

Uncertain environment highlighting our strengths

Highlights

- Continuing our long-term trajectory of growth and value creation
- Higher interest rates and period of dislocation positively impacting a number of ICG's strategies
- Robust fundraising of \$6bn, including final closes above initial target size for Europe VIII, Strategic Equity IV and Asia Pacific IV; over \$28bn raised in last eighteen months
- Third-party fee income: £265.3m during the period, an increase of 33% compared to H1 FY22
- Fund Management Company: profit before tax of £143.7m, an increase of 19% compared to H1 FY22
- Strong operational performance of portfolio companies underpinning broadly flat fund valuations and NIR of (1)%
- Group profit before tax of £35.6m (H1 FY22: £264.7m) and Group EPS of 13.5p (H1 FY22: 83.9p), impacted by Investment Company loss of £(108.1)m (H1 FY22: profit of £143.8m)
- Interim dividend of 25.3p (H1 FY22: 18.7p)
- Strong balance sheet: net gearing of 0.55x, liquidity of £1.3bn, NAV per share of 658p (31 March 2022: 696p)
- William Rucker appointed as Non-Executive Director and Chair effective 31 January 2023, as announced separately

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

Benoît Durteste

CEO and CIO

“ We take a long-term perspective on managing ICG and have been building resilience and growth levers into the business for a number of years. The fruits of this work are evident in our performance for this period. Today we have over 600 clients, our fee-earning AUM is up 16% year over year¹ and we have generated third-party fee income of £515m over the last twelve months.

We have continued to raise, deploy and realise AUM successfully against a challenging macro backdrop. As expected given our focus on downside protection, our funds are showing attractive performance through a period of volatility. Indeed, our debt strategies are generating historically high returns for clients.

The scaling of our product offering is increasingly evident. We have raised over \$28bn since the beginning of this fundraising cycle 18 months ago, more than half of which has been within Structured and Private Equity. And today we are raising capital for strategies within Private Debt and Real Assets with floating-rate and inflation-protected income characteristics, which should be particularly attractive in the current environment.

As a result, our ability has never been greater to meet client demand for private markets and to provide capital to companies in the form most appropriate to their needs. With over thirty years of experience, a broad waterfront of products enabling us to invest flexibly across the capital structure, and a valuable balance sheet, we are well positioned strategically and financially to capitalise on opportunities arising from this period of dislocation and to continue to generate long-term value.

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¹ On a constant currency basis

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 can be found on page 7 and a reconciliation of the APM to the IFRS measures on page 31, along with the IFRS condensed consolidated financial statements and supporting notes, can be found on pages 23 to 42. The Group's profit after tax on an IFRS basis was below the prior period at £32.2m (H1 FY22 £242.4m). On the APM basis it was also below the prior period at £38.7m (H1 FY22 £240.7m). Unless stated otherwise the financial results discussed herein are on the basis of APM, which the Board believes assists shareholders in assessing the financial performance of the Group.

Long-term growth

	Last five years CAGR ¹
Third-party AUM	17 %
Third-party fee income	28 %
Fund Management Company profit before tax	27 %

¹ 30 September 2017 to 30 September 2022

AUM

	30 September 2022	31 March 2022	30 September 2021	Last six months ¹	Last twelve months ¹
Total AUM	\$68.5bn	\$72.1bn	\$68.9bn	3 %	13 %
Third-party AUM	\$65.6bn	\$68.5bn	\$65.3bn	4 %	14 %
Fee-earning AUM	\$57.3bn	\$58.3bn	\$55.6bn	6 %	16 %

	1 April 2022 - 30 September 2022	1 April 2021 - 30 September 2021	Change
Fundraising during period	\$5.7bn	\$13.8bn	(59)%
Deployment during period ²	\$5.0bn	\$8.4bn	(41)%
Realisations during period ³	\$2.4bn	\$4.8bn	(50)%

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

Financial

	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Change
Third-party fee income	£265.3m	£199.0 m	33 %
Fund Management Company profit before tax	£143.7m	£120.9 m	19 %
Investment Company (loss)/profit before tax	£(108.1)m	£143.8 m	(175)%
Group profit before tax	£35.6m	£264.7 m	(87)%
Group earnings per share	13.5p	83.9p	(84)%
Dividend per share	25.3p	18.7p	35 %

	30 September 2022 (Unaudited)	31 March 2022 (Audited)	Change
Balance sheet investment portfolio	£2.9bn	£2.8bn	2 %
Net asset value per share	658p	696p	(5)%
Net gearing	0.55x	0.45 x	0.10 x

Medium-term guidance

Our medium-term guidance remains unchanged from our FY22 results announcement and is set out below:

Fundraising	Performance fees	FMC operating margin	Net Investment Returns
<ul style="list-style-type: none"> At least \$40bn fundraising in aggregate between 1 April 2021 and 31 March 2024 	<ul style="list-style-type: none"> Performance fees to represent 10 - 15% of third-party fee income over medium term 	<ul style="list-style-type: none"> In excess of 50% 	<ul style="list-style-type: none"> Low double-digit percentage points over the medium term

COMPANY PRESENTATION

A presentation for investors and analysts will be held at 09:00 GMT today, and can be viewed via the link on our [website](#). A recording and transcript of the presentation will be available on demand from the same location in the coming days.

COMPANY TIMETABLE

Ex-dividend date	8 December 2022
Record date	9 December 2022
Last date to elect for dividend reinvestment	14 December 2022
Payment of ordinary dividend	9 January 2023
Q3 trading statement	26 January 2023
Shareholder seminar on Fundraising and Client Strategy	26 January 2023
Full year results announcement	25 May 2023

ENQUIRIES

Shareholders / analysts:

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

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

ABOUT ICG

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

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

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

CHIEF EXECUTIVE OFFICER'S REVIEW

The resilience of our business model, along with our product breadth, global footprint, client relationships and brand strength, have enabled ICG to demonstrate another period of impressive performance for the six months to 30 September 2022. We have continued to execute across our three strategic objectives encompassing fundraising, deployment and realisations:

- “Grow AUM”: \$5.7bn third-party AUM raised in an off-cycle year, bringing total AUM to \$68.5bn
- “Invest”: \$5.0bn third-party AUM deployed from our direct investment funds
- “Manage and realise”: strong operating performance of portfolio companies, realisations of \$2.9bn¹

Following the defining year of FY22, the six months to 30 September 2022 saw a number of notable events for ICG: final closes for Europe VIII, Strategic Equity IV and Asia Pacific IV; the launches of the fifth vintage of our flagship direct lending strategy (SDP) and the second vintage of Sale and Leaseback; seed investments for - amongst others - Real Estate Equity Europe; and a number of strategic hires within our investment and marketing and client relations teams.

The appeal of our strategies and the ongoing client demand for private markets is underlined by the increasing size of our funds. During the period we held final closes for three funds, all of which were above the initial target size: Europe VIII (total fund size: €8.1bn) has 93% more third-party AUM than its predecessor; Strategic Equity IV (total fund size: \$4.2bn) has 145% more; and Asia Pacific IV (total fund size: \$1.0bn) has 84% more.

In today's fundraising environment debt strategies should be particularly attractive, with our direct lending strategy (SDP), for example, giving clients exposure to floating-rate senior secured debt in the upper mid-market.

Against a market-wide backdrop of tighter financial conditions and lower transaction velocity, our ability to provide structured and flexible solutions (especially within our Structured and Private Equity asset class) has helped us execute bespoke transactions for portfolio companies where a traditional control buyout was not the most appropriate solution. We have also seen a strong pipeline within direct lending, providing senior debt financing to upper mid-market companies where the high-yield bond and leveraged-loan markets have been largely shut.

For clients and portfolio companies, it is increasingly evident that our scale and breadth are powerful drivers of being able to provide solutions in all market backdrops; and for shareholders our diversified exposure to private markets provides a resilient business model.

Our client base is continuing to grow and evolve, and at 30 September 2022 stood at 618 (FY22: 586). I believe that private markets will remain very attractive for a large range of clients globally and to that end I invite you to join our next shareholder seminar, on 26th January 2023, when we will be discussing our long-term approach to “Fundraising and Client Strategy” in more detail.

The operational performance of our portfolio companies is strong, with those in our European Corporate strategy for example showing LTM EBITDA growth of 15%. We are actively supporting our portfolio companies as they seek to take advantage of the current dislocation by growing organically and inorganically, as well as ensuring that they have the people, systems and capital structure in place to navigate a period of potentially protracted uncertainty. In that context - and as a function of our firm-wide focus on downside protection - our funds have shown attractive performance, with income and earnings growth largely offsetting reduced valuation multiples and higher costs of capital.

Looking ahead, rising costs of capital, higher inflation and lower growth are putting pressure on consumers and businesses alike. We have been preparing for a downturn for some time:

- Fund performance: investing in companies with strong market positions, supporting our portfolio companies to drive growth, leveraging companies prudently, anchoring fund performance through disciplined approach to realisations;
- Strategically: scaling our platform; broadening our product offering, deepening our client franchise; and
- Financially: focusing on management fee income that is visible and insulated from market volatility; maintaining a high operating margin; building a very strong balance sheet.

As a result of this, our business model today provides us with a high degree of stability. We have \$16bn of dry powder across a range of strategies following our substantial fundraising in the last 18 months, and fee-earning AUM of \$57bn at 30 September 2022 with an annualised management fee generation potential of ~£464m. We have stable and visible management fee income, are not under pressure to deploy, and can capitalise on opportunities that we expect will emerge across all of our asset classes.

¹ Realisations of third-party fee-earning AUM within direct investment funds to better represent transaction activity

These strategic and financial characteristics are powerful features of our business, enabling us to take a long-term approach to creating value by growing up and growing out. By pursuing this strategy, we expect to generate increasingly diverse streams of compounding fee income over the coming years.

There will be substantial rewards for the winners emerging from this era of dislocation as the private markets sector continues to mature. To be amongst that group, I believe private markets managers need to have a broad product offering, a sophisticated client strategy, a differentiated origination capability and a track record of managing portfolios to generate value through cycles. Importantly, all of that needs to be underpinned by a strongly-capitalised firm with a dynamic, entrepreneurial culture.

We have built those qualities into the DNA of ICG over the last thirty three years. Today ICG is broader and stronger than ever before, and we are well positioned for the future as we continue to grow our waterfront of products and our client franchise.

Benoît Durteste

SUSTAINABILITY AND PEOPLE

Successfully executing our priorities in the areas of sustainability and people are key to our continued development, and the resilient results we are announcing today 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 ICG.

