions on the effectiveness of the Group's system of internal controls.

Taking risk opens up opportunities to innovate and further enhance our business, for example new investment strategies or new approaches to managing our client relationships. Therefore, we maintain a risk culture that allows for entrepreneurial leadership within a framework of prudent and effective controls to enable effective risk management.

Taking responsibility and managing risk is one of our key values that drive our success.

Lines of defence

We operate a risk framework consistent with the principles of the 'three lines of defence' model. This ensures clarity over responsibility for risk management and segregation of duties between those who take on risk and manage risk, those who oversee risk and those who provide assurance.

- The first line of defence is the business functions and their respective line managers, who own and manage risk and controls across the processes they operate
- The second line of defence is made up of the control and oversight functions, including the Legal, Risk and Compliance teams, who provide oversight and assurance that risk management policies and procedures are operating effectively
- The third line of defence is Internal Audit who provide independent assurance over the design and operation of controls established by the first and second lines to manage risk

Assessing risk

The Group adopts both a top-down and a bottom-up approach to risk assessment:

- The Risk Committee undertakes a top-down review of the external environment and the strategic planning process to identify the most consequential and significant risks to the Group's businesses. These are referred to as the principal risks

- The business undertakes a bottom-up review which involves a comprehensive risk assessment process designed to facilitate the identification and assessment of key risks and controls related to each business function’s most important objectives and processes. This is primarily achieved through the Risk and Control Self-Assessment process (RCSA)

The risk assessment process is supported by the Group’s Risk Taxonomy which is a top-down comprehensive set of risk categories designed to encourage those involved in risk identification to consider all types of risks that could affect the Group’s strategic objectives.

Key developments in FY22

During the year the risk management development plan which commenced in 2019 has delivered its key objectives, including implementing effective policies, procedures, and frameworks to help direct the Group’s risk management strategy and enhance the execution of an effective end-to-end risk management process across all three lines of defence.

Other key initiatives included:

- Assessing the Group's risk exposure to the potential impacts of the Russia-Ukraine conflict and the sanctions imposed on Russia. The Group does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or Ukraine
- Refining the RCSA’s and updating the documentation and assessment of key controls into this one process
- Project managing the business response to the Covid-19 pandemic, with employee well-being, business resilience and risk management at the core of our approach
- Developing a combined assurance mapping process to provide an integrated and coordinated approach to aligning the Group’s assurance activities, focusing on key risk exposures across the Group
- Assessing the Group’s response to the Investment Firm Prudential Regime, including the Group’s preparedness for implementation
- Making appropriate preparations for potential changes arising from the proposed audit reform developments made by the UK government, including that the UK should adopt a strengthened internal controls regime, to assess the implications for the Group
- Enhancing the annual fraud risk assessment, to better identify and prioritise areas of fraud risk with a focus on increasing the coverage of potential fraud schemes and the internal controls in place to prevent or detect those schemes

Covid-19

The current outlook is more encouraging than at this point last year, with vaccine programmes having a positive effect and restoring confidence and stability, The Group continues to operate with limited disruption and responding to the operational impacts of the pandemic has become part of our day-to-day operations.

Our employees have continued to adjust to the changes necessitated by the pandemic, and we have recognised the importance of these changes as they evolved throughout the year. We have transitioned to new ways of working that acknowledges both external change and employee sentiment, whilst remaining mindful to the challenges of collaboration and ensuring continued high standards of performance.

We also continue to work closely with the management of our funds’ portfolio companies, and any relevant impacts of Covid-19 are subject to regular updates and assessments as part of enhanced portfolio monitoring.

The Group has been able to demonstrate resilience in the face of the Covid-19 pandemic, from a financial, investment and operational perspective, and we remain confident in our ability to withstand further challenges that may or may not emerge. We will remain alert to the uncertainties that persist which may present new competitive risks and opportunities for the Group.

Principal risks and uncertainties

The Group's principal risks are individual risks, or a combination of risks, that can seriously affect the performance, prospects, or reputation of the Group. These include those risks that would threaten the Group's business model, future performance, solvency, or liquidity. The Group considers its principal risks across three categories:

Strategic and business risks

The risk of failing to respond to developments in our industry sector, client demand or the competitive environment, impacting the successful delivery of our strategic objectives.

Financial risks

The risk of an adverse impact on the Group due to market fluctuations, counterparty failure or having insufficient resources to meet financial obligations.

Operational risks

The risk of loss resulting from inadequate or failed internal processes, people or systems and external events.

Reputational risk is not in itself one of the principal risks. However, it is an important consideration and is actively managed and mitigated as part of the wider risk management framework.

We use a principal and emerging risks process to provide a forward-looking view of the potential risks that may threaten the execution of the Group's strategy or operations over the medium to long term. We proactively assess the internal and external risk environment, as well as review the themes identified across our global businesses for any risks that may require additional monitoring, updating our principal and emerging risks as necessary.

The Group's RMF identifies eight principal risks, within the three categories mentioned above, which are accompanied by associated responsibilities and expectations around risk management and control. Each of the principal risks is overseen by an accountable Executive Director, who is responsible for the related framework, policies and standards.

The Directors confirm that they have undertaken a robust assessment of the principal risks in line with the requirements of the UK Corporate Governance Code and that no significant failings or weaknesses in internal controls have been identified. In making their assessment the Directors consider the likelihood of each risk materialising, in the short and long term. This is supported by an annual material controls assessment and fraud risk assessment, facilitated by the Group Risk function, which provides the Directors with a detailed assessment of related internal controls. Additionally, Internal Audit findings, compliance monitoring findings, and risk events reported during the period are reviewed to assess whether any deficiency has been identified which is a significant failing or weakness.

The Group's risk profile has not changed materially since 2021. However, Key Personnel Risk has been a focus and consideration has been given to the residual impacts of Covid-19 on the well-being of our employees, and the ability of the Group to attract talent and retain key people, in what is currently a candidate driven market. As a result of this an increasing likelihood has been reported against Key Personnel Risk. Other risks are stable or reducing after assessing the performance of existing, additional, and ongoing enhancements to processes and controls.

The principal risks are described in the table below.

External environment risk

Risk appetite: Moderate

Executive Director Responsible: Benoît Durteste

Risk Description	Key Controls and Mitigation	Trend and Outlook
Geopolitical and macroeconomic concerns and other global events such as pandemics and natural disasters that are outside the Group's control could adversely affect the environment in which we, and our fund portfolio companies, operate and we may not be able to manage our exposure to these conditions and/or events. In particular, these events have contributed and may continue to contribute to volatility in financial markets which can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our funds, making it more difficult to find opportunities for our funds to exit and realise value from existing investments and to find suitable investments for our funds to effectively deploy capital. This could in turn affect our ability to raise new funds and materially reduce our profitability.	The Group's business model is predominantly based on illiquid funds which are closed-end and long-term in nature. Therefore, to a large extent the Group's fee streams are 'locked in'. This provides some mitigation in relation to profitability and cash flows against market downturn. Additionally, given the nature of closed-end funds, they are not subject to redemptions. A range of complementary approaches are used to inform strategic planning and risk mitigation, including active management of the Group's fund portfolios, profitability and balance sheet scenario planning and stress testing to ensure resilience across a range of outcomes. The Board, the Risk Committee and the Group Risk function monitor emerging risks, trends, and changes in the likelihood of impact. This assessment informs the universe of principal risks faced by the Group.	The risks and uncertainties arising from the immediate consequences of the Covid-19 pandemic are receding. However, macroeconomic uncertainty and geopolitical risks are increasing from other angles. Several macro challenges have developed, including increased inflation and interest rate concerns. At a Group level we are somewhat insulated from the direct impact of these risks, with our debt financing being fixed rate and with limited supply chain risk. We continue to work closely with the management of our funds' portfolio companies to identify and mitigate these risks, where appropriate. At the time of writing, the Russia-Ukraine conflict is bringing additional turbulence and uncertainty to the markets. ICG does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or Ukraine. Despite the uncertainty, these challenges are not new to the Group, and we are well positioned to navigate this investment environment in the long-term interests of our clients. This is evident for the period, where we have experienced very strong fundraising, raising significant third-party AUM, and deploying a substantial amount of capital across all our strategic asset classes. We remain alert to the current macroeconomic and geopolitical uncertainty and continue to monitor the potential impact as regards our investment strategies, clients, and portfolio companies, as well as the broader markets. While the uncertainty remains elevated, we do not see an increased risk to our operations, strategy, or client demand as a result.

Fund performance risk

Risk appetite: Moderate

Executive Director Responsible: Benoît Durteste

Risk Description	Key Controls and Mitigation	Trend and Outlook
Current and potential clients continually assess our investment fund performance. There is a risk that our funds may not meet their investment objectives, that there is a failure to deliver consistent performance, or that prolonged fund under-performance could erode our track record. Consequently, investors in funds might decline to invest in future investment funds we raise and might withdraw their investments in our open-ended strategies. Poor fund performance may make it more challenging to raise new funds, thereby impacting our ability to grow and compete effectively. This could in turn materially affect our profitability and impact our plans for growth.	A robust and disciplined investment process is in place where investments are selected and regularly monitored by the Investment Committees for fund performance, delivery of investment objectives, and asset performance. All proposed investments are subject to a thorough due diligence and approval process during which all key aspects of the transaction are discussed and assessed. Regular monitoring of investment and divestment pipelines is undertaken on an ongoing basis. Monitoring of all portfolio investments is undertaken on a quarterly basis focusing on the operating performance and liquidity of the portfolio. Material ESG and climate-related risks are assessed for each potential investment opportunity and presented to, and considered by, the Investment Committees of all investment strategies. Further analysis is conducted for opportunities identified as having a higher exposure to climate-related risks.	The strength of our resilient and growth-orientated business model has been evident in our performance for the financial year. We have experienced positive momentum across the whole of the ICG platform during the period and our portfolios have demonstrated resilience and adaptability, in particular to the impacts of the Russia-Ukraine conflict where our exposures are minimal. Our funds have performed strongly across several dimensions: deployment, realisations and returns. At 31 March 2022, realised portfolio returns reached 15.4% with virtually all funds with hurdles performing above their hurdle rate. Our more equity-focused strategies have seen significant increases in valuation, whilst our debt strategies continue to observe very low impairment rates. The successful and broad-based performance during the last two years against the background of the Covid-19 pandemic provides a strong track-record that will be beneficial in marketing our future funds to clients for many years to come. Looking ahead, the outlook remains positive. We continue to hire selectively to help drive future growth, most recently in Real Estate where we have hired a Global Head of Real Estate. We have a powerful local sourcing network and a diversified product offering of successful investment strategies that enable us to navigate dynamic market conditions, which helps to mitigate this risk.

