

## Pollen Street plc Interim Accounts H1 2023

Pollen Street plc ("Pollen Street" or, together with its subsidiaries, the "Group") today issues its Interim Accounts for the six months ended 30 June 2023.

Pollen Street confirms final close of Private Credit III, first close of Private Equity V and the closing of a new continuation vehicle under our Private Equity strategy. The financial performance for the first half of the year has been robust driven by strong performance in the investment company as interest rates have risen in our predominantly floating rate portfolio. Fundraising activities have not yet fed through to actual performance in the half year but with strong tailwinds to proforma performance.

### Highlights for H1 2023: strong AUM growth and consistent financial results

#### Asset Manager

- Strong fundraising performance with final close of Private Credit III in April 2023 bringing total investor commitments including SMAs to £1.1 billion, first close of Private Equity V in July 2023 and launching a new continuation vehicle to raise £840 million.
- AUM was £3.4 billion as of 30 June 2023, rising to £4.2 billion of proforma AuM as a result of Private Equity V and the Continuation Vehicle. Expectation of further AUM increase in H2 as fundraising continues for Private Equity V.
- Continued growth of the Asset Manager with both the Private Equity and Private Credit strategies building further on strong underlying performance.

#### Investment Company

- Investment company delivered robust performance driven by increased interest rates and resilient credit performance.
- Strong cash generation from Net Investment Assets for the first half of 2023 with Income of £15.4 million, up from £13.7 million in H1 of 2022 and a Return on Net Investment Assets of 9.1%.

#### Financial Performance

- Operating profit has increased to £19.4 million for H1 2023, up 42% from £13.7 million in H1 of 2022, driven by the operating profit of the Asset Manager.
- The Group declared dividends of £16 million for H1 2023 up from £14 million for H1 2022, reflecting a quarterly dividend of 16.0p per share in line with stated targets.

#### Future Developments

- Enhanced balance sheet strategy by enabling increased exposure to Pollen Street funds allowing greater alignment and accelerating third-party AUM.
- The Group remains well positioned to continue to drive long-term organic growth and close the year in line with expectations and reiterates medium term guidance.

#### Shareholder Proposals

- The Company expects to shortly publish a shareholder circular, inviting shareholders to vote at a General Meeting on 11 October on proposals previously announced to change its listing category to that of a commercial company from an investment company and introduce a Guernsey holding company to simplify the Group structure.
- The purpose of these proposals is to better reflect the Group's operations as a commercial enterprise, broaden the universe of potential investors, improve the marketability and liquidity of Pollen Street shares, and bring the listing classification in line with our quoted peer group.

The Interim Accounts can be found on the website [Financial information | Pollen Street Group](#)

#### Commenting on the H1 2023 performance, Lindsey McMurray, Chief Executive Officer, said:

*"I'm pleased with the performance in the first half of the year, driven by the unique combination of strong growth from our asset management business and robust performance from the investment company. Across our Private Equity and Private Credit strategies we maintain our track record of deployment and performance and we're encouraged to see Proforma AUM grow to £4.2 billion. We've demonstrated clear progress in delivering our strategy and our business has shown resilience in the changing macro environment. I'm confident we will see further progress as we head into the second half of the year and as we seek to take advantage of our organic growth opportunities."*

#### For investors:

A presentation and Q&A will be held for analysts at 9 AM on 18 September 2023.

Register for the webinar: <https://2023resultswebinar.pollenstreetgroup.com>

The full presentation is available for on the website <http://www.pollenstreetgroup.com/shareholders>

## About Pollen Street plc

Pollen Street plc is an alternative asset manager dedicated to investing with the financial and business services sectors across both Private Equity and Private Credit strategies. The business was founded in 2013 and has consistently delivered top tier returns alongside growing AuM.

Pollen Street benefits from a complementary set of asset management activities focused on managing third-party AuM (the "Asset Manager") together with on-balance sheet investments (the "Investment Company").

The Asset Manager raises capital from top tier investors and deploys it into its Private Equity and Private Credit strategies. The strong recurring revenues from this business enable us to deliver scalable growth.

The Investment Company invests in strategies aligned with core strategies of the group and today the investment portfolio is aligned with the private credit strategy. The portfolio is a well-diversified pool of primarily senior credit assets to high quality borrowers generating strong returns together with capital preservation. The portfolio consists of both direct investments and investments in funds managed by Pollen Street.

POLN is listed on the London Stock Exchange (ticker symbol: POLN). Further details are available at [www.pollencap.com](http://www.pollencap.com).

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## Interim Accounts 2023

The Interim Accounts have been submitted in full unedited text to the Financial Conduct Authority's National Storage Mechanism and are available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> in accordance with DTR 6.3.5(1A) of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules. The Interim Accounts are also available to view and download from the Company's website <https://ir.pollenstreetgroup.com/investors/financial-information/>. Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this announcement.

The information set out below does not constitute the Company's statutory accounts for the year ended 31 December 2022 but is derived from those accounts. Statutory accounts for the year ended 31 December 2022 will be delivered to the Registrar of Companies in due course. The Group's auditors have reported on those accounts: their report was (i) unqualified, (ii) did not

include a reference to any matters to 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 following text are selected extracts from the Interim Accounts.

# Pollen Street at a Glance

Pollen Street plc ("Pollen Street" or the "Company") is an alternative asset manager dedicated to investing within the financial and business services sectors across both Private Equity and Private Credit strategies. The business was founded in 2013 and has consistently delivered top tier returns alongside growing assets under management ("AuM").

Pollen Street benefits from a complementary set of asset management activities focused on managing third-party AuM (the "Asset Manager") together with on-balance sheet investments (the "Investment Company").

The Asset Manager raises capital from top tier investors and deploys it into its Private Equity and Private Credit strategies. The strong recurring revenues from this business enable us to deliver scalable growth.

The Investment Company invests in the strategies of the Group delivering attractive risk adjusted returns. Today the portfolio is a well-diversified pool of primarily senior asset-backed credit assets generating strong returns at conservative loan to value ratios ("LTVs"). The portfolio consists of both direct investments and investments in funds managed by Pollen Street.

We continue to see the benefits of the combination of the Asset Manager and the Investment Company (the "Combination") whereby the Investment Company will serve to accelerate growth in third-party AuM of the Asset Manager through helping to scale existing funds and seed new strategies.

## Key Figures [\[1\]](#)

- Assets under management ("AuM")- £3.4 billion (31 December 2021: £3.4 billion)
- Proforma AuM- £4.2 billion Including Private Equity V and the Continuation Vehicle
- Operating profit- £19.4 million (Six months ended 30 June 2022: £13.7 million)
- EBITDA- £20.6 million (Six months ended 30 June 2022: £13.7 million)
- Net Investment Asset Return- 9.1% (Six months ended 30 June 2022: 7.8%)

**Lindsey McMurray - Chief Executive Officer**

I am pleased to present these Interim Report for the six months to June 2023, and to demonstrate the clear progress in delivering on the strategy that we set out when we completed the Combination in September 2022, as well as the resilience of our business and our strategies in the changed macro environment. This is evident in our performance for the first half of 2023. Despite difficult market conditions we have delivered clear progress towards our ambitions for the year, alongside consistent financial performance. Performance across both strategies has been strong, maintaining our top tier, through-cycle track record as we seek to identify and build the next generation of leaders in financial services.

And with this, our fundraising efforts continue to build success. We completed the final close of Private Credit III in April 2023. Total investor commitments into the fund are now £0.4 billion and together with our separately managed accounts ("SMAs"), we have £1.1bn of commitments to our Private Credit strategy as at 30 June 2023. Supported by strong origination, Private Credit III is now close to fully invested and we will be launching Private Credit IV in the fourth quarter of 2023. We have also completed the first close of Private Equity V. We are thrilled with the support we have received from both existing and new investors and expect to build on this strong first close over the coming months. We remain confident in reaching the target fund size for Private Equity V. We have also launched a new continuation fund to raise £0.8 billion under our Private Equity strategy to enable us to continue to support and grow two of our high performing portfolio companies.

The Company expects to shortly publish a shareholder circular, inviting shareholders to vote at a General Meeting on 11 October on proposals previously announced to change its listing category to that of a commercial company from an investment company and introduce a Guernsey holding company to simplify the Group structure. The purpose of these proposals is to better reflect the Group's operations as a commercial enterprise, broaden the universe of potential investors, improve the marketability and liquidity of Pollen Street shares and bring the listing classification in line with our quoted peer group.

## Executing on our potential as Pollen Street plc

Pollen Street offers a unique combination of high quality, stable income and growth of long-term recurring fee income. The Group benefits from a complementary and synergistic set of asset management activities focused on managing third-party assets under management, referred to as AuM (the "Asset Manager") and on-balance sheet investments (the "Investment Company") aligned to the Company's investment strategies. The Asset Manager provides exposure to high margin, capital light recurring revenue streams. The Investment Company portfolio generates stable returns through investments primarily aligned to our strategies.

