# POLAR CAPITAL HOLDINGS plc ("Polar Capital" or "the Group")
# Unaudited Interim Results for the six months ended 30 September 2024

**"Continued fund performance and our diversification meant that Polar Capital's Assets under Management grew by 4%over the period, from £21.9bn to £22.7bn and given the positive outlook for the business, the first interim dividend per share was maintained at 14.0p."**

**Gavin Rochussen, CEO**

## Highlights

- Assets under Management (AuM) at 30 September 2024 up 4% to £22.7bn (31 March 2024: £21.9bn) and at 8 November 2024 £23.9bn
- Net inflows of £472m during the period (six months to 30 September 2023: outflows of £581m)
- Core operating profit† up 21% to £27.3m (30 September 2023: £22.5m)
- Profit before tax up 9% to £23.1m (30 September 2023: £21.1m)
- Basic earnings per share up 7% to 17.3p (30 September 2023: 16.2p) and adjusted diluted total earnings per share† up 42% to 24.5p (30 September 2023: 17.2p)
- Interim dividend per ordinary share of 14.0p (January 2024: 14.0p) declared to be paid in January 2025. The dividend payment date is 10 January 2025, with an ex-dividend date of 12 December 2024 and a record date of 13 December 2024.

*† The non-GAAP alternative performance measures shown here are described and reconciled to IFRS measures in the Alternative Performance Measures (APM) section.*

*This RNS does not constitute an offer or recommendation to invest in any of the funds referenced within.*

**Gavin Rochussen, Chief Executive Officer, commented:**

"It has been a positive start to the new financial year with net inflows over six months reaching £472m and market movement and fund performance contributing a further £323m to asset growth. This has seen our AuM rise 4% to £22.7bn at the end of the reporting period, and more recently, AuM has increased further to £23.9bn as at 8 November 2024. Notable successes have been the Emerging Markets & Asia strategies which saw net inflows of £929m over the period following strong investor demand.

"Performance has also been pleasing. Across the Polar Capital UCITS fund range, which represents 75% of the Group's total AuM, 90% of AuM is in the top two quartiles of the appropriate Lipper peer group over one year to 30 September 2024. 77% of AuM is in the top two quartiles over three years, 97% over five years and 99% since inception. Since inception to 30 September 2024, 91% of AuM is in the first quartile against the Lipper peer group.

"The Healthcare suite of funds has performed well against benchmark and against the Lipper peer group and has attracted net inflows into the Healthcare Opportunities and Biotech Funds of £144m and £77m respectively.

"The Polar Capital Global Insurance and Japan Value Funds delivered strong returns, with respective net inflows of £29m and £22m over the past six months.

“Relative to the comparable six-month period to 30 September 2023, average AuM increased by 15% from £19.4bn to £22.4bn. The increase in average AuM resulted in net management fees increasing by 15% to £87.6m from £76.5m in the comparable prior six-month period.

“Core operating profit† increased by 21% to £27.3m compared to the comparable prior half year.

“The Board has declared an interim dividend of 14.0p to be paid in January 2025 (January 2024: 14.0p).

“There has been further recognition of our specialist funds with Polar Capital winning the Emerging Markets Manager of the Year Award in the European Pensions Awards 2024. Given the strategic focus on growing the client base in the US, it is pleasing that Morningstar have upgraded the Emerging Markets Stars US 40 Act mutual fund from a Bronze to a Silver rating, driven by increased conviction in our investment team.

“In September 2024, we were pleased to announce the launch of the US domiciled Polar Capital International Small Company Fund with Dan Boston as Lead Manager. International expansion remains a key part of our ‘Growth with Diversification’ strategy and this launch represents an important strategic milestone.

“Looking ahead, visibility on actively managed equity flows for the industry remains unclear. However, given our compelling long-term investment performance and remaining capacity in a broad range of active, specialist and differentiated thematic, sector and regionally focused fund strategies, we are confident that we can continue to perform for our clients and shareholders over the long term.”