Financial Risk

Risk appetite: Low to moderate

Executive Director Responsible: Vijay Bharadia

Risk Description	Key Controls and Mitigation	Trend and Outlook
The Group is exposed to liquidity and market risks. Liquidity risks refer to the risk that the Group may not have sufficient financial resources to meet its financial obligations when they fall due. Market risk refers to the possibility that the Group may suffer a loss resulting from the fluctuations in the values of, or income from, assets and liabilities held on the Group's balance sheet. The Group does not deliberately seek exposure to market risks to generate profit; however, on an ancillary basis we will invest alongside clients into our funds, warehouse assets in preparation for new fund launches or hold investments in Collateralised Loan Obligations (CLOs) in accordance with regulatory requirements. Consequently, adverse market conditions could impact the carrying value of the Group's investments resulting in losses on the Group's balance sheet. In addition, the Group is exposed to having insufficient liquidity to meet its financial obligations, including its commitments to its fund co-investments.	Debt funding for the Group is obtained from diversified sources and the repayment profile is managed to minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee Hedging of non-sterling income and expenditure, and matching assets vs liabilities and revenue vs cost is undertaken to minimise short-term volatility in the financial results of the Group Market and liquidity exposures are reported monthly and reviewed by the Group's Treasury Committee. Long-term forecasts and stress tests are prepared to assess the Group's future liquidity as well as compliance with the regulatory capital requirements. Investment Company (IC) commitments are reviewed and approved by the CEO and the CFOO on a case-by-case basis assessing the risks and return on capital.	Global markets remain susceptible to volatility from several macroeconomic and geopolitical factors. We have implemented measures to mitigate the impact of foreign exchange and interest rate fluctuations in line with Group policy and we will continue to monitor and respond to the prevailing market environment. Our balance sheet makes commitments to our funds as well as seeding new strategies. Accordingly, we take a conservative approach to managing our capital resources. We manage our balance sheet prudently, with a strong focus on liquidity. The commitments to funds are legally binding so the Group is required to ensure it has sufficient resources to meet capital calls as they arise. During the year, the Group made several commitments to funds, all of which were carefully reviewed by the CEO and CFOO to ensure that they were in the long-term interest of the Group and that we have sufficient resources to meet such commitments. The Group remains well capitalised, with £ 1,311.5m available cash and unutilised bank lines as of 31 March 2022. In addition, the Group has significant headroom to its debt covenants. During the year we successfully priced an eight-year, €500m sustainability-linked Eurobond, which will enhance our financial flexibility, lengthen the duration of the Group's liabilities, and provide further liquidity to fund upcoming maturities in the coming years. All the Group's debt is fixed rate, with the exception of the revolving credit facility, which was undrawn as of 31 March 2022 and which is only intended to provide short-term working capital for the Group if required.

Key Personnel Risk

Risk appetite: Low to moderate

Executive Director Responsible: Antje Hensel-Roth

Risk Description	Key Controls and Mitigation	Trend and Outlook
The Group depends upon the experience, skill and reputation held by our senior executives and investment professionals. The continued service of these individuals, who are not obligated to remain employed with us, is uniquely valuable and a significant factor in our success. Additionally, a breach of the governing agreements of our funds in relation to 'Key Person' provisions could result in the Group having to stop making investments for the relevant fund or impair the ability of the Group to raise new funds if not resolved in a timely manner. The loss of key personnel, or the inability to attract and develop talent, could have a material adverse effect on our revenues, profitability and cash flows and could harm our ability to maintain or grow assets under management in existing funds or raise additional funds in the future.	An active and broad-based approach to attracting, retaining, and developing talent, supported by a range of complementary approaches including a well-defined recruitment process, succession planning, a competitive and long-term approach to compensation and incentives, and a focus on development through the appraisal process and mentoring programmes which is supported by a dedicated Learning and Development team. Continued focus on the Group's culture by developing and delivering initiatives that reinforce appropriate behaviours to generate the best possible long-term outcomes for our employees, clients, and shareholders. Promotion of a diverse and inclusive workforce with active support across a wide range of health and wellbeing activities. Regular reviews of resourcing and key person exposures are undertaken as part of business line reviews and the fund and portfolio company review processes. The Remuneration Committee oversees the Directors' Remuneration Policy and its application to senior employees, and reviews and approves incentive arrangements to ensure they are commensurate with market practice.	Despite the encouraging vaccination programmes, the pandemic still represents a risk to our employees' wellbeing and morale and navigating the pandemic and its aftermath remains an ongoing challenge. The importance of employee wellbeing remains elevated, with an increasing focus amongst existing and potential employees on work-life balance and flexible working arrangements, which is being addressed through our enhanced engagement and wellbeing initiatives. Our people are critical to our success and attracting and retaining key people is a significant operational risk. This is made more challenging in what is currently a candidate-driven market. We have focused this year on ensuring that ICG is well positioned to attract, retain, and develop the necessary calibre of employees, through our enhanced learning and development programmes, targeted engagement on topics of importance to our employees, and our efforts around diversity and inclusion. We have also continued to hire across the business to support our growth ambitions, enhancing our onboarding programme to welcome new colleagues, with a stronger emphasis on collaboration to ensure that the culture and identity of the Group are maintained. Looking ahead, we intend to utilise quarterly pulse surveys to remain even closer to our employees and to enable us to focus more dynamically on specific areas for potential development.

Legal, Regulatory and Tax Risk

Risk appetite: Low

Executive Director Responsible: Vijay Bharadia

Risk Description	Key Controls and Mitigation	Trend and Outlook
Regulation defines the overall framework for the investment management and distribution of the Group's funds and our supporting business operations. The failure of the Group to comply with the rules of professional conduct and relevant laws and regulations could expose the Group to regulatory censure, penalties or legal or enforcement action. Additionally, the increase in demand for tax-related transparency means that tax rules are continuing to be designed and implemented globally in a more comprehensive manner. This raises a complex mix of tax implications for the Group, in particular for our transfer pricing, permanent establishment and fund structuring processes. The tax authorities could challenge our interpretation of these tax rules, resulting in additional tax liabilities. Changes in the legal and regulatory and tax framework applicable to our business may also disrupt the markets in which we operate and affect the way we conduct our business. This could in turn increase our cost base, lessen competitive or market opportunities, reduce our future revenues and profitability, or require us to hold more regulatory capital.	Compliance and Legal functions dedicated to understanding and fulfilling regulatory and legal expectations on behalf of the Group, including interactions with our regulators and relevant industry bodies. The functions provide guidance to, and oversight of, the business in relation to regulatory and legal obligations Compliance undertakes routine monitoring and deep-dive activities to assess compliance with regulations and legislation. The Tax function oversees the Group's business activities and fund structures, and actively seeks to evaluate, monitor and tax risks and ensure compliance with all relevant tax requirements and principles. Regulatory, legislative and tax developments are continually monitored to ensure we engage early in any areas of potential change.	During the year, the Group has closely monitored several significant regulatory change and oversight programmes to ensure successful execution, notably the Investment Firm Prudential Regime (IFPR), which came into effect on 1 January 2022. IFPR introduces a wide-ranging set of new requirements spanning capital, liquidity, reporting and disclosure, and remuneration. The Group has completed the necessary preparations to meet the requirements of the new regime. Enhancements have also been made to the Group's subsidiary governance framework to strengthen accountability and flows of information, appropriate for the Group's subsidiary activities and complexity. Our plan to transition away from LIBOR-equivalents is complete for GBP-based products and we are now focused on the USD transition. We continue to monitor the UK Government's audit reform proposals and to strengthen internal controls. In December 2021 the Organisation for Economic Co-operation and Development published model legislation to give effect to the Pillar Two Model rules (also referred to as the 'Anti Global Base Erosion' or 'GloBE' rules), which are designed to ensure that large multinational corporations pay a minimum effective tax rate on income arising in each jurisdiction in which they operate. The Group's trading activities within the FMC are subject to tax at the relevant statutory rates in the jurisdictions in which income is earned. The Group is closely monitoring developments in respect of the implementation of the Pillar Two rules and the potential impact of the rules on the Group's tax position. The Pillar One proposals provide for new profit allocation and nexus rules for multinational corporations in scope. Pillar One is not expected to apply to the Group based on the proposed minimum €20bn worldwide revenue threshold. The Group remains responsive to a wide range of developing regulatory areas and the increase in regulatory scrutiny around private markets more generally, and continues to invest in our Legal, Compliance and Tax teams to meet these new challenges, recruiting specialist roles to optimise our coverage and enhance our monitoring and oversight capabilities.