Our Private Equity and Credit strategies are well-established, with the core team having worked together for over 17 years. Pollen Street was founded as a financial and business services specialist and our deep industry expertise drives our performance. We have a proven track record of strong returns at low risk, delivering for our growing blue chip investor base. The Asset Manager business has continued to build on this strong track record and to execute against our targets for the year.

Our Private Equity strategy is aligned with the key megatrends driving change across the industry: digital transformation, unbundling of financial services, favourable regulation and the green transition. We aim to work with great management teams to build the next generation of leaders in their fields. Our thematic origination identifies a pipeline of fast-growing, technology-enabled businesses with solid foundations for us to build customer-centric, data-driven organisations who can become market leaders. We invest based upon core themes that are driving the sector as a whole and we work together with these businesses to drive technological & digital advancement, international and product development, buy and build strategies and ESG initiatives.

Our credit strategy provides asset-based lending facilities primarily to non-bank lenders, leasing businesses, technology companies, and/or other companies with diverse portfolios of financial or hard assets that generate contractual cashflows. This market serves as a financing mechanism for many fundamental parts of our society including cars, homes, businesses machinery, credit card balances and corporate receivables. Within this large and diverse market Pollen Street is able to be highly selective in its approach, leveraging the team's extensive experience and track record to deliver superior returns with controlled risk. Our key themes include: SME loans; mid-market residential family homes, government backed receivables and electric vehicle fleet financings.

Our credit strategy delivers significant credit protection through both asset security and transaction structuring and is built to withstand highly stressed scenarios, enabling us to keep delivering strong and stable performance through cycles. Our proprietary data systems and comprehensive data collection provide us with regular and detailed information, and strong transparent relationships with our borrowers enable us to closely monitor underlying performance.

We welcomed three new companies to the private equity portfolio, 2 to Private Equity IV, rounding out the portfolio for that fund and the first investment into Private Equity V: Finsolutia, a European technology-driven credit and real estate platform; Wide, a leading innovative technology-led insurance broker in Italy; and Assessio, a leading talent assessment software platform in the Nordics and Benelux. We also announced the first exit in Private Equity IV, Pacific Fund Systems, in just over two years. In Credit we have originated or repriced five deals over the period. The continuation vehicle will also lead to the disposal of Aryza for fund III and Markerstudy for Fund IV

Overall, the Asset Manager business is well-positioned to drive further growth. Our core strategies are performing well, demonstrating resilience in the current macro-economic environment and alongside good momentum in fundraising.

In our Investment Company the portfolio continued its track record of strong performance throughout the first half of the year and delivered Net Investment Asset Return of 9.1 per cent. driven by increasing interest rates on our predominantly floating rate portfolio.

We continue to see the benefits of the combination of the Asset Manager and the Investment Company whereby the Investment Company will serve to accelerate growth in third-party AuM of the Asset Manager through helping to scale existing funds and seed new strategies. We highlighted at the time of the merger that we expected to transition the investment company from holding direct investments in transactions to holding investments in Pollen Street funds. This transition has

started with 15% of the assets held in funds that Pollen Street manage with a near term expectation that the allocation will increase through commitments in the recently closed Continuation fund, PE V and Credit IV. We believe that this creates strong alignment and synergies whereby the investment company enjoys the returns generated by these investments while helping each of the funds reach scale and providing a catalyst for raising additional third-party capital- in turn driving higher management fee income. We would expect fund investments to represent a majority of the investment company assets over time.

## Delivering consistent performance

Pollen Street delivered consistent financial performance in the first six months of 2023 ("H1 2023"). The Group's operating profit has increased to £19.4 million, up 42 per cent from the operating profit in H1 2022 of £13.7 million.

The main drivers of this increase were the operating profit from the Asset Manager segment with growth in Fee-Paying AuM in the Credit strategy of 40 per cent per annum reaching £1.4 billion for the six months ended at 30 June 2023. Fund Management EBITDA has grown by 41 per cent from H1 2022 of £3.7 million to H1 2023 of £5.2 million.

Our Investment Asset portfolio continued its track record of performance throughout the first half of the year and delivered Net Investment Asset Return of 9.1 per cent. The increase was driven by increasing interest rates on our predominantly floating rate portfolio.

We continue to be mindful of the disconnect between the share price and the fundamental value of the Group. We continue to discuss this matter with the Board, advisers and shareholders. However, we are focused on our strategy of delivering substantial growth in the business to drive further investor interest in Pollen Street shares.

## Committed to driving progress and transparency in ESG

At Pollen Street we are passionate about the work that we do and the potential for positive impact through that work for investors, people, portfolio companies and wider society.

Sustainability and long-term thinking are key elements to our investment strategy. Earlier this year, we released our ESG report for 2022, reflecting on the progress we have made towards our targets and sharing more detail of how we work with portfolio companies to:

- reach carbon neutrality;
- set diversity and inclusion targets; and
- promote the strongest possible governance standards.

Read more in our 2022 ESG Report, which is available on our website <https://www.pollenstreetgroup.com/>

## Good momentum for the remainder of 2023

With the foundations of a successful first half of the year, we have delivered in line with market expectations and continue to drive long-term organic growth. Our key priorities for the second half of 2023 are:

- continue to raise Private Equity V building on the first close of Private Equity V and the Continuation Vehicle;
- continue to build AuM steadily in Credit;
- maintain our track record of deployment and performance across our strategies;
- build cross product relationships with strategic investors;
- continue our track record of delivery in the Investment Company; and
- deliver operational leverage through our platform as we continue to grow AuM.

I want to thank our fund investors and shareholders for their support; our team for all their hard work to achieve this strong start to the year; and the Board for its guidance. As I look forward to the rest of 2023, I am confident in our potential for continued growth and consistent delivery for our investors and shareholders.

**Lindsey McMurray**  
Chief Executive Officer

15 September 2023

**Julian Dale - Chief Financial Officer**

I am pleased to present Pollen Street's Interim Report for the first half of 2023. It has been a successful period with strong fund raising performance, stability in our financial performance and progress towards our targets for the year.

There has been a lot of activity over 2023, with the final close of Private Credit III bringing total investor commitments in this fund to £0.4 billion as at 30 June 2023. Increasingly, investors have elected to invest with Pollen Street in separately managed accounts ("SMAs") rather than through the comingled fund. Total investor commitments across Private Credit III and the credit SMAs was £1.1 billion as at 30 June 2023.

We have also completed the first close of Private Equity V in early July. The fee rates on this fund are in line with our historic rates and we have good visibility over additional closes. First close sets the date from which the Group charges fees for all investors, including in subsequent closes and so this gives us a good line of sight to future revenue growth.

Finally, we have also launched a new continuation fund in early September to raise £0.8 billion to acquire two high-performing companies from our existing funds to enable us to continue to support and grow them. It will generate approximately £5 million of revenue for the Group following completion, which is expected towards the end of the year.

Private Equity V together with the continuation fund, brings proforma AuM to £4.2 billion. We are pleased with the strong support from new and existing investors at this stage of our fundraising. We expect to build investor commitments over the coming months and remain confident in delivering total commitments in line with the target size for Private Equity V.

Income on Net Investment Assets within the Investment Company was £15.4 million (H1 2022: £13.7 million). This increase in income reflects the impact of increased interest rates together with resilient credit performance. The Tangible NAV per share as at 30 June 2023 was 542p (31 December 2022: 540p), reflecting the stability of the investment portfolio.

The operating profit for the Group was £19.4 million for H1 2023 (H1 2022: £13.7 million). This represents a material increase in operating profit. The main drivers of this were the operating profit from the Asset Manager segment of £5.8 million (H1 2022: nil) and growth in the operating profit of the Investment Company reflecting the impact of increasing interest rates together with resilient credit performance.

The statutory results for the six months ended 30 June 2023 are referred to as "H1 2023"; the six months ended 30 June 2022, "H1 2022" and the 12 months ended 31 December 2022, "FY 2022". In addition to the statutory results, we also present proforma results for the Group for H1 2022 that incorporate the earnings from the Asset Manager as if the Combination had completed prior to the start of the period, referred to as "Proforma H1 2022". This basis explains the performance of the combined entity more fully because it includes a full history of Pollen Street Capital Holdings Limited and its subsidiaries.

**Asset Manager growth**

Assets under management are tracked on a total AuM and fee-paying basis. Total AuM broadly tracks the commitments that investors have made into funds managed by the Asset Manager, whereas the Average Fee-Paying AuM tracks the basis on which the Group earns management fees, with the average calculated from the opening and closing positions. For Private Equity, the Fee-Paying AuM is the committed capital in the funds, moving to invested capital at the point when the subsequent fund holds its first close. Co-investment vehicles are typically non fee paying. Fee-Paying AuM for Private Credit is the net invested amount.

