Impax Asset Management

Weak FY26 but growth outlook looking far stronger

25 November 2026

After Impax's Oct AUM update, we knew that FY26 (to 30 Sep) had been a tough year. AUM fell 23% to £20.0bn: net outflows of £7.8bn outweighed investment performance of +£1.8bn. Indeed, the share price halved over the last year, and the AUM decline inevitably hit results. But the outcome was a little better than we had forecast and, even in such a bad year, Impax generated a solid profit. Revenue fell 20% to £113.1m (est. £111.6m); both adjusted operating profit and PAT declined by 51% to £16.6m (est. £15.7m) and £10.0m (est. £8.6m) respectively.

The balance sheet remains strong, with £67m of net cash (after paying £12m of dividends and £8m of buybacks). The proposed total FY26 dividend is 6.7p (FY25: 12.0p), giving an 8.3% yield. Net cash and £9m of seed investments now make up 74% of market cap. That leaves a market value of just £27m for a business making £16.6m adjusted operating profit. Impax's fund management business appears priced as if it is in terminal decline. We don't think it is.

Significant potential for AUM to rebound

While recent cost cuts were essential, we think the more important factor driving Impax's investment case is its potential to return to growth. And while we can't predict timing, we think its offering, capabilities, and its market positioning will lead to a return to net inflows and strong AUM growth.

Over recent years, its portfolio was underweight 'mag-7' and 'AI-boom' stocks. The portfolio underperformed. That's changing. A range of its equities and fixed income strategies have delivered strong performances in the calendar year to date (pages 9 and 10). This usually leads to increased flows. And markets are broadening, with **interest ratcheting up in areas Impax has extensive exposure to, and extensive expertise in**: energy efficiency, energy security, renewable energy, critical infrastructure (incl. energy, water, & digital), and environmental risk (more detail on page 4).

Indeed, **net flows into sustainable funds have turned solidly positive in Europe in 2026**, and there are early signs of stronger demand in the US (page 6). What's more, the number of competing sustainable funds has fallen off a cliff (page 8). The sustainable fund market remains huge **at US$3.8 trillion** and **to us Impax appears well positioned to grow market share and AUM over time.**

Fundamental valuation 200p per share, more than double the share price

FY26 closed slightly ahead of our forecasts, but we trim FY27 (page 17) estimates, cutting our net flow forecast from +£1.9bn to +£1.0bn. This reduces our fundamental valuation from 220p per share to 200p, which still supports our view that **Impax is fundamentally underrated.**

Key financials & valuation metrics

Year to 30 Sep (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
AUM (£bn)	37.2	26.1	20.0	22.0	24.1
Revenue	170.1	141.9	113.1	100.9	109.6
Adj. Op. Profit	52.7	33.6	16.6	13.7	15.9
PAT	36.5	20.3	10.0	9.4	11.1
EPS basic (p)	28.5	15.9	8.3	7.8	9.2
EPS adj. & dil. (p)	32.2	21.3	12.2	9.4	10.8
Net cash	93.1	68.0	67.2	72.3	80.7
P/E	2.8	5.1	9.7	10.3	8.7
DPS (p)	27.6	12.0	6.7	5.3	6.1
Dividend yield	34.3%	14.9%	8.3%	6.6%	7.6%

Source: Company data, Equity Development, Priced at 24/11/26.

Company data

EPIC	IPX.L
Price (last close)	80.5p
52 weeks Hi/Lo	176p/79p
Market cap	£102m
ED Fair Value / share	200p
Net cash** 2026A	£67m
Avg. daily volume (3m)	398k

Share price, p



Source: Investing.com

Description

Founded in 1998, Impax is a specialist asset manager, with approximately £20.0 billion of AUM on 30 Sep 2026, in both listed and private markets strategies, investing in the transition to a more sustainable global economy.

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

Next event

AUM update, Jan 2027

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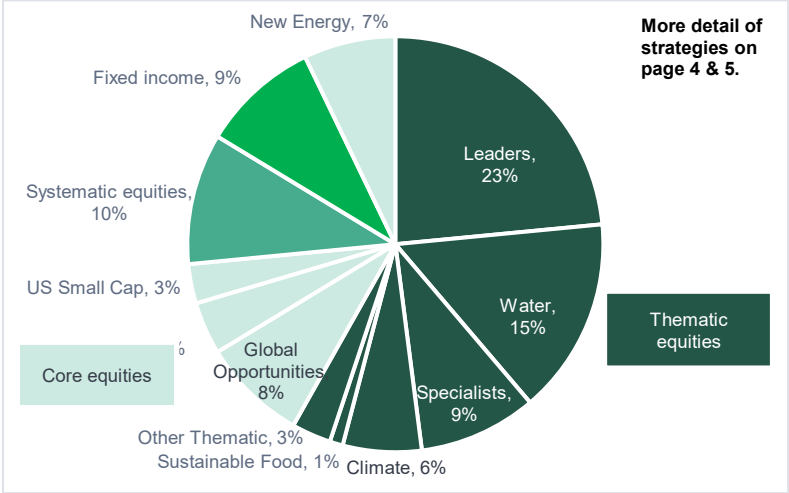
Impax at a glance

History and structure

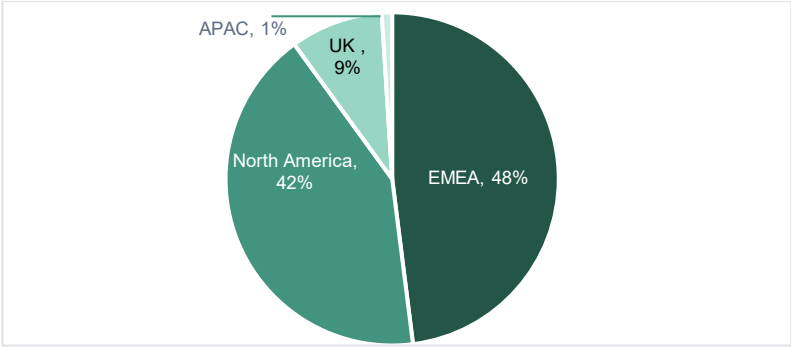
- Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy.
- Launched in 1998, it listed on AIM in 2001 and is still led by founder Ian Simm (CEO), who owns c. 7% of the business.
- It offers a range of listed equities strategies (87% of AUM), fixed income (10%), and private markets (3%) strategies. It is looking to grow fixed income as a % of AUM and has made two recent acquisitions in this space (in 2024 and 2025).
- It employs 245 people, the bulk of which are based in the UK and the US, with smaller offices in Ireland, Hong Kong, Japan, and Denmark.

Revenue by investment strategy



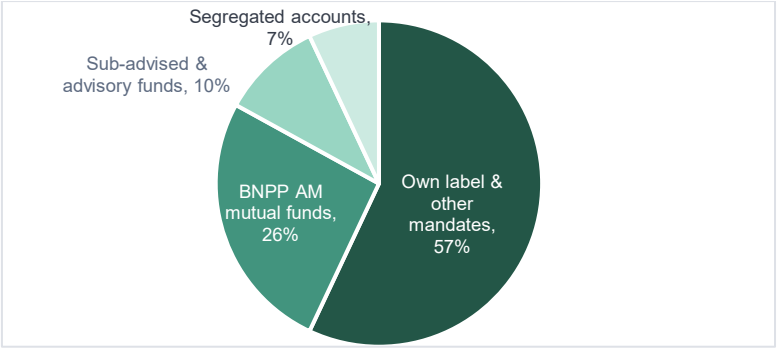
*Source: Company, as at 30 Sep 26. *Thematic equities focus on one area of the transition to a more sustainable economy. Core equities are sustainability strategies using a proprietary Impax framework for thinking about the risks and opportunities associated with the transition in every corner of the investable universe.*

Revenue by region*



Source: Company, as at 30 Sep 26.
**Regional data is by fund/account country of domicile. EMEA includes Impax Irish UCITS platform and SICAV funds sub-managed for BNP Paribas Asset Management and other distribution partners.*

Revenue by client type*



Source: Company, as at 30 Sep 26.
**'Own label' includes Irish UCITS platform in Europe, Impax Funds and Delaware Funds in US and Impax New Energy Funds; "other mandates" includes segregated mandates.*