Strategic hiring across the organisation continued during the period to ensure we have the breadth and depth of expertise to execute on the long-term opportunities ahead. Building on the investments we made in FY22, we have continued to welcome a number of senior hires within the organisation across our investment, ESG and Sustainability, and marketing and client relations teams. These are important hires, helping to future-proof ICG as we continue to market and invest a larger range of products to a growing and increasingly complex set of clients.

The number of Group permanent employees grew by 10% during the period to 575 (31 March 2022: 525). Over the last five years, our employee base has grown at a CAGR of 14% and as a result of these investments, we expect hiring for the rest of the financial year and into FY24 to slow relative to this historical pace.

During the period we made progress on climate change, with two portfolio companies receiving approval for their science-based targets. This is part of our long-term strategy to achieve Net Zero by 2040.

We continue to integrate sustainability into our existing and new strategies, and during the period we had the final close for Europe VIII, which is taking an enhanced thematic ESG 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. We also launched the second vintage of our highly successful Sale and Leaseback strategy, which has a bespoke sustainable framework – aligned to EU taxonomy – in which 2% of the committed capital will be allocated to ESG initiatives. Of the AUM raised during the year that is classified under the Sustainable Finance Disclosure Regulation (SFDR), 99% was categorised as Article 8.

A number of the financing facilities for the Group and at a fund level have ESG criteria embedded within them, and at 30 September 2022 we had \$3.6bn of ESG-linked financing committed across Group- and fund-level facilities.

We will be publishing our 2022 Sustainability and People Report in January 2023, in which we will provide further information on our actions and ambitions around 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 condensed consolidated financial statements but excluded for the APM.

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

The Group's profit after tax on an IFRS basis was below the prior period at £32.2m (H1 FY22 £242.4m). On the APM basis it was also below the prior period at £38.7m (H1 FY22 £240.7m).

Detail of these adjustments can be found in note 3 to the IFRS condensed consolidated financial statements on pages 23 to 42.

AUM and fund performance

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

Total AUM

During the period, total AUM grew 3% on a constant currency basis² (down 4% on a reported basis) and at 30 September 2022 was \$68.5bn (31 March 2022: \$72.1bn). The balance sheet investment portfolio (excluding warehoused assets) accounted for 4.3% of the Total AUM (31 March 2022: 5.0%).

Third-party AUM and third-party fee-earning AUM

Third-party AUM grew 4% on a constant currency basis during the period, and stood at \$65.6bn at 30 September 2022 (31 March 2022: \$68.5bn).

Third-party fee-earning AUM grew 6% on a constant currency basis during the period, and stood at \$57.3bn at 30 September 2022 (31 March 2022: \$58.3bn).

During the period, our reported AUM experienced notable changes as a result of FX movements. While we report our AUM in dollars, 53% of our fee-earning AUM at 30 September 2022 was in euros; 34% in dollars; 11% in sterling; and 2% in other currencies. Our funds pay fees in their fund currency. As such, while a stronger dollar against the euro and sterling reduces our AUM in dollars, our fee income (before the impact of any hedging) is increased by sterling being weaker against the euro and the dollar. For more details, see page 19.

Third-party AUM (\$m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party AUM
At 1 April 2022	22,507	19,806	8,028	18,127	68,468
Additions	3,059	1,020	655	1,023	5,757
Realisations	(678)	(367)	(313)	(1,085)	(2,443)
FX and other	(1,586)	(1,974)	(968)	(1,683)	(6,211)
At 30 September 2022	23,302	18,485	7,402	16,382	65,571
Change \$m	795	(1,321)	(626)	(1,745)	(2,897)
Change %	4 %	(7)%	(8)%	(10)%	(4)%
Change % (constant exchange rate) ¹	13 %	(1)%	7 %	(3)%	4 %
LTM change % (constant exchange rate) ¹	21 %	13 %	26 %	1 %	14 %

Additions to third-party AUM include step-ups of \$98m, being 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.

² See page 19 for an explanation of constant exchange rate calculation methodology

Third-party fee-earning AUM (\$m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party fee-earning AUM
At 1 April 2022	22,100	11,953	6,873	17,409	58,335
<i>Funds raised: fees on committed capital</i>	3,024	—	414	—	3,438
<i>Deployment of funds: fees on invested capital</i>	176	2,478	447	1,023	4,124
Total additions	3,200	2,478	861	1,023	7,562
Realisations	(668)	(1,532)	(699)	(885)	(3,784)
FX and other	(1,547)	(1,067)	(717)	(1,512)	(4,843)
At 30 September 2022	23,085	11,832	6,318	16,035	57,270
Change \$m	985	(121)	(555)	(1,374)	(1,065)
Change %	4 %	(1)%	(8)%	(8)%	(2)%
Change % (constant exchange rate) ¹	14 %	8 %	3 %	(3)%	6 %
LTM change % (constant exchange rate) ¹	24 %	21 %	20 %	3 %	16 %

Fundraising

- We raised \$5.7bn of third-party AUM during the period, following our record fundraising last year
- Structured and Private Equity was the key driver of fundraising, contributing \$3.0bn. Within this, each of Europe VIII and Strategic Equity IV raised \$1.2bn, and Asia Pacific IV raised \$450m. All three funds had final closes during the period with fundraising above their initial target. We also raised \$121m for our first time LP Secondaries fund, which had a first close in March 2022, currently has a total fund size of \$357m and is continuing to fundraise
- Private Debt raised a total of \$1.0bn, \$0.9bn of which was in SDP V and related SMAs
- Real Assets raised \$0.6bn, with the majority (\$0.4bn) coming from Sale and Leaseback II, which had its first close during the period and is continuing to fundraise. The remainder came from real estate debt strategies
- Credit raised \$1.0bn, of which \$0.8bn was from new CLOs (one in Europe and one in the US) and the remainder in liquid funds
- At 30 September 2022 funds that were actively fundraising included: SDP V and associated SMAs; Sale and Leaseback II; LP Secondaries I; and various credit strategies. Post period-end we had a first close for North American Credit Partners³ III. During the remainder of FY23 we may launch Strategic Equity V, Europe Mid-Market II, and Infrastructure Equity II, although the timing of launching those funds and of their first close depends on a number of factors including the deployment pace of existing funds and the prevailing market conditions

Realisations

- Despite the slowdown in transaction activity across the market, we continued to realise investments, with \$2.4bn of realisations within third-party AUM (H1 FY22: \$4.8bn) and \$3.8bn of realisations of third-party fee-earning AUM (H1 FY22: \$6.1bn), of which \$2.9bn was from direct investment funds (H1 FY22: \$3.5bn)
- Structured and Private Equity accounted for \$0.7bn of realisations within both third-party AUM and third-party fee-earning AUM, with the majority of activity coming from Europe VI and Europe VII (2015 and 2018 vintages respectively)
- Realisations of third-party AUM in Private Debt were \$0.4bn, whilst realisations within third-party fee-earning AUM were \$1.5bn. 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. 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. However, it remains within our third-party AUM (and we will earn fees on the capital once it is re-deployed)
- Real assets accounted for \$0.3bn of realisations within third-party AUM and \$0.7bn within third-party fee-earning AUM, the vast majority of which were across a range of real estate debt strategies
- Credit realised \$1.1bn within third-party AUM and \$0.9bn in third-party fee-earning AUM, almost all of which was due to redemptions from our liquid credit funds

¹ See page 19 for an explanation of constant exchange rate calculation methodology

³ Formerly North American Private Debt

Deployment

- During the period we deployed a total of \$5.0bn of AUM on behalf of our direct investment funds (H1 FY22: \$8.4bn), split between our asset classes as follows:

\$m	H1 FY23	H1 FY22
Structured and Private Equity	1,478	4,985
Private Debt	2,478	2,404
Real Assets	1,005	1,028
Group	4,961	8,417

- Within Structured and Private Equity we saw particularly strong activity in Strategic Equity, which deployed \$1.0bn, with the remainder across European Corporate (\$0.2bn), Recovery Fund II (\$0.1bn) and LP Secondaries (\$0.1bn)
- Within Private Debt, deployment was driven by our direct lending strategy, Senior Debt Partners (\$2.0bn), which saw a particularly strong pipeline given the dislocation experienced in other sources of senior secured leveraged lending in the mid-market and upper mid-market space (bank lending, leveraged loan and high yield bonds). Our Australia Senior Loan fund deployed \$0.3bn and North American Private Debt II \$0.2bn
- Within Real Assets, real estate debt strategies deployed \$0.5bn, Sale and Leaseback I deployed \$0.3bn and Infrastructure Equity I deployed \$0.2bn
- At 30 September 2022 we had \$16.1bn of third-party AUM available to deploy in new investments (dry powder), \$8.3bn of which is not yet paying fees but will do so when the capital is invested or enters its investment period

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 30 September 2022):

	Percentage deployed at 30 September 2022
Fees charged on committed capital	
Structured and Private Equity	
Europe VIII	35 %
Strategic Equity IV	63 %
Asia Pacific IV	32 %
Europe Mid-Market I	72 %
Recovery Fund II	59 %
Real Assets	
Infrastructure Equity I ¹	51 %
Sale and Leaseback I	85 %
Fees charged on invested capital	
Private Debt	
North American Private Debt II	86 %
Senior Debt Partners IV ¹	83 %

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 funds

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

Against a fast-moving global economic backdrop, we have continued to successfully manage our client's assets. Fund valuations remained broadly flat during the period, with strong underlying performance of our portfolio companies and income from our interest-bearing investments largely offsetting reductions in valuation multiples or increasing costs of capital.

We take a disciplined approach to portfolio management. This is reflected in our core sectors such as healthcare services, software, education and renewable energy, as well as in how we structure our transactions (typically with lower leverage and a focus on downside protection). We also work closely with our portfolio companies and partners to ensure they are appropriately hedged against interest rate risks, 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, including both realised and unrealised returns, and therefore of the value that we have created (before fees). 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. Realised MOIC is an indication of the cash return that has been generated, and is therefore not at risk if performance or valuations deteriorate.