Operational Resilience Risk

Risk appetite: Low to moderate

Executive Director Responsible: Vijay Bharadia

Risk Description	Key Controls and Mitigation	Trend and Outlook
The Group is exposed to a wide range of threats which can impact our operational resilience. Natural disasters, cyber threats, terrorism, environmental issues, and pandemics have the potential to cause significant disruption to our operations and change our working environment. Our disaster recovery and business continuity plans may not be sufficient to mitigate the damage that may result from such a disaster or disruption. Additionally, the failure of the Group to deliver an appropriate information security platform could result in unauthorised access by malicious third parties, breaching the confidentiality, integrity and availability of our data and systems. Regardless of the source, any critical system failure or material loss of service availability could negatively impact the Group's reputation and our ability to maintain continuity of operations and provide services to our clients.	Operational resilience, in particular cyber security, is top of the Group's Board and senior management agenda, and the adequacy of the Group's response is reviewed on an ongoing basis. Business Continuity and Disaster Recovery plans are reviewed and approved on at least an annual basis by designated plan owners, and preparedness exercises are complemented by an automated Business Continuity Planning tool. Providing laptops for all employees globally removes the physical dependency on the office and allows employees to work securely from home. The Group's technology environment is continually maintained and subject to regular testing, such as penetration testing, vulnerability scans and patch management. Technology processes and controls are also upgraded where appropriate to ensure ongoing technology performance and resilience. An externally managed security operations centre supplies the Group with skilled security experts and technology to proactively detect and prevent potential threats and to recover from security incidents, including cyber attacks.	The Covid-19 pandemic has been pervasive, simultaneously impacting the Group and our employees, investors and suppliers for a duration previously not considered a possibility. Despite the challenges, our response to the pandemic has demonstrated the resilience of our employees and the strength of the infrastructure supporting our business processes. There has been no significant impact on business operations, notwithstanding a significant number of employees working remotely at various times over the period. We continue to enhance the resilience of systems that underpin our critical business processes and strengthen our response to disruption, particularly considering the current heightened cyber threat landscape as a result of the Russia-Ukraine conflict. Business continuity and contingency planning processes are regularly reviewed and tested and have enabled us to minimise disruption for people working from home. We also manage relationships with key strategic technology suppliers to avoid any disruption to service provision which could adversely affect the Group's businesses. The Group continues to invest in technology and the maturity of our cyber mitigation controls. Cyber threat is expected to persist in 2022 with increasing levels of sophistication anticipated. The Group's technology and resiliency requirements will continue to be kept under review to ensure that the management of our cyber risk remains appropriate to mitigate the continued and changing nature of the threat and to support the growth of the business.

Third-Party Provider Risk

Risk appetite: Moderate

Executive Director Responsible: Vijay Bharadia

Risk Description	Key Controls and Mitigation	Trend and Outlook
The Group outsources several critical functions to Third-Party Service Providers (TPP) as part of our business model, as well as managing outsourcing arrangements on behalf of our funds. The risk that the Group's key TPPs fail to deliver services in accordance with their contractual obligations could compromise our operations and impair our ability to respond in a way which meets client and stakeholder expectations and requirements. Over-reliance on one or only a very limited number of TPPs in a specific and critical business area could also expose the Group to heightened levels of risk, particularly if the service is not easily substitutable. Additionally, the failure of the Group to maintain sufficient knowledge, understanding and oversight of the controls and processes in place to proactively manage our TPPs could damage the quality and reliability of these TPP relationships.	The TPP oversight framework consists of policies, procedures, and tools to govern the oversight of key suppliers, including our approach to selection, contracting and on-boarding, management and monitoring, and termination and exit. In particular, we undertake initial and ongoing due diligence of our TPPs to identify and effectively manage the business risks related to the delegation or outsourcing of our key functions. Ongoing monitoring of the services delivered by our TPPs is delivered through regular oversight interactions where service levels are measured against the expected standards documented in service agreements and agreed-upon standards. Regular TPP management includes validation and ongoing oversight of our TPP business continuity practices, to ensure they align with ICG Group standards.	Strong governance processes and mechanisms are key to the successful implementation and operation of the Group's outsourced TPP arrangements. During the year, the Group enhanced the TPP governance and oversight framework to optimise commercial contracts, service levels and improve monitoring capabilities. An internal TPP oversight team has been developed to formally lead the oversight framework and activities across our key outsourcers. Additional measures, including clarity of oversight roles and responsibilities and a new suite of key indicators, have been put in place to better understand our TPP relationships by tracking key metrics related to third-party controls, performance, and activities. Additionally, contracts have been re-evaluated and re-negotiated, as needed, to ensure the provision and coverage of TPP services align with the growth of the Group. The Group will continue to develop the TPP governance and oversight framework to increase the resilience of our outsourced arrangements against a backdrop of evolving risks and to meet any changes to regulatory requirements.

Business Process Risk

Risk appetite: Low to moderate

Executive Director Responsible: Vijay Bharadia

Risk Description	Key Controls and Mitigation	Trend and Outlook
All key operational activities at the Group follow defined business processes that are designed to maximise efficiency, deliver operational excellence, and grow profitability. We face the risk of errors in existing processes, or from new processes because of ongoing change activity which inherently increases the profile of operational risks across our business. The Group operates within a system of internal controls that provides oversight of business processes, which enables our business to be transacted and strategies and decision making to be implemented effectively. The risk of failure of significant business processes and controls could compromise our operations and disadvantage our clients, or expose the Group to unanticipated financial loss, regulatory censure, or damage to our reputation. This could in turn materially reduce our profitability.	Key business processes are regularly reviewed, and the risks and controls are assessed through the RCSA process. A 'three lines of defence' model is in place, which ensures clarity over individual and collective responsibility for process risk management and to ensure policies, procedures and activities have been established and are operating as intended. Ongoing monitoring of underlying causes of operational risk events, to identify enhancements that require action. A well-established incident management process for dealing with system outages that impact important business processes. An annual review of the Group's material controls is undertaken by senior management and Executive Directors.	The Group continues to make good progress on improving the scalability of our operations platform by increasing fungibility of resources, mitigating individual-specific knowledge, making better use of outsource providers, and optimising and adapting our business processes to new organisational needs. Transformation and project activity, including workflow automation, is yielding more efficient and automated processes and a reduction in operational risk. It is recognised that systematisation of process is likely to increase automation risk, and this is feeding into future IT plans for disaster recovery and business continuity. To compliment the delivery of key transformation activities, the Group has undertaken a reorganisation of our operations teams, which is now embedded. Additionally, the Group continues to invest in recruitment, bringing additional experience and coverage to key operations areas. Significant aspects of the Group's target operating model assessment are moving to a state of completeness; however, we recognise and continue to respond effectively to the ongoing challenges to ensure the successful embedding of change, including ongoing system and platform enhancements. There were no significant changes to the Group's RMF's overall approach to risk governance or its operation in the period, but we continued to refine our framework for risk management where appropriate.

Climate Risks

The Group's risk management framework is how climate risk, and broader ESG risks, are assessed for their proximity and significance to the Group. Climate risk is considered as a cross-cutting risk type that manifests through ICG's established principal risks and is integrated into the Group-wide operational risk management framework through existing policies, processes, and controls. We assess materiality from two angles; first at a Group level, and secondly within our fund management activities.

Close monitoring of Climate risk and ESG risks continues through the Group's Responsible Investing Framework.

Emerging risks

Emerging risks are thematic risks with potentially material unknown components that may crystallise beyond a one-year time horizon. If an emerging risk were to materialise, it could have a material effect on the Group's long-term strategy, profitability, and reputation. Existing mitigation plans are likely to be minimal, reflecting the uncertain nature of these risks at this stage.

Emerging risks are identified through conversations and workshops with stakeholders throughout the business, reviewing academic papers, attending industry events (webinars and in person), and other horizon scanning by Group Risk and Compliance. The purpose of monitoring and reporting emerging risks is to give assurance that the Group is prioritising our response to emerging risks appropriately in our strategy, which is the primary risk management tool for longer-term strategic risks.

Examples of emerging risks which have been considered during the year include; current and developing macro challenges, including the Russia-Ukraine crisis; elevated levels of inflation and the potential for interest rate rises that could impact the Group and our fund investments; ongoing risks related to the transformation programmes underway to deliver our strategy for growth; implications of the UK Government's audit reform proposals and strengthening internal controls; cyber security; and the increased importance of diversity and other social issues.

Risk appetite for the principal risks

Risk appetite is defined as the level of risk which the Group is prepared to accept in the conduct of our activities. It sets the 'tone from the top' and provides a basis for ongoing dialogue between management, Executive Directors, and the Board with respect to the Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

Each risk appetite statement is supported by several metrics and tolerances to enable us to provide an assessment of risk profile against risk appetite, which is formally assessed on an annual basis and challenged by the Risk Committee and Board. The current risk profile is within our risk appetite and manageable exposure limits.