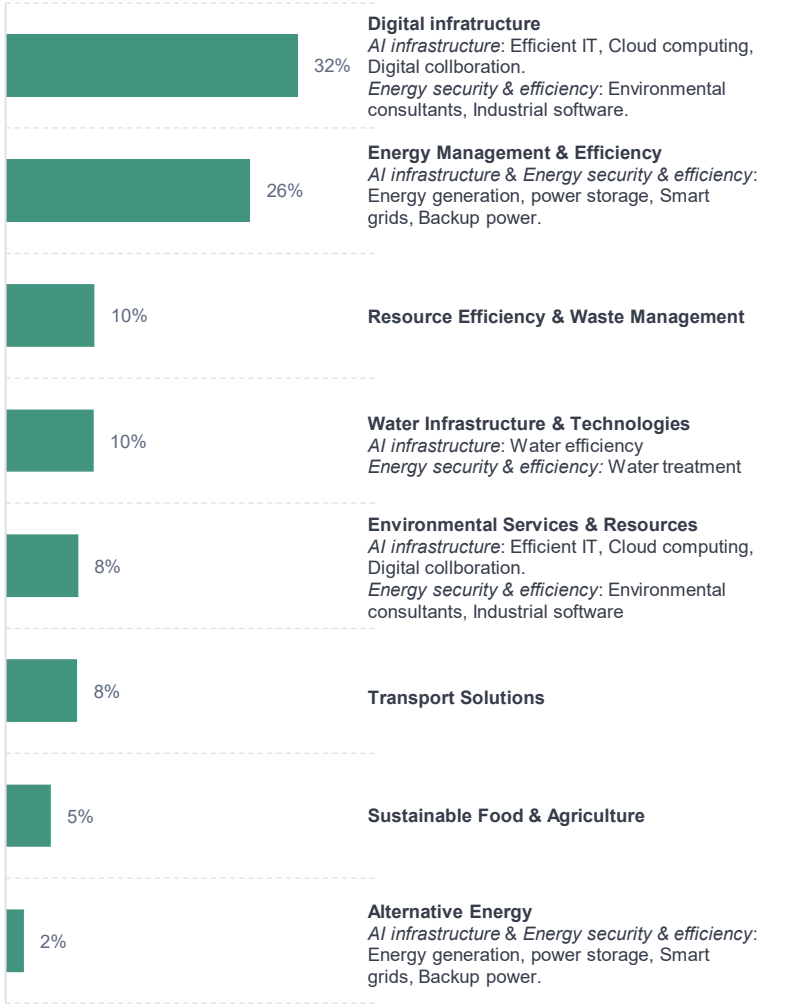
Impax's strategic opportunity

AUM is overweight themes likely to be at the forefront of global economic growth

Thematic & specialist strategies in equities, fixed income & prvt markets

- Much of Impax's AUM is exposed to themes likely to be at the forefront of global economic growth.
- On the right we illustrate the Environmental Market sector exposure of its largest strategy: *Leaders* (23% of group AUM). The chart describes how some of these sectors are exposed to two of the largest economic forces in the global economy: **AI Infrastructure build out**; and **Energy security and efficiency**. (The Leaders strategy invests in companies with at least 20% revenue exposure to Environmental Markets).
- Impax also offers strategies which are even more focused in nature, e.g.:
  - *Specialists* invest in similar themes to *Leaders* but companies need at least 50% revenue exposure to Environmental Markets which gives the strategy a mid and small-cap bias
  - *Water*, *climate*, and *sustainable food* are even more focused towards specific economic themes and sectors
- In addition to these flagship strategies, Impax offers a range of systematic equities, fixed income, private markets, and multi-asset strategies, mostly with a sustainable investing slant. **Its portfolio of 25 strategies** is described in more detail overleaf.
- Combined, these strategies make up an investment suite which can cater to the allocation needs of many asset owners. We think Impax's **specialist expertise and extensive experience of investing in some of the above areas should make it a highly attractive manager for asset owners' capital**.

Weight of *Leaders* strategy (23% of Group AUM) by Environmental Market sector



Source: Impax Environmental Leaders (Ireland) Fund Oct 26 Fact Sheet (proxy for Leaders strategy)

25 focused and highly differentiated strategies across asset classes

Thematic Equities	Core Equities	Fixed Income	Private & Multi
Leaders All-cap global equities investing in Environmental Markets **Water** All-cap global equities. Companies operating across the water infrastructure, utilities and treatment sectors **Specialists** Global equities investing in stocks of small and mid-cap environmental services and technology companies. **Climate** Listed equities with exposure to products and services enabling mitigation of climate change or adaptation to its consequences. **Sustainable Food** Investing in companies helping to address the sustainability challenges facing the food sector. **Asian Environmental** Invests regionally in APAC companies active in the rapidly growing resource efficiency and environmental markets. **US Environmental Leaders** All-cap US equities investing in Environmental Markets.	**Global Opportunities** All-cap global equities investing in high-quality companies with sustainability tailwinds. **International Sustainable Economy** Systematic strategy investing in non-US developed markets companies positioned to benefit from the transition to a more sustainable economy. **US Large Cap Strategy** US large cap companies with strong prospects and attractive valuations. **US Sustainable Economy Strategy** A systematic strategy investing in US companies positioned to benefit from the transition to a more sustainable economy. **US Small Cap Strategy** Focused on risk management and identifying high-quality US small cap companies with fair valuations. **Impax Global Women's Leadership** Systematic, global large cap strategy investing in companies that advance gender diversity and equity **Global Social Leaders** Global equities. Companies with strong corporate cultures and that provide products or services benefitting society. **Global Emerging Markets Opportunities** All-cap equities investing in high-quality companies with sustainability tailwinds within emerging markets **Sustainable Infrastructure** Focused on the infrastructure that will drive the transition to a more sustainable economy. The existing product portfolio was extended in 2026 when the *Impax Global Sustainable Infrastructure ETF* listed on NYSE Arca.	**US Short Duration High Yield** Diversified high current income strategy. US$ denominated high yield debt expected to be redeemed in <3Y. **Core Bond** Broad, diversified exposure across a range of investment grade credit sectors - single solution fixed income portfolio. **US High Yield Bond** Seeking high current income and capital appreciation from a diversified portfolio of predominantly high yield securities. **Global High Yield Bond** Investing in attractive High Yield credits globally. **Global Short Maturity High Yield** Diversified, high current income strategy. US$ and non-US$ high yield debt expected to be redeemed in <5Y. **Emerging Markets Corporate Bond** Diversified, investing in Emerging Markets focusing on corporate fundamentals and attractive risk adjusted return. **Core Plus Bond** Diversified, multi-sector broad fixed income exposure to core and plus sectors - single portfolio solution.	**Private Markets** (New Energy Strategy) Investing in renewable energy infrastructure. **Sustainable Allocation** Multi-asset strategy using a dynamic risk-focused asset allocation approach and diversifies across a broad range of Impax strategies.

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

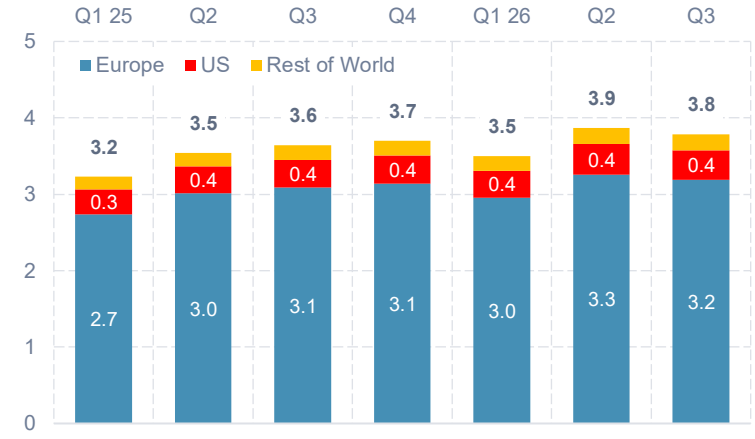
Operating in the (huge) sustainable fund market, which has a solid recovery underway in Europe