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## Assets under Management (AuM)

### AuM split by type

| | 30 September 2024 | | | 31 March 2024 | |
|---|---|---|---|---|---|
| | £bn | | | £bn | |
| Open ended funds | 16.9 | 75% | Open ended funds | 16.0 | 73% |
| Investment trusts | 5.1 | 22% | Investment trusts | 5.1 | 23% |
| Segregated mandates | 0.7 | 3% | Segregated mandates | 0.8 | 4% |
| **Total** | **22.7** | | **Total** | **21.9** | |

### AuM split by strategy

**Ordered according to launch date**

| | 30 September 2024 | | | 31 March 2024 | |
|---|---|---|---|---|---|
| | £bn | | | £bn | |
| Technology | 9.7 | 42% | Technology | 9.9 | 45% |
| European Long/Short | 0.1 | 0.4% | European Long/Short | 0.1 | 0.5% |
| Healthcare | 3.9 | 17% | Healthcare | 3.9 | 18% |
| Global Insurance | 2.5 | 11% | Global Insurance | 2.3 | 10% |
| Financials | 0.6 | 3% | Financials | 0.6 | 3% |
| Convertibles | 0.4 | 1.8% | Convertibles | 0.4 | 2% |
| North America | 0.6 | 3% | North America | 0.7 | 3% |
| Japan Value | 0.2 | 1% | Japan Value | 0.2 | 1% |
| European Income | 0.2 | 1% | European Income | 0.2 | 1% |
| UK Value | 1.0 | 4% | UK Value | 0.9 | 4% |
| Emerging Markets and Asia | 2.9 | 13% | Emerging Markets and Asia | 1.8 | 8% |
| European Opportunities | 0.4 | 1.8% | European Opportunities | 0.6 | 3% |
| Sustainable Thematic Equities | 0.2 | 1% | Sustainable Thematic Equities | 0.3 | 1.5% |
| International Small Company* | - | - | International Small Company* | - | - |
| **Total** | **22.7** | | **Total** | **21.9** | |

* The International Small Company Fund was launched on 30 September 2024 and its closing AuM was £7m.

## Chief Executive's Report

### Market Overview

The first half of Polar Capital's financial year ended on a strong note in both equity and bond markets. The 10-year US government bond yield ended September 2024 at 3.8%, having been very close to 5.0% almost a year earlier. Equity markets also moved higher, consistently in the case of the US, where growth is moderating, and explosively in the case of China, where a package of economic stimulus measures was announced right at the end of September 2024.

The Chinese equity market has moved from being one of the most disliked investment destinations for international investors to one of the most discussed, as investors have closed short positions. The Chinese market is undeniably cheap, even versus the rest of Asia, but the economy still has structural problems. The cheap manufacturing model has been gradually undermined by higher wages and by overcapacity, consumers have not been spending as freely as before, despite their high savings ratio, and the private sector arguably still needs greater freedom. These problems may be too complex to be solved simply with an interest rate cut, but the apparent willingness of the Chinese authorities to support assets such as real estate and equities could restore consumer confidence.

There have been eye-catching moves in other assets too. The oil price has often been a hedge in times of geopolitical stress. It fulfilled this role after the Russian invasion of Ukraine in 2022 but has performed less well during the current Middle East conflict. Perhaps the expansion of alternative energy sources, and most recently the re-emergence of nuclear power, have played a part. Also, the US is now a net exporter of oil, making Middle Eastern oil supply somewhat less critical.

The gold price is benefiting not just from concern about worldwide war and conflict, but also from demand for jewellery in India and China and their central banks buying gold. Indian gold imports have just hit record levels as the government has cut import duties. Gold has traditionally been a good insulator against the extremes of inflation and recession, but it is unusual for the gold price to outperform a rising US equity market.

### Fund Performance

Equity markets have continued to make progress over the six-month period. The technology sector has performed well, and China's strong rally in September 2024 left the previously underperforming Emerging Markets on a par with other regions year-to-date. Some European markets, and the UK in particular, continue to suffer from lower economic growth, and from a less vibrant corporate sector.

Two structural factors, namely benchmark index concentration, and the underperformance of smaller companies versus broad markets, remain influential. There is a well-documented inverse relationship between index concentration and the relative performance of active managers; when individual companies become very large index constituents, fund concentration rules make it more difficult for managers to capitalise. This has made it particularly hard for Polar's technology funds to deliver returns in excess of their benchmarks.