The momentum in deployment under the Credit strategy continued in the first half of 2023, with Average Fee-Paying AuM for the Credit strategy reaching £1.4 billion for H1 2023 (H1 2022: £1.0 billion). This represents a growth rate of 40 per cent. Private Equity constituted £1.1 billion of the Asset Manager's Average Fee-Paying AuM over H1 2022 (Proforma H1 2022: £1.1 billion) reflecting the stability of the fee basis for this strategy. Private Equity Average Fee-Paying AuM has stepped up with the closing of Private Equity V.

Average Fee-Paying AuM	H1 2023 (£ billion)	Proforma H1 2022 (£ billion)
Private Equity	1.1	1.1
Credit	1.4	1.0
<b>Total AuM</b>	<b>2.5</b>	<b>2.1</b>

Total AuM was £3.4 billion as at 30 June, increasing to £4.2 billion on a proforma basis (31 December 2022: £3.4 billion) with a further step-up in AuM expected in the second half of 2023 as fund raising for Private Equity V continues.

The Asset Manager segment delivered £5.8 million of Operating Profit over H1 2023. The statutory Operating Profit for the Asset Manager for H1 2022 was nil given that the Combination completed on 30 September 2022. Statutory comparable financial metrics for the Asset Manager are not listed in the remainder of this report given they are nil or not applicable. The Operating Profit for the Asset Manager on a proforma basis for H1 2022 was £4.2 million. The Group tracks the performance of this segment using Fund Management EBITDA, which is the Operating Profit less the accounting cost of the office lease<sup>[2]</sup>, which was a £0.6 million charge for H1 2023 (Proforma H1 2022: £0.5 million). Fund Management EBITDA has grown by 41 per cent from £3.7 million for Proforma H1 2022 to £5.2 million for H1 2023.

The EBITDA growth is driven by Total Income growing at 23 per cent to £21.7 million for H1 2023 (Proforma H1 2022: £17.6 million). Fund Management Income comprises management fees, performance fees and income from carried interest. Revenue growth has been driven by increases in the Group's Average Fee-Paying AuM and income from carried interest.

Fund Management Administration Costs were £15.9 million for H1 2023 (Proforma H1 2022: £13.4 million). This represents an increase of 19 per cent, driven predominantly by incremental headcount growth. This moderate increase reflects a well-invested cost base, leading to a high drop through from incremental revenue to profitability. We have continued to invest in headcount in the Investor Relations team to support capital raising across the Group and to internalise some capital raising costs. This will increase the capacity and improve the efficiency of capital raising in the longer-term with some modest overlap in costs in the shorter-term. We are also investing in dedicated talent in adjacent strategies to support growth in the business.

Asset Manager Profitability	H1 2023 (£ million)	Proforma H1 2022 (£ million)
Total Income	21.7	17.6
Administration Costs	(15.9)	(13.4)
<b>Operating Profit</b>	<b>5.8</b>	<b>4.2</b>
Depreciation of lease asset	(0.6)	(0.5)
<b>Fund Management EBITDA</b>	<b>5.2</b>	<b>3.7</b>

The Management Fee Rate for H1 2023 was 1.30 per cent. This is consistent with the performance over H1 2022 on a Proforma Basis (1.27 per cent). It is also within the range of our medium-term guidance of 1.25 per cent to 1.5 per cent.

Performance fees and carried interest for H1 2023 were 25 per cent of Fund Management Income for the period. This is at the upper end of the long-term guidance range of 15 per cent to 25 per cent and reflects stable performance fee and carry valuation growth despite turbulent markets.

The Fund Management EBITDA Margin was 24 per cent for H1 2023 (Proforma H1 2022: 21 per cent). We expect EBITDA margin to increase as the Group increases its revenue by raising additional funds such as Private Equity V. We have guided to a Fund Management EBITDA Margin above 50 per cent in the long-term.

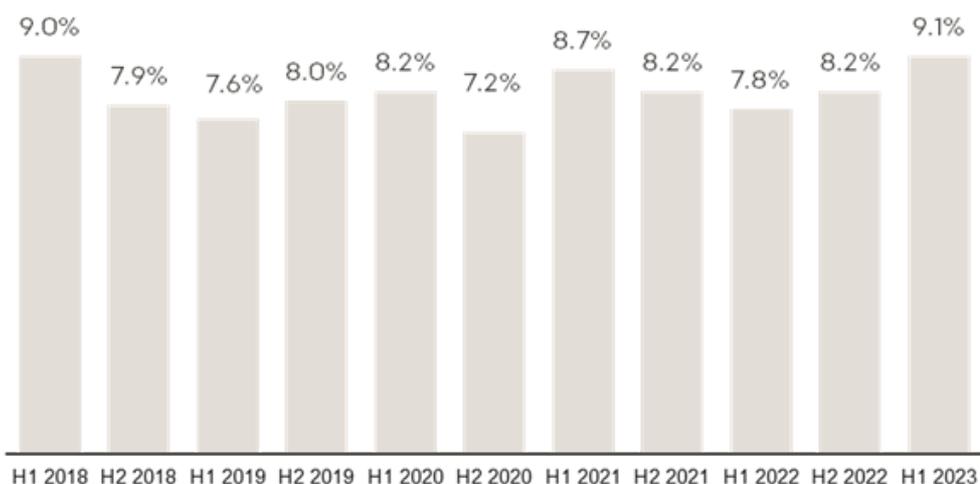
Asset Manager Financial Ratios	H1 2023	Proforma H1 2022
Management Fee Rate (% of Average Fee-Paying AuM)	1.30%	1.27%
Performance Fee Rate (% of Fund Management Income)	25%	23%
Fund Management EBITDA Margin (% of Fund Management Income)	24%	21%

### *Investment Company resilience*

The Group's £561 million investment portfolio is well diversified across deals and borrowers and is 97 per cent invested in Credit Assets originated under our Credit strategy. Our Investment Asset portfolio maintained its track record of performance throughout the year and delivered Net Investment Asset Return of 9.1 per cent per annum. This return is up from 7.8 per cent per annum in H1 2022 and the highest return delivered by the Investment Company in recent history. The step-up was driven by higher returns on new investments as capital is recycled from investments made and hedged in a different rate environment. The Group has maintained its high level of deployment with a net debt-to-tangible-equity ratio of 63 per cent as at 30 June 2023 (31 December 2022: 69 per cent), which is within the target range of 50 per cent to 75 per cent.

The Investment Company performance is consistent with the historic track record and our guidance previously issued. We believe that our Investment Asset portfolio strategy, combining bespoke structuring and built to withstand highly stressed scenarios with backing by diverse pools of financial and hard assets, enables us to deliver consistent performance despite the more challenging macroeconomic backdrop.

### **Annualised Net Investment Asset Returns since 2018**



Note: The chart above shows annualised return, presented on a semi-annual basis of the Net Investment Asset Returns for H1 2022 and subsequent periods and the NAV Return prior to this.

The income on Net Investment Assets was £15.4 million (H1 2022: £13.7 million). This increase in income reflects the impact of increased interest rates together with resilient credit performance.

Investment Company Segment	H1 2023	H1 2022
Investment Assets	£561 million	£583 million
Average Net Investment Assets	£343 million	£359 million
Income on Net Investment Assets	£15.4 million	£13.7 million
Return on Net Investment Assets	9.1%	7.8%

This robust performance was driven by strong credit asset return of 11.2 per cent annualised (H1 2022: 9.0 per cent). The credit impairment charge for the period was minimal, a release of £0.3 million (H1 2022: £0.1 million). The low impairment charge, despite the macroeconomic headwinds, reflects Pollen Street's underwriting approach where the deals are stress tested to withstand a materially more adverse macroeconomic environment than has occurred over 2022.

The Tangible NAV per share as at 30 June 2023 was 542p (31 December 2022: 540p), reflecting the stability of the investment portfolio.

#### Profit after tax

The profit before tax for the Group was £18.4 million for H1 2023 (H1 2022: £13.7 million). This represents a material increase in profits. The main drivers of increase were the operating profit from Asset Manager segment of £5.8 million (H1 2022: nil; Proforma H1 2022: £4.2 million) and growth in the operating profit of the Investment Company reflecting the impact of increasing interest rates.

The operating loss of the Central segment was £1.8 million. This relates to start-up losses of the US asset management business and exceptional costs incurred in the period. The US business comprises a team of six individuals building our franchise in that market. The start-up losses are expected to reduce as the US business increases revenue.

The charge for depreciation and amortisation was £1.0 million. This principally relates to a charge of £0.6 million per annum associated with the amortisation of the intangible assets representing the value of customer relationships in addition to depreciation of the Group's fixed assets.