Europe dominates market, with recent flows turning positive

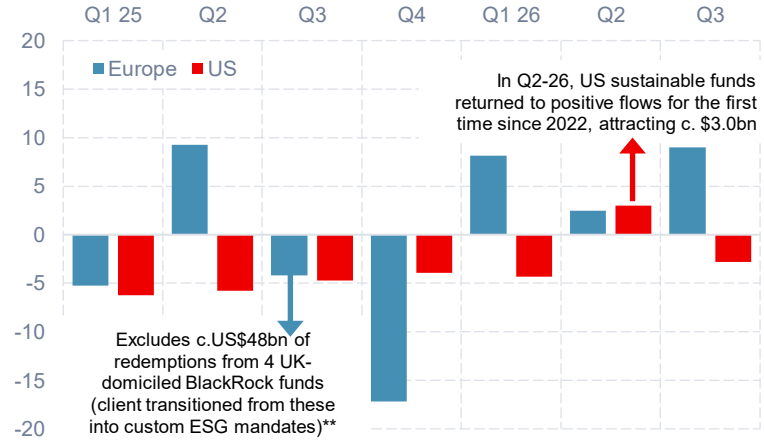
- The size of the global sustainable fund* market was c. $3.8 trillion in Q3 26. While not a perfect match to Impax's target market, the size of this market certainly confirms that **Impax has an enormous opportunity to grow, even if it captures a tiny incremental market share** (current market share <1%).
- Europe makes up c. 84% of the global sustainable fund market, with c. $3.2 trillion of assets. The US makes up c. 11% with c. $400bn. But this is a tiny share of the total US fund market, so there is material potential to grow. (These are also Impax's largest markets, with EMEA making up c. 59% of AUM, the UK 2%, and North America 38%).
- Recent growth has been driven by strong markets, with flows mostly negative in 2025 (bottom chart). But this has turned around in Europe:
  - The **European market recorded strong positive net flows in Q1, Q2, and Q3 of 2026** (blue bars in bottom right chart below).
  - The **US has shown tentative signs of a recovery**, with Q2 of 2026 being the first time positive net flows were recorded since 2022 (red bars in bottom right chart below). Flows did however dip back into negative territory in Q3.

*All statistics quoted above sourced from Morningstar report: Global Sustainable Fund Flows: Q3 2026 in Review. *Global sustainable fund universe encompasses open-end funds and ETFs that, by prospectus or other regulatory filings, claim to focus on sustainability; impact; or ESG factors.*

Global sustainable fund* assets, US$trn



European and US sustainable fund* net flows, US$bn

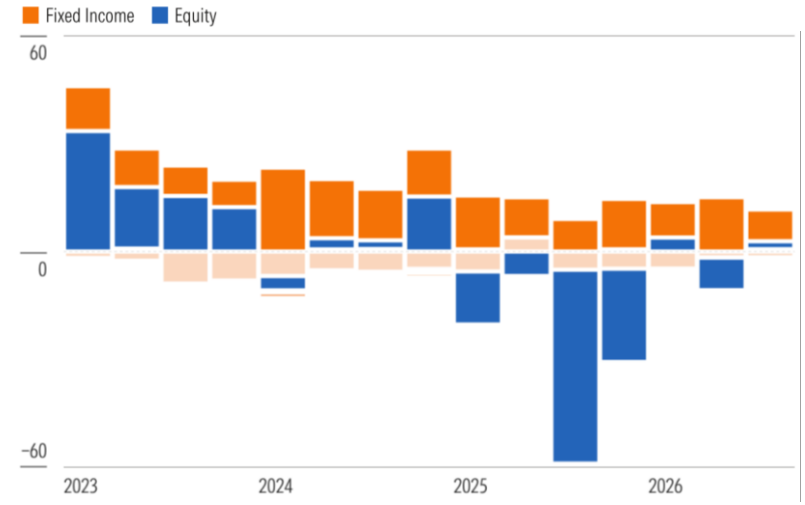


*Source: Morningstar: Global Sustainable Fund Flows: Q3 2026 in Review. Chart reproduced with permission. Q3 26 data excludes China's flows - not available at the time of publication. **Source: Morningstar: Global Sustainable Fund Flows: Q3 2025 in Review.*

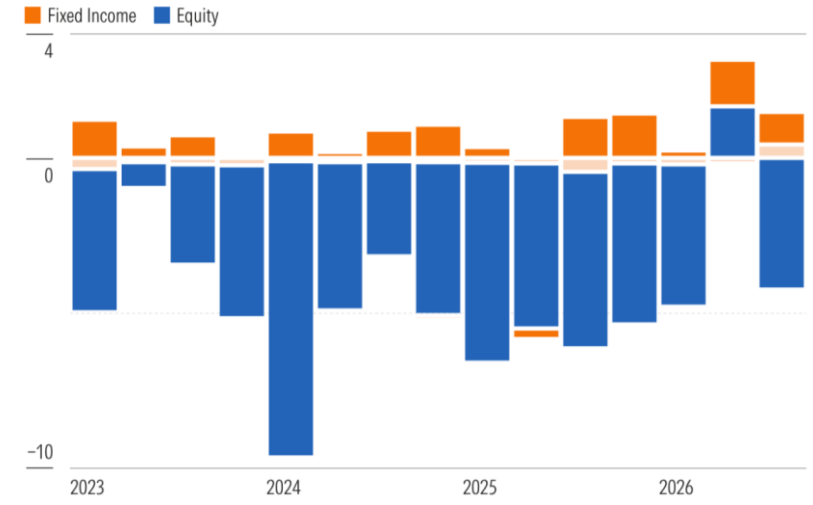
Equity funds are largest sustainable asset class, but fixed income is attracting more flows

- In Europe, equity funds account for around 66% of sustainable fund assets (US$ 2.2 trillion), with fixed income making up c. 22% (US$ 701 billion).
- In the US, equity funds account for around 85% of sustainable assets (US$ 331 billion), with fixed income making up c. 14% (US$ 54 billion).
- But **in both markets, fixed income has seen strong positive net flows in recent years** (orange bars in charts below), while equity flows have suffered (blue bars). Note that the scales of each chart are different with flows far higher in Europe than in the US.
- Fixed income is seen by Impax as a key growth area. While it has been in this market for a long time, it has expanded its offerings over the last few years with the acquisition of Denmark-based Absalon Capital Management in FY24 and US-based SKY Harbor in FY25. It currently manages c. £2.1bn of fixed income assets, up from £1.3bn three years ago (end FY23).

European Sustainable Fund Flows by Asset Class, US$bn



US Sustainable Fund Flows by Asset Class, US$bn



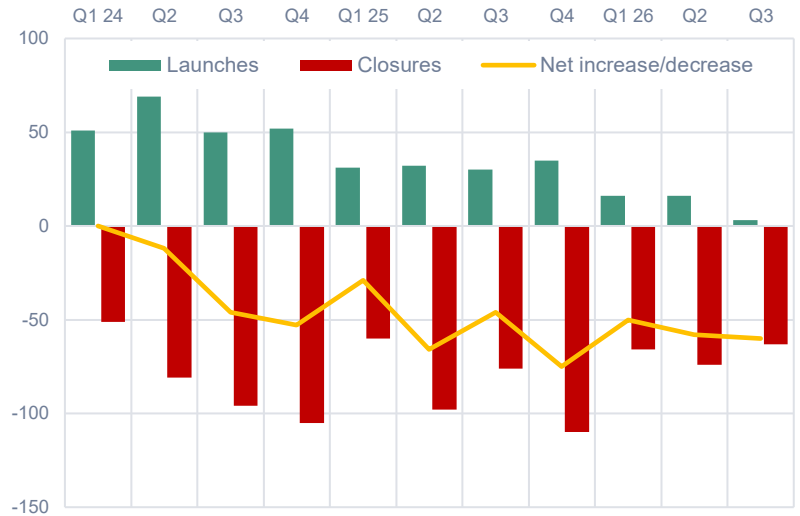
Source: Morningstar: Global Sustainable Fund Flows: Q3 2026 in Review. Charts reproduced with permission.