The underperformance of smaller companies versus large peers has also made life more difficult for some of Polar Capital's strategies in the period, specifically Polar Capital's North American and European Opportunities strategies. Smaller companies have tended to perform less well in periods of high or rising interest rates, as they tend to have more floating rate debt. Nevertheless, small and mid-cap companies have been a rich source of investment ideas in the past, and history suggests that index concentration, currently at a high level, does mean revert. These factors will not remain headwinds forever.

Other teams at Polar Capital have delivered good results in the period. Polar Capital's Healthcare Opportunities Fund, and its Financials Funds, both long-standing areas of strength in thematic investing at Polar Capital, have delivered good results. Healthcare Opportunities was an early investor in some of the smaller beneficiaries of the GLP-1 category of obesity medication, which has been beneficial, and the financials team has been successful recently both in banks and non-bank financials.

Polar Capital's UK Value strategy has capitalised on the recent outperformance of the FTSE 250 versus the FTSE 100, finding enduring success stories in mid-sized UK companies, while the Polar Capital China Stars Fund, the Japan Value strategy, and the Polar Capital Europe ex-UK Income Fund also outperformed their respective benchmarks in the six-month period under review.

Across the Polar Capital UCITS fund range, which represents 75% of the Group's total AuM, 90% of AuM is in the top two quartiles of the appropriate Lipper peer group over one year to 30 September 2024. 77% of AuM is in the top two quartiles over three years, 97% over five years and 99% since inception. Since inception to 30 September 2024, 91% of AuM is in the top quartile against the Lipper peer group.

Against the backdrop of highly concentrated indices, as at the end of September 2024, 44% of UCITS AuM has outperformed the benchmark over one year, 39% exceeded the benchmark over three years, 39% was ahead over five years and 88% outperformed the benchmark since inception.

**AuM and Fund Flows**

Broadridge Fund Data indicate that in the period May 2024 to August 2024 across Europe and the UK, active equity funds have been in outflow with net inflows into passive equity funds. Flows into fixed income instruments have dominated net inflows for the period November 2023 to August 2024. The past six months have been challenging for active equity managers.

In the six months to 30 September 2024, AuM increased from £21.9bn to £22.7bn, an increase of 4% over the period. The £795m increase in AuM comprised net inflows of £472m and an increase of £323m related to market movement and fund performance.

In the six months, our Emerging Market and Asia Stars fund range received net inflows of £929m despite muted investor interest in emerging markets equities. The significant net inflows were almost entirely a consequence of gaining market share from peer emerging market equity managers.

The Healthcare suite of funds has performed well against benchmark and against the Lipper peer group and has attracted net inflows into the Healthcare Opportunities and Biotech Funds of £144m and £77m respectively. However, this was partially offset by separate account mandate trimming of £96m and £40m relating to the redemption of the fixed life preference shares linked to Polar Capital Global Healthcare Trust.

The Polar Capital Global Insurance Fund continued its excellent performance and is up 22% year to date in absolute terms and ahead of benchmark by 3% over the same period while 18% up in absolute terms annualised over three years and ahead of benchmark by 3% annualised over three years. Since the Fund's inception in 1998 it is ranked at the 4th percentile against the Lipper peer group as at 30 September 2024. The Fund had net inflows of £29m in the six months to 30 September 2024.

The Polar Capital Japan Value Fund is 15th percentile since inception against the Lipper peer group and has returned 16% annualised over three years beating the benchmark by 4% on an annualised basis over three years. The Fund had net inflows of £22m in the six-month period.

While interest in the Polar Capital Artificial Intelligence Fund continued with net inflows of £82m in the period, net outflows from the open-ended Polar Capital Technology Fund were £243m and share buy backs by the Polar Capital Technology Investment Trust amounted to £59m in the period.

The Polar Capital Smart Energy Fund and a related separate account mandate suffered net outflows of £50m in the six months as a result of muted investor appetite for sustainable funds.