The Gross Total and Realised MOICs of key ICG funds that have had a final close at 30 September 2022 are set out below:

	Investment period started	30 September 2022		31 March 2022	
		Total	Realised	Total	Realised
Structured and Private Equity					
Europe V	September 2011	1.8x	1.7x	1.8x	1.7x
Europe VI	March 2015	2.1x	1.7x	2.1x	1.4x
Europe VII	April 2018	1.7x	0.2x	1.7x	0.1x
Europe VIII	April 2021	1.1x	—	1.1x	—
Europe Mid-Market I	May 2019	1.3x	0.1x	1.2x	0.1x
Asia Pacific III	July 2014	2.0x	1.0x	2.1x	1.0x
Asia Pacific IV	February 2020	1.4x	—	1.4x	—
Strategic Secondaries II	March 2016	2.8x	1.8x	2.8x	1.8x
Strategic Equity III	November 2018	2.3x	0.3x	2.2x	0.1x
Strategic Equity IV	March 2021	1.6x	0.1x	1.3x	—
Private Debt					
Senior Debt Partners II	March 2015	1.3x	0.9x	1.3x	0.8x
Senior Debt Partners III	December 2017	1.2x	0.6x	1.2x	0.3x
Senior Debt Partners IV	January 2020	1.1x	0.4x	1.1x	0.2x
North American Private Debt I	June 2014	1.5x	1.3x	1.4x	1.2x
North American Private Debt II	January 2019	1.2x	0.4x	1.2x	0.4x
Real Assets					
Real Estate Partnership Capital III ¹	December 2012	1.4x	1.4x	1.4x	1.2x
Real Estate Partnership Capital IV ¹	February 2015	1.4x	1.1x	1.3x	1.0x
Real Estate Partnership Capital V ¹	April 2018	1.2x	0.4x	1.2x	0.3x
Infrastructure Equity I	March 2020	1.2x	—	1.2x	—
Sale & Leaseback I	September 2019	1.3x	—	1.3x	—

¹ Data as at 30 June 2022

Overview: Group financial performance

Fund Management Company (FMC) revenue was £256.9m and FMC profit before tax was of £143.7m, an increase of 19% compared to H1 FY22, resulting in an FMC operating margin of 55.9% (H1 FY22: 52.2%).

The broader macro environment and the consequent impact on the valuation of our funds led to net investment returns (NIR) for the Investment Company (IC) of (1)%, or £(26.5)m. The IC as a whole recorded a loss of £(108.1)m (H1 FY22: profit of £143.8m).

The Group as a whole generated a Group profit before tax of £35.6m (H1 FY22: £264.7m) and Group earnings per share were 13.5p (H1 FY22: 83.9p).

We remain committed to our progressive dividend policy that is linked to the profits of our FMC. In line with our stated policy that the interim dividend will equate to a third of the prior-year total, the Board has approved an interim dividend of 25.3p. We continue to make the dividend reinvestment plan available.

Our balance sheet remains strong and well capitalised, with net gearing of 0.55x, total available liquidity of £1.3bn and a net asset value per share of 658p. We have a long-term objective to have zero net gearing.

Our medium-term financial guidance, set out on page 2, remains unchanged from 31 March 2022.

£m unless stated	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	Change
Third-party management fees	251.5	180.5	39 %
Third-party performance fees	13.8	18.5	(25)%
Third-party fee income	265.3	199.0	33 %
Movement in FV of derivative	(45.6)	—	—
Other income	37.2	32.7	14 %
Fund Management Company revenue	256.9	231.7	11 %
Fund Management Company operating expenses	(113.2)	(110.8)	2 %
Fund Management Company profit before tax	143.7	120.9	19 %
<i>Fund Management Company operating margin</i>	<i>55.9 %</i>	<i>52.2 %</i>	<i>3.7 %</i>
Investment Company revenue	(30.3)	224.1	n/m
Investment Company operating expenses	(47.7)	(55.4)	(14)%
Interest expense	(30.1)	(24.9)	21 %
Investment Company loss/profit before tax	(108.1)	143.8	n/m
Group profit before tax	35.6	264.7	(87)%
Tax	3.1	(24.0)	n/m
Group profit after tax	38.7	240.7	(84)%
Earnings per share	13.5p	83.9p	(84)%
Dividend per share	25.3p	18.7p	35 %

	30 September 2022 (Unaudited)	31 March 2022 (Audited)	Change
Liquidity	£1,267.6m	£1,311.5m	(3%)
Net gearing	0.55x	0.45x	0.10x
Net asset value per share	658p	696p	(5%)

Fund Management Company

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

Third-party fee income

Third-party fee income grew 33% to £265.3m in the period (H1 FY22: £199.0m).

£m	Six months ended 30 September 2022	Six months ended 30 September 2021	Change
Structured and Private Equity – management fees	152.6	94.7	61%
Structured and Private Equity – performance fees	9.1	16.7	(46)%
Structured and Private Equity	161.7	111.4	45%
Private Debt – management fees	39.9	25.7	55%
Private Debt – performance fees	4.0	0.1	n/m
Private Debt	43.9	25.8	70%
Real Assets – management fees	24.5	27.1	(10)%
Real Assets – performance fees	0.7	—	—
Real Assets	25.2	27.1	(7)%
Credit – management fees	34.5	33.0	5%
Credit – performance fees	—	1.7	—
Credit	34.5	34.7	(1)%
Third-party fee income	265.3	199.0	33 %
<i>Of which management fees</i>	<i>251.5</i>	<i>180.5</i>	<i>39%</i>
<i>Of which performance fees</i>	<i>13.8</i>	<i>18.5</i>	<i>(25)%</i>

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 H1 FY23 was largely due to fundraising for Europe VIII and Strategic Equity IV, both of which charge fees on committed capital, as well as net deployment within Private Debt, which charges fees on invested capital. The £1.9m reduction in fee income for Real Assets was due to the prior period including £8.2m of catch-up fees (largely for Infrastructure Equity I and Sale and Leaseback I), which are non-recurring. Excluding those catch-up fees, third-party fee income for Real Assets is up approximately 33%.

Management fees during H1 FY23 include a total of £29.3m catch-up fees (H1 FY22: £8.2m), primarily due to Europe VIII and Strategic Equity IV. These funds have both had final closes during the period and we do not expect them to generate incremental catch-up fees during H2.

The effective management fee rate on our third-party fee-earning AUM at the period end was 0.91% (FY22: 0.88%). The increase was due to the fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital as well as a positive mix effect in other asset classes. The fee rate is split between asset classes as follows:

	30 September 2022	31 March 2022
Structured and Private Equity	1.25 %	1.24 %
Private Debt	0.85 %	0.83 %
Real Assets	0.88 %	0.87 %
Credit	0.48 %	0.47 %
Group	0.91 %	0.88 %

Performance fees are a relatively small but integral part of our revenue, and during the five years to 30 September 2022 have accounted for an average of 9.2% of our third-party fee income. With lower transaction activity in the broader market, timing expectations for various exits within our funds have been extended. This has resulted in a lower level of performance fees being recognised in this period, although does not impact the absolute level of performance fees we expect to receive if our funds perform in line with expectations.

Our funds charge fees in the fund currency, and third-party fee income for the period was 54% in euros, 35% in US dollars, 10% in sterling and 1% in other currencies. The weakening of sterling therefore had a positive impact on our third-party fee income. We estimate management fees would have been £10.6m lower had weighted average FX rates been at the same levels as they were for the six months to 30 September 2021.

Movements in FV of derivatives and other income

The Group's policy is to hedge non-sterling fee income to the extent that it is not matched by costs and is predictable. FMC revenue in H1 FY23 included a negative impact of £(45.6)m due to changes in the fair value of the FX hedges (H1 F22: £nil). Of this change in the fair value of the FX hedges, £(4.9)m related to fees earned during the period and £(40.7)m related to future fee income. Further detail on our hedging policy and sensitivities can be found on page 19.

The FMC recorded dividend receipts of £23.8m (H1 FY22: £20.2m) from investments in CLO equity, which are continuing to be received in line with historical experiences. The FMC also recognised £12.7m of revenue for managing the IC balance sheet investment portfolio (H1 FY22: £12.5m), as well as other income of £0.7m (H1 F22: £nil).

Operating expenses and margin

During the period we maintained a strong focus on managing costs, resulting in operating expenses increasing by only 2% compared to H1 FY22 and totalling £113.2m (H1 FY22: £110.8m). Salaries increased broadly in line with headcount, while incentive scheme costs grew by only 3%. Both administrative costs and depreciation and amortisation recorded modest absolute reductions compared to H1 FY22.

£m	Six months ended 30 September 2022	Six months ended 30 September 2021	Change
Staff costs	41.9	37.6	11%
Incentive scheme costs	46.0	44.6	3%
Administrative and other costs	22.5	24.6	(9)%
Depreciation and amortisation	2.8	4.0	(30)%
FMC operating expenses	113.2	110.8	2%
FMC operating margin	55.9%	52.2%	4%

The FMC recorded a profit before tax of £143.7m (H1 FY22: £120.9m). Excluding the impact of changes in the value of FX hedges that relate to future fee income, the FMC profit before tax was £185.4m.

The largest single currency exposure within our cost base is sterling, and the weakening of sterling against the euro and dollar, along with the one-off benefit of catch-up fees, supported our operating margin, which was 55.9% for the period (H1 FY22: 52.2%). For FY23 as a whole 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 was broadly flat compared to the start of the period, valued at £2.9bn at 30 September 2022 (31 March 2022: £2.8bn). On a cash basis, it experienced net realisations during the period of £122.4m, being new investments of £314.4m and realisations of £436.8m.

During the period we made a number of new warehouse investments totalling £118.3m, including on behalf of LP Secondaries, US Mid-Market⁴ and Real Estate Opportunistic Equity. These investments are held in anticipation of being transferred to a third-party fund. At 30 September 2022 the balance sheet held £223.5m of warehoused investments (31 March 2022: £94.6m).

The balance sheet investment portfolio is 43% euro denominated, 28% US dollar denominated, 22% sterling denominated and 7% in other currencies.