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

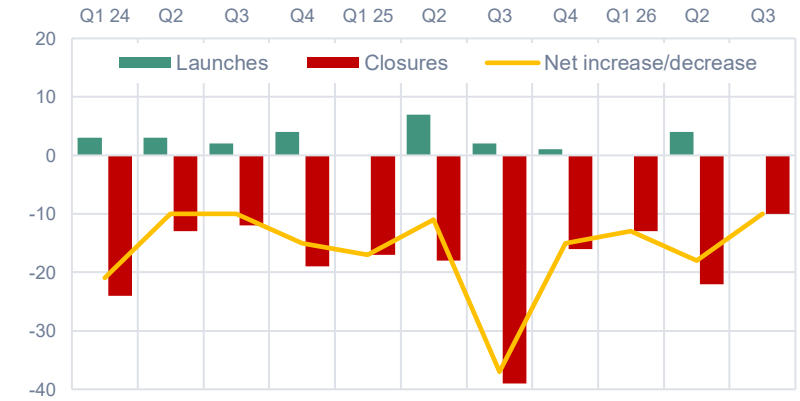
Impax offering has been consistent, credible and is positioned to capitalise

- **While the size of the sustainable fund market in terms of AUM has continued to grow, the number of funds available to investors has declined sharply.**
- In both Europe (top chart), and the US (bottom chart), fund closures have outpaced new launches by some distance in recent years.
- Amidst this 'cleanout' of many opportunistic offerings which attempted to exploit the 'ESG boom', Impax's offering to clients has not changed. It is a standout leader with a 28-year track record.
- Morningstar has commented as follows on the current state of product launches and closures:
  - For Europe: "*The slowdown in launches reflects a maturation in the market after three years of rapid growth from 2020 to 2022, when asset managers expanded their core sustainable fund ranges to meet rising demand. Since then, greenwashing scrutiny and regulatory uncertainty have made firms more cautious*"
  - For the US: "*Through the first three quarters of 2026, four sustainable funds have launched, and 45 have closed, reflecting continued consolidation as asset managers adjust their product lineups.*"

European sustainable fund launches and closures, number



US sustainable fund launches and closures, number



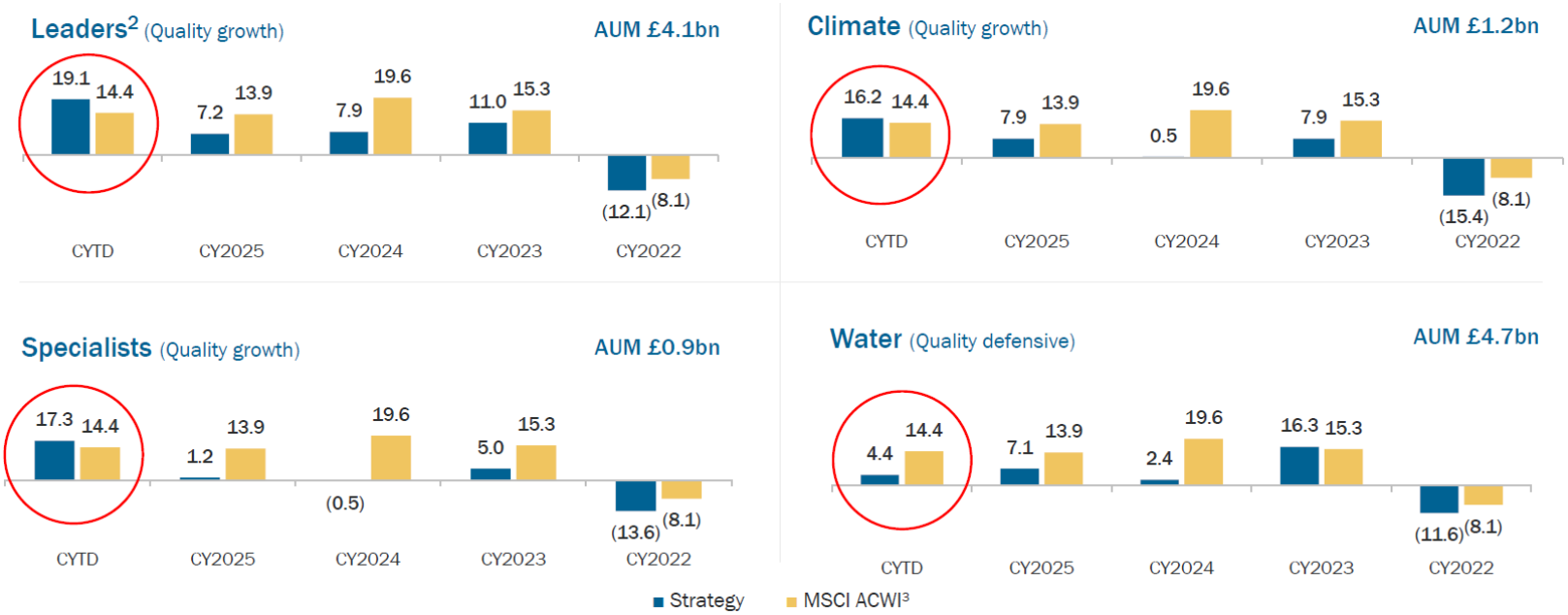
Source: Morningstar: Global Sustainable Fund Flows: Q3 2026 in Review. Data used with permission. Sustainable fund universe encompasses open-end funds and ETFs that, by prospectus or other regulatory filings, claim to focus on sustainability; impact; or ESG factors.

AUM performance and movement over FY26

Listed-equity investment performance improving, which usually leads to improved flows

Over recent years, Impax's portfolio was underweight 'mag-7' and 'AI-boom' stocks, and the portfolio underperformed. That's changing. A range of its equities strategies have improved their performance substantially over calendar-2026, beating benchmark. This usually leads to improved net flows, albeit with a lag. Impax also highlights that it expects US clients to respond to the improved investment performance first: "*Our experience tells us that clients in North America tend to respond more quickly than European investors to improved investment performance; we expect this trend to play out again over the next 12 months.*"

Four largest thematic strategies' performance versus benchmark (GBP, annualised, %) [1]

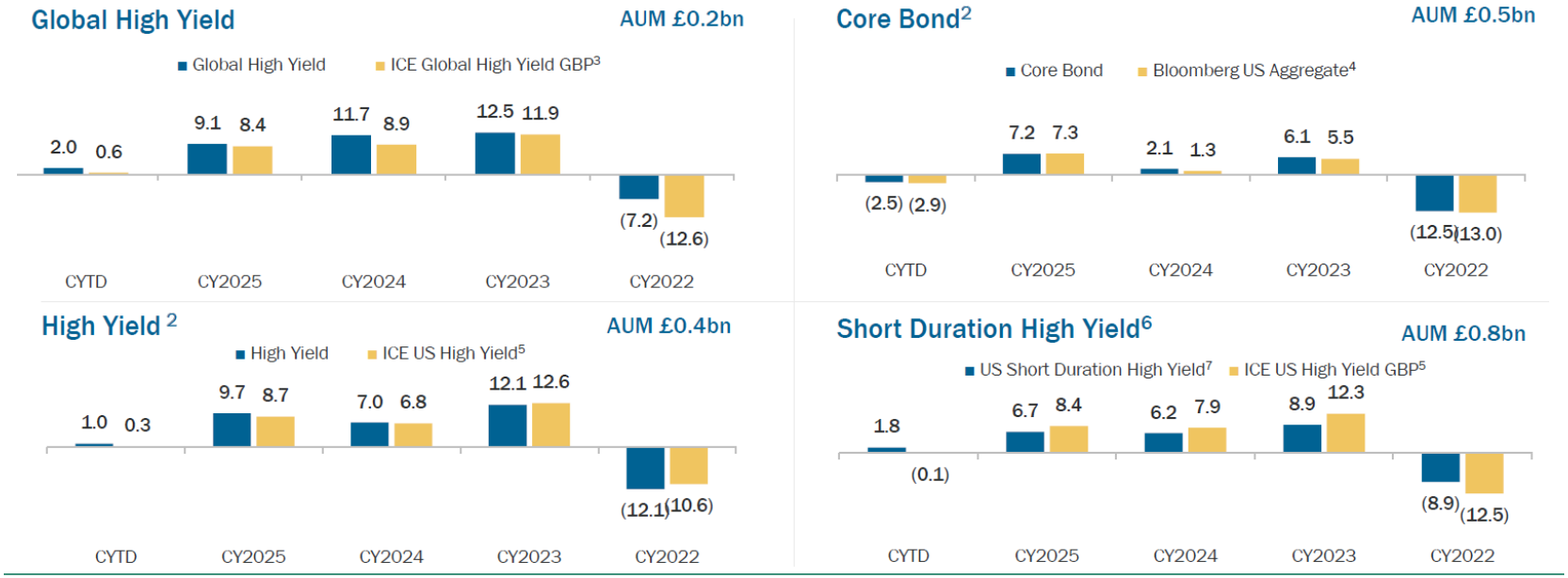


Source: Impax.
[1]Year-to-date as at 30 September 2026. Includes largest four Listed Equities strategies. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees. Impax Asset Management claims compliance with Global Investment Performance Standards (GIPS)®. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request. 2A hybrid account is not included in the Total AUM of the Leaders strategy and the AUM of this account is £637m. 3MSCI indices are total net return (net dividend re-invested).

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

In fixed income, Impax's relative and absolute performance has been excellent, with the bulk of strategies outperforming benchmark over multiple time horizons.