Continued negative investor sentiment towards UK and European equities led to redemptions from the Melchior European Opportunities Fund of £64m and the trimming of a separate account mandate of £38m. The Polar Capital European ex-UK Income Fund had net outflows of £21m and the Polar Capital UK Value Opportunities strategy had net outflows of £11m in the six months. While the Polar Capital European Forager Fund had net redemptions of £4m during the period, a significant long-term investor in the fund redeemed £84m in October 2024 as a consequence of asset allocation and reorganisation of the client's fund structure. This led to the decision by the Board of the Forager fund to liquidate the Fund and return capital to all clients at the same time.

The Polar Capital North American Fund continued to suffer net outflows as performance was challenging given the high stock concentration in the indices and continuing competition from passive US equity funds. Net outflows from the fund in the six months were £104m.

The Polar Capital Global Convertible Bond funds experienced outflows of £60m, given the higher interest environment with investors seeking yield from lower risk asset classes such as money market funds.

**Financial Results**

Average AuM over the six months to 30 September 2024 increased by 13% from the preceding six months, rising from £19.9bn to £22.4bn. However, relative to the comparable six-month period to 30 September 2023, average AuM increased by 15% from £19.4bn to £22.4bn. The increase in average AuM resulted in net management fees† increasing by 15% to £87.6m from £76.5m in the comparable prior six-month period. Management fee yield margin† declined, as anticipated, by 1bp to 78bps over the period compared to the comparable prior half-year period.

Total operating costs increased by 22% to £67.3m compared to the comparable prior half-year period, primarily due to higher variable compensation costs and impairment of goodwill.

Core operating profit† increased by 21% to £27.3m compared to the comparable prior half-year period and is up by 22% from £22.3m in the preceding six-month period to 31 March 2024.

Profit before tax increased by 9% to £23.1m compared to the comparable prior half-year. Basic EPS increased by 7% compared to the half year period to 30 September 2023. Exceptional items of £6.0m included an impairment of the goodwill from the acquisition of Dalton Strategic Partnership LLP.

Adjusted diluted core EPS† of 20.5p for the current period ending 30 September 2024 represents an 18% increase over the comparable prior half-year period ending 30 September 2023.

| | **Six months to 30 September 2024 £'m** | **Six months to 30 September 2023 £'m** | **Six months to 31 March 2024 £'m** |
|---|---|---|---|
| Average AuM (£'bn) | **22.4** | 19.4 | 19.9 |
| Net management fees† | **87.6** | 76.5 | 77.2 |
| Core operating profit† | **27.3** | 22.5 | 22.3 |
| Performance fee profit† | **-** | - | 9.6 |
| Other income* | **2.8** | (0.5) | 2.7 |
| Share-based payments on preference shares | **(1.0)** | (0.3) | (0.4) |
| Exceptional items | **(6.0)** | (0.6) | (0.6) |
| Profit before tax | **23.1** | 21.1 | 33.6 |
| | | | |
| Core operating margin† | **31%** | 29% | 29% |
| Management fee yield† | **78 bps** | 79 bps | 78 bps |
| | | | |
| Basic EPS | **17.3p** | 16.2p | 26.1p |
| Adjusted diluted total earnings per share† | **24.5p** | 17.2p | 26.8p |
| Adjusted diluted core EPS† | **20.5p** | 17.3p | 17.7p |

† The non-GAAP alternative performance measures shown here are described and reconciled in the APM section below.

* A reconciliation to reported results is given in the APM section below.

The Board has declared an interim dividend of 14.0p to be paid in January 2025 (January 2024: 14.0p). Maintaining last year's first interim dividend of 14.0p represents a covered dividend that is 68% of first half adjusted diluted core

EPS compared to the prior comparable period when the dividend represented 81% of adjusted diluted core EPS. This reflects the improving results and our confidence in the business and the strength of our balance sheet.

**Strategic progress**

In September 2024, we were pleased to announce the launch of the US domiciled Polar Capital International Small Company Fund with Dan Boston as Lead Manager. Dan brings 19 years' experience to his role and now heads our US-based and newly established Global Small Company team. The team takes a 'research first' approach to seeking out wealth creating smaller companies with the ability to compound over the long-term and become industry leaders. International expansion remains a key part of our 'Growth with Diversification' strategy and this launch represents an important strategic milestone.