The Investment Company has not incurred corporation tax, because it is an investment trust. However, the Group incurs corporation tax in its Asset Manager business, which is not an investment trust. The effective tax rate for H1 2023 was 16 per cent of Operating profit of the Asset Manager. This is slightly favourable compared to the illustrative tax rate described in the capital markets day presentation.

	H1 2023 (£ million)	Statutory H1 2022 (£ million)	Proforma H1 2022 (£ million)
Operating profit of Asset Manager	5.8	-	3.7
Operating profit of Investment Company	15.4	13.7	13.7
Operating loss of Central segment	(1.8)	-	(0.8)
<b>Operating profit of Group</b>	<b>19.4</b>	<b>13.7</b>	<b>16.6</b>
Depreciation and amortisation	(1.0)	-	(0.2)
<b>Profit before tax</b>	<b>18.4</b>	<b>13.7</b>	<b>16.4</b>
Corporation tax	(0.9)	-	(0.6)
<b>Profit after tax</b>	<b>17.5</b>	<b>13.7</b>	<b>15.8</b>

#### Leverage

The Group uses leverage in the Investment Company. As at 30 June 2023 the Group had £236.2 million of leverage and £15.7 million of cash. This is equivalent to a net debt-to-tangible equity ratio of 63 per cent (31 December 2022: 69 per cent). It is less than the borrowing limit set by the Board of 100 per cent and within the target range of 50 to 75 per cent.

#### Dividends

Pollen Street declared dividends of £16 million for H1 2023, an increase of £2 million from H1 2022 (£14 million). This was in line with the dividend targets previously issued by the Board on 1 March 2022. This reflects a quarterly dividend 16.0p per share for H1 2023 (H1 2022: 20p per share) and the dividend is fully covered by the profit after tax of the Group (£17.5 million).

The Board's dividend targets published in March 2022 remain in place. Dividends for 2023 are targeted at £32 million with the Group aiming to grow dividends progressively thereafter, with a dividend no lower than £33 million in 2024. The dividend will be paid quarterly for 2022 and 2023, and semi-annually from 2024 onwards.

As part of the terms of the Combination, former Pollen Street Capital Holdings Limited shareholders waived dividends paid to them in 2022 and 2023 with respect to approximately 50 per cent of the shares issued to them by the Group. As such, the dividend targets correspond to a dividend per share of 16p for each quarter for 2023 and at least 25.5p for each half year for 2024.

#### Outlook

The Group remains in a strong position for growth in 2023 and beyond. Fund Management Income is expected to step up as Private Equity V is raised and continued capital deployment under the Credit strategies. The balance sheet assets have strong downside protection from credit risk and are positioned to benefit from rising interest rates.

We remain confident in delivering earnings in line with the consensus of equity analysts forecasts for 2023 and our financial guidance for the medium term remains in place. The medium-term is defined as two to three years from completion of the Combination, being 30 September 2022.

AuM	£4 to £5 billion medium-term Fee-Paying AuM
Management Fee Rates	c.1.25%-1.50% Average Fee-Paying AuM over the long term
Performance Fees and Carry	c.15%-25% of total Fund Management Income on average over the long term
Fund Management EBITDA Margin	Long-term fund management adjusted EBITDA margin in excess of 50%
Net Investment Income	c.8% long-term target return on net investment assets
Dividend	Targeted at £32 million in respect of 2023 and no lower than £33 million in 2024

**Julian Dale**  
Chief Financial Officer

15 September 2023

## Investment Company top ten holdings

		Country	Deal Type	Sector	Value of Holding at Year-end (£m)	LTV	Percentage of Investment Assets
1	Beaufort	United Kingdom	Senior	Short Term Property Loans	61.9	64%	11.4%
2	Sancus	United Kingdom	Senior	Short Term Property Loans	60.0	64%	11.1%
3	Creditfix Limited	United Kingdom	Senior	Discounted Fee Receivables	48.1	46%	8.9%
4	Pollen Street Credit III	LP Investment	LP Investment	Diversified Credit	42.9	n/a	7.9%
3	UK Agricultural Loans Limited	United Kingdom	Senior	Short Term Property Loans	37.0	52%	6.8%
6	IWOCA Loans Limited	United Kingdom	Senior	SME	31.7	89%	5.8%
7	Downing Development Loans	United Kingdom	Senior	Short Term Property Loans	27.4	67%	5.1%
8	Nucleus Limited	United Kingdom	Senior	CBILS SME	21.6	93%	4.0%
9	GE Portfolio	United Kingdom	Secured	Secured Consumer	21.4	59%	3.9%
10	Tier	United Kingdom	Senior	Micro Mobility Fleet Finance	19.0	57%	3.5%

Data as at 30 June 2023

## Environmental, Social and Governance ("ESG")

### *Our approach to ESG*

At Pollen Street, we have a proud history of thinking, behaving and investing responsibly. We believe in the potential for positive impact through the work that we are passionate about. We are committed to maintaining and enhancing our focus on actions that generate positive impact for our investors, people, portfolio and wider society.

In the first half of 2023, Pollen Street continued to make progress, helping portfolio companies to achieve their sustainability goals. This has been achieved through the spotlight on data and scoring, cross-portfolio collaboration, and effective monitoring and measurement through KPIs and ESG ratchets.

Highlights in the first half of the year include:

- Continued focus on ESG measurement:** This was the second year of using ESG scores in our proprietary data model. This allows us to both rank and score our investments across our Credit and Private Equity portfolios as well as tracking progress against the previous year. All Private Equity companies improved their scores compared to the prior year, and we use the scoring to roll out ESG ratchets with borrowers in Credit.

- **Strengthening approaches to climate risk and working towards Net Zero:** We maintained carbon neutral status for 2022 emissions. As part of our collaboration with the Initiative Climat International, we are further challenging ourselves and supporting the drive to create a common understanding of what net zero really means, using a decarbonisation roadmap to show the portfolio's progress against targets. We are also strengthening approaches to understand and mitigate climate risks as per the Task Force on Climate-Related Financial Disclosures ("TCFD") framework, including scenario analysis.
- **Advancing Diversity, Equity and Inclusion ("DEI") as an industry role model:** Findings from our annual DEI survey show continued improvement in representation across gender, ethnic minorities and socio-economic background. The survey revealed an increase of state educated team members from 64 per cent to 66 per cent. In contrast, for Private Equity as an industry, 70 per cent of employees are private school educated (source: Sutton Trust). The percentage of team members from ethnic minorities also increased from 17 per cent to 23 per cent.

### Pollen Street's latest ESG report was published in June

The latest Pollen Street ESG report provides results of our portfolio ESG scoring and deep dives on our Environmental, Social and Governance pillars, with highlights of progress against targets. It also includes examples of ESG impact across the Private Equity and Credit strategies.

The report also includes spotlights on key themes: caring as a core value, building better places to work and creating more sustainable businesses.



### Our ESG Strategy

Our ESG strategy is designed to deliver impact for the benefit of all our stakeholders. We have a clear ambition with initiatives across each of the Environment, Social and Governance areas. Below we set out our key objectives, highlights and focus areas under the Environmental, Social and Governance pillars.

	ENVIRONMENT	SOCIAL	GOVERNANCE
AMBITION	<p>Create a lasting environmental impact</p> <p>Fund green alternatives for sustainable homes and transport</p> <p>Minimise operational carbon footprint, supporting carbon reduction plans and net zero commitments</p> <p>Consider climate risk as part of investment and risk management process</p>	<p>Promote DEI and provide finance for socially-impactful products &amp; propositions</p> <p>Financial Inclusion - loans and other financial products made available to a broader audience</p> <p>Enable SMEs to promote growth and job creation in Pollen Street's markets</p> <p>Creating opportunities to reduce inequalities - promoting diversity, equity and inclusion</p>	<p>Regulatory best practice through all operational processes</p> <p>ESG transparency with clear reporting and communications</p> <p>Effective AML &amp; cyber procedures and governance</p> <p>Engagement with portfolio companies on governance, to identify gaps and provide support</p> <p>Responsible lending - best practice amongst our credit partners</p>
RECENT HIGHLIGHTS	<p>Third year of carbon measurement</p> <p>Developed decarbonisation roadmap for Pollen Street</p> <p>Maintained carbon neutral status for 2022 emissions</p>	<p>13 new credit facilities to broaden social impact</p> <p>Strengthened community &amp; charity efforts with Future First and The Felix Project</p> <p>DEI initiatives across firm and portfolio - Second year of 10,000 Black Interns</p>	<p>ESG margin ratchet for seven new credit facilities</p> <p>ESG scores improved in all PE companies</p> <p>Delivered initial TCFD reporting</p>
SHORT-TERM FOCUS	<p>Strengthen carbon measurement activities for carbon footprint, including Scope 3 emissions</p> <p>Formalise net zero commitments for firm and portfolio</p> <p>Continue to invest in sustainable finance propositions</p>	<p>Broaden DEI targets and measures</p> <p>Collaborate with community partners to deliver impactful change</p>	<p>Continue to enhance oversight and regulatory governance frameworks</p> <p>Training and education across the firm and portfolio</p> <p>Strengthen supply chain sustainability procedures</p>

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PRINCIPAL SDG  
ALIGNMENT



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RECOGNITION



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### Driving sustainability outcomes:

Commitment to positive ESG outcomes is manifested through direct and measurable goals. Effective as of 2021, Pollen Street has set a number of targets at both Group and portfolio level. These include:

- Pollen Street maintaining a carbon neutral status for each year and working with our portfolio companies to be net zero within five years of investment (for new investments after 2021);
- Pollen Street is committed to promoting strong governance throughout the portfolio including the universal inclusion of ESG matters on all portfolio company board agendas.