Four largest strategies' performance versus benchmark (GBP, annualised, %) [1]



Source: Impax. [1]Year-to-date as at 30 September 2026. Includes largest four Fixed Income strategies. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees. Impax Asset Management claims compliance with Global Investment Performance Standards (GIPS)®. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request. See appendix for more detail on strategy performance. 2 Performance for this strategy is reported in USD. 3 The ICE BofA Global High Yield Index tracks the performance of below investment grade corporate debt of issuers domiciled in countries having an investment grade foreign currency long-term debt rating (based on an average of Moody's, S&P and Fitch). 4 Bloomberg Barclays US Aggregate Bond Index is a broad-based index, maintained by Bloomberg L.P. often used to represent investment grade bonds being traded in United States. 5 The ICE BofAML US High Yield BB-B (Constrained 2%) index ("Benchmark") tracks the performance of BB- and B-rated fixed income securities publicly issued in the major domestic or eurobond markets, with total index allocation to an individual issuer limited to 2%. 6 The US Short Duration strategy has a structurally lower duration than the benchmark, and thus a different return profile. It is a benchmark-agnostic strategy which seeks to capture the majority of the broader US high yield market's upside, with lower downside capture. 7 Net returns. SICAV Fund (not composite); A Cap share class.

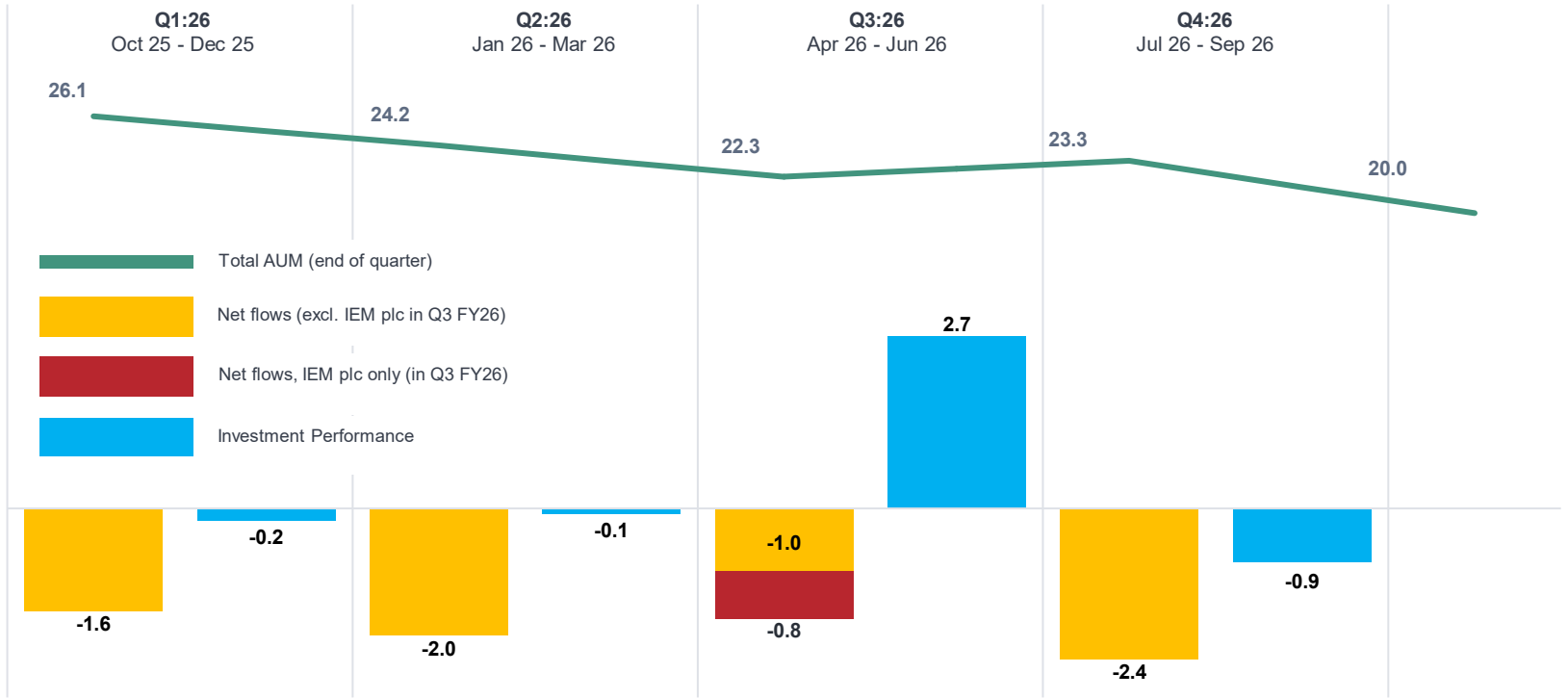
FY26: outflows continue, mainly in listed equities

AUM fell 23% over FY26, from £26.1bn to £20.0bn. Net outflows totalled £7.8bn with AUM movements from investment performance +£1.8bn. Outflows are a confluence of factors. Active equities have generally seen heavy outflows in recent years, sustainable equities have also suffered outflows (page 7), the sectors Impax invests in have been out of favour relative to mag-7 and AI stocks, and Impax describes a *'lag effect of clients responding to the previous weaker investment performance of some strategies.'*

Listed equities bore the brunt of outflows (£7.4bn), ending the year with £17.4bn AUM. Q3 was hard-hit by £754m of outflows from listed investment trust Impax Environmental Markets plc (IEM). Impax Asset Management has been managing the portfolio of IEM. In response to activist investor action (by Saba Capital), IEM implemented an *Exit Tender Offer* process which saw c. 80% of non-Saba shareholders choosing to exit the company, with Impax Asset Management experiencing the consequent outflows.

Fixed income outflows were small (£0.3bn), leaving AUM of £2.1bn. Private markets were broadly flat at £0.6bn.

Quarterly AUM moves over FY26, £bn



Source: Company, ED analysis

Analysis of FY26 financials

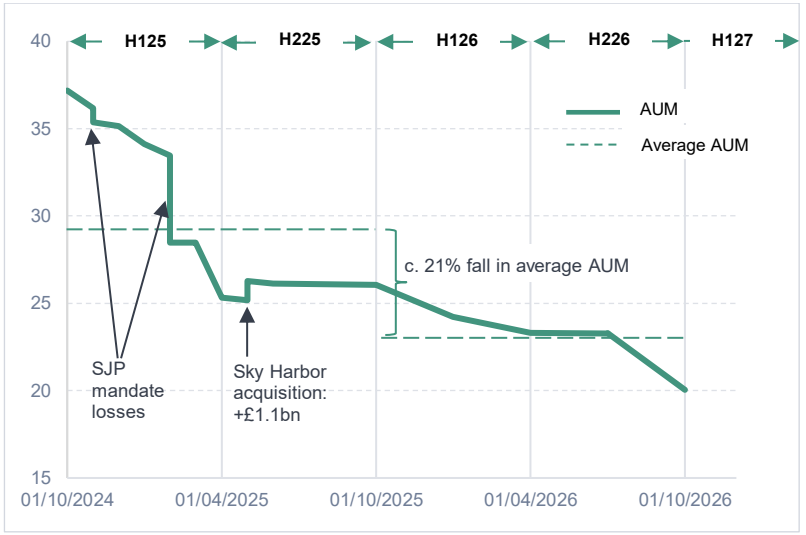
Revenue -20%, but fee margin up from 46.9bps to 48.0bps

Lower average AUM drives revenue down

- Average AUM is Impax's main revenue driver. Average fee margin is also a driver but to a lesser extent as it has not tended to move by large amounts.
- In FY26, average AUM fell c. 21% to £23.5bn (FY25: £29.9bn). Fee margin rose from an FY25 average of 46.9bps to 48.0bps. This was mainly due to the loss of the low-margin St James's Place accounts in FY25.
- Revenue fell 20%, from £141.9m in FY25 to £113.1m in FY26, slightly less than the fall in average AUM.
- FY27 starts at a low AUM level (£20.0bn), below the FY26 average, and run-rate revenue* on 30 Sep 26 was £96.2m. So, while we forecast modest AUM growth in FY27, we expect average AUM to be lower than FY26. This translates to an expected revenue decline in FY27. We forecast revenue to fall again in FY27, to c. £101m. We expect revenue growth to pick up after that, to c. £110m in FY28 (see page 17 for more on forecasts).