There has been further recognition of our specialist funds with Polar Capital winning the Emerging Markets Manager of the Year Award in the European Pensions Awards 2024. Given the strategic focus on growing the client base in the US, it is pleasing that Morningstar have upgraded the Emerging Markets Stars US 40 Act mutual fund from a Bronze to a Silver rating, driven by increased conviction in our investment team. The Polar Capital Global Insurance Fund won the Specialist Equities category at the Investment Week Fund Manager of the Year Awards 2024. Polar Capital Emerging Markets Stars Fund has been shortlisted for Best Sustainable Emerging Markets Fund at the Investment Week Sustainable Investment Awards 2024 and Polar Capital Smart Energy Fund has been shortlisted for Best ESG Investment Fund at the ESG Investing Awards 2024. Both Polar Capital Global Healthcare Trust and Polar Capital Technology Trust have been shortlisted in the specialist sector at the Investment Week Investment Company of the Year Awards 2024. Polar Capital Global Healthcare Trust has been shortlisted for 'Sector Performance Award' at Citywire Investment Trust Awards 2024.

As always, we are grateful for the commitment and dedication from our staff over the period as we have seen a recovery in net inflows, improved fund performance and increased profitability. We are also appreciative of the ongoing support from our loyal and supportive clients and shareholders.

**Outlook**

While the conflict in Ukraine and the Middle East still brings uncertainty, inflation across the world has been falling and many Central Banks have now started to cut interest rates. This may create a better backdrop for risk assets. Investors remain cautious and many opt to retain high cash balances as current uncertain conditions play out. UK based investors have been particularly cautious leading up to and following the Autumn Budget.

Given our compelling long-term investment performance and remaining capacity in a broad range of active, specialist and differentiated thematic, sector and regionally focused fund strategies, we are confident that we can continue to perform for our clients and shareholders over the long term.

**Gavin Rochussen**

Chief Executive

15 November 2024

**Alternative Performance Measures (APMs)**

The Group uses the non-GAAP APMs listed below to provide users of the Interim Report with supplemental financial information that helps explain its results for the current accounting period.

| APM | Definition | Reconciliation | Reason for use |
|---|---|---|---|
| Core operating profit | Profit before performance fee profits, other income and tax. | APM reconciliation | To present a measure of the Group's profitability excluding performance fee profits and other components which may be volatile, non-recurring or non-cash in nature. |
| Performance fee profit | Gross performance fee revenue less performance fee interests due to staff. | APM reconciliation | To present a clear view of the net amount of performance fee earned by the Group after accounting for staff remuneration payable that is directly attributable to performance fee revenues generated. |
| Core distributions | Variable compensation payable to investment teams from management fee revenue. | APM reconciliation | To present additional information thereby assisting users of the accounts in understanding key components of variable costs paid out of management fee revenue. |
| Performance fee interests | Variable compensation payable to investment teams from performance fee revenue. | APM reconciliation | To present additional information thereby assisting users of the accounts in understanding key components of variable costs paid out of performance fee revenue. |
| Adjusted diluted total EPS | Profit after tax but excluding (a) cost of share-based payments on preference shares, (b) the net cost of deferred staff remuneration and (c) exceptional items which may either be non-recurring or non-cash in nature, and in the case of adjusted diluted earnings per share, divided by the weighted average number of ordinary shares. | APM reconciliation | The Group believes that (a) as the preference share awards have been designed to be earnings enhancing to adjusting for this non-cash item provides a useful supplemental understanding of the financial performance of the Group, (b) comparing staff remuneration and profits generated in the same time period (rather than deferring remuneration over a longer vesting period) allows users of the accounts to gain a useful supplemental understanding of the Group's results and their comparability period on period and (c) removing the non-cash amortisation, and any impairment, of intangible assets and goodwill provides a useful supplemental understanding of the Group's results. |