£m	As at 31 March 2022	New investments	Realisations	Gains/ (losses) in valuation	FX & other	As at 30 September 2022
Structured and Private Equity	1,826	124	(306)	17	110	1,771
Private Debt	149	20	(28)	10	20	171
Real Assets	305	49	(51)	(8)	5	300
Credit ¹	447	4	(45)	(46)	41	401
Warehoused investments	95	118	(8)	(2)	21	224
Total Balance Sheet Investment Portfolio	2,822	315	(438)	(29)	197	2,867

¹ Within Credit, at 30 September 2022 £128.1m was invested in liquid strategies, with the remaining £273.5m invested in CLO debt (£101.8m) and equity (£171.7m)

Net Investment Returns

During the five years to 30 September 2022, Net Investment Returns (NIR) have averaged 12.4% and we continue to expect NIR of low double-digit percentage points over the medium term, mirroring the returns of the funds alongside which the balance sheet invests. For the six months to 30 September 2022, NIR were £(26.5)m (H1 FY22: £237.9m), or (1)% (H1 FY22: 18%). This was comprised of interest of £53.0m from interest-bearing investments and unrealised losses of £(79.5)m. NIR were split between asset classes as follows:

£m	Six months to 30 September 2022		Six months to 30 September 2021	
	NIR (£m)	NIR (%)	NIR (£m)	NIR (%)
Structured and Private Equity	18.2	1%	207.7	26 %
Private Debt	10.3	6%	14.0	18 %
Real Assets	(6.7)	(2%)	(1.0)	(1)%
Credit	(45.9)	(11%)	7.0	3 %
Warehoused investments	(2.4)	(2%)	10.2	21 %
Total net investment returns	(26.5)	(1)%	237.9	18 %

- Structured and Private Equity, which accounted for approximately 62% of the total balance sheet investment portfolio at 30 September 2022, saw a modestly positive NIR. This was largely a result of strong operational performance of the underlying portfolio companies broadly offsetting generally lower valuation multiples and higher costs of capital
- Private Debt continues to perform strongly, with no assets in default within SDP at 30 September 2022
- Real Assets was negatively impacted by a write-down of a single real estate investment, excluding which the asset class would have shown a small positive NIR

⁴ Formerly known as North American Private Equity

- Credit NIR of £(45.9)m include a reduction of £(23.8)m in value of the balance sheet's holdings of CLO equity to reflect CLO dividend receipts, as well as a reduction of £(17.6)m in respect of changes in the value of CLO debt and co-investments in our liquid credit funds. The remainder (a reduction of £(4.5)m) is the net effect on the valuation of our CLO equity of increases in default and discount rate assumptions (both of which have been increased given the macroeconomic environment), largely offset by other factors including the unwinding of the discount in the valuation

In addition to the NIR, the IC recorded other operating income of £1.2m, other interest of £3.9m, paid a fee of £(12.7)m (H1 FY22: £(12.5)m) to the FMC and recorded a fair value gain of £3.8m (H1 FY22: loss of £3.2m) in movements on derivatives. This resulted in the IC recording negative revenues of £(30.3)m (H1 FY22 positive revenue of £224.1m).

Investment Company expenses

Operating expenses in the IC of £47.7m decreased by 14% compared to H1 FY22 (£55.4m). The decrease is predominantly due to a £11.8m reduction in incentive scheme costs, driven by lower accrual of DVB during the period of £14.0m (H1 FY22: £24.4m). This scheme, which is linked to the performance of certain investments within the balance sheet investment portfolio, only pays out upon cash realisations.

Employee costs for teams who do not yet have a third-party fund are allocated to the IC. For H1 FY23, the directly-attributable costs within the Investment Company for teams that have not had a first close of a third-party fund was £10.7m (H1 FY22: £8.4m). When those funds have a first close, the costs of those teams are transferred to the Fund Management Company.

£m	Six months ended 30 September 2022	Six months ended 30 September 2021	Change
Staff costs	9.2	8.4	10%
Incentive scheme costs	26.6	38.4	(31)%
Administrative costs	10.6	7.3	45%
Depreciation and amortisation	1.3	1.3	—
IC operating expenses	47.7	55.4	(14)%

Interest expense was £30.1m (H1 FY22: £24.9m), and the IC therefore recorded a loss before tax of £(108.1)m (H1 FY22: profit before tax £143.8m).

Group

Tax

The Group recognised a tax credit of £3.1m (H1 FY22: tax charge of £(24.0)m), resulting in an effective tax rate for the period of (8.7)% (H1 FY22: 9.1%). The negative effective tax rate in the period at a Group level was due to the mix of the NIR from the balance sheet investment portfolio generating taxable losses that more than offset the taxable profits generated elsewhere within the Group.

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.

£m	Six months ended 30 September 2022	Six months ended 30 September 2021
Profit on ordinary activities before tax	35.6	264.7
Tax (charge) at 19% thereon	(6.8)	(50.3)
Effects of:		
Non-taxable NIR and other income	12.8	32.4
Other impacts	(2.9)	(6.1)
Tax (charge) / credit for the period	3.1	(24.0)
Effective tax rate	(8.7)%	9.1 %

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). In line with this policy, the Board is declaring an interim dividend of 25.3p per share (H1 FY22: 18.7p). We continue to make the dividend reinvestment plan available.

Balance sheet

Balance sheet strategy

Delivering our strategy and maximising shareholder value requires a clear approach to managing our balance sheet. We have a robust, diversified balance sheet and a strong liquidity position that allows us to invest in the business through economic cycles. This provides us with significant strategic and financial flexibility, enabling us to take advantage of opportunities to generate future incremental fee income.

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

Liquidity and net debt

At 30 September 2022 the Group had total available liquidity of £1,268m, net financial debt of £1,034m and net gearing of 0.55x.

During the period cash reduced from £762m to £718m, which includes the impact of repaying one US Private Placement of £33m that matured:

	£m
Cash at 1 April 2022	762
Net cash generated by operating activities	140
Debt (repayment) – term debt	(33)
Dividend paid	(164)
Foreign exchange losses and other	13
Cash at 30 September 2022	718
Available undrawn ESG-linked RCF	550
Total available liquidity (cash and undrawn debt facilities)	1,268

At 30 September 2022, the Group had drawn debt of £1,752m (31 March 2022: £1,655m). The change is due to the repayment of certain facilities as they matured, along with changes in FX rates impacting the translation value:

	£m
Drawn debt at 31 March 2022	1,655
Debt (repayment)	(33)
Foreign exchange losses	130
Drawn debt at 30 September 2022	1,752

Net financial debt therefore increased slightly since 31 March 2022, from £893m to £1,034m:

£m	30 September 2022	31 March 2022
Drawn debt	1,752	1,655
Cash	718	762
Net financial debt	1,034	893

During the period the Group's credit rating provided by S&P was upgraded to BBB, and at 30 September 2022 the Group had credit ratings of BBB (stable outlook) / BBB (stable outlook) from Fitch and S&P respectively.

The Group's drawn debt is provided through a range of facilities. All facilities except the ESG-linked RCF are fixed-rate instruments. The weighted average cost of drawn debt at 30 September 2022 was 3.33% (31 March 2022: 3.29%).

Committed debt facilities in place at 30 September 2022 were as follows:

	Underlying currency	Drawn (£m)	Undrawn (£m)	Total (£m)	Interest rate	Maturity
ESG-linked RCF	GBP	—	550	550	SONIA + 1.37%	Jan-25 + 1yrs
Eurobond 2020	EUR	439	—	439	1.63%	Feb-27
EMTN 2015	GBP	160	—	160	5.00%	Mar-23
ESG Linked Bond	EUR	439	—	439	2.50%	Jan-30
Total bonds		1,038	—	1,038		
PP2013 – Class B	USD	57	—	57	6.25%	May-23
Private Placement 2013		57	—	57		
PP 2015 – Class C	USD	71	—	71	5.21%	May-25
PP 2015 – Class F	EUR	39	—	39	3.38%	May-25
Private Placement 2015		110	—	110		
PP 2016 – Class B	USD	101	—	101	4.66%	Sep-24
PP 2016 – Class C	USD	48	—	48	4.96%	Sep-26
PP 2016 – Class F	EUR	26	—	26	2.74%	Jan-25
PP 2016 – Class E	EUR	19	—	19	3.04%	Jan-27
Private Placement 2016		194	—	194		
PP 2019 – Class A	USD	112	—	112	4.76%	Apr-24
PP 2019 – Class B	USD	90	—	90	4.99%	Mar-26
PP 2019 – Class C	USD	112	—	112	5.35%	Mar-29
PP 2019 – Class D	EUR	39	—	39	2.02%	Apr-24
Private Placement 2019		353	—	353		
Total Private Placements		714	—	714		
Total		1,752	—	2,302		

The weighted-average life of drawn debt at 30 September 2022 was 4.2 years (31 March 2022: 4.6 years). The maturity profile of our term debt is set out below:

£m	H2 FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Term debt maturing	160	57	278	200	506	—	112	439

Net asset value

Shareholder equity decreased to £1,875m at 30 September 2022 (31 March 2022: £1,995m), equating to 658p per share (31 March 2022: 696p):

£m	30 September 2022	31 March 2022
Balance sheet investment portfolio ¹	2,867	2,822
Cash and cash equivalents	718	762
Other assets	426	419
Total assets	4,011	4,003
Financial debt	(1,752)	(1,655)
Other liabilities	(384)	(353)
Total liabilities	(2,136)	(2,008)
Net asset value	1,875	1,995
Net asset value per share	658p	696p

¹ Balance sheet investment portfolio shown including warehouse assets

Net gearing

The movements in the Group's cash position, debt facilities and shareholder equity resulted in net gearing increasing to 0.55x at 30 September 2022 (31 March 2022: 0.45x). We maintain our long-term objective of having zero net gearing.

£m	30 September 2022	31 March 2022
Net financial debt (A)	1,034	893
Shareholder equity (B)	1,875	1,995
Net gearing (A/B)	0.55 x	0.45 x

Foreign exchange

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

	Six months ended 30 September 2022 Average	Six months ended 30 September 2021 Average	12 months ended 31 March 2022 Average	30 September 2022 Period end	30 September 2021 Period end	31 March 2022 Period end
GBP:EUR	1.1691	1.1631	1.1755	1.1394	1.1640	1.1876
GBP:USD	1.2053	1.3833	1.3626	1.1170	1.3474	1.3138
EUR:USD	1.0306	1.1893	1.1595	0.9803	1.1576	1.1063

During the period, our reported AUM experienced notable changes as a result of FX movements. We report our AUM in dollars: 53% of our fee-earning AUM at 30 September 2022 was in euros; 34% in dollars; 11% in sterling; and 2% in other currencies. A stronger dollar against euro and sterling therefore reduces our headline AUM.

At 30 September 2022 our third-party AUM was \$65,571m, based on FX rate at 30 September 2022. If GBP:USD had been by 5% higher (1.1729) our reported third-party AUM would have been \$397m higher. If EUR:USD had been 5% higher (1.0294) our reported third-party AUM would have been \$1.8bn higher.

Where noted, this review presents changes in AUM on a constant exchange rate basis. For the purposes of these calculations, prior period AUM numbers have been translated from their underlying fund currencies to dollars at the respective H1 FY23 period end exchange rates. This has then been compared to the H1 FY23 closing AUM to arrive at the change on a constant currency exchange rate basis.

Our funds pay fees in their fund currency. As such, our fee income (before the impact of any FX hedging) is increased by sterling being weaker against the euro and the dollar. 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. The Group accounts for changes in the fair value of hedges through the income statement. FMC revenue in H1 FY23 included a negative impact of £(45.6)m due to the change in value of the hedges, based on foreign exchange rates at 30 September 2022.