To strengthen commitments to ESG and sustainability, we have incorporated sustainability linked factors, including an ESG margin ratchet mechanism into our new credit facilities as an incentive to achieve ESG goals. Under this mechanism, Pollen Street provides margin reductions on facilities, subject to the counterparty improving their ESG score and achieving performance targets, such as achieving net zero status, and there is a corresponding margin increase if their scores do not improve or meet agreed thresholds.

### Looking ahead

As set out in the ESG report, we continue to strengthen best-practice and collaboration across our ESG framework, with a focus on improving the sustainability performance of our investments, mitigating risks and creating value for our investors and stakeholders. Focus areas include improvements to the reporting and scoring mechanism, Governance structures and strengthening approaches to assess and monitor supply chain sustainability as well as ongoing stewardship activities across the Private Equity and Credit portfolios.

### Alison Collins

Head of ESG

15 September 2023

## Risk Management & Principal Risks and Uncertainties

The Directors do not consider there to have been any material changes to the principal risks and uncertainties since the 2022 Annual Report and Accounts were published and the Directors expect the principal risks and uncertainties not to change over the second half of 2023.

Details of the Group's approach to risk management is set out within pages 55 to 62 of the 2022 Annual Report and Accounts, which is available in the financial information section of the Group's website.

The principal risks within the 2022 Annual Report and Accounts include: economic & market conditions, fund raising, management fee rates and other fund terms, recognition of performance fees and carried interest, on balance sheet investment underperformance, ESG and sustainability performance, talent and retention, information security and resilience and reputational risk.

## Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors, being the persons responsible, confirm that to the best of their knowledge:

- a) the condensed set of Financial Statements contained within the Interim Report have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting', as required by the Disclosure and Transparency Rule 4.2.4R, and gives a true and fair view of the assets, liabilities and financial position of the Group;
- b) the Interim Report includes a fair review, as required by Disclosure and Transparency Rule 4.2.7R, of important events that have occurred during the first six months of the financial year, their impact on the condensed set of

unaudited Financial Statements, and a description of the principal risks and perceived uncertainties for the remaining six months of the financial year; and

- c) the Interim Report includes a fair review of the information concerning related parties' transactions as required by Disclosure and Transparency Rule 4.2.8R.

Signed on behalf of the Board by:

**Robert Sharpe**  
Chairman  
15 September 2023

## 2. Unaudited Financial Statements

## Unaudited Consolidated Statement of Comprehensive Income

	Notes	For the period from 1 January 2023 to 30 June 2023			For the period from 1 January 2022 to 30 June 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee income	4	13,188	-	13,188	-	-	-
Carried interest and performance fee income	4, 7	3,771	-	3,771	-	-	-
Interest income on Credit Assets held at amortised cost	9	29,089	-	29,089	25,045	-	25,045
Gains on Investment Assets held at fair value	6	2,630	-	2,630	1,570	-	1,570
<b>Total income</b>		<b>48,678</b>	<b>-</b>	<b>48,678</b>	<b>26,615</b>	<b>-</b>	<b>26,615</b>
Credit impairment release	9	289	-	289	128	-	128
Third-party servicing costs		(1,070)	-	(1,070)	(1,134)	-	(1,134)
<b>Net operating income</b>		<b>47,897</b>	<b>-</b>	<b>47,897</b>	<b>25,609</b>	<b>-</b>	<b>25,609</b>
Administration costs	4	(18,309)	-	(18,309)	(5,417)	(78)	(5,495)
Finance costs	4	(10,152)	-	(10,152)	(6,369)	-	(6,369)
<b>Operating profit</b>		<b>19,436</b>	<b>-</b>	<b>19,436</b>	<b>13,823</b>	<b>(78)</b>	<b>13,745</b>
Depreciation		(680)	-	(680)	-	-	-
Amortisation	3	(320)	-	(320)	-	-	-
<b>Profit before tax</b>		<b>18,436</b>	<b>-</b>	<b>18,436</b>	<b>13,823</b>	<b>(78)</b>	<b>13,745</b>
Tax		(977)	-	(977)	-	-	-
<b>Profit after tax</b>		<b>17,459</b>	<b>-</b>	<b>17,459</b>	<b>13,823</b>	<b>(78)</b>	<b>13,745</b>
<b>Other comprehensive income</b>							
Foreign currency translation reserve		(360)	-	(360)	-	-	-
<b>Total comprehensive income</b>		<b>17,099</b>	<b>-</b>	<b>17,099</b>	<b>13,823</b>	<b>(78)</b>	<b>13,745</b>
<b>Earnings per share</b> (basic and diluted)	10	<b>27.2</b>	<b>-</b>	<b>27.2p</b>	<b>39.3p</b>	<b>(0.2)p</b>	<b>39.1p</b>

The total column of this statement represents the statement of comprehensive income prepared in accordance UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies ("AIC"). All items in the above statement derive from continuing operations.

No operations were discontinued during the period.

The notes form an integral part of the financial statements.

Unaudited Consolidated Statement of Financial Position

	Notes	30 June 2023 £'000	31 December 2022 £'000
<b>Non-current assets</b>			
Credit Assets at amortised cost	9	481,002	523,877
Investment Assets held at fair value through profit or loss	6	79,807	64,506
Fixed assets		1,388	1,414
Goodwill and intangible assets	3	230,711	231,031
Lease assets		4,231	4,776
Carried interest	7	10,830	7,052
Deferred tax asset		537	-
<b>Total non-current assets</b>		<b>808,506</b>	<b>832,656</b>
<b>Current assets</b>			
Cash and cash equivalents		16,704	23,303
Receivables	11	11,051	12,870
Derivative assets held at fair value through profit or loss	14	817	-
<b>Total current assets</b>		<b>28,572</b>	<b>36,173</b>
<b>Total assets</b>		<b>837,078</b>	<b>868,829</b>
<b>Current liabilities</b>			
Payables	12	14,765	19,221
Lease payables		1,510	1,201
Current tax payable		2,547	2,158
Derivative liabilities held at fair value through profit or loss	14	-	916
Interest-bearing borrowings	8	42,912	60,598
<b>Total current liabilities</b>		<b>61,734</b>	<b>84,094</b>
<b>Total assets less current liabilities</b>		<b>775,344</b>	<b>784,735</b>
<b>Non-current liabilities</b>			
Lease payables		3,241	4,067
Deferred tax liability		-	94
Interest-bearing borrowings	8	193,297	203,035
<b>Total non-current liabilities</b>		<b>196,538</b>	<b>207,196</b>
<b>Net assets</b>		<b>578,806</b>	<b>577,539</b>
<b>Shareholders' funds</b>			
Ordinary share capital	15	689	689
Share premium		299,599	299,599
Revenue reserves		3,990	2,363
Capital reserves		(2,361)	(2,361)
Other reserves		276,889	277,249
<b>Total shareholders' funds</b>		<b>578,806</b>	<b>577,539</b>
<b>Net asset value per share (pence)</b>	17	<b>901.4p</b>	<b>900.2</b>

The notes form an integral part of the financial statements.

## Unaudited Consolidated Statement of Changes in Shareholders' Funds

For the period from 1 January 2023 to 30 June 2023

	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distributable Reserves £'000	Merger Reserves £'000	Foreign Currency Translation Reserve £'000	Total Equity £'000
<b>Shareholders' funds as at 1 January 2023</b>	689	299,599	2,363	(2,361)	51,979	225,270	-	577,539
Profit after taxation	-	-	17,459	-	-	-	-	17,459
Foreign currency translation reserve	-	-	-	-	-	-	(360)	(360)
Dividends paid in the year	-	-	(15,832)	-	-	-	-	(15,832)
<b>Shareholders' funds as at 30 June 2023</b>	<b>689</b>	<b>299,599</b>	<b>3,990</b>	<b>(2,361)</b>	<b>51,979</b>	<b>225,270</b>	<b>(360)</b>	<b>578,806</b>

For the period from 1 January 2022 to 30 June 2022

	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distributable Reserves £'000	Foreign Currency Translation Reserve £'000	Total Equity £'000
<b>Shareholders' funds as at 1 January 2022</b>	352	299,599	4,790	(2,244)	56,845	-	359,342
Ordinary shares bought back	(5)	-	-	-	(4,818)	-	(4,823)
Profit after taxation	-	-	13,823	(78)	-	-	13,745
Dividends paid in the period	-	-	(14,046)	-	-	-	(14,046)
<b>Shareholders' funds as at 30 June 2022</b>	<b>347</b>	<b>299,599</b>	<b>4,567</b>	<b>(2,322)</b>	<b>52,027</b>	<b>-</b>	<b>354,218</b>

The Company's capital reserve arising on investments sold and revenue reserve may be distributed by way of a dividend. The portion of capital reserve arising on investments held is wholly non-distributable. There may be factors that restrict the value of the reserves that can be distributed, and these factors may be complex to determine. Amounts fully distributable may therefore not be the total of the revenue reserve and the portion of the capital reserve arising on investments sold.