| | | | |
|---|---|---|---|
| Adjusted diluted core EPS | Core operating profit after tax excluding the net cost of deferred core distributions divided by the weighted average number of ordinary shares. | APM reconciliation | To present additional information that allows users of the accounts to measure the Group's earnings excluding those from performance fees and other components which may be volatile, non-recurring or non-cash in nature. |
| Core operating profit margin | Core operating profit divided by net management fees revenue. | Chief Executive's report | To present additional information that allows users of the accounts to measure the core profitability of the Group before performance fee profits, and other components, which can be volatile and non-recurring. |
| Net management fees | Gross management fees less commissions and fees payable. | APM reconciliation | To present a clear view of the net amount of management fees earned by the Group after accounting for commissions and fees payable. |
| Net management fee yield | Net management fees divided by average AuM. | Chief Executive's report | To present additional information that allows users of the accounts to measure the fee margin for the Group in relation to its assets under management. |

**Summary of non-GAAP financial performance and reconciliation of APMs to reported results**

The summary below reconciles key APMs the Group measures to its reported results for the current year and also reclassifies the line-by-line impact on consolidation of seed investments to provide a clearer understanding of the Group's core business operation of fund management.

Any seed investments in newly launched or nascent funds, where the Group is determined to have control, are consolidated. As a consequence, the statement of profit or loss of the fund is consolidated into that of the Group on a line-by-line basis. Any seed investments that are not consolidated are fair valued through a single line item (other income) on the Group consolidated statement of profit or loss.

| | **2024 Interim Reported Results £'m** | **Reclassification on consolidation of seed investments £'m** | **Reclassification of costs £'m** | **2024 Interim Non-GAAP results £'m** | **2023 Interim Non-GAAP results £'m** | **APMs** |
|---|---|---|---|---|---|---|
| Investment management and research fees | 100.6 | – | – | **100.6** | 86.9 | |
| Commissions and fees payable | (13.0) | – | – | **(13.0)** | (10.4) | |
| | 87.6 | – | – | **87.6** | 76.5 | Net management fees |
| Operating costs | (67.3) | 0.1 | 31.4 | **(35.8)** | (33.0) | |
| Finance costs | (0.1) | – | – | **(0.1)** | (0.1) | |
| | – | – | (24.4) | **(24.4)** | (20.9) | Core distributions |
| | 20.2 | 0.1 | 7.0 | **27.3** | 22.5 | Core operating profit |
| Performance fees | – | – | – | **–** | – | |
| | – | – | – | **–** | – | Performance fee interests |
| | – | – | – | **–** | – | Performance fee profit |
| Other income | 2.9 | (0.1) | – | **2.8** | (0.5) | |
| Exceptional items | – | – | (6.0) | **(6.0)** | (0.6) | |
| Share-based payments on preference shares | – | – | (1.0) | **(1.0)** | (0.3) | |
| Profit before tax for the period | 23.1 | – | – | **23.1** | 21.1 | |

The effect of the adjustments made in arriving at the adjusted diluted total EPS and adjusted diluted core EPS figures of the Group is as follows:

| **Earnings per share** | **(Unaudited) 30 September 2024 Pence** | (Unaudited) 30 September 2023 Pence |
|---|---|---|
| Diluted earnings per share | **17.1** | 16.0 |
| Impact of share-based payments - preference shares only | **1.0** | 0.3 |
| Impact of exceptional items | **6.0** | 0.6 |
| Impact of deferment, where IFRS defers cost into future periods | **0.4** | 0.3 |
| Adjusted diluted total EPS | **24.5** | 17.2 |
| Of which: Other income | **(4.0)** | 0.1 |
| Adjusted diluted core EPS | **20.5** | 17.3 |

**Exceptional items**

Exceptional items for the period to 30 September 2024 include amortisation of the acquired intangible asset as part of Dalton acquisition and related impairment charge on the goodwill (2023: Exceptional items relate to amortisation of the intangible assets).