The table below sets out the indicative impact on our reported management fees, movements in fair value of FX derivatives and NAV per share had sterling been 5% weaker or stronger against the euro and the dollar in the period:

	Impact on H1 FY23 management fees ¹	Impact on H1 FY23 movements in FV of management fee FX hedges ²	NAV per share at 30 September 2022 ³
Sterling 5% weaker against euro and dollar	+£12m	-£(30)m	-(4)p
Sterling 5% stronger against euro and dollar	-£(11)m	+£27m	+3p

¹ Impact assessed by sensitising the average H1 FY23 FX rates

² Impact assessed by sensitising the spot H1 FY23 FX rates

³ NAV per share reflects the total indicative impact as a result of a change in management fees, fair value of management fee FX hedges and net currency assets

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Group is exposed for the remainder of the year have been subject to robust assessment by the Directors and remain consistent with those outlined in our annual report for the year ended 31 March 2022.

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

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- The condensed set of financial statements have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority;
- The interim management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- There have been no material related-party transactions that have an effect on the financial position or performance of the Group in the first six months of the current financial year since that reported in the 31 March 2022 Annual Report.

This responsibility statement was approved by the Board of Directors on 16 November 2022 and is signed on its behalf by:

Benoît Durteste
CEO

Vijay Bharadia
CFO

INDEPENDENT REVIEW REPORT TO INTERMEDIATE CAPITAL GROUP PLC

Conclusion

We have been engaged by Intermediate Capital Group plc ('the Company' or 'the Group') to review the Condensed consolidated financial statements in the Half-year financial report for the six months ended 30 September 2022 which comprises the Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of financial position, Condensed consolidated statement of cash flows, Condensed consolidated statement of changes in equity and the related notes 1 to 10 (together the 'Condensed consolidated financial statements'). We have read the other information contained in the Half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the Condensed consolidated financial statements in the Half-year financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting', Based on our review, nothing has come to our attention that causes us to believe that the Condensed consolidated financial statements in the Half-year financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

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

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

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

In preparing the Half-year financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the Half-year financial report, we are responsible for expressing to the Company a conclusion on the Condensed consolidated financial statements in the Half-year financial report. Our conclusion, including our 'Conclusions Relating to Going Concern', are based on procedures that are less extensive than audit procedures, as described in the 'Basis for Conclusion' paragraph of this report.

Use of our report

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

Ernst & Young LLP
London
16 November 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2022

	Notes	Six months ended 30 September 2022 (Unaudited) £m	Six months ended 30 September 2021 (Unaudited) £m
Fee and other operating income	2	257.0	193.2
Finance loss		(41.4)	(0.3)
Net gains on investments		5.8	282.5
Total Revenue		221.4	475.4
Finance costs		(31.4)	(28.2)
Administrative expenses		(164.1)	(180.5)
Share of results of joint ventures accounted for using equity method		4.9	(0.3)
Profit before tax		30.8	266.4
Tax credit/(charge)	7	3.3	(24.0)
Profit after tax from continuing operations		34.1	242.4
Loss after tax from disposal groups held for sale		(1.9)	—
Profit for the period		32.2	242.4
Attributable to:			
Equity holders of the parent		33.4	240.5
Non-controlling interests		(1.2)	1.9
		32.2	242.4
Earnings per share (pence)	5	11.7p	83.9p
Diluted earnings per share (pence)	5	11.5p	82.8p

All activities represent continuing operations.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)
	£m	£m
Profit after tax	32.2	242.4
Items that may be subsequently reclassified to profit or loss if specific conditions are met		
Exchange differences on translation of foreign operations	46.8	6.1
Total comprehensive income for the period	79.0	248.5
Attributable to:		
Equity holders of the parent	80.2	246.6
Non-controlling interests	(1.2)	1.9
	79.0	248.5

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022 (Unaudited)	31 March 2022 (Audited) (Restated) ¹
	Notes	£m	£m
Non-current assets			
Intangible assets		16.8	17.1
Property, plant and equipment		58.0	60.4
Investment property		1.3	1.5
Investment in Joint Venture accounted for under the equity method		6.3	2.2
Trade and other receivables		39.0	91.1
Financial assets at fair value	4	6,854.8	6,973.1
Derivative financial assets	4	19.1	1.3
Deferred tax asset	7	21.5	25.0
		7,016.8	7,171.7
Current assets			
Trade and other receivables		250.0	283.1
Current tax debtor		63.9	31.9
Financial assets at fair value	4	11.2	—
Derivative financial assets	4	32.3	137.3
Cash and cash equivalents		862.0	991.8
		1,219.4	1,444.1
Assets of disposal groups held for sale		617.3	256.7
Total assets		8,853.5	8,872.5
Non-current liabilities			
Trade and other payables		30.0	76.4
Financial liabilities at fair value	8	4,366.6	4,364.7
Financial liabilities at amortised cost	8	1,581.8	1,452.3
Other financial liabilities	8	52.7	52.2
Derivative financial liabilities	4	12.5	2.9
Deferred tax liabilities	7	27.9	15.1
		6,071.5	5,963.6
Current liabilities			
Trade and other payables		264.2	434.4
Current tax creditor		15.0	14.5
Financial liabilities at amortised cost	8	178.3	201.1
Other financial liabilities	8	6.9	6.5
Derivative financial liabilities	4	94.4	153.4
		558.8	809.9
Liabilities of disposal groups held for sale		316.7	97.2
Total liabilities		6,947.0	6,870.7
Equity and reserves			
Called up share capital		77.3	77.3
Share premium account		180.3	180.3
Other reserves		24.3	0.2
Retained earnings		1,569.4	1,714.0
Equity attributable to owners of the Company		1,851.3	1,971.8
Non-controlling interest		55.2	30.0
Total equity		1,906.5	2,001.8
Total equity and liabilities		8,853.5	8,872.5

¹ Retained earnings and Non-controlling interest have been restated. See Note 1 for more details.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Notes	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)
		£m	£m
Cash generated from/used in operations		149.3	53.6
Taxes paid		(16.5)	(22.5)
Net cash flows from/used in operating activities	9	132.8	31.1
Investing activities			
Purchase of intangible assets		(2.8)	(3.1)
Purchase of property, plant and equipment		(0.5)	(0.7)
Net cashflow from derivative financial instruments		(50.9)	7.7
Cashflow as a result of change in control of subsidiaries		(7.0)	127.3
Net cash flows from/used in investing activities		(61.2)	131.2
Financing activities			
Purchase of Own Shares		(38.9)	—
Payment of principal portion of lease liabilities		(0.6)	(2.3)
Proceeds from borrowings		—	75.0
Repayment of long-term borrowings		(34.9)	(96.0)
Dividends paid to equity holders of the parent		(164.4)	(112.2)
Net cash flows from/used in financing activities		(238.8)	(135.5)
Net increase/(decrease) in cash and cash equivalents		(167.2)	26.8
Effects of exchange rate differences on cash and cash equivalents		37.4	6.2
Cash and cash equivalents at 1 April		991.8	581.2
Cash and cash equivalents at 30 September		862.0	614.2

The Group's cash and cash equivalents includes £144.4m (31 March 2022: £230.3m) of restricted cash held principally by structured entities controlled by the Group.

The presentation of the condensed consolidated statement of cash flows have been updated to improve the presentation of this information. The reconciliation of cash generated from/used in operations to profit before tax from continuing operations is disclosed in note 9. The prior year comparatives are consistent with those presented in the Half Year Financial Statements for the period to September 2021.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

Group	Share capital	Share premium	Capital redemption reserve ¹	Share based payments reserve	Own shares ³	Foreign currency translation reserve ²	Retained earnings ⁵	Total	Non-controlling interest ⁵	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2022	77.3	180.3	5.0	67.5	(93.0)	20.7	1,688.9	1,946.7	55.1	2,001.8
Prior year adjustment ⁵	—	—	—	—	—	—	25.1	25.1	(25.1)	—
Balance at 1 April 2022 (as restated)	77.3	180.3	5.0	67.5	(93.0)	20.7	1,714.0	1,971.8	30.0	2,001.8
Profit after tax	—	—	—	—	—	—	33.4	33.4	(1.2)	32.2
Exchange differences on translation of foreign operations	—	—	—	—	—	46.8	—	46.8	—	46.8
Total comprehensive income/ (expense) for the period	—	—	—	—	—	46.8	33.4	80.2	(1.2)	79.0
Adjustment of non-controlling interest on disposal of subsidiary	—	—	—	—	—	—	—	—	(4.9)	(4.9)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	31.3	31.3
Own shares acquired in the year	—	—	—	—	(38.9)	—	—	(38.9)	—	(38.9)
Options/awards exercised ⁴	—	—	—	(27.4)	25.8	—	(13.6)	(15.2)	—	(15.2)
Tax on options/awards exercised	—	—	—	(2.6)	—	—	—	(2.6)	—	(2.6)
Credit for equity settled share schemes	—	—	—	20.4	—	—	—	20.4	—	20.4
Dividends paid	—	—	—	—	—	—	(164.4)	(164.4)	—	(164.4)
Balance at 30 September 2022	77.3	180.3	5.0	57.9	(106.1)	67.5	1,569.4	1,851.3	55.2	1,906.5

Group	Share capital	Share premium	Capital redemption reserve ¹	Share based payments reserve	Own shares ³	Foreign currency translation reserve ²	Retained earnings ⁷	Total ⁷	Non-controlling interest ⁷	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2021	77.2	180.2	5.0	60.5	(82.2)	13.8	1,362.7	1,617.2	5.0	1,622.2
Profit after tax	—	—	—	—	—	—	240.5	240.5	1.9	242.4
Exchange differences on translation of foreign operations	—	—	—	—	—	6.1	—	6.1	—	6.1
Total comprehensive income/ (expense) for the period	—	—	—	—	—	6.1	240.5	246.6	1.9	248.5
Acquisition of non-controlling interest (restated) ⁶	—	—	—	—	—	—	—	—	21.4	21.4
Options/awards exercised ⁴	—	0.1	—	(27.6)	9.8	—	(9.6)	(27.3)	—	(27.3)
Tax on options/awards exercised	—	—	—	4.6	—	—	—	4.6	—	4.6
Credit for equity settled share schemes	—	—	—	15.6	—	—	—	15.6	—	15.6
Dividends paid	—	—	—	—	—	—	(112.2)	(112.2)	—	(112.2)
Balance at 30 September 2021 (restated)⁷	77.2	180.3	5.0	53.1	(72.4)	19.9	1,481.4	1,744.5	28.3	1,772.8

- 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.
- 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.
- The movement in the Group Own shares reserve in respect of Options/awards exercised, represents the employee shares vesting net of personal taxes and social security.
- The associated personal taxes and social security liabilities are settled by the Group with the equivalent value of shares retained in the Own shares reserve.
- Retained earnings and Non-controlling interest brought forward as at 1 April 2022 have been restated. See Note 1 for more details.
- Acquisition of non-controlling interest was previously disclosed as Movement in control of subsidiary and has been restated. See Note 1 for more details.
- Retained earnings and Non-controlling interest as at 30 September 2021 have been restated. See Note 1 for more details.