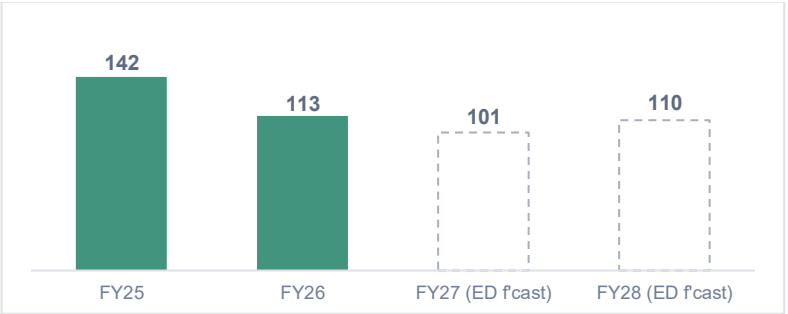
*Run rate revenue: Monthly end-of-period revenue, extrapolated for 12 months and adjusted to remove the effects of one-off transactions.

AUM (£bn) profile last two years



Source: Company, ED analysis

Group revenue, £m



Source: Company, ED analysis

Adjusted income statement: operating costs -11%, operating margin 15%

Lower bonuses and fewer staff = lower costs

- In addition to statutory accounts, Impax reports *adjusted operating profit,* which eliminates some volatile and non-cash costs and allows for a clearer view of the underlying performance of the business. Excluded costs are amortisation of intangible assets arising from acquisitions; charges in respect of acquisition-related incentive schemes; mark-to-market effects of NIC payable on share awards; and foreign exchange gains and losses.
- Adjusted operating costs fell 11% y-o-y from £108.2m in FY25 to £96.5m in FY26. This fall was driven by:
  - 1) Staff costs fell £9.5m (-13%) to £61.4m. Impax's pay model is heavily bonus-based, so bonuses fall when profits fall (see policy on right).
  - 2) Headcount on 30 Sep 26 was 245, down 11% from 275 a year earlier, with reductions across investment staff (95 to 86), the client group (81 to 68) and other staff (99 to 91).
- 3) Non-staff costs fell £2.2m (-6%) to £35.1m.
- **We forecast adjusted operating costs to fall again in FY27, to £87.3m (run-rate costs on 30 Sep 26: £86.5m), then rise to £93.7m in FY28 as AUM growth feeds through to bonuses.**
- Adjusted operating profit fell 51% from £33.6m in FY25 to £16.6m in FY26, with adjusted operating margin down from 23.7% to 14.6%.

'Adjusted operating' income statement & key cost changes (£m)

	FY26	FY25	Change
Revenue	**113.1**	**141.9**	**(20%)**
Staff costs	(61.4)	(70.9)	(13%)
Non-staff costs*	(35.1)	(37.3)	(6%)
(*includes: IT & communications, direct fund expenses, professional fees, premises and other expenses)			
Total adjusted operating costs	**(96.5)**	**(108.2)**	**(11%)**
Adjusted operating profit	**16.6**	**33.6**	(51%)
Adjusted Operating Margin	14.6%	23.7%	
Key changes to cost base:			
Total number of employees	245	275	(11%)
Staff cost incr./decr. from prior year	(9.5)	(11.3)	
Non-staff cost increase from prior year	(2.2)	+2.1	

Variable staff cost/bonus policy

The Company's policy is to pay salaries and benefits that are broadly in line with market median levels and, under normal circumstances, to award a total variable performance-related remuneration amount ("the Bonus Pool") of up to 45% of adjusted operating profit.

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

Statutory income statement: PBT £13m, basic EPS 8.3p per share (PE 9.7x)

Redundancy costs reduce statutory profits

- The main differences in costs between adjusted operating profit and statutory operating profit were:
  - Redundancy costs of £2.1m (FY25: £3.3m).
  - Amortisation of intangibles (management contracts from the Impax NH, Absalon and SKY Harbor acquisitions) of £2.8m (FY25: £2.6m).
  - Exceptional acquisition costs of £0.2m (FY25: £0.8m).
  - A mark-to-market credit on equity awards of £0.3m (FY25: £0.8m credit).
  - Acquisition equity incentive charges of £0.2m (FY25: £0.2m).
- In turn, IFRS operating profit fell 57% from £27.4m to £11.7m.
- Finance income (interest income) fell from £2.9m to £2.0m. Finance costs fell from £2.5m to £0.3m (FY25 included foreign exchange and fair value losses).
- PBT fell 52% from £27.8m in FY25 to £13.4m. Tax was £3.3m (a 25% effective rate), so PAT fell 51% from £20.3m to £10.0m.
- Basic EPS was down 48% to 8.3p and diluted EPS down 48% to 8.2p.

Bridge from adjusted to IFRS income statement, £m

	FY26	FY25
Revenue	**113.1**	**141.9**
Total adjusted operating costs	(96.5)	(108.2)
Adjusted operating profit	**16.6**	**33.6**
Bridge to IFRS profits		
Redundancy costs	(2.1)	(3.3)
Amortisation of intangibles (acquisitions)	(2.8)	(2.6)
Acquisition equity incentive charges	(0.2)	(0.2)
Mark to market charge on equity awards	0.3	0.8
Exceptional acquisition costs	(0.2)	(0.8)
Other exceptional costs	-	(0.1)
Total operating costs	**(101.5)**	**(114.5)**
Operating profit	**11.7**	**27.4**
Finance income	2.0	2.9
Finance costs	(0.3)	(2.5)
Profit before tax	**13.4**	**27.8**
Tax	(3.3)	(7.5)
Profit after tax	**10.0**	**20.3**
Basic EPS	8.3	15.9
Diluted EPS	8.2	15.8

Source: Company. Totals may not add due to rounding

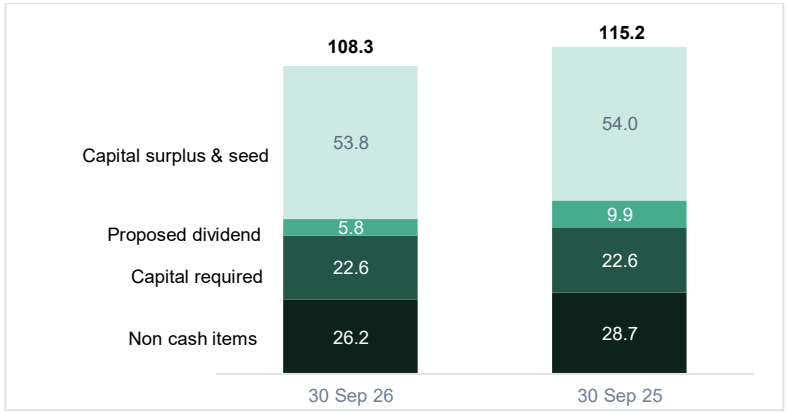
Balance sheet and cash still strong, no debt

Key balance sheet events

- Net assets fell 6% to £108m (30 Sep 25: £115m). Impax has no debt.
- The group provides a capital resources breakdown (chart on right) that considers minimum regulatory cash. This shows Impax having a **capital surplus (including seed investments) of £53.8m (30 Sep 25: £54.0m),** which can be utilised to pursue organic or acquisitive growth opportunities, buy shares for the employee benefit trust (to avoid dilution from share awards), and the like.
- On 30 Sep 26 £8.6m (30 Sep 25: £16.8m) was invested in seed capital.

Source: Company

Capital allocation, £m



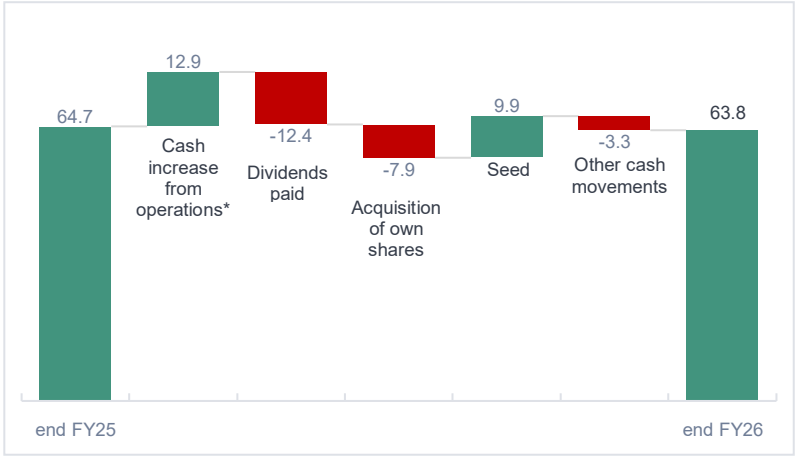
Source: Company

Cash position still strong

- Cash generated from operating activities (after tax) was £15.2m (FY25: £23.8m).
- Cash reserves fell 1% y-o-y to £63.8m from £64.7m (net cash, including cash in research payment accounts, was £67.2m).
- That is after £12.4m of dividends, £7.9m of share buybacks and own-share purchases, and £2.9m paid into the deferred remuneration fund, partly offset by £9.9m returned from seed investments. There were no acquisitions (FY25: £4.4m for SKY Harbor).