A breakdown of exceptional items is as follows:

| **Exceptional items** | **(Unaudited) 30 September 2024 £'m** | (Unaudited) 30 September 2023 £'m |
|---|---|---|
| **Recorded in operating costs** | | |
| Amortisation of intangible asset | **0.6** | 0.6 |
| Impairment of goodwill (See Note 8) | **5.4** | – |
| Net exceptional items recorded in the consolidated statement of profit or loss | **6.0** | 0.6 |

**Interim Consolidated Statement of Profit or Loss**
**For the six months to 30 September 2024**

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Revenue | **100,616** | 86,891 |
| Other income | **2,884** | (271) |
| **Gross income** | **103,500** | 86,620 |
| Commissions and fees payable | **(12,960)** | (10,435) |
| **Net income** | **90,540** | 76,185 |
| Operating costs | **(67,309)** | (55,020) |
| Finance costs | **(100)** | (108) |
| **Profit before tax** | **23,131** | 21,057 |
| Taxation | **(6,484)** | (5,423) |
| **Profit for the year attributable to ordinary shareholders** | **16,647** | 15,634 |
| **Earnings per share** | | |
| Basic | **17.3p** | 16.2p |
| Diluted | **17.1p** | 16.0p |
| Adjusted basic (Non-GAAP measure) | **24.8p** | 17.4p |
| Adjusted diluted (Non-GAAP measure) | **24.5p** | 17.2p |

**Interim Consolidated Statement of Other Comprehensive Income**
**For the six months to 30 September 2024**

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| **Profit for the period attributable to ordinary shareholders** | **16,647** | 15,634 |
| **Other comprehensive (expense)/income – items that will be reclassified to profit or loss statement in subsequent periods:** | | |
| Exchange differences on translation of foreign operations | **(853)** | (163) |
| **Other comprehensive expense for the period** | **(853)** | (163) |
| **Total comprehensive income for the period, net of tax, attributable to ordinary shareholders** | **15,794** | 15,471 |

All of the items in the above statements are derived from continuing operations.

## Interim Consolidated Balance Sheet
## As at 30 September 2024

| | (Unaudited) 30 September 2024 £'000 | (Audited) 31 March 2024 £'000 |
|---|---|---|
| **Non-current assets** | | |
| Goodwill and intangible assets | **8,810** | 14,774 |
| Property and equipment | **7,356** | 8,307 |
| Deferred tax assets | **3,384** | 1,938 |
| | **19,550** | 25,019 |
| **Current assets** | | |
| Assets at fair value through profit or loss | **81,827** | 62,433 |
| Trade and other receivables | **25,838** | 21,070 |
| Other financial assets | **1,067** | 3,393 |
| Assets at amortised cost | **3,349** | 6,698 |
| Cash and cash equivalents | **68,277** | 98,880 |
| Current tax assets | **287** | 127 |
| | **180,645** | 192,601 |
| **Total assets** | **200,195** | 217,620 |
| **Non-current liabilities** | | |
| Provisions and other liabilities | **6,316** | 7,537 |
| Liabilities at fair value through profit or loss | **146** | 249 |
| | **6,462** | 7,786 |
| **Current liabilities** | | |
| Liabilities at fair value through profit or loss | **7,699** | 5,425 |
| Trade and other payables | **57,845** | 64,128 |
| Provisions | **64** | 247 |
| Other financial liabilities | **-** | 9 |
| Current tax liabilities | **3,590** | 4,127 |
| | **69,198** | 73,936 |
| **Total liabilities** | **75,660** | 81,722 |
| **Net assets** | **124,535** | 135,898 |

| | | |
|---|---|---|
| **Capital and reserves** | | |
| Issued share capital | **2,539** | 2,530 |
| Share premium | **19,364** | 19,364 |
| Investment in own shares | **(30,625)** | (34,652) |
| Capital and other reserves | **11,767** | 12,019 |
| Retained earnings | **121,490** | 136,637 |
| **Total equity – attributable to ordinary shareholders** | **124,535** | 135,898 |