The notes form an integral part of the financial statements.

Unaudited Consolidated Statement of Cash Flows

	Notes	For the period from	
		1 January 2023 to 30 June 2023 £'000	1 January 2022 to 30 June 2022 £'000
<b>Cash flows from operating activities:</b>			
Profit after taxation		17,459	13,745
Adjustments for:			
(Advances) / repayments of Investments at amortised cost		41,400	41,689
Change in expected credit loss	9	(289)	(128)
Purchase of Investments at fair value	6	(24,325)	(9,587)
Receipt of Investments at fair value	6	10,009	1,033
Net change in unrealised (gains)/losses	6	(1,527)	(1,834)
Finance costs	4	10,152	6,369
Foreign exchange revaluation		2,290	955
Corporation tax		(242)	-
Change in carried interest		(3,778)	-
Depreciation of fixed assets		153	-
Depreciation of lease assets		545	-
Amortisation of intangible assets	3	320	-
(Increase) / Decrease in receivables		1,820	5,552
(Decrease) / Increase in payables		(5,095)	(3,700)
Decrease / (Increase) in derivatives		(1,733)	587
<b>Net cash inflow from operating activities</b>		<b>47,159</b>	<b>54,681</b>
<b>Cash flows from investing activities:</b>			
Cash acquired from Pollen Street Capital Holdings		-	-
Purchase of fixed assets		(117)	-
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(117)</b>	<b>-</b>
<b>Cash flows from financing activities:</b>			
Redemption of shares		-	(4,820)
Transaction costs for issuance of shares		-	-
Drawdown of interest-bearing borrowings	8	17,000	-
Repayments of interest-bearing borrowings	8	(45,271)	(31,372)
Interest paid on financing activities		(9,178)	(5,543)
Dividends paid in period	13	(15,832)	(14,046)
<b>Net cash (outflow) from financing activities</b>		<b>(53,281)</b>	<b>(55,781)</b>
<b>Net change in cash and cash equivalents</b>		<b>(6,239)</b>	<b>(1,100)</b>

Cash and cash equivalents at the beginning of the period	23,303	12,948
Foreign exchange gains and losses	(360)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>16,704</b>	<b>11,848</b>

The notes form an integral part of the financial statements.

## 1. GENERAL INFORMATION

Pollen Street plc (the "Company" and together with its subsidiaries the "Group") is a closed-ended investment company incorporated in England and Wales on 2 December 2015 with registered number 09899024. The registered office is 11-12 Hanover Square, London, W1S 1JJ, United Kingdom. The Company commenced operations on 23 December 2015 and carries on business as an investment trust within the meaning of chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Group was formed through an all share combination of the Company with Pollen Street Capital Holdings Limited (the "Combination"). The Combination occurred on 30 September 2022 and was effected by the Company acquiring 100 per cent of the share capital of Pollen Street Capital Holdings Limited with newly issued shares in the Company as the consideration. As such the financial statements only incorporate Pollen Street Capital Holdings Limited from 30 September 2022, the point at which it became a subsidiary of the Company. The combined group was previously named Honeycomb Investment Trust plc. It was renamed Pollen Street plc and together with its subsidiaries is referred to as the "Group" or "Pollen Street".

## 2. PRINCIPAL ACCOUNTING POLICIES

### Basis of accounting

The financial statements for the six-month period ended 30 June 2023 have been prepared on the basis of the policies set out in the 2022 Annual Report and Accounts and in accordance with UK adopted IAS 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

The results for the six months ended 30 June 2023 constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006 and have not been audited by the Group's Auditor.

The financial statements need to be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2022, which were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on a going concern basis and under the historic cost convention modified by the revaluation of financial assets held at fair value through profit and loss as applicable. The Directors consider that the Group has adequate financial resources to enable it to continue operations for a period of no less than 12 months from the reporting date. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The principal accounting policies adopted by the Group are consistent with those set out on pages 134 to 151 of the Annual Report and Accounts for the year ended 31 December 2022. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November 2014 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

All values are rounded to the nearest thousand pounds unless otherwise indicated.

### Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with both UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards requires the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. UK company law and IFRS require the Directors, in preparing the Group's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed on an ongoing basis. Although these estimates are based on the Directors' best knowledge of the amount, actual results may differ ultimately from those estimates.

The estimates of most significance to these financial statements, are in relation to expected credit losses, Equity Asset valuation, impairment assessment for goodwill and carried interest. These have been applied consistently with the methodology detailed in the Annual Report and Accounts on pages 152 to 156.

The judgements of most significance to the financial statements are in relation to the consolidation of Group companies, consolidation of fund investments, and accounting for carried interest partnerships. These have been applied consistently with the methodology detailed in the annual report on pages 156 to 157.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 3. GOODWILL AND INTANGIBLE ASSETS

The table below shows the goodwill and intangible assets held by the Group:

Group	Goodwill £'000	Intangibles £'000	Total £'000
<b>Cost</b>			
Balance as at 1 January 2023	227,191	4,000	231,191
Balance as at 30 June 2023	227,191	4,000	231,191

<b>Amortisation</b>			
Balance as at 1 January 2023	-	(160)	(160)
Amortisation	-	(320)	(320)
<b>Balance as at 30 June 2023</b>	-	<b>(480)</b>	<b>(480)</b>
<b>Net book value as at 30 June 2023</b>	<b>227,191</b>	<b>3,520</b>	<b>230,711</b>

Group	Goodwill £'000	Intangibles £'000	Total £'000
<b>Cost</b>			
Balance as at 1 January 2022	-	-	-
Additions	227,191	4,000	231,191
<b>Balance as at 31 December 2022</b>	<b>227,191</b>	<b>4,000</b>	<b>231,191</b>
<b>Amortisation</b>			
Balance as at 1 January 2022	-	-	-
Amortisation	-	(160)	(160)
<b>Balance as at 31 December 2022</b>	-	<b>(160)</b>	<b>(160)</b>
<b>Net book value as at 31 December 2022</b>	<b>227,191</b>	<b>3,840</b>	<b>231,031</b>

#### 4. OPERATING SEGMENTS

The Group has two operating segments: the Asset Manager segment and the Investment Company segment.

The Asset Manager segment is the activities of the Group that provide investment management and investment advisory services to a range of funds under management within Private Equity and Credit strategies. The primary revenue streams for the Asset Manager segment consist of management fees and performance fees or carried interest. Fund management services are also provided to the Investment Company segment, however fees from these services are eliminated from the Group consolidated financial statements. Fund Management EBITDA in the Strategic Report is equivalent to the operating profit of the Asset Manager segment adjusted for the depreciation of the lease asset.

The Investment Company segment holds the Investment Assets of the Group. The primary revenue stream for this segment is interest income and fair value gains on the Investment Asset portfolio. The operating profit of the Investment Company segment is referred to as the Income on Net Investment Assets in the Strategic Report.