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

NOTES TO THE HALF YEAR REPORT

For the six months ended 30 September 2022

1. General information and basis of preparation

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting (IAS 34), the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, and on the basis of the accounting policies and methods of computation set out in the consolidated financial statements of the Group for the year ended 31 March 2022.

The interim financial statements are unaudited and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Within the notes to the interim financial statements, all current and comparative data covering period to (or as at) 30 September 2022 is unaudited. Data given in respect of 31 March 2022 is audited. The statutory accounts for the year to 31 March 2022 have been reported on by Ernst & Young LLP and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 31 March 2022 which were prepared in accordance with UK-adopted International Accounting Standards (UK-adopted IAS) are available on the Group's website, www.icgam.com.

Going concern

In making their assessment, the Directors have considered a range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources through the twelve month period to 30 November 2023. The Group has good visibility on future management fees due to the long term and diversified nature of its funds, underpinned by a strong, well capitalised balance sheet and approximately £1.3bn of liquidity in cash and undrawn facilities at 30 September 2022.

The Directors have concluded, based on the above assessment, that the preparation of the interim condensed consolidated financial statements on a going concern basis over the period to 30 November 2023 continues to be appropriate.

Related party transactions

There have been no material changes to the nature or size of related-party transactions since 31 March 2022.

Changes in significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

The critical judgements made by the Directors in the application of the Group's accounting policies, and the key sources of estimation uncertainty at the reporting date, are the same as those disclosed in the Group's annual consolidated financial statements for the year ended 31 March 2022.

Restatement of Statement of Financial Position and Statement of Changes in Equity

The Group has restated the Statement of Financial Position and Statement of Changes in Equity to reverse an allocation of retained earnings to non-controlling interest in the prior year which was made in error. The impact of the restatement is to increase Retained Earnings by £25.1m from £1,688.9m to £1,714.0m and to reduce Non-controlling interest by £25.1m from £55.1m to £30.0m, both as at 31 March 2022.

The Group has restated the Statement of Changes in Equity for the period ended 30 September 2021 to reverse an allocation of retained earnings to non-controlling interest which was made in error. The impact of the restatement is to increase Retained Earnings by £9.8m from £1,471.6m to £1,481.4m and to reduce Non-controlling interest by £9.8m from £38.1m to £28.3m, both as at 30 September 2021.

2. Revenue

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

Type of contract/service	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)
	£m	£m
Management fees ¹	254.3	188.8
Other income	2.7	4.4
Fee and other operating income	257.0	193.2

1. Included within management fees is £14.3m (H1 FY22: £18.5m) of performance-related fees

Management Fees

The Group earns management fees from its performance of investment management services. Management fees are charged on third-party capital managed by the Group and are based on an agreed percentage of either committed capital, invested capital or net asset value (NAV), dependent on the fund. Management fees comprise both non-performance and performance-related fee elements related to one contract obligation.

Non-performance-related management fees for the period of £240.0m (H1 FY22: £170.3m) 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 £14.3m (H1 FY22: £18.5m) have been recognised in the period. 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.

3. Segmental reporting

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

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

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

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

The amounts reported for management purposes in the tables below are reconciled to the UK-adopted IAS amounts reported on the following pages.

Analysis of income and profit before tax by operating segment

	Six months ended 30 September 2022 (Unaudited)			Six months ended 30 September 2021 (Unaudited)		
	FMC	IC	Reportable segments Total	FMC	IC	Reportable segments Total
	£m	£m	£m	£m	£m	£m
External fee income	265.3	—	265.3	199.0	—	199.0
Inter-segmental fee	12.7	(12.7)	—	12.5	(12.5)	—
Other operating income	0.7	1.2	1.9	—	1.9	1.9
Fund management fee income	278.7	(11.5)	267.2	211.5	(10.6)	200.9
Net investment returns	—	(26.5)	(26.5)	—	237.9	237.9
Dividend income	23.8	—	23.8	20.2	—	20.2
Interest income	—	3.9	3.9	—	—	—
Net fair value profit/(loss) on derivatives	(45.6)	3.8	(41.8)	—	(3.2)	(3.2)
Total revenue	256.9	(30.3)	226.6	231.7	224.1	455.8
Interest expense	(0.9)	(30.1)	(31.0)	—	(24.9)	(24.9)
Staff costs	(41.9)	(9.2)	(51.1)	(37.6)	(8.4)	(46.0)
Incentive scheme costs	(46.0)	(26.6)	(72.6)	(44.6)	(38.4)	(83.0)
Other administrative expenses	(24.4)	(11.9)	(36.3)	(28.6)	(8.6)	(37.2)
Profit before tax	143.7	(108.1)	35.6	120.9	143.8	264.7

Reconciliation of amounts reported to the Executive Directors to the financial statements amounts reported under UK-adopted IAS

Included in the table below are statutory adjustments made for 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 treated as fair value investments for reportable segments (APM), whereas the statutory financial statements present these entities on a consolidated basis.

Consolidated Income Statement

	Operating segments	Consolidated structured entities	Financial statements
Six months ended 30 September 2022 (Unaudited)	£m	£m	£m
Fund management fee income	265.3	(11.0)	254.3
Other operating income	1.9	0.8	2.7
Fee and other income	267.2	(10.2)	257.0
Dividend income	23.8	(23.8)	—
Interest income	3.9	0.8	4.7
Net fair value loss on derivatives	(41.8)	(4.3)	(46.1)
Finance loss	(14.1)	(27.3)	(41.4)
Net investment returns/gains on investments	(26.5)	32.3	5.8
Total revenue	226.6	(5.2)	221.4
Finance costs	(31.0)	(0.4)	(31.4)
Staff costs	(51.1)	0.1	(51.0)
Incentive scheme costs	(72.6)	(0.1)	(72.7)
Other administrative expenses	(36.3)	(4.1)	(40.4)
Administrative expenses	(160.0)	(4.1)	(164.1)
Share of results of joint ventures accounted for using equity method	—	4.9	4.9
Profit before tax	35.6	(4.8)	30.8
Tax credit	3.1	0.2	3.3
Loss from disposal groups held for sale	—	(1.9)	(1.9)
Profit after tax	38.7	(6.5)	32.2

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

4. Financial assets and liabilities

Accounting Policy

Financial assets

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

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

Where the Group holds investments in a number of financial instruments such as debt and equity through a portfolio company, the Group views their entire investment as a unit of account for valuation purposes. Industry standard valuation guidelines such as the International Private Equity and Venture Capital (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 written off to the consolidated income statement immediately.

Derecognition of financial assets

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

Offsetting of financial assets

Financial assets and liabilities are only offset, and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The Group does not currently offset any financial assets or 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 measurement date. The fair value of investments is based on quoted prices, where available. Where quoted prices are not available, the fair value is estimated in line with IFRS and industry standard valuation guidelines such as IPEV for direct investments in portfolio companies, and the Royal Institute of Chartered Surveyors 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 36.

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

Fair value measurements recognised in the statement of financial position

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

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

4. Financial assets and liabilities continued

Fair value hierarchy

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

	As at 30 September 2022 (Unaudited)				As at 31 March 2022 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Financial Assets								
Investment in or alongside managed funds ¹	8.4	—	2,103.5	2,111.9	9.8	—	2,112.9	2,122.7
Investment in loans held in consolidated entities	—	4,251.4	281.9	4,533.3	—	4,467.4	145.2	4,612.6
Derivative assets	—	51.4	—	51.4	—	138.6	—	138.6
Investment in private companies ²	0.2	—	109.9	110.1	0.4	—	122.7	123.1
Senior and subordinated notes of CLO vehicles	—	102.8	7.0	109.8	—	105.6	9.1	114.7
Disposal groups held for sale	5.8	—	239.5	245.3	12.7	—	89.2	101.9
Total assets	14.4	4,405.6	2,741.8	7,161.8	22.9	4,711.6	2,479.1	7,213.6
Financial Liabilities								
Borrowings and loans held in consolidated entities	—	(4,349.4)	(17.2)	(4,366.6)	—	(4,130.1)	(234.6)	(4,364.7)
Derivative liabilities	—	(106.9)	—	(106.9)	—	(156.3)	—	(156.3)
Disposal groups held for sale	—	—	(108.7)	(108.7)	—	—	(5.0)	(5.0)
Total liabilities	—	(4,456.3)	(125.9)	(4,582.2)	—	(4,286.4)	(239.6)	(4,526.0)

- Level 3 Investments in or alongside managed funds includes £42.5m senior debt (31 March 2022: £41.1m), £1,389.9m subordinated debt and equity (31 March 2022: £1,487.7m), £233.5m of real estate assets (31 March 2022: £215.1m), and £437.6m private equity secondaries (31 March 2022: £369.0m).
- Level 3 Investment in private companies includes £94.7m subordinated debt and equity (31 March 2022: £96.2m) and £15.2m of real estate assets (31 March 2022: £26.5m).
- There were no transfers between Level 1 and Level 2 during the period. The Group's policy is to recognise transfers between levels at the end of the accounting period in which the transfer took place.

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 NAV of these funds are generally used as an input into measuring their fair value. The NAV of the funds are adjusted, as necessary, to reflect restrictions on redemptions, and other specific factors relevant to the funds. In measuring fair value, consideration is also given to any transactions in the interests of the funds. The Group classifies these funds as Level 3.

Investment in private companies

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

The Group's investments in private companies are 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 classifies 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

4. Financial assets and liabilities continued

and from independent loan pricing sources. To the extent that the significant inputs are observable, the Group classifies these investments as Level 2, other assets are classified as Level 3.

Derivative assets and liabilities

The Group uses 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 EU risk-retention requirements. The Group employs DCF analysis to fair value these investments, using several inputs including constant annual default rates, prepayments rates, reinvestment rates, recovery rates and discount rates.