Source: Company

Cash movements between end-FY25 and end-FY26



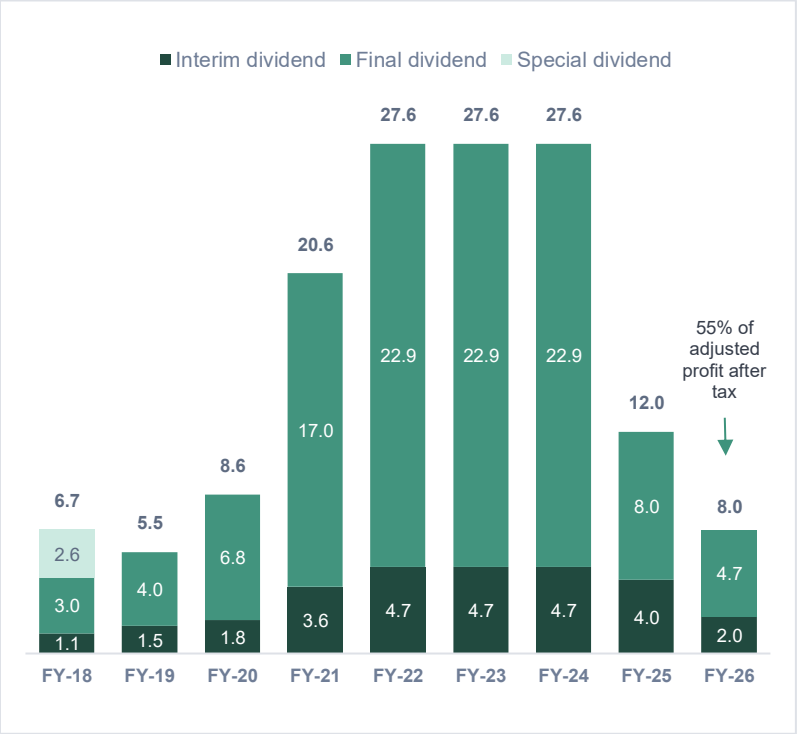
Source: Company.
Excludes third-party interest on consolidated funds and cash held in Research Payment Accounts.
˚Cash generated from operations after tax and lease-related charges.

FY26 dividend 6.7p, yield 8.3%

Lower dividend reflects lower profits

- Impax's dividend policy is to pay an annual dividend of at least 55% of adjusted profit after tax, while ensuring sufficient capital is retained to invest in future growth.
- The FY26 payout is in line with this policy, standing at c. 55% of adjusted PAT.
- The final dividend is 4.7p, in addition to the interim dividend of 2.0p, bringing the total dividend for the year to 6.7p (FY25: 12.0p).
- **The full year dividend gives an 8.3% yield on the last closing share price of 80.5p.**
- We detail Impax's impressive longer-term dividend payout history in the chart on the right.

Historic and proposed dividends, pence per share



Source: Company historic data

Updated forecasts

The main changes to our forecasts are shown below. FY26 is now actual. Key points are:

- **For FY26**
  - Revenue of £113.1m was 1% above our forecast, while adjusted operating costs (£96.5m v our £95.9m) were very slightly higher than forecast. Adjusted operating profit was 6% above our forecast and PAT 16% above.
  - The FY26 dividend of 6.7p was a little below our 7.0p forecast, in line with the 55% payout policy.
- **For FY27**
  - We cut our net flow forecast from +£1.9bn to +£1.0bn, so year-end AUM falls 4% to £22.0bn and revenue 1% to £100.9m.
  - Adjusted operating profit falls 8% to £13.7m and PAT 13% to £9.4m. Our DPS forecast falls from 7.0p to 5.3p.

Forecast changes

Year to 30 Sep (£m)	FY26A Actual	FY26 Previous	Change	FY27E Revised	FY27E Previous	Change
AUM (£bn)	20.0	20.0	0%	22.0	23.0	-4%
Revenue	113.1	111.6	1%	100.9	101.7	-1%
Adjusted Op. costs*	96.5	95.9	1%	87.3	86.8	1%
Adjusted Op. Profit**	16.6	15.7	6%	13.7	14.9	-8%
Adjusted Op. margin	14.6%	14.1%		13.5%	14.7%	
Net profit after tax	10.0	8.6	16%	9.4	10.8	-13%
EPS basic, p	8.3	7.1	17%	7.8	8.9	-12%
EPS adjusted & diluted, p	12.2	10.9	12%	9.4	10.4	-10%
Net cash***, £m	67.2	61.3	10%	72.3	62.3	16%
P/E	9.7	11.3		10.3	9.1	
DPS, p	6.7	7.0	-4%	5.3	7.0	-24%
Dividend yield	8.3%	8.7%		6.6%	8.7%	

Source: Equity Development, Priced at 24/11/26
**IFRS costs less non-recurring acquisition costs, amortisation of intangibles acquired, one-off tax credits & mark-to-market of NI on equity awards*
***Revenue less adjusted operating costs. ***ex. leases, incl. 3rd-party interest on consolidated funds.*

Impax looking mispriced on fundamentals and when compared to peers

Fair value of 200p per share: PE 9.7*

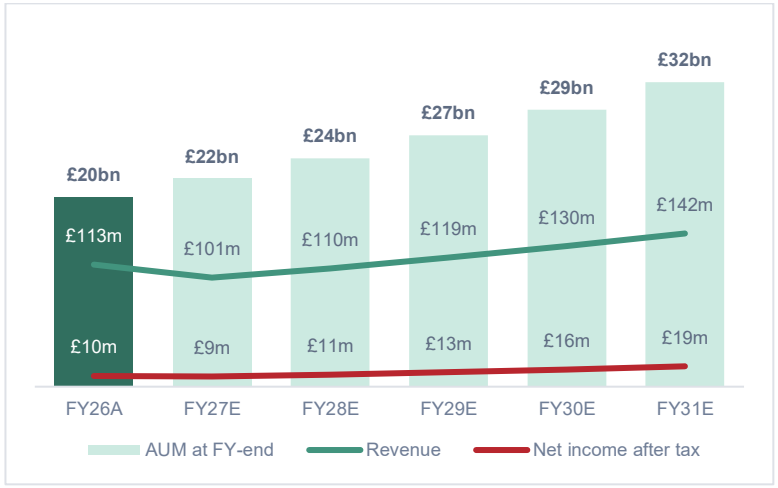
Our fundamental valuation of Impax uses a discounted cash flow methodology based on the following primary assumptions:

- Over a 5-year explicit forecast period:
  - AUM returns to growth in FY27, driven by a return to positive net flows, with a CAGR of 10% between FY27 and FY31 (including an assumed investment return of c. 4.5% per annum).
  - Revenue grows at a CAGR of c. 9% between FY27 and FY31, a little below AUM as we assume some fee erosion and lower-margin fixed income AUM.
  - Adjusted operating margin dips to c. 14% in FY27 before recovering to c. 18.5% in FY31, as AUM growth runs through a lower cost base.
  - PAT dips to c. £9m in FY27, recovering to c. £19m in FY31.
- The business is acquired at 15x FY31 free cash flow to equity after year 5 (the terminal value in our DCF calculation), which we believe to be a conservative assumption.
- All future cash flows are discounted at a rate of 13%.

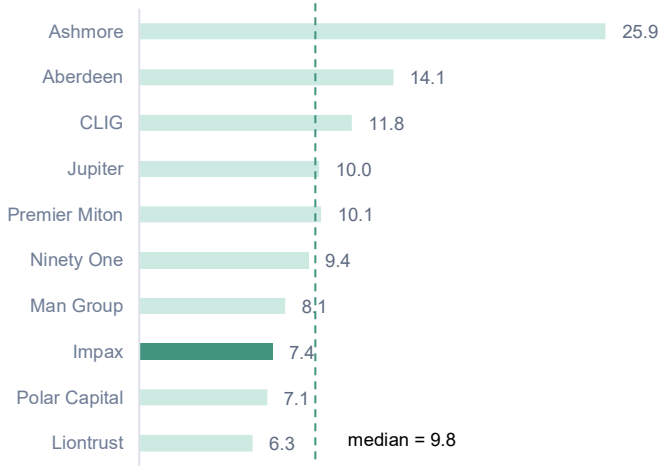
This gives a fundamental value of 200p per share, more than double the current share price.