RESPONSIBILITY STATEMENT

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2022. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the 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 Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the Board of Directors on 25 May 2022 and is signed on its behalf by:

Benoît Durteste	Vijay Bharadia
CEO	CFOO

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Fee and other operating income	434.0	331.2
Finance loss	(7.4)	(9.4)
Net gains on investments	555.5	507.4
Total Revenue	**982.1**	**829.2**
Finance costs	(53.1)	(56.8)
Administrative expenses	(363.1)	(263.1)
Share of results of joint ventures accounted for using the equity method	(0.5)	0.2
Profit before tax	**565.4**	**509.5**
Tax charge	(31.1)	(48.5)
Profit after tax from continuing operations	**534.3**	**461.0**
Loss after tax from disposal groups held for sale	(9.2)	—
Profit for the year	**525.1**	**461.0**
Attributable to:		
Equity holders of the parent	526.8	457.1
Non-controlling interests	(1.7)	3.9
	525.1	**461.0**
Earnings per share (pence)	**183.7p**	**160.3p**
Diluted earnings per share (pence)	**181.1p**	**157.5p**

Other than for amounts reported as disposal groups held for sale, all activities represent continuing operations.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

Group	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit after tax	525.1	461.0
Items that may be subsequently reclassified to profit of loss if specific conditions are met		
Exchange differences on translation of foreign operations	6.9	(8.9)
Total comprehensive income for the year	**532.0**	**452.1**
Attributable to:		
Equity holders of the parent	533.7	448.2
Non controlling interests	(1.7)	3.9
	532.0	**452.1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	31 March 2022	31 March 2021
	£m	£m
Non-current assets		
Intangible assets	17.1	21.5
Property, plant and equipment	60.4	67.0
Investment property	1.5	1.8
Investment in Joint Venture accounted for under the equity method	2.2	2.8
Trade and other receivables	91.1	62.8
Financial assets at fair value	6,973.1	6,264.5
Derivative financial assets	1.3	2.4
Deferred tax asset	25.0	8.8
	7,171.7	6,431.6
Current assets		
Trade and other receivables	283.1	215.2
Current tax debtor	31.9	4.4
Financial assets at fair value	—	64.6
Derivative financial assets	137.3	109.5
Cash and cash equivalents	991.8	581.2
	1,444.1	974.9
Assets of disposal groups held for sale	256.7	57.4
Total assets	**8,872.5**	**7,463.9**
Non-current liabilities		
Trade and other payables	76.4	41.9
Financial liabilities at fair value	4,364.7	3,882.9
Financial liabilities at amortised cost	1,452.3	1,208.9
Other financial liabilities	52.2	55.0
Derivative financial liabilities	2.9	31.7
Deferred tax liabilities	15.1	0.8
	5,963.6	5,221.2
Current liabilities		
Provisions	—	0.5
Trade and other payables	434.4	427.3
Current tax creditor	14.5	3.5
Financial liabilities at amortised cost	201.1	112.5
Other financial liabilities	6.5	3.7
Derivative financial liabilities	153.4	68.2
	809.9	615.7
Liabilities of disposal groups held for sale	97.2	4.8
Total liabilities	**6,870.7**	**5,841.7**
Equity and reserves		
Called up share capital	77.3	77.2
Share premium account	180.3	180.2
Other reserves	0.2	(2.9)
Retained earnings	1,688.9	1,362.7
Equity attributable to owners of the Company	**1,946.7**	**1,617.2**
Non-controlling interest	55.1	5.0
Total equity	**2,001.8**	**1,622.2**
Total equity and liabilities	**8,872.5**	**7,463.9**

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS

For the year ended 31 March 2022

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit before tax from continuing operations	**565.4**	**509.5**
Adjustments for:		
Fee and other operating Income	(434.0)	(331.2)
Net investment returns	(555.5)	(507.4)
Net fair value gains on derivatives	7.3	9.4
Impact of movement in foreign exchange rates	0.1	—
Interest expense	53.1	56.8
Depreciation, amortisation and impairment of property, equipment and intangible assets	19.5	19.2
Share based payment expense	29.6	26.9
Working capital changes:		
Increase in trade and other receivables	(32.5)	(35.4)
Increase/(Decrease) in trade and other payables	(27.4)	87.2
Cash used in operations	**(374.4)**	**(165.0)**
Proceeds from sale of current financial assets and disposal groups held for sale	185.2	27.1
Purchase of current financial assets and disposal groups held for sale	(204.0)	(79.6)
Purchase of investments	(3,532.8)	(2,836.1)
Proceeds from sales and maturities of investments	3,743.8	2,838.5
Interest and dividend income received[1]	259.8	257.1
Fee and other operating income received	393.0	285.1
Interest paid	(183.3)	(189.8)
Cash generated from operations	**287.3**	**137.3**
Taxes paid	(43.9)	(26.3)
Net cash flows from operating activities	**243.4**	**111.0**
Investing activities		
Purchase of intangible assets	(4.3)	(3.9)
Purchase of property, plant and equipment	(3.5)	(6.9)
Net cashflow from derivative financial instruments	22.4	40.6
Cashflow as a result of change in control of subsidiary	30.9	34.9
Net cash flows from investing activities	**45.5**	**64.7**
Financing activities		
Purchase of Own Shares	(20.9)	—
Payment of principal portion of lease liabilities	(4.1)	(6.8)
Proceeds from borrowings	413.5	—
Repayment of long-term borrowings	(111.5)	(495.6)
Dividends paid to equity holders of the parent	(165.7)	(150.9)
Net cash flows from/used in financing activities	**111.3**	**(653.3)**
Net increase/(decrease) in cash and cash equivalents	**400.2**	**(477.6)**
Effects of exchange rate differences on cash and cash equivalents	10.4	(28.1)
Cash and cash equivalents at 1 April	581.2	1,086.9
Cash and cash equivalents at 31 March	**991.8**	**581.2**

1. Comprises of Interest income received for Group of £221.8m (2021:£223.7m) and Dividend income for Group received of £38.0m (2021: £33.4m)

The Group's cash and cash equivalents include £230.3m (2021: £284.3m) of restricted cash held principally by structured entities controlled by the Group.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital	Share premium	Capital redemption reserve[1]	Share based payments reserve	Own shares[3]	Foreign currency translation reserve[2]	Retained earnings	Total	Non-controlling interest	Total equity
Group	**£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	—	—	—	—	—	—	526.8	526.8	(1.7)	525.1
Exchange differences on translation of foreign operations	—	—	—	—	—	6.9	—	6.9	—	6.9
Total comprehensive income/ (expense) for the year	**—**	**—**	**—**	**—**	**—**	**6.9**	**526.8**	**533.7**	**(1.7)**	**532.0**
Issue of share capital	0.1	—	—	—	—	—	—	0.1	—	0.1
Movement in control of subsidiary	—	—	—	—	—	—	(25.1)	(25.1)	51.8	26.7
Own shares acquired in the year	—	—	—	—	(20.9)	—		(20.9)	—	(20.9)
Options/awards exercised[4]	—	0.1	—	(27.8)	10.1	—	(9.8)	(27.4)	—	(27.4)
Tax on options/awards exercised	—	—	—	5.2	—	—		5.2	—	5.2
Credit for equity settled share schemes	—	—	—	29.6	—	—		29.6	—	29.6
Dividends paid	—	—	—	—	—	—	(165.7)	(165.7)	—	(165.7)
Balance at 31 March 2022	**77.3**	**180.3**	**5.0**	**67.5**	**(93.0)**	**20.7**	**1,688.9**	**1,946.7**	**55.1**	**2,001.8**

	Share capital	Share premium	Capital redemption reserve[1]	Share based payments reserve	Own shares[3]	Foreign currency translation reserve[2]	Retained earnings	Total	Non-controlling interest	Total equity
Group	**£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	—	—	—	—	—	—	457.1	457.1	3.9	461.0
Exchange differences on translation of foreign operations	—	—	—	—	—	(8.9)	—	(8.9)	—	(8.9)
Total comprehensive income/ (expense) for the year	**—**	**—**	**—**	**—**	**—**	**(8.9)**	**457.1**	**448.2**	**3.9**	**452.1**
Movement in control of subsidiary	—	—	—	—	—	—	(0.1)	(0.1)	(0.4)	(0.5)
Options/awards exercised[4]	—	0.3	—	(31.6)	32.2	—	(23.8)	(22.9)	—	(22.9)
Tax on options/awards exercised	—	—	—	6.8	—	—	—	6.8	—	6.8
Credit for equity settled share schemes	—	—	—	26.9	—	—	—	26.9	—	26.9
Dividends paid	—	—	—	—	—	—	(150.9)	(150.9)	—	(150.9)
Balance at 31 March 2021	**77.2**	**180.2**	**5.0**	**60.5**	**(82.2)**	**13.8**	**1,362.7**	**1,617.2**	**5.0**	**1,622.2**

1. The capital redemption reserve is a reserve created when a company buys its own shares which reduces its share capital. This reserve is not distributable to shareholders. £1.4m of the balance relates to the conversion of ordinary shares and convertible shares into ordinary shares in 1994. The remaining £3.6m relates to the cancellation of treasury shares in 2015.
2. Other comprehensive income/(expense) reported in the foreign currency translation reserve represents foreign exchange gains and losses on the translation of subsidiaries reporting in currencies other than sterling.
3. 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.
4. 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.

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of preparation

General information

Intermediate Capital Group plc (the 'Parent Company', 'Company' or 'ICG plc') is a public company limited by shares, incorporated, domiciled and registered in England and Wales under the Companies Act, with the company registration number 02234775. The registered office is Procession House, 55 Ludgate Hill, New Bridge Street, London EC4M 7JW.

The consolidated financial statements for the year to 31 March 2022 comprise the financial statements of the Parent Company and its consolidated subsidiaries (collectively, the 'Group'). The nature of the Group's operations and its principal activities are detailed in the Strategic Report.

Basis of preparation

The consolidated financial statements of the Group and Company are prepared in accordance with UK-adopted international accounting standards (IAS) and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of section 408 of the Companies Act 2006 not to present the Parent Company profit and loss account.

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for financial instruments that are measured at fair value through profit and loss at the end of the reporting period, as detailed in Note 4.

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Details of the critical judgements made, and key sources of estimation uncertainty, are included in note 1 and in the note to which the critical judgement or source of estimation uncertainty relates.