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

Borrowings and loans held in consolidated credit funds

Rated debt liabilities of consolidated CLOs are generally marked at par plus accrued interest, which we assess as fair value, as evidenced by the general availability of market prices and discounting spreads for rated debt liabilities of CLOs. This is consistent with the 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 marked directly in line with the fair value of the CLOs' underlying loan asset portfolios. These underlying assets comprise observable loan securities traded in active markets. The underlying assets are reported in both Level 2 and Level 3. As a result of this methodology deriving the valuation of unrated/subordinated debt liabilities from a combination of Level 2 and Level 3 asset values, we deem these liabilities to be Level 3.

Real assets

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

Reconciliation of Level 3 fair value measurements of financial assets

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

Period ended 30 September 2022	Investment in or alongside managed funds	Investment in loans held in consolidated entities	Investment in private companies	Senior and subordinated notes of CLO vehicles	Disposal groups held for sale	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2022	2,112.9	145.2	122.7	9.1	89.2	2,479.1
Total gains or losses in the income statement						
- Net investment return	51.4	(21.3)	(23.1)	(1.8)	(5.9)	(0.7)
- Foreign exchange	112.4	16.5	25.2	0.5	4.9	159.5
Purchases	192.9	14.6	2.4	—	158.4	368.3
Exit proceeds	(366.1)	(91.2)	(17.3)	(0.8)	(7.1)	(482.5)
Transfer between levels	—	218.1	—	—	—	218.1
At 30 September 2022	2,103.5	281.9	109.9	7.0	239.5	2,741.8

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

4. Financial assets and liabilities continued

Period ended 31 March 2022	Investment in or alongside managed funds	Investment in loans held in consolidated entities	Investment in private companies	Senior and subordinated notes of CLO vehicles	Disposal groups held for sale	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2021	1,802.1	168.6	234.6	27.2	57.4	2,289.9
Total gains or losses in the income statement						
- Net investment return	455.9	(10.8)	17.7	(5.2)	6.3	463.9
- Foreign exchange	2.7	—	4.5	0.5	0.7	8.4
Purchases	680.4	54.8	0.4	13.2	106.9	855.7
Exit proceeds	(824.2)	(37.6)	(134.5)	(26.6)	(82.1)	(1,105.0)
Transfer between levels	(4.0)	(29.8)	—	—	—	(33.8)
At 31 March 2022	2,112.9	145.2	122.7	9.1	89.2	2,479.1

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

Comparatives have been re-presented to reflect the updated presentation of current period figures.

Reconciliation of Level 3 fair value measurements of financial liabilities

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

	30 September 2022 Financial liabilities designated as FVTPL £m	31 March 2022 Financial liabilities designated as FVTPL £m
At 1 April	239.6	268.2
Total gains or losses in the income statement		
– Fair value gains/ (losses)	(243.1)	(31.8)
– Foreign exchange gains/(losses)	25.7	—
Purchases		25.9
Disposal groups held for sale	103.7	5.0
Transfer between levels	—	(27.7)
As at period end	125.9	239.6

Transfers in to 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.

4. Financial assets and liabilities continued

	Fair Value As at 30 September 2022 £m	Fair Value As at 31 March 2022 £m	Primary Valuation Technique ¹	Key Unobservable Inputs	Range	Weighted Average/ Fair Value Inputs	Sensitivity/ Scenarios	Effect on Fair Value ⁴ 30 September 2022 £m
Corporate - subordinated debt and equity ²	1,516.6	1,598.4	Market comparable companies	Earnings multiple	5.5x - 30.0x	15.6x	+10% Earnings multiple ²	171.3
				Discount rate	7.2% - 25.9%	10.6 %	-10% Earnings multiple ²	(171.5)
			Discounted cash flow	Earnings multiple	6.4x - 16.2x	12.2x		
Real Assets	456.2	316.3	Third-party valuation	N/A	N/A	N/A	+10% Third- party valuation	45.6
			LTV-based impairment model	N/A	N/A	N/A	-10% Third-party valuation	(45.6)
Private Equity Secondaries	437.6	369.0	Third-party valuation	N/A	N/A	N/A	+10% Third- party valuation	43.8
							-10% Third-party valuation	(43.8)
Corporate - Senior debt	42.5	41.1	Discounted cash flow	Probability of default	1.8% - 4.6%	1.9 %	Upside case	0.0
				Loss given default	19.4 %	19.4 %	Downside case	(0.7)
				Maturity of loan	3 years	3 years		
				Effective interest rate	8.7% - 9.0%	8.7 %		
Subordinated notes of CLO vehicles ³	7.0	9.1	Discounted cash flow	Discount rate	13.0% - 14.0%	13.5 %		
				Default Rate	3.0-4.5%	3.5 %	Upside case ³	24.5
							Downside case ³	(22.8)
				Prepayment rate %	15% - 20%	18.6 %		
				Recovery rate %	75.0 %	75.0 %		
Investments in loans held in structured entities	281.9	145.2	Third-party valuation	N/A	N/A	N/A	+10% Third- party valuation	28.2
							+10% Third- party valuation	(28.2)
Total assets	2,741.8	2,479.1						
Borrowings and loans held in structured entities	(17.2)	(234.6)	Third-party valuation	N/A	N/A	N/A	+10% Third- party valuation	(1.7)
							+10% Third- party valuation	1.7
Disposal group held for sale	(108.7)	(5.0)						
Total liabilities	(125.9)	(239.6)						

- 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.
- For investments valued using a DCF methodology (including Infrastructure investments) the imputed earnings multiple is used for this sensitivity analysis.
- The sensitivity analysis is performed on the entire portfolio of subordinated notes of CLO vehicles that the Group has originated and invested in of £161.1m fair value (2022: £174.2m). This value includes investments in CLOs that are not consolidated, being £7.0m fair value (2022: £9.1m), and investments in those CLOs which are consolidated, being £154.1m fair value (2022: £165.3m). The default rate applied was set at 4.5% until 2025, reducing by 0.5% semi-annually during 2025 and reverting to 3% in 2026. The upside case is based on the default rate being lowered to 2.5% p.a. for the next 24 months, keeping all other parameters consistent. The downside case is based on the default rate being increasing over the next 24 months to 6.5%, keeping all other parameters consistent.
- The effect of fair value across the entire investment portfolio ranges from £(310.9)m (downside case) to £311.7m (upside case).

5. Earnings per share

	Six months ended 30 September 2022 (Unaudited) £m	Six months ended 30 September 2021 (Unaudited) £m
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	33.4	240.5
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	286,293,727	286,771,551
Effect of dilutive potential ordinary share options	3,602,160	3,654,034
Weighted-average number of ordinary shares for the purposes of diluted earnings per share	289,895,887	290,425,585
Earnings per share (pence)	11.7p	83.9p
Diluted earnings per share (pence)	11.5p	82.8p

The total number of shares issued during the period to 30 September 2022 was nil (H1 FY22: 8,734).

6. Dividends

Dividends on ordinary shares of 57.3p per share, £164.4m (H1 FY22 39.0p, £112.2m) were paid during the period to 30 September 2022.

The Board has approved an interim dividend of 25.3p per share (H1 FY22: 18.7p).

7. Tax expense

	Six months ended 30 September 2022 (Unaudited) £m	Six months ended 30 September 2021 (Unaudited) £m
Analysis of tax on ordinary activities		
Current tax	(15.4)	18.7
Deferred taxation	12.1	5.3
Tax (credit)/charge on profit on ordinary activities	(3.3)	24.0

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

The effective tax rate reported by the Group for the period ended 30 September 2022 is a (10.8)% credit (H1 FY22: 9.1% charge).

The tax credit reported for the consolidated Group for the period is driven by the results of 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, together with the relative mix of NIR for the period, was the driver of the tax credit reported in the period.

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

Deferred tax assets and liabilities have been accounted for at the applicable tax rates substantively enacted in the relevant jurisdiction of the tax arising, at the reporting date.

The UK rate of corporation tax will increase from 19% to 25% from 1 April 2023. This legislative change has been considered when calculating the closing deferred tax balances at the reporting date.

8. Financial liabilities

Financial liabilities are £6,293.2m (31 March 2022: £6,233.1m), including £1,760.1m (31 March 2022: £1,653.4m) of financial liabilities at amortised cost. This is an increase of £60.1m in the period since 31 March 2022 and is driven by the impact of foreign exchange translation (£133.0m), partially offset by a decrease in derivative liabilities (£49.4m) and repayment of long term debt (£34.3m)

9. Net cash flows from operating activities

	Six months ended 30 September 2022 (Unaudited) £m	Six months ended 30 September 2021 (Unaudited) £m
Profit before tax from continuing operations	30.8	266.4
Adjustments for:		
Fee and other operating income	(257.0)	(193.2)
Net investment returns	(5.8)	(282.5)
Interest income	(4.7)	—
Net fair value gains on derivatives	86.4	9.2
Interest expense	31.4	28.2
Depreciation, amortisation and impairment of property, equipment and intangible assets	7.9	8.8
Share based payment expense	20.4	15.6
Unrealised currency translation (gains)/losses	(40.3)	(8.9)
Working capital changes:		
Decrease/(Increase) in trade and other receivables	59.2	(61.6)
(Decrease)/Increase in trade and other payables	(287.7)	93.1
	(359.4)	(124.9)
Proceeds from sale of current financial assets and disposal groups held for sale	7.3	99.5
Purchase of current financial assets and disposal groups held for sale	(118.3)	(146.6)
Purchase of investments	(662.2)	(2,732.4)
Proceeds from sales and maturities of investments	902.9	2,749.0
Interest and dividend income received ¹	151.6	133.8
Fee and other operating income received	334.1	141.0
Interest paid	(106.7)	(65.8)
Cash generated from operations	149.3	53.6
Taxes paid	(16.5)	(22.5)
Net cash flows from operating activities	132.8	31.1

1. Comprises Interest income received of £127.8m (H1FY22: £130.7m) and Dividend income received of £23.8m (H1FY22: £3.1m).

10. Post balance sheet events

There have been no material events since the balance sheet date.