For the period ended 30 June 2023				
Group	Asset Manager £'000	Investment Company £'000	Central £'000	Group £'000
Management fee income	16,176	-	(2,988)	<b>13,188</b>
Carried interest and performance fee income	5,512	-	(1,741)	<b>3,771</b>
Interest income on Credit Assets held at amortised cost	-	29,089	-	<b>29,089</b>
Gains on Investment Assets held at fair value	-	2,630	-	<b>2,630</b>
<b>Total income</b>	<b>21,688</b>	<b>31,719</b>	<b>(4,729)</b>	<b>48,678</b>
Credit impairment release	-	289	-	<b>289</b>
Third-party servicing costs	-	(1,070)	-	<b>(1,070)</b>
<b>Net operating income</b>	<b>21,688</b>	<b>30,938</b>	<b>(4,729)</b>	<b>47,897</b>
Administration costs	(15,795)	(5,555)	3,041	<b>(18,309)</b>
Finance costs	(127)	(10,025)	-	<b>(10,152)</b>
<b>Operating profit</b>	<b>5,766</b>	<b>15,358</b>	<b>(1,688)</b>	<b>19,436</b>
Depreciation	(680)	-	-	<b>(680)</b>

Amortisation	-	-	(320)	(320)
<b>Profit before tax</b>	<b>5,086</b>	<b>15,358</b>	<b>(2,008)</b>	<b>18,436</b>

For the period ended 30 June 2022

Group	Asset Manager	Investment Company	Central	Group
	£'000	£'000	£'000	£'000
Management fee income	-	-	-	-
Carried interest and performance fee income	-	-	-	-
Interest income on Credit Assets held at amortised cost	-	25,045	-	25,045
Gains on Investment Assets held at fair value	-	1,570	-	1,570
<b>Total income</b>	<b>-</b>	<b>26,615</b>	<b>-</b>	<b>26,615</b>
Credit impairment release	-	128	-	128
Third-party servicing costs	-	(1,134)	-	(1,134)
<b>Net operating income</b>	<b>-</b>	<b>25,609</b>	<b>-</b>	<b>25,609</b>
Administration costs	-	(5,495)	-	(5,495)
Finance costs	-	(6,369)	-	(6,369)
<b>Operating profit</b>	<b>-</b>	<b>13,745</b>	<b>-</b>	<b>13,745</b>
Depreciation	-	-	-	-
Amortisation	-	-	-	-
<b>Profit before tax</b>	<b>-</b>	<b>13,745</b>	<b>-</b>	<b>13,745</b>

## 5. EMPLOYEES

The following tables show the average monthly number of employees and the Directors during the year

Group	For the period ended	
	30 June 2023	30 June 2022
<b>Average number of staff</b>		
Directors	7	4
Professional staff (the average for the respective period)	81	-
<b>Total</b>	<b>88</b>	<b>4</b>

The following table shows the total staff costs for the period. This includes the Group's five Non-Executive Directors of Pollen Street plc. The total number of employees and directors as at the reporting date was 88 (30 June 2022: 4).

Group	For the period ended	
	30 June 2023	30 June 2022
<b>Staff costs</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	12,314	283
Social security costs	1,874	-
Defined contribution pension cost	86	-
<b>Total</b>	<b>14,274</b>	<b>283</b>

## 6. INVESTMENT ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following table shows the total Investment Assets at fair value through profit or loss of the Group, which includes both Equity Assets and Credit Assets.

Group	Equity Assets	Credit Assets	Total	Equity Assets	Credit Assets	Total
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	30 June 2023	30 June 2023	30 June 2023	31 December 2022	31 December 2022	31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Fair value as at 1 January</b>	16,449	48,057	<b>64,506</b>	15,659	33,111	<b>48,770</b>
Additions at cost	-	24,325	<b>24,325</b>	790	13,008	<b>13,798</b>
Realisations at cost	-	(10,009)	<b>(10,009)</b>	-	(1,033)	<b>(1,033)</b>
Gains	-	2,741	<b>2,741</b>	-	3,762	<b>3,762</b>
Realised gains	-	(1,214)	<b>(1,214)</b>	-	(1,958)	<b>(1,958)</b>
Foreign exchange revaluation	-	(542)	<b>(542)</b>	-	1,167	<b>1,167</b>
<b>Fair value as at 30 June</b>	<b>16,449</b>	<b>63,358</b>	<b>79,807</b>	<b>16,449</b>	<b>48,057</b>	<b>64,506</b>
Comprising:						
Valued using an earnings multiple	1,559	10,866	<b>12,425</b>	1,559	10,457	<b>12,016</b>
Valued using a TNAV multiple	14,890	52,492	<b>67,382</b>	14,890	37,600	<b>52,490</b>
<b>Fair value as at 30 June</b>	<b>16,449</b>	<b>63,358</b>	<b>79,807</b>	<b>16,449</b>	<b>48,057</b>	<b>64,506</b>

## 7. CARRIED INTEREST

The following table shows the total value of the carried interest held by the Group, which includes both the carried interest at fair value through profit or loss and the carried interest receivable:

Group	As at	
	30 June 2023	31 December 2022
	£'000	£'000
Carried interest at fair value	9,791	6,495
Carried interest receivable	1,039	557
<b>Total value as at 31 December</b>	<b>10,830</b>	<b>7,052</b>

## 8. INTEREST BEARING BORROWINGS

The table below sets out a breakdown of the Group's interest-bearing borrowings.

Group	As at	
	30 June 2023	31 December 2022
	£'000	£'000
<b>Current liabilities</b>		
Credit facility	42,548	60,379
Interest and commitment fees payable	468	415
Prepaid interest and commitment fees	(104)	(196)
<b>Total current liabilities</b>	<b>42,912</b>	<b>60,598</b>
<b>Non-Current liabilities</b>		
Credit facility	193,776	204,234
Prepaid interest and commitment fees	(479)	(1,199)
<b>Total non-current liabilities</b>	<b>193,297</b>	<b>203,035</b>
<b>Total interest-bearing borrowings</b>	<b>236,209</b>	<b>263,633</b>

The table below shows the related debt costs incurred by the Group during the period:

Group	For the period ended	
	30 June 2023	30 June 2022
	£'000	£'000
Interest and commitment fees payable	9,234	5,581
Other finance charges	791	788
<b>Total finance costs</b>	<b>10,025</b>	<b>6,369</b>

The table below shows the movements in interest-bearing borrowings of the Group:

Group	For the period ended	
	30 June 2023 £'000	31 December 2022 £'000
Opening balance	263,633	267,657
Drawdown of interest-bearing borrowings	17,000	76,925
Repayments of interest-bearing borrowing	(45,271)	(82,291)
Finance costs	10,025	14,517
Interest paid on financing activities	(9,178)	(13,175)
<b>Closing balance</b>	<b>236,209</b>	<b>263,633</b>

The tables below analyse the Group's financial liabilities into relevant maturity groupings.

Group	As at 30 June 2023			Total £'000
	< 1 year £'000	1- 5 years £'000	More than 5 years £'000	
Credit facility	42,548	175,725	18,050	236,323
Interest and commitment fees payable	364	(587)	109	(114)
<b>Total exposure</b>	<b>42,912</b>	<b>175,138</b>	<b>18,159</b>	<b>236,209</b>

Group	As at 30 June 2022			Total £'000
	< 1 year £'000	1- 5 years £'000	More than 5 years £'000	
Credit facility	60,327	197,380	7,882	265,589
Interest and commitment fees payable	271	(2,069)	(158)	(1,956)
<b>Total exposure</b>	<b>60,598</b>	<b>195,311</b>	<b>7,724</b>	<b>263,633</b>

## 9. CREDIT ASSETS AT AMORTISED COST

### (a) Credit Assets at amortised cost

The disclosure below presents the gross carrying value of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for Expected Credit Loss ("ECL") provision. Please see Note 2 for more detail on the allowance for ECL.

Group	As at 30 June 2023		
	Gross Carrying Amount £'000	Allowance for ECL £'000	Net Carrying Amount £'000
<b>Credit Assets at amortised cost</b>			
Stage 1	446,715	(1,013)	445,702
Stage 2	23,700	(668)	23,032
Stage 3	19,579	(7,311)	12,268
<b>Total Assets</b>	<b>489,994</b>	<b>(8,992)</b>	<b>481,002</b>

Group	As at 30 June 2023			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000

As at 1 January 2023	1,013	678	7,590	9,281
Movement from stage 1 to stage 2	(1)	109	-	108
Movement from stage 1 to stage 3	-	-	106	106
Movement from stage 2 to stage 1	1	(133)	-	(132)
Movement from stage 2 to stage 3	-	(76)	170	94
Movement from stage 3 to stage 1	-	-	(36)	(36)
Movement from stage 3 to stage 2	-	100	(142)	(42)
Decreases due to repayments	(6)	(5)	(196)	(207)
Increases due to origination	87	-	-	87
Remeasurements due to modelling	(81)	(5)	(181)	(267)
<b>Allowance for ECL as at 30 June 2023</b>	<b>1,013</b>	<b>668</b>	<b>7,311</b>	<b>8,992</b>

For the period ended 31 December 2022			
Group	Gross Carrying Amount	Allowance for ECL	Net Carrying Amount
	£'000	£'000	£'000
<b>Credit Assets at amortised cost</b>			
Stage 1	512,030	(1,013)	511,017
Stage 2	6,878	(678)	6,200
Stage 3	14,250	(7,590)	6,660
<b>Total Assets</b>	<b>533,158</b>	<b>(9,281)</b>	<b>523,877</b>

For the period ended 31 December 2022				
Group	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000
As at 1 January 2022	952	946	8,888	10,786
Movement from stage 1 to stage 2	(2)	197	-	195
Movement from stage 1 to stage 3	(9)	-	359	350
Movement from stage 2 to stage 1	1	(242)	-	(241)
Movement from stage 2 to stage 3	-	(171)	314	143
Movement from stage 3 to stage 1	-	-	(260)	(260)
Movement from stage 3 to stage 2	-	87	(190)	(103)
Decreases due to repayments	(167)	(69)	(419)	(655)
Increases due to origination	20	-	-	20
Remeasurements due to modelling	281	(6)	71	346
Loans sold	(63)	(63)	(77)	(203)
Loans written off	-	(1)	(1,096)	(1,097)
<b>Allowance for ECL as at 31 December 2022</b>	<b>1,013</b>	<b>678</b>	<b>7,590</b>	<b>9,281</b>

### (b) Expected Credit Loss allowance for IFRS 9

Under the IFRS 9 expected credit loss model, impairment provisions are driven by changes in credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition.