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the TCFD Report. The Directors' considerations included the medium and longer-term cash flow impacts of climate change on a number of key estimates within the financial statements, including:

- the valuation of financial assets; and
- the application of the Group's revenue recognition policy, primarily the impact on the net asset value (NAV) of funds on which performance-related fees are generated.

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Group's short-term cash flows including those considered in the going concern and viability assessments.

The accounting policies as set out in the notes to the accounts have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The Group's financial statements consolidate the results of Intermediate Capital Group plc and entities controlled by the Company for the period to 31 March each year. Control is achieved when the Company has power over the relevant activities, exposure to variable returns from the investee, and the ability to affect those returns through its power over the investee.

The assessment of control is based on all relevant facts and circumstances and the Group reassesses its conclusion if there is an indication that there are changes in facts and circumstances. Subsidiaries are included in the consolidated financial statements from the date that control commences, until the date that control ceases.

Each component of other comprehensive income and profit or loss is attributed to the owners of the Company and to the non-controlling interests. Adjustments are made where required to the financial statements of subsidiaries for consistency with the accounting policies of the Group. All intra-group transactions, balances, unrealised income and expenses are eliminated on consolidation.

Critical judgements in the application of accounting policies and key sources of estimation uncertainty

Critical judgement

In preparing the financial statements, apart from those involving estimations, two critical judgements have been made by the Directors in the application of the Group's accounting policies:

i. The Group's assessment as to whether it controls certain investee entities, including third-party funds and carried interest partnerships, and is therefore required to consolidate the investee, as detailed above.
ii. The application of the Group's revenue recognition policy in respect of the performance fee component of management fees. Judgement is primarily applied in considering the timings of when expected performance conditions will be met and the appropriate constraint to be applied. The Group's assessment of this critical judgement is discussed further in note 2.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, results from the Group's assessment of fair value of its financial assets and liabilities (discussed further in note 4) and the impact of this assessment on trade and other payables related to the Deal Vintage Bonus.

Critical judgements and key sources of estimation uncertainty are reviewed by the Audit Committee during the year.

Foreign currencies

The functional currency of the Company is sterling as the Company's shares are denominated in sterling and the Company's costs are primarily incurred in sterling. The Group has determined the presentational currency of the Group is the functional currency of the Company. Information is presented to the nearest million (£m).

Transactions denominated in foreign currencies are translated using the exchange rates prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities denominated in a foreign currency are retranslated at the rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date the fair value was determined. Non-monetary items that are measured at historical cost are translated using rates prevailing at the date of the transaction.The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date. Income and expense items are translated using the average exchange rates during the year. Exchange differences arising from the translation of foreign operations are taken directly to the foreign currency translation reserve. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of preparing the financial statements.

In assessing the Group's ability to continue in its capacity as a going concern, the Board and the Executive Directors of the Group considered:

- The ongoing impacts of the Covid-19 pandemic, including market volatility and new ways of working
- The impact of conflict in Ukraine and the macro-inflationary backdrop on investment performance
- The impact on the Group's fee income. Specifically, performance-related revenue, as part of this assessment the Group performed additional sensitivity analysis around performance fees and the impact this would have on overall fee income. This is discussed in note 2
- The adequacy of the Group's capital and liquidity throughout the pandemic and potential shortfalls in access to capital. As at 31 March 2022 the Group has available liquidity of £1.3bn, including £550m of undrawn debt facilities. The macro-economic scenarios were in line with those used in the ICAAP stress test
- The operational resilience of the Group's critical functions to maintain risk management and compliance. Including IT, Finance, Treasury and Operations
- The regulatory and legal environment and any potential conduct risks which could arise
- The appropriateness of valuation techniques applied to determine the fair value of investments that are not quoted in an active market. This is discussed further in note 4
- Those entities which are not controlled by the Group but where the Group has a joint venture relationship or has significant influence over an associate and whether they have the ability to continue as a going concern. These risks have been captured in the Group's overall fair value assessments of the underlying assets described in note 4.

The Directors have concluded based on the above assessment that the preparation of the financial statements on a going concern basis, to 30 June 2023, a period of more than 12 months from the date of signing of the financial statements, continues to be appropriate

2. Revenue

Revenue and its related cash flows, 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 consideration payable to a customer in the form of rebates. The significant components of the Group's fund management revenues are as follows:

Type of contract/service	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Management fees[1]	429.4	325.0
Other income	4.6	6.2
Fee and other operating income	**434.0**	**331.2**

1.Included within management fees is £57.5m (2021: £65.3m) of performance related fees.

Management fees

The Group earns management fees from its 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 NAV, dependent on the fund. Management fees comprise both non-performance and performance-related fee elements related to one contract obligation .

Non-performance-related management fees for the year of £371.9m (2021: £259.7m) 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 contract 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 requirements. A constraint is applied to the estimate to reflect uncertainty of future fund performance. Performance fees of £57.5m (2021: £65.3m) have been recognised in the year. Performance fees will only be crystallised and received in cash when the relevant fund performance hurdle is met.

There are no other individually significant components of revenue from contracts with customers.

Critical judgement

A critical judgement for the Group is whether performance fees will meet their expected performance conditions within the expected timeframes. The Group bases its assessment on the best available information pertaining to the funds and the activity of the underlying assets within that fund. The valuation of the underlying assets within a fund will be subject to fluctuations in the future, including the impact of macroeconomic factors outside the Group's control. The information on which this judgement is based is the liquidation NAV of the relevant funds (which are subject to annual audit).

The Directors base their projected views on a 24-month look-forward basis, the 'forecast period', from the year end. The Directors believe they have a reasonable basis on which to judge expected exits and value within a two-year horizon, but not beyond that.

Within this forecast period, the Directors will consider funds that have either reached their hurdle rate or are expected to reach the hurdle rate in the forecast period. In determining whether a fund is expected to reach the hurdle rate, the key inputs are the latest expected repayment dates of the underlying assets and expected proceeds on realisation, as approved by the Fund Investment Committees.

Where the hurdle date is expected to be reached within 24 months of the year end but performance fees are not yet paid, a constraint will be applied within the determination of the performance fee receivable. Application of the constraint limits the revenue recognised. This is assessed by on a case-by-case basis.

The weighted-average constraint at the reporting date is 46%. If the average constraint were to increase by 10 basis points to 56% this would result in a reduction in revenue of £0.62m. Conversely, a 10% decrease in constraint would result in an increase in revenue of £0.55m being recognised in the income statement. In certain limited circumstances performance fees received may be subject to clawback provisions if the performance of the fund deteriorates materially following the receipt of performance fees.

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 and the cost of support functions, primarily marketing, operations, information technology and human resources.

The IC is charged a management fee of 1% of the carrying value of the average balance sheet investment portfolio by the FMC and this is shown below as the Inter-segmental fee. The costs of finance, treasury and legal teams, and 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.

	Year ended 31 March 2022			Year ended 31 March 2021		
	FMC	IC	Reportable segments Total	FMC	IC	Reportable segments Total
	£m	£m	£m	£m	£m	£m
External fee income	448.7	0.5	449.2	333.7	—	333.7
Inter-segmental fee	24.8	(24.8)	—	21.4	(21.4)	—
Other operating income	1.7	2.1	3.8	—	2.6	2.6
Fund management fee income	**475.2**	**(22.2)**	**453.0**	**355.1**	**(18.8)**	**336.3**
Net investment returns	—	485.7	485.7	—	445.1	445.1
Dividend income	38.0	—	38.0	33.4	—	33.4
Net fair value loss on derivatives	(0.4)	(11.8)	(12.2)	—	(7.3)	(7.3)
Total revenue	**512.8**	**451.7**	**964.5**	**388.5**	**419.0**	**807.5**
Interest expense	(1.7)	(50.5)	(52.2)	—	(55.5)	(55.5)
Staff costs	(76.0)	(16.7)	(92.7)	(63.3)	(12.4)	(75.7)
Incentive scheme costs	(87.2)	(82.5)	(169.7)	(73.1)	(30.4)	(103.5)
Other administrative expenses	(61.7)	(19.4)	(81.1)	(49.8)	(15.3)	(65.1)
Profit before tax	**286.2**	**282.6**	**568.8**	**202.3**	**305.4**	**507.7**

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

Included in the following tables are statutory adjustments made to the following:

All income generated from the balance sheet investment portfolio 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 ('APM')

The structured entities controlled by the Group are presented as fair value investments for reportable segments (APM), whereas the statutory financial statements present these entities on a consolidated basis under IFRS

Consolidated income statement

Year ended 31 March 2022	Reportable segments £m	Consolidated entities £m	Financial statements £m
Fund management fee income	449.2	(19.8)	429.4
Other operating income	3.8	0.8	4.6
Fee and other income	453.0	(19.0)	434.0
Dividend income	38.0	(38.0)	—
Net fair value gain/(loss) on derivatives	(12.2)	4.8	(7.4)
Finance and Dividend income/(loss)	25.8	(33.2)	(7.4)
Net investment returns/gains on investments	485.7	69.8	555.5
Total revenue	**964.5**	**17.6**	**982.1**
Finance costs	(52.2)	(0.9)	(53.1)
Staff costs	(92.7)	0.3	(92.4)
Incentive scheme costs	(169.7)	—	(169.7)
Other administrative expenses	(81.1)	(19.9)	(101.0)
Administrative expenses	(343.5)	(19.6)	(363.1)
Share of results of joint ventures accounted for using equity method	—	(0.5)	(0.5)
Profit before tax	**568.8**	**(3.4)**	**565.4**
Tax charge	(30.8)	(0.3)	(31.1)
Profit/(loss) after tax from disposal groups held for sale	—	(9.2)	(9.2)
Profit after tax	**538.0**	**(12.9)**	**525.1**