Glossary

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

Term	Short Form	Definition												
APM earnings per share	EPS	APM profit after tax divided by the weighted average number of ordinary shares as detailed in note 5.												
APM Group profit before tax		<p>Group profit before tax adjusted for the impact of the consolidated structured entities. As at 30 September, this is calculated as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Six months ended 30 September 2022</th> <th>Six months ended 30 September 2021</th> </tr> </thead> <tbody> <tr> <td>Profit before tax</td> <td>£30.8m</td> <td>£266.4m</td> </tr> <tr> <td>Less consolidated structured entities</td> <td>£4.8m</td> <td>£(1.7)m</td> </tr> <tr> <td>APM Group profit before tax</td> <td>£35.6m</td> <td>£264.7m</td> </tr> </tbody> </table>		Six months ended 30 September 2022	Six months ended 30 September 2021	Profit before tax	£30.8m	£266.4m	Less consolidated structured entities	£4.8m	£(1.7)m	APM Group profit before tax	£35.6m	£264.7m
	Six months ended 30 September 2022	Six months ended 30 September 2021												
Profit before tax	£30.8m	£266.4m												
Less consolidated structured entities	£4.8m	£(1.7)m												
APM Group profit before tax	£35.6m	£264.7m												
APM Investment Company profit before tax		<p>Investment Company profit adjusted for the impact of the consolidated structured entities. As at 30 September, this is calculated as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Six months ended 30 September 2022</th> <th>Six months ended 30 September 2021</th> </tr> </thead> <tbody> <tr> <td>(Loss)/Profit before tax</td> <td>£(112.9)m</td> <td>£145.5m</td> </tr> <tr> <td>Less consolidated structured entities</td> <td>£4.8m</td> <td>£(1.7)m</td> </tr> <tr> <td>APM Investment Company (loss)/profit before tax</td> <td>£(108.1)m</td> <td>£143.8m</td> </tr> </tbody> </table>		Six months ended 30 September 2022	Six months ended 30 September 2021	(Loss)/Profit before tax	£(112.9)m	£145.5m	Less consolidated structured entities	£4.8m	£(1.7)m	APM Investment Company (loss)/profit before tax	£(108.1)m	£143.8m
	Six months ended 30 September 2022	Six months ended 30 September 2021												
(Loss)/Profit before tax	£(112.9)m	£145.5m												
Less consolidated structured entities	£4.8m	£(1.7)m												
APM Investment Company (loss)/profit before tax	£(108.1)m	£143.8m												
Assets under management	AUM	Value of all funds and assets managed by the FMC. During the investment period third-party AUM is measured on the basis of committed capital. Once outside the investment period third-party AUM is measured on the basis of invested cost. AUM is presented in US dollars, with non-US dollar denominated at the period end closing rate.												
Balance sheet investment portfolio		The balance sheet investment portfolio represents financial assets from the statement of financial position, adjusted for the impact of the consolidated structured entities and excluding derivatives and other financial assets.												
Dividend income		Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities. See note 3 for a full reconciliation.												
EBITDA		Earnings before interest, tax, depreciation and amortisation.												
FX		Foreign exchange												
Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities.												
APM net asset value per share		<p>Total equity from the statement of financial position adjusted for the impact of the consolidated structured entities divided by the closing number of ordinary shares. As at 30 September, this is calculated as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>30 September 2022</th> <th>31 March 2022</th> </tr> </thead> <tbody> <tr> <td>Total equity</td> <td>£1,875.0m</td> <td>£1,995.0m</td> </tr> <tr> <td>Closing number of ordinary shares</td> <td>284,867,428</td> <td>286,550,955</td> </tr> <tr> <td>Net asset value per share</td> <td>658p</td> <td>696p</td> </tr> </tbody> </table>		30 September 2022	31 March 2022	Total equity	£1,875.0m	£1,995.0m	Closing number of ordinary shares	284,867,428	286,550,955	Net asset value per share	658p	696p
	30 September 2022	31 March 2022												
Total equity	£1,875.0m	£1,995.0m												
Closing number of ordinary shares	284,867,428	286,550,955												
Net asset value per share	658p	696p												
Net financial debt		<p>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.</p> <p>Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities. As at 30 September, this is calculated as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>30 September 2022</th> <th>31 March 2022</th> </tr> </thead> <tbody> <tr> <td>APM gross drawn debt</td> <td>£1,752.0m</td> <td>£1,655.0m</td> </tr> <tr> <td>Less unencumbered cash</td> <td>(£718.0m)</td> <td>(£761.5m)</td> </tr> <tr> <td>Net financial debt (see page 17)</td> <td>£1,034.0m</td> <td>£893.5m</td> </tr> </tbody> </table>		30 September 2022	31 March 2022	APM gross drawn debt	£1,752.0m	£1,655.0m	Less unencumbered cash	(£718.0m)	(£761.5m)	Net financial debt (see page 17)	£1,034.0m	£893.5m
	30 September 2022	31 March 2022												
APM gross drawn debt	£1,752.0m	£1,655.0m												
Less unencumbered cash	(£718.0m)	(£761.5m)												
Net financial debt (see page 17)	£1,034.0m	£893.5m												

Term	Short Form	Definition												
Net gearing		<p>Net gearing is used by management as a measure of balance sheet efficiency. Net debt, excluding the consolidated structured entities, divided by total equity from the statement of financial position adjusted for the impact of the consolidated structured entities. As at 30 September, this is calculated as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>30 September 2022</th> <th>31 March 2022</th> </tr> </thead> <tbody> <tr> <td>Net debt</td> <td>£1,034.0m</td> <td>£893.5m</td> </tr> <tr> <td>Shareholders' equity</td> <td>£1,875.0m</td> <td>£1,995.0m</td> </tr> <tr> <td>Net gearing</td> <td>0.55x</td> <td>0.45x</td> </tr> </tbody> </table>		30 September 2022	31 March 2022	Net debt	£1,034.0m	£893.5m	Shareholders' equity	£1,875.0m	£1,995.0m	Net gearing	0.55x	0.45x
	30 September 2022	31 March 2022												
Net debt	£1,034.0m	£893.5m												
Shareholders' equity	£1,875.0m	£1,995.0m												
Net gearing	0.55x	0.45x												
Net investment return	NIR	Net investment return 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		<p>Fund Management Company profit before tax divided by Fund Management Company total revenue. As at 30 September this is calculated as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Six months ended 30 September 2022</th> <th>Six months ended 30 September 2021</th> </tr> </thead> <tbody> <tr> <td>Fund Management Company profit before tax</td> <td>£143.7m</td> <td>£120.9m</td> </tr> <tr> <td>Fund Management Company total revenue</td> <td>£256.9m</td> <td>£231.7m</td> </tr> <tr> <td>Operating profit margin</td> <td>55.9 %</td> <td>52.2 %</td> </tr> </tbody> </table>		Six months ended 30 September 2022	Six months ended 30 September 2021	Fund Management Company profit before tax	£143.7m	£120.9m	Fund Management Company total revenue	£256.9m	£231.7m	Operating profit margin	55.9 %	52.2 %
	Six months ended 30 September 2022	Six months ended 30 September 2021												
Fund Management Company profit before tax	£143.7m	£120.9m												
Fund Management Company total revenue	£256.9m	£231.7m												
Operating profit margin	55.9 %	52.2 %												
Third-party AUM		Value of all funds and assets managed by the Group (including both invested and uninvested capital) on which the Group earns, or has the potential to earn, fees. During the investment period third-party AUM is measured on the basis of committed capital. Once outside the investment period, it is measured on the basis of invested cost.												
Third-party fee-earning AUM		Third-party AUM for which the Group earns a management or performance fee on the date in question.												
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		<p>The aggregate of third-party AUM and the balance sheet investment portfolio (excluding warehoused investments):</p> <table border="1"> <thead> <tr> <th></th> <th>30 September 2022</th> <th>31 March 2022</th> </tr> </thead> <tbody> <tr> <td>Third Party AUM</td> <td>\$65.6bn</td> <td>\$68.5bn</td> </tr> <tr> <td>Balance Sheet Investment Portfolio (excluding warehoused investments)</td> <td>\$2.9bn</td> <td>\$3.6bn</td> </tr> <tr> <td>Total AUM</td> <td>\$68.5bn</td> <td>\$72.1bn</td> </tr> </tbody> </table>		30 September 2022	31 March 2022	Third Party AUM	\$65.6bn	\$68.5bn	Balance Sheet Investment Portfolio (excluding warehoused investments)	\$2.9bn	\$3.6bn	Total AUM	\$68.5bn	\$72.1bn
	30 September 2022	31 March 2022												
Third Party AUM	\$65.6bn	\$68.5bn												
Balance Sheet Investment Portfolio (excluding warehoused investments)	\$2.9bn	\$3.6bn												
Total AUM	\$68.5bn	\$72.1bn												
Total available liquidity		Total available liquidity comprises unencumbered cash and available undrawn debt facilities.												
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.												

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

Term	Short Form	Definition
Additions (of AUM)		<u>Within third-party AUM</u> : the aggregate of new commitments of capital by clients, and calls of capital from funds that have previously had a step-down and are therefore reflected in third-party AUM on a net invested capital basis. <u>Within third-party fee-earning AUM</u> : the aggregate of new commitments of capital by clients that pay fees on committed capital, and deployment of capital that charges fees on invested capital (including calls of capital from funds that have previously had a step-down and therefore charge fees on a net invested capital basis).
AIFMD		The EU Alternative Investment Fund Managers Directive.
Alternative performance measure	APM	These are non-IFRS financial measures.
Balance sheet investment portfolio		Balance sheet investments made alongside funds, or where the balance sheet is seeding investments for new strategies. The balance sheet investment portfolio is revalued at each reporting date.
Catch-up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Client base		Client base includes all direct investment fund and liquid credit fund investors.
Close (of a fund)		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Closed-end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
Collateralised Loan Obligation	CLO	CLO is a type of investment grade security backed by a pool of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, illiquid secondary market. Specifically, this excludes Credit and ICG Enterprise Trust within Structured and Private Equity.
Deal Vintage Bonus	DVB	DVB awards are a long-term employee incentive, enabling certain investment teams, excluding Executive Directors, to share in the future realised profits from certain investments within the Group's balance sheet portfolio.
Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
Equalisation		When new third-party clients subscribe to a closed-end fund after the first close, they pay a pre-agreed return to clients who subscribed to the fund at an earlier close. This compensates those clients for their capital being tied up for longer. This is referred to as 'equalisation' and can result in gain or loss for earlier investors compared to the latest fund valuation.
Event of default	Default	An 'event of default' is defined as: <ul style="list-style-type: none"> – A company fails to make timely payment of principal and/or interest under the contractual terms of any financial obligation by the required payment date – A restructuring of the company's obligations as a result of distressed circumstances – A company enters into bankruptcy or receivership
Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service companies in provision of services to consumers.
Financial Reporting Council	FRC	The UK's independent regulator responsible for promoting high quality corporate governance and reporting.
Fund		A pool of third-party capital allocated to a specific investment strategy or strategies, managed by ICG plc or its affiliates.
Fund Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third-party funds.
Gross money on invested capital	Gross MOIC	Total realised and unrealised value of investments (before deduction of any fees), divided by the total invested cost.
HMRC		HM Revenue & Customs, the UK tax authority.
IAS		International Accounting Standards.
IFRS		International Financial Reporting Standards as adopted by the United Kingdom.

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