- We also compare Impax's PER versus peers and note that there have been some very large AUM moves (both up and down) among asset managers over the last year or so. The effect of these moves has not filtered through to historical earnings yet. So, it makes more sense to compare **forward PERs**, which take recent AUM moves into account in earnings forecasts.
- **Impax's est. PER (on consensus) is 7.5 and far lower than most peers. Given its strategic positioning, strong balance sheet and net cash and investments making up 75% of its market cap, we see this as too low.**

Summary growth forecasts



Forward PER comparison (next 12 months' consensus forecasts)



Source: Koyfin. PERs based on share prices on 24 Nov 26.

Summary financials

Income statement

Year to 30 Sep (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue	170.1	141.9	113.1	100.9	109.6
IFRS Income Statement					
Operating costs	(121.1)	(114.5)	(101.5)	(90.1)	(96.5)
Operating profit	49.0	27.4	11.7	10.9	13.1
Investment income	3.9	2.9	2.0	2.0	2.0
Finance cost	(4.0)	(2.5)	(0.3)	(0.3)	(0.3)
IFRS profit before tax	**49.0**	**27.8**	**13.4**	**12.6**	**14.8**
Taxation	(12.5)	(7.5)	(3.3)	(3.1)	(3.7)
IFRS PAT	36.5	20.3	10.0	9.4	11.1
Basic EPS, p	28.5	15.9	8.3	7.8	9.2
Diluted EPS, p	28.2	15.8	8.2	7.7	9.1
Adjusted Income Statement					
Adjustments to operating costs:					
Redundancy costs	-	3.3	2.1	-	-
Acquisition equity incentive scheme awards	0.4	0.2	0.2	-	-
Mark to market charge on equity awards	(0.3)	(0.8)	(0.3)	-	-
Exceptional acquisition costs	1.0	0.8	0.2	-	-
Other exceptional costs	-	0.1	-	-	-
Amortisation of goodwill/intangibles	2.6	2.6	2.8	2.8	2.8
Adjusted operating profit	**52.7**	**33.6**	**16.6**	**13.7**	**15.9**
Investment income	3.9	2.9	2.0	2.0	2.0
Finance cost	(4.0)	(2.5)	(0.3)	(0.3)	(0.3)
Adjusted profit before taxation	55.7	34.3	18.3	15.4	17.6
Taxation	(12.5)	(7.5)	(3.3)	(3.8)	(4.4)
Adjusted PAT	**41.6**	**27.3**	**15.0**	**11.5**	**13.2**
Adjusted Basic EPS, p	32.6	21.5	12.3	9.6	11.0
Adjusted Diluted EPS, p	32.2	21.3	12.2	9.4	10.8
Dividends					
Interim dividend, p	4.7	4.0	2.0	1.8	2.0
Final dividend, p	22.9	8.0	4.7	3.5	4.1
FY dividends per share, p	27.6	12.0	6.7	5.3	6.1

Source: Company data, Equity Development

Balance sheet

Year to 30 Sep (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
Non-current assets					
Goodwill	11.9	13.2	13.4	13.4	13.4
Intangible assets	11.2	12.2	9.5	6.7	4.0
Property, plant and equipment	7.9	5.9	8.9	7.2	5.6
Investments	4.4	4.6	7.6	7.6	7.6
Deferred tax assets	4.2	3.2	3.3	3.3	3.3
Trade & other receivables	-	-	1.2	1.2	1.2
Sub-total NCAs	39.6	39.2	43.9	39.5	35.0
Current assets					
Trade and other receivables	36.9	32.8	25.0	22.3	24.2
Investments	11.6	4.6	3.7	3.7	3.7
Current tax account	1.2	2.9	6.6	6.6	6.6
Cash: money market & LT deposits	67.8	45.2	39.4	39.4	39.4
Cash and cash equivalents	25.3	22.9	27.8	32.8	41.2
Sub-total CAs	142.8	116.0	102.5	104.8	115.2
TOTAL ASSETS	**182.4**	**155.2**	**146.4**	**144.3**	150.2
Equity					
Ordinary shares	1.3	1.3	1.3	1.3	1.3
Share premium	9.3	9.3	9.3	9.3	9.3
Capital redemption reserve	-	-	0.1	0.1	0.1
Exchange translation reserve	1.3	1.7	1.9	1.9	1.9
Merger reserve	1.5	3.0	3.0	3.0	3.0
Retained earnings	117.7	99.9	92.8	96.0	102.0
Total Equity	**131.1**	**115.2**	**108.3**	**111.5**	**117.5**
Current Liabilities					
Trade and other payables	42.7	33.6	27.5	24.5	26.6
Lease liability	2.1	2.0	1.2	0.9	0.6
Current tax liability	0.8	-	0.1	0.1	0.1
Sub-total CLs	45.6	35.6	28.8	25.6	27.4
Non-current Liabilities					
Trade and other payables	-	0.6	1.7	1.7	1.7
Lease liabilities	5.7	3.8	7.7	5.6	3.6
Deferred tax liability	-	-	-	-	-
Sub-total NCLs	5.7	4.4	9.3	7.3	5.3
Total Liabilities	**51.3**	**40.0**	**38.1**	**32.9**	**32.7**
TOTAL EQUITY AND LIABILITIES	**182.4**	**155.2**	**146.4**	**144.3**	**150.2**

Source: Company data, Equity Development

Cash flow statement

Year to 30 Sep (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
Profit before taxation	**49.0**	**27.8**	**13.4**	**12.6**	**14.8**
Adjustment for:					
Investment income	(3.9)	(2.9)	(2.0)	(2.0)	(2.0)
Interest expense	4.0	2.5	0.3	0.3	0.3
Depreciation & amortisation	4.6	5.1	5.4	5.4	5.4
Share-based payment charges	6.7	5.3	3.2	3.2	3.2
Loss on disposal of PPE	-	-	-	-	-
Op CF before movement in working capital	**60.3**	**37.9**	**20.2**	**19.4**	**21.6**
(incr.)/decr. in receivables	5.8	4.1	6.8	2.7	(1.9)
(decr.)/incr. in payables	(2.5)	(9.1)	(5.0)	(3.0)	2.1
Cash generated from operations	63.6	32.9	22.0	19.1	21.8
Corporation tax paid	(13.0)	(9.1)	(6.8)	(3.1)	(3.7)
Net cash generated from operating activities	**50.6**	**23.8**	**15.2**	**16.0**	**18.1**
Investing activities					
Acquisition of SKY Harbor	-	(4.4)	-	-	-
Investment income received	3.3	2.9	1.7	2.0	2.0
Settlement of investment related hedges	(1.2)	(1.3)	(1.6)	-	-
Net redemptions/(investments) from uncons. funds	(1.2)	(0.4)	9.9	-	-
(incr.)/decr. in cash money market & LT deposit	(14.3)	22.6	5.7	-	-
Deferred remuneration fund investment	-	-	(2.9)	-	-
Earn out payment	-	-	(0.1)	-	-
Acquisition of PPE & intangible assets	(1.1)	(0.5)	(0.3)	(0.9)	(0.9)
Payment of contingent consideration	-	-	-	-	-
Net cash used in investing activities	**(14.4)**	**18.8**	**12.4**	**1.1**	**1.1**
Financing activities					
Acquisition of non-controlling interest	-	-	-	-	-
Interest paid on debt	-	-	-	(0.3)	(0.3)
Dividends paid	(36.3)	(35.3)	(12.4)	(7.9)	(6.7)
Acquisition of own shares	(8.4)	(6.9)	(7.9)	(1.5)	(1.5)
Payment of lease liabilities	(1.6)	(2.6)	(2.3)	(2.3)	(2.3)
Cash received on exercise of Impax share options	0.4	0.4	-	-	-
Net cash generated from /(used in) fin. activities	**(46.0)**	**(44.5)**	**(22.6)**	**(12.0)**	**(10.8)**
Net (decr.)/incr. in cash & cash equivalents	(9.7)	(1.8)	5.0	5.1	8.4
Cash & cash equivalents at beginning of year	38.0	25.3	22.9	27.8	32.8
Effect of foreign exchange rate changes	(2.9)	(0.6)	(0.1)	-	-
Cash & cash equivalents at end of year	**25.3**	**22.9**	**27.8**	**32.8**	**41.2**

Source: Company data, Equity Development

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