Year ended 31 March 2021	Reportable segments £m	Consolidated entities £m	Financial statements £m
Fund management fee income	333.7	(8.7)	325.0
Other operating income	2.6	3.6	6.2
Fee and other income	**336.3**	**(5.1)**	**331.2**
Dividend income	33.4	(33.4)	—
Net fair value loss on derivatives	—	(9.4)	(9.4)
Finance and Dividend income/(loss)	**33.4**	**(42.8)**	**(9.4)**
Net investment returns/gains on investments	**445.1**	**62.3**	**507.4**
Total revenue	**814.8**	**14.4**	**829.2**
Finance costs	**(62.8)**	**6.0**	**(56.8)**
Staff costs	(75.7)	(0.1)	(75.8)
Incentive scheme costs	(103.5)	—	(103.5)
Other administrative expenses	(65.1)	(18.7)	(83.8)
Administrative expenses	**(244.3)**	**(18.8)**	**(263.1)**
Share of results of joint ventures accounted for using equity method	**—**	**0.2**	**0.2**
Profit before tax	**507.7**	**1.8**	**509.5**
Tax charge	(45.0)	(3.5)	(48.5)
Profit after tax	**462.7**	**(1.7)**	**461.0**

Consolidated statement of financial position

	2022		
	Reportable segments £m	Consolidated entities £m	Financial statements £m
Non-current financial assets	2,728.4	4,246.0	6,974.4
Other non-current assets	193.3	4.0	197.3
Cash	761.5	230.3	991.8
Current financial assets	126.4	10.9	137.3
Other current assets	193.2	378.5	571.7
Total assets	**4,002.8**	**4,869.7**	**8,872.5**
Non-current financial liabilities	1,507.4	4,364.7	5,872.1
Other non-current liabilities	91.2	0.3	91.5
Current financial liabilities	256.4	104.6	361.0
Other current liabilities	152.8	393.3	546.1
Total liabilities	**2,007.8**	**4,862.9**	**6,870.7**
Equity	1,995.0	6.8	2,001.8
Total equity and liabilities	**4,002.8**	**4,869.7**	**8,872.5**

	2021		
	Reportable segments	**Consolidated entities**	**Financial statements**
	£m	**£m**	**£m**
Non-current financial assets	2,492.8	3,774.1	6,266.9
Other non-current assets	156.3	2.5	158.8
Cash	296.9	284.3	581.2
Current financial assets	108.9	65.2	174.1
Other current assets	139.3	143.6	282.9
Total assets	**3,194.2**	**4,269.7**	**7,463.9**
Non-current financial liabilities	1,407.7	3,770.9	5,178.6
Other non-current liabilities	50.8	(8.2)	42.6
Current financial liabilities	8.8	175.6	184.4
Other current liabilities	107.4	328.7	436.1
Total liabilities	**1,574.7**	**4,267.0**	**5,841.7**
Equity	1,619.5	2.7	1,622.2
Total equity and liabilities	**3,194.2**	**4,269.7**	**7,463.9**

Consolidated statement of cash flows

	2022		
	Reportable segments	Consolidated entities	Financial statements
	£m	£m	£m
Profit before tax from continuing operations	**568.8**	**(3.4)**	**565.4**
Adjustments for:			
Fee and other operating Income	(453.0)	19.0	(434.0)
Net investment returns	(485.7)	(69.8)	(555.5)
Net fair value loss on derivatives	12.1	(4.8)	7.3
Impact of movement in foreign exchange rates	0.1	—	0.1
Interest expense	52.2	0.9	53.1
Depreciation, amortisation and impairment of property, equipment and	19.5	—	19.5
Share based payment expense	29.6	—	29.6
Working capital changes:			
Increase in trade and other receivables	(21.5)	(11.0)	(32.5)
Increase/(Decrease) in trade and other payables	35.5	(62.9)	(27.4)
	(242.4)	**(132.0)**	**(374.4)**
Proceeds from sale of current financial assets and disposal groups held for	185.2	—	185.2
Purchase of current financial assets and disposal groups held for sale	(204.0)	—	(204.0)
Purchase of investments	(748.3)	(2,784.5)	(3,532.8)
Proceeds from sales and maturities of investments	958.8	2,785.0	3,743.8
Interest and dividend income received	100.3	159.5	259.8
Fee and other operating income received	387.8	5.2	393.0
Interest paid	(55.7)	(127.6)	(183.3)
Cash generated from/used in operations	**381.8**	**(94.5)**	**287.3**
Taxes paid	(43.9)	—	(43.9)
Net cash flows from/used in operating activities	**337.9**	**(94.5)**	**243.4**
Investing activities			
Purchase of intangible assets	(4.3)	—	(4.3)
Purchase of property, plant and equipment	(3.5)	—	(3.5)
Net cashflow from derivative financial instruments	17.3	5.1	22.4
Cashflow as a result of acquisition of subsidiaries	1.6	29.3	30.9
Net cash flows from investing activities	**11.1**	**34.4**	**45.5**
Financing activities			
Purchase of Own Shares	(20.9)	—	(20.9)
Payment of principal portion of lease liabilities	(4.1)	—	(4.1)
Proceeds from borrowings	413.5	—	413.5
Repayment of long-term borrowings	(111.5)	—	(111.5)
Dividends paid to equity holders of the parent	(165.7)	—	(165.7)
Net cash flows from financing activities	**111.3**	**—**	**111.3**
Net increase/(decrease) in cash and cash equivalents	**460.2**	**(60.0)**	**400.2**
Effects of exchange rate differences on cash and cash equivalents	4.4	6.0	10.4
Cash and cash equivalents at 1 April	296.9	284.3	581.2
Cash and cash equivalents at 31 March	**761.5**	**230.3**	**991.8**

	2021		
	Reportable segments	Consolidated entities	Financial statements
	£m	£m	£m
Profit before tax from continuing operations	**507.7**	**1.8**	**509.5**
Adjustments for:			
Fee and other operating Income	(336.3)	5.1	(331.2)
Net investment returns	(445.1)	(62.3)	(507.4)
Net fair value gains on derivatives	7.3	2.1	9.4
Interest expense	55.5	1.3	56.8
Depreciation, amortisation and impairment of property, equipment and	19.2	—	19.2
Share based payment expense	26.9	—	26.9
Working capital changes:			
Increase in trade and other receivables	(6.6)	(28.8)	(35.4)
Increase/(Decrease) in trade and other payables	(32.4)	119.6	87.2
	(203.8)	**38.8**	**(165.0)**
Proceeds from sale of current financial assets and disposal groups held for	27.1	—	27.1
Purchase of current financial assets and disposal groups held for sale	(79.6)	—	(79.6)
Purchase of investments	(454.6)	(2,381.5)	(2,836.1)
Proceeds from sales and maturities of investments	402.8	2,435.7	2,838.5
Interest and dividend income received	86.6	170.5	257.1
Fee and other operating income received	305.2	(20.1)	285.1
Interest paid	(58.6)	(131.2)	(189.8)
Cash generated from operations	**25.1**	**112.2**	**137.3**
Taxes paid	(26.3)	—	(26.3)
Net cash flows from/used in operating activities	**(1.2)**	**112.2**	**111.0**
Investing activities			
Purchase of intangible assets	(3.9)	—	(3.9)
Purchase of property, plant and equipment	(6.9)	—	(6.9)
Net cashflow from derivative financial instruments	41.1	(0.5)	40.6
Cashflow as a result of acquisition of subsidiaries	—	34.9	34.9
Net cash flows from investing activities	**30.3**	**34.4**	**64.7**
Financing activities			
Purchase of Own Shares	—	—	—
Payment of principal portion of lease liabilities	(6.8)	—	(6.8)
Proceeds from borrowings	—	—	—
Repayment of long-term borrowings	(495.6)	—	(495.6)
Dividends paid to equity holders of the parent	(150.9)	—	(150.9)
Net cash flows used in financing activities	**(653.3)**	**—**	**(653.3)**
Net increase/(decrease) in cash and cash equivalents	**(624.2)**	**146.6**	**(477.6)**
Effects of exchange rate differences on cash and cash equivalents	(26.8)	(1.3)	(28.1)
Cash and cash equivalents at 1 April	947.9	139.0	1,086.9
Cash and cash equivalents at 31 March	**296.9**	**284.3**	**581.2**

4. Financial Assets

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 as 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 also included in the net gains on investments.

Where the Group holds investments in a number of financial instruments such as debt and equity in 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 (’IPEV’) Valuation Guidelines - December 2018, allow 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 recognised in 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 either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Group does not currently offset any financial assets and liabilities.

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 reporting 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 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 51.

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 relevant 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)

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

	As at 31 March 2022				As at 31 March 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Financial Assets								
Investment in or alongside managed funds[1]	9.8	—	2,112.9	2,122.7	11.7	—	1,802.1	1,813.8
Investment in loans held in consolidated entities	—	4,467.4	145.2	4,612.6	—	3,978.3	168.6	4,146.9
Derivative assets	—	138.6	—	138.6	—	111.9	—	111.9
Investment in private companies[2]	0.4	—	122.7	123.1	—	—	234.6	234.6
Senior and subordinated notes of CLO vehicles	—	105.6	9.1	114.7	—	106.6	27.2	133.8
Disposal groups held for sale	12.7	—	89.2	101.9	—	—	57.4	57.4
Total assets	**22.9**	**4,711.6**	**2,479.1**	**7,213.6**	**11.7**	**4,196.8**	**2,289.9**	**6,498.4**
Financial Liabilities								
Borrowings and loans held in consolidated entities	—	(4,130.1)	(234.6)	(4,364.7)	—	(3,619.5)	(263.4)	(3,882.9)
Derivative liabilities	—	(156.3)	—	(156.3)	—	(99.9)	—	(99.9)
Disposal groups held for sale	—	—	(5.0)	(5.0)	—	—	(4.8)	(4.8)
Total liabilities	**—**	**(4,286.4)**	**(239.6)**	**(4,526.0)**	**—**	**(3,719.4)**	**(268.2)**	**(3,987.6)**

1. Level 3 Investments in or alongside managed funds includes £41.1m senior debt (2021: £36.0m), £1,487.7m subordinated debt and equity (2021: £1,355.5m), £215.1m of real estate assets (2021: £195.1m), and £369.0m private equity secondaries (2021: £215.5m).