The following table analyses Group loans by stage:

	For the period ended 30 June 2023	For the year ended 31
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Group	December 2022	
	£'000	£'000
As at 1 January 2023	9,281	10,786
Charge for period- Stage 1	26	(108)
Charge for period- Stage 2	(58)	(23)
Charge for period- Stage 3	(257)	(75)
<b>Release for period- total</b>	<b>(289)</b>	<b>(206)</b>
Loans sold & write-offs	-	(1,299)
<b>Allowance for ECL</b>	<b>8,992</b>	<b>9,281</b>

## 10. EARNINGS PER SHARE

Group	For the period ended	
	30 June 2023	30 June 2022
Revenue	27.2p	39.3p
Capital	-	(0.2)p
<b>Earnings per ordinary share</b>	<b>27.2p</b>	<b>39.1p</b>

The calculation for the six month period ended 30 June 2023 is based on a revenue returns after tax of £17.5 million (six months to 30 June 2022: £13.8 million) and capital returns after tax of nil (six months to 30 June 2022: (£0.1) million) and total returns after tax of £17.5 million (six months to 30 June 2022: £13.7 million) and a weighted average number of ordinary shares of 64,209,597 for the six months to 30 June 2023 (six months to 30 June 2022: 35,135,634).

## 11. RECEIVABLES

The table below sets out a breakdown of the Group receivables:

Group	As at	
	30 June 2023 £'000	31 December 2022 £'000
Management fees and performance fees	3,577	1,956
Amounts due from debtors	1,904	1,659
Prepayments and other receivables	5,570	9,255
<b>Closing balance</b>	<b>11,051</b>	<b>12,870</b>

## 12. PAYABLES

The table below set out a breakdown of the Group payables:

Group	As at	
	30 June 2023 £'000	31 December 2022 £'000
Staff salaries and bonuses	7,637	12,377
Audit fee accruals	496	863
Deferred income	117	964
Other payables	6,515	5,017
<b>Total payables</b>	<b>14,765</b>	<b>19,221</b>

## 13. ORDINARY DIVIDENDS

The following table shows the dividends in relation to or paid during 2023 and 2022.

Dividend	Payment Date	Amount per Share (pence per share)	Total £'000
Interim dividend for the period to 31 December 2021	25 March 2022	20.00p	7,052
Interim dividend for the period to 31 March 2022	24 June 2022	20.00p	6,990

Interim dividend for the period to 30 June 2022	30 September 2022	20.00p	6,947
Interim dividend for the period to 30 September 2022	23 December 2022	16.00p	7,916
Interim dividend for the period to 31 December 2022	31 March 2023	16.00p	7,916
Interim dividend for the period to 31 March 2023	30 June 2023	16.00p	7,916
Interim dividend for the period to 30 June 2023	29 September 2023	16.00p	7,916

The 30 June 2023 interim dividend of 16.00 pence was approved on 30 August 2023 and will be paid on the 29 September 2023.

The following table show the total dividends in relation to the period and the total dividends paid in the period.

	For the period ended	
	30 June 2023 £'000	30 June 2022 £'000
<b>Total dividend paid in period</b>	15,832	14,042
<b>Total dividend in relation to period</b>	15,832	13,937

Former shareholders of Pollen Street Capital Holdings Limited, who received ordinary shares as consideration as part of the Combination, have waived ordinary dividends paid to them in both 2022 and 2023 on approximately 50 per cent of such consideration shares, pursuant to the terms of the Combination. As a result, the interim dividends for the period to 30 September 2022, 31 December 2022, 31 March 2023 and the period to 30 June 2023 were or will be paid on 49,473,264 ordinary shares. Further information is available in the prospectus dated 26 September 2022, which is available on the Group's website.

## 14. DERIVATIVES

The table below presents the notional values of the foreign exchange forward contracts as at the end of the period for the Group:

Group	As at			
	EUR	USD	EUR	USD
	30 June 2023 £'000	30 June 2023 £'000	31 December 2022 £'000	31 December 2022 £'000
Opening notional value as at 1 Jan	46,289	19,724	1,639	8,870
Movement in notional value	8,671	1,702	44,650	10,854
<b>Closing notional value</b>	<b>54,960</b>	<b>21,426</b>	<b>46,289</b>	<b>19,724</b>

The table below presents the mark to market of the foreign exchange forward contracts as at the end of the period for the Group:

Group	As at			
	EUR	USD	EUR	USD
	30 June 2023 £'000	30 June 2023 £'000	31 December 2022 £'000	31 December 2022 £'000
Opening carrying value as at 01 January	(839)	(77)	113	(221)
Fair value movement	1,003	730	(952)	144
<b>Closing carrying value</b>	<b>164</b>	<b>653</b>	<b>(839)</b>	<b>(77)</b>

The fair value for the forward contracts is based off the forward rate curves for the respective currencies.

## 15. ORDINARY SHARE CAPITAL

The table below details the issued share capital of the Group.

No. Issued, allotted and fully paid ordinary shares of £0.01	For the period ended	
	30 June 2023	31 December 2022

each		
Opening number of shares	64,209,597	35,259,741
Shares issued during the year	-	29,472,663
Number of shares bought back	-	(522,807)
<b>Closing number of shares</b>	<b>64,209,597</b>	<b>64,209,597</b>

The table below shows the movement in shares during the period:

	Shares in issue at 1 January 2023	Shares in issue at 30 June 2023
Ordinary shares	64,209,597	64,209,597
Treasury shares	4,712,985	4,712,985

	Shares in issue at 1 January 2022	Shares issued during the year	Buyback of Ordinary Shares	Shares in issue at 31 December 2022
Ordinary shares	35,259,741	29,472,663	(522,807)	64,209,597
Treasury shares	4,190,178	-	522,807	4,712,985

## 16. OTHER RESERVES

At a general meeting of the Company held on 14 December 2015, special resolutions were passed approving the cancellation of the amount standing to the credit of the Company's share premium account as at 23 December 2015. Following the approval of the Court and the subsequent registration of the Court order with the Registrar of Companies on 21 March 2016, the reduction became effective. Accordingly, £98.1 million, previously held in the share premium account, was transferred to the special distributable reserve in 2015. As at 30 June 2023 the special distributable reserve balance was £52.0 million (30 June 2022: £52.0 million, 31 December 2022: £52.0 million).

Merger Reserves include the additional reserves accounted for as part of the acquisition that occurred during 2023. The Merger Reserve also includes the costs associated with the issuance of shares.

The Foreign Currency Translation Reserve reflects the foreign exchange differences arising on translation that are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## 17. NET ASSET VALUE PER ORDINARY SHARE

The following table shows the net asset value per ordinary share:

Group	For the period ended	
	30 June 2023	31 December 2022
Net asset value per ordinary share pence	901.4	900.2p
Net assets attributable £'000	578,806	577,539

## 18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2023 there were no contingent liabilities or capital commitments for the Group (30 June 2022: nil). The Group had £22.9 million (31 December 2022: £88.9 million) of undrawn committed structured credit facilities and undrawn commitments in relation to secured real estate loans of £84.5 million (31 December 2022: £99.1 million).

## 19. RELATED PARTY TRANSACTIONS

All related party transactions that took place in the six months ended 30 June 2023 are consistent in nature with the disclosure in Note 28 of the 2022 Annual Report and Accounts.

## 20. ULTIMATE CONTROLLING PARTY

It is the opinion of the Directors that there is no ultimate controlling party.

## 21. SUBSEQUENT EVENTS

On 30 August 2023 a dividend of 16.0 pence per ordinary share was approved for payment on 29 September 2023.

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<sup>[1]</sup> Operating profit does not include profits arising in Pollen Street Capital Holdings Limited prior to 30 September 2022, being the date of completion of the Combination.

EBITDA is calculated as the operating profit of the Group's Investment Company plus the operating profit of the Group's Asset Manager, according to IFRS reporting standards excluding exceptional items and start-up losses of the US business, but including the full cost of the office leases despite these costs being reported as depreciation of a right-of-use asset and financing costs under IFRS 16.

<sup>[2]</sup> The accounting cost of the office lease is defined as the depreciation of the lease asset