2. Level 3 Investment in private companies includes £96.2m Subordinated debt and equity (2021: £129.5m) and £26.5m of Real Assets (2020: £105.1m).

Valuations

Investment in or alongside 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 latest available 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, other than on very rare occasions, not quoted in an active market and uses either a market-based valuation technique or a discounted cash flow technique to value these positions.

The Group's investments in private companies are held at fair value using the most appropriate valuation technique based on the nature, facts and circumstances of the private company. The first of two principal valuation techniques is a market comparable companies technique. The enterprise value ('EV') of the portfolio company is determined by applying an earnings multiple, taken from comparable companies, to the profits of 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. The second principal valuation technique is a discounted cashflow ('DCF') approach. 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 a market comparable companies 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 assets as Level 2 and other assets are classified as Level 3. Level 3 assets are valued using a discounted cashflow technique.

Derivative assets and liabilities

The Group uses market-standard 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 European Union 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 typically 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 valued 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 valuation 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 valued 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 estate assets

To the extent that the Group invests 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 values 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 recurring 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.

Group	2022 Financial assets designated as FVTPL £m	2021 Financial assets designated as FVTPL £m
At 1 April	**2,289.9**	**1,820.9**
Total gains or losses in the income statement		
– Net investment return	463.9	390.8
– Foreign exchange	8.4	(96.2)
Purchases	855.7	490.4
Exit proceeds	(1,105.0)	(461.1)
Transfer between levels	(33.8)	145.1
At 31 March	**2,479.1**	**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 sets 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.

Group	2022 Financial liabilities designated as FVTPL £m	2021 Financial liabilities designated as FVTPL £m
At 1 April	**268.2**	—
Total gains or losses in the income statement		
– Fair value (losses)/gains	(31.8)	29.9
– Foreign exchange gains	—	21.0
Purchases	25.9	29.8
Disposal groups held for sale	5.0	4.8
Transfer between levels	(27.7)	182.7
At 31 March	239.6	**268.2**

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

Valuation inputs and sensitivity analysis

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 31 March 2022 £m	Fair Value As at 31 March 2021 £m	Primary Valuation Technique[1]	Key Unobservable Inputs	Range	Weighted Average/ Fair Value Inputs	Sensitivity/ Scenarios	Effect on Fair Value[4] 31 March 2022 £m
Corporate - subordinated debt and equity[2]	1,598.4	1,485.0	Market Comparable Companies	Earnings Multiple	1.9x - 31.2x	15.2x	'+10% Earnings Multiple[2]	154.1
			Discounted Cash Flow	Discount rate	7.2% - 25.9%	10 %	'-10% Earnings Multiple[2]	(154.3)
				Earnings Multiple	6.5x - 20.0x	13.8x		
Real Estate	316.3	357.6	Third-party Valuation	N/A	N/A	N/A	+10% Third-party Valuation	31.6
			LTV based impairment model	N/A	N/A	N/A	-10% Third-party Valuation	(31.6)
Strategic Equity	369.0	215.5	Third-party Valuation	N/A	N/A	N/A	+10% Third-party Valuation	36.9
							-10% Third-party Valuation	(36.9)
Corporate - Senior debt	41.1	36.0	Discounted cash flow	Probability of default	1.8% - 4.6%	1.9	Upside Case	
				Loss given default	19.4	19.4	Downside Case	
				Maturity of loan	3 years	3 years		
				Effective interest rate	8.7% - 9.0%	8.7		
Subordinated notes of CLO vehicles[3]	9.1	27.2	Scenario Analysis	Discount rate	11.5% - 13.25%	12.4		
			Discounted Cash Flow	Next 12 months Annual Default Rate	3	3		
				Subsequent months Default Rate %	3.0	3.0	Upside Case[3]	18.7
							Downside Case[3]	(19.5)
				Prepayment rate %	20.0	20.0		
				Recovery rate %	75.0	75.0		
				Reinvestment price	99.5	99.5		
Investments in loans held in structured entities	145.2	168.6	Third-party Valuation	N/A	N/A	N/A	+10% Third-party Valuation	14.5
							-10% Third-party Valuation	(14.5)
Total assets	**2,479.1**	**2,289.9**						
Borrowings and loans held in structured entities	(234.6)	(263.4)	Third-party Valuation	N/A	N/A	N/A	+10% Third-party Valuation	(23.5)
							-10% Third-party Valuation	23.5
Disposal group held for sale	(5.0)	(4.8)						
Total liabilities	**(239.6)**	**(268.2)**						

1. Where the Group has co-invested with its managed funds, it is the type of the underlying investment, and the valuation techniques used for these underlying investments, that is set out here.

2. For investments valued using a DCF methodology (including Infrastructure investments) the imputed earnings multiple is used for this sensitivity analysis.

3. The sensitivity analysis is performed on the entire portfolio of subordinated notes of CLO vehicles that the Group has invested in with total value of £174.2m (2021: £163.4m). This value includes investments in CLOs that are not consolidated (2022: £9.1m (2021: £27.2m)) and investments in CLOs which are consolidated (2022: £165.3m (2021: £136.1m)). The upside case is based on the default rate being lowered to 1% p.a. for the next 24 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 5% p.a., keeping all other parameters consistent.

4. The effect of fair value across the entire investment portfolio ranges from -£281.0m (downside case) to +£279.3m (upside case).

5. Earnings per share

	Year ended 31 March 2022	Year ended 31 March 2021
Earnings	£m	£m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	526.8	457.1
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	286,759,806	285,154,566
Effect of dilutive potential ordinary share options	4,194,481	5,043,079
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**290,954,286**	**290,197,645**
Earnings per share (pence)	183.7p	160.3p
Diluted earnings per share (pence)	181.1p	157.5p

6. Dividends

		2022		2021
	Per share pence	£m	Per share pence	£m
Ordinary dividends paid				
Final	39.0	112.1	35.8	102.3
Interim	18.7	53.6	17	48.6
	57.7	**165.7**	**52.8**	**150.9**
Proposed final dividend	57.3	162.0	39	111.5

Of the £165.7m (2021: £150.9m) of ordinary dividends paid during the year, £6.0m (2021: £2.9m) were reinvested under the dividend reinvestment plan offered to shareholders

7. Tax expense

Accounting policy

The tax expense comprises current and deferred tax.

Current tax assets and liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date.

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction, other than a business combination, that affects neither the tax nor the accounting profit.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applied to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off, when they relate to income taxes levied by the same tax authority and the Group intends to settle on a net basis.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

	2022 £m	2021 £m
Current tax:		
Current year	37.5	44.0
Prior year adjustment	(3.5)	(1.5)
	34.0	**42.5**
Deferred tax:		
Current year	1.9	10.1
Prior year adjustments	(4.8)	(4.1)
	(2.9)	**6.0**
Tax on profit on ordinary activities	**31.1**	**48.5**

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 31 March 2022 of 5.5% (2021: 9.5%) is lower than the 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.

The Group's tax charge for the period ended 31 March 2022 includes certain items which relate to discussions with tax authorities ongoing during the year. Firstly, the UK companies in the Group concluded on a collaborative review with advisers and Her Majesty's Revenue & Customs (HMRC) relating to historic transfer pricing arrangements of the Group. The best estimate of the net settlement arising as a result of this review is included in the tax charge for the year. Secondly, a Luxembourg subsidiary of the Group was successful in the Luxembourg Court of Appeal in respect of a historic dispute over corporate income taxes due in previous years. The Group had previously provided for this corporate income tax which, following the Court's decision, has been released on the expectation that amounts previously paid on account of this liability will be refunded to the Group.

A reconciliation between the statutory UK corporation tax rate applied to the Group's profit before tax and the reported effective tax rate is provided below.

	2022 £m	2021 £m
Profit on ordinary activities before tax	**565.4**	**509.5**
Tax at 19% thereon	107.4	96.8
Effects of		
Prior year adjustment to current tax	(3.5)	(1.5)
Prior year adjustment to deferred tax	(4.8)	(4.1)
	99.1	**91.2**
Non-taxable and non-deductible items	(2.5)	(1.0)
Overseas tax suffered	—	0.2
Non-taxable Investment Company income	(69.6)	(44.2)
Trading income generated by overseas subsidiaries subject to different tax rates	1.0	2.3
Effect of changes in statutory rate changes	6.4	—
Release of Luxembourg tax provision	(3.3)	—
Tax charge for the period	**31.1**	**48.5**

Deferred tax

Deferred tax (asset)/liability **Group**	**Investments** **£m**	**Share based payments and compensation deductible as paid** **£m**	**Derivatives** **£m**	**Other temporary differences** **£m**	**Total** **£m**
As at 31 March 2020	2.1	(23.8)	9.4	3.1	(9.2)
Prior year adjustment	2.9	(0.1)	(6.2)	(0.7)	(4.1)
Reclassification to Current Tax	(1.2)	—	(1.4)	—	(2.6)
Charge / (Credit) to equity	—	(2.2)	—	—	(2.2)
Charge / (Credit) to income	8.1	1.3	(0.6)	1.3	10.1
As at 31 March 2021	**11.9**	**(24.8)**	**1.2**	**3.7**	**(8.0)**
Prior year adjustment	5.1	(0.5)	—	(9.4)	(4.8)
Impact of changes to statutory tax rates	8.7	(3.7)	(0.2)	1.6	6.4
Charge / (Credit) to equity	—	1.4	—	—	1.4
Charge / (Credit) to income	10.4	(10.5)	(1.8)	(2.6)	(4.5)
Movement in Foreign Exchange on retranslation	—	—	—	(0.4)	(0.4)
As at 31 March 2022	**36.1**	**(38.1)**	**(0.8)**	**(7.1)**	**(9.9)**

Deferred tax (assets)/liabilities have been accounted for at the applicable tax rates enacted or substantively enacted, in each case in the relevant jurisdiction of the tax arising, at the reporting date. As at 31 March 2022 the value of losses unrecognised for deferred tax is £Nil (2021: £0.2m value of losses unrecognized for deferred tax).

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. In addition, as announced in the French Finance Bill 2021, the rate of corporation tax in France will decrease from 26.5% (27.5% where profits exceed €500,000) to 25% from 1 April 2022. These legislative changes have been substantively enacted, and these rates have been considered when calculating the closing deferred tax balances at the reporting date.

8. Financial liabilities

Accounting policy

Financial liabilities, which include borrowings and listed notes and bonds (with the exception of financial liabilities designated as FVTPL), are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Included within financial liabilities held at amortised cost is the Group's present value of its future lease payments. Lease liabilities are initially measured at the present value of all the future lease payments. The present value at the inception of the lease is determined by discounting all future lease payments at the Group's centrally determined incremental borrowing rate at the date of inception of the lease. In calculating the present value of lease payments, the Group uses its incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Financial liabilities at FVTPL are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest paid on the financial instruments recognised through gains on investments in the income statement. Interest paid on the financial instruments is included within net gains on investments.

A financial instrument is designated as FVTPL if it is a derivative that is not designated and effective as a hedging instrument, or the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Included within financial liabilities at FVTPL are derivative liabilities and other financial liabilities designated as FVTPL within structured entities controlled by the Group.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

Group	Interest rate	Maturity	2022 Current £m	2022 Non-current £m	2021 Current £m	2021 Non-current £m
Liabilities held at amortised cost						
- Private placement	2.02% - 6.25%	2022 - 2029	39.2	617.2	113.6	628.5
- Listed notes and bonds	1.63% - 5.00%	2023 - 2030	162.9	836.8	—	582.7
- Unsecured bank debt[1]	SONIA +1.41%	2025	(1.0)	(1.7)	(1.1)	(2.3)
Total Liabilities held at amortised cost			201.1	1,452.3	**112.5**	**1,208.9**
Other financial liabilities	2.85% - 7.09%	2022 - 2031	6.5	52.2	3.7	55.0
Liabilities held at FVTPL:						
- Derivative financial liabilities			153.4	2.9	68.2	31.7
- Structured entities controlled by the Group	0.8%-8.9%	2028-2035	—	4,364.7	—	3,882.9
			361.0	5,872.1	184.4	5,178.5

Movement in financial liabilities arising from financing activities

The following tables sets out the movements in financial liabilities (other than lease liabilities and derivatives) arising from financing activities undertaken during the year.

	2022 £m	2021 £m
At 1 April	**1,321.4**	**1,916.9**
Proceeds from borrowings	413.5	—
Repayment of long-term borrowings	(111.5)	(495.6)
Net interest movement	4.2	(3.1)
Foreign exchange movement	25.8	(96.8)
At 31 March	**1,653.4**	**1,321.4**

During the year, the Group issued a €500m sustainability-linked bond maturing in January 2030.

Glossary

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

Term	Short Form	Definition		
APM earnings per share	EPS	APM profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares.		
APM Group profit before tax		Group profit before tax adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:		
			2022	2021
		Profit before tax	£565.4m	£509.5m
		Plus/(less) consolidated structured entities	£3.4m	(£1.8m)
		APM Group profit/(loss) before tax	**£568.8m**	**£507.7m**
APM Investment Company profit before tax		Investment Company profit adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:		
			2022	2021
		Investment Company profit before tax	£279.2m	£307.2m
		Plus/(less) consolidated structured entities	£3.4m	(£1.8m)
		APM Investment Company profit/(loss) before tax	**£282.6m**	**£305.4m**
APM return on equity	ROE	APM profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period. As at 31 March, this is calculated as follows:		
			2022	2021
		APM profit after tax	£538m	£462.7m
		Average shareholders' funds	£1745.9m	£1,406.5m
		APM return on equity	**30.8 %**	**32.9%**
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.		
Cash profit	PICP	Cash profit is defined as internally reported profit before tax and incentive schemes, adjusted for non-cash items		
			2022	2021
		APM profit before tax	£568.8m	£507.7m
		Add back incentive schemes	£169.7m	£103.5m
		Other adjustments	(£172.4m)	(£366.4m)
		Cash profit	**£566.1m**	**£244.8m**
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.		
Earnings per share	EPS	Profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares.		
EBITDA		Earnings before interest, tax, depreciation and amortisation.		
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.		
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 31 March, this is calculated as follows:		
			2022	2021
		Total equity	£1,995.0m	£1,619.5m
		Closing number of ordinary shares	286,550,955	285,887,286
		Net asset value per share	**696p**	**566p**

Term	Short Form	Definition
Net current assets		The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities. As at 31 March, this is calculated as follows:

	2022	2021
Cash	£761.5m	£296.9
Current financial assets	£126.1m	£108.9m
Other current assets	£193.2m	£139.3m
Current financial liabilities	(£256.4m)	(£8.8m)
Other current liabilities	(£152.8m)	(£107.4m)
Net current assets	**£671.6m**	**£428.9m**

On an IFRS basis net current assets are as follows:

	2022	2021
Cash	£991.8m	£581.2m
Current financial assets	-	£64.6m
Other current assets	£452m	£329.1m
Disposal groups held for sale	£256.7m	£57.4m
Current financial liabilities	(£207.6m)	(£116.2m)
Other current liabilities	(£602.3m)	(£499.6m)
Liabilities directly associated with disposal groups held for sale	(£97.2m)	(£4.8m)
Net current assets	**£793.4m**	**£411.8m**

Term	Short Form	Definition
Net 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.

Gross drawn debt less unencumbered cash of the Group, as at 31 March is calculated as follows:

	2022	2021
Total liabilities held at unamortised cost	£1,653.4m	£1,321.4m
Impact of upfront fees/unamortised discount	£1.6m	£2.7m
Gross drawn debt (see page 17)	£1,655.0m	£1,324.1m
Less unencumbered cash	(£761.5m)	(£296.9m)
Net debt	**£893.5m**	**£1,027.2m**

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 31 March, this is calculated as follows:

	2022	2021
Net debt	£893.5m	£1,027.2m
Shareholders' equity	£1,995.0m	£,1,619.5m
Net gearing	**0.45x**	**0.63x**

Term	Short Form	Definition
Net Investment Returns		Net Investment Returns is the total of interest income, capital gains, dividend and other income less asset impairments.
Operating cashflow		Operating cashflow represents the cash generated from operating activities from the statement of cashflows, adjusted for the impact of the consolidated structured entities.
Operating expenses of the Investment Company		Investment Company operating expenses are adjusted for the impact of the consolidated structured entities.
Operating profit margin		Fund Management Company profit before tax divided by Fund Management Company total revenue. As at 31 March this is calculated as follows:

	2022	2021
Fund Management Company profit before tax	£286.2m	£202.3m
Fund Management Company total revenue	£512.8m	£388.5m
Operating profit margin	**55.8 %**	**52.1%**

Term	Short Form	Definition
Third Party Fee Earning AUM		AUM for which the Group is paid a management fee or performance fee. Fee-earning AUM is determined by the fee basis on which the fund earns fees, either commitments or investments.
Third Party Fee Income		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
Total AUM		Total AUM is calculated by adding Third Party AUM and the value of the Balance Sheet Investment Portfolio, excluding warehoused investments:
Total available liquidity		Total available liquidity comprises cash and available undrawn debt facilities.
Total fund size		Total fund size is the sum of third-party AUM and ICG plc's commitment to that fund. The aggregate of all total fund sizes is equal to Total AUM
Weighted-average fee rate		An average fee rate across all strategies, based on the fee rates applicable at the reporting date, weighted by their associated fee earning AUM.

	2022	2021
Third Party AUM	$68.5bn	$56.2bn
Balance Sheet Investment Portfolio (excluding warehoused investments)	$3.6bn	$3.4bn
Total AUM	**$72.1bn**	**$59.6bn**

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

Term	Short Form	Definition
AIFMD		The EU Alternative Investment Fund Managers Directive.
Alternative performance measure	APM	These are non-IFRS financial measures.
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.
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.
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
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, illiquid secondary market.
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.
Environmental, Social and Governance criteria	ESG	Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
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 Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third-party funds.
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.
Investment Company	IC	The Investment Company invests the Group's capital in support of third-party fundraising and funds the development of new strategies.
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.

Term	Short Form	Definition
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.
Money multiple	MOIC or MM	Cumulative returns divided by original capital invested.
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 or 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.
Relevant investments		All investments within Structured and Private Equity and Real Assets where a Fund has sufficient influence (defined as at least 25% equity ownership and at least one Board seat).
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
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.
Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.