**Interim Consolidated Statement of Changes in Equity**
**For the six months to 30 September 2024**

| | Issued share capital £'000 | Share premium £'000 | Investment in own shares £'000 | Capital reserves £'000 | Other reserves £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|
| **As at 1 April 2024 (audited)** | 2,530 | 19,364 | (34,652) | 695 | 11,324 | 136,637 | 135,898 |
| Profit for the year | - | - | - | - | - | 16,647 | 16,647 |
| Other comprehensive expense | - | - | - | - | (853) | - | (853) |
| Total comprehensive income | - | - | - | - | (853) | 16,647 | 15,794 |
| Dividends paid to shareholders | - | - | - | - | - | (30,869) | (30,869) |
| Issue of shares | 9 | - | - | - | - | (9) | - |
| Own shares acquired | - | - | (1,369) | - | - | - | (1,369) |
| Release of own shares | - | - | 5,396 | - | - | (4,489) | 907 |
| Share-based payment | - | - | - | - | - | 3,573 | 3,573 |
| Current tax in respect of employee share options | - | - | - | - | 103 | - | 103 |
| Deferred tax in respect of employee share options | - | - | - | - | 498 | - | 498 |
| **As at 30 September 2024 (unaudited)** | **2,539** | **19,364** | **(30,625)** | **695** | **11,072** | **121,490** | **124,535** |
| | | | | | | | |
| **As at 1 April 2023 (audited)** | 2,520 | 19,364 | (31,623) | 695 | 11,604 | 140,295 | 142,855 |
| Profit for the year | - | - | - | - | - | 15,634 | 15,634 |
| Other comprehensive expense | - | - | - | - | (163) | - | (163) |
| Total comprehensive income | - | - | - | - | (163) | 15,634 | 15,471 |
| Dividends paid to shareholders | - | - | - | - | - | (30,865) | (30,865) |
| Issue of shares | 10 | - | - | - | - | (10) | - |
| Own shares acquired | - | - | (7,588) | - | - | - | (7,588) |
| Release of own shares | - | - | 5,925 | - | - | (5,190) | 735 |
| Share-based payment | - | - | - | - | - | 2,417 | 2,417 |
| Current tax in respect of employee share options | - | - | - | - | 18 | - | 18 |
| Deferred tax in respect of employee share options | - | - | - | - | 34 | - | 34 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **As at 30 September 2023 (unaudited)** | **2,530** | **19,364** | **(33,286)** | **695** | **11,493** | **122,281** | **123,077** |

**Interim Consolidated Cash Flow Statement**
**For the six months to 30 September 2024**

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| **Cash flows generated from operating activities** | | |
| Cash flows generated from operations | **21,879** | 7,449 |
| Tax paid | **(8,028)** | (5,853) |
| Interest received | **1,198** | 1,104 |
| **Net cash inflow generated from operating activities** | **15,049** | 2,700 |
| **Cash flows generated from investing activities** | | |
| Investment income | **239** | 350 |
| Sale of assets/liabilities at fair value through profit or loss | **12,841** | 28,971 |
| Purchase of assets at fair value through profit or loss | **(31,388)** | (20,341) |
| Sale of assets at amortised cost | **3,349** | - |
| Purchase of property and equipment | **(296)** | (149) |
| Payments in respect of asset acquisition | **(23)** | - |
| **Net cash (outflow)/inflow from investing activities** | **(15,278)** | 8,831 |
| **Cash flows generated from financing activities** | | |
| Dividends paid to shareholders | **(30,869)** | (30,865) |
| Lease payments | **(983)** | (697) |
| Interest on lease | **(100)** | (108) |
| Purchase of own shares | **(462)** | (7,588) |
| Third-party subscriptions into consolidated funds | **2,520** | 3,725 |
| Third-party redemptions from consolidated funds | **(300)** | (10,163) |
| **Net cash outflow from financing activities** | **(30,194)** | (45,696) |
| **Net decrease in cash and cash equivalents** | **(30,423)** | (34,165) |
| Cash and cash equivalents at start of the period | **98,880** | 106,976 |
| Effect of exchange rate changes on cash and cash equivalents | **(180)** | (26) |
| **Cash and cash equivalents at end of the period** | **68,277** | 72,785 |

## Selected notes to the Unaudited Interim Consolidated Financial Statements
## For the six months to 30 September 2024

### 1. General information, Basis of Preparation and Accounting policies

**Corporate information**

Polar Capital Holdings plc (the 'Company') is a public limited company incorporated and domiciled in England and Wales whose shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

**Basis of preparation**

The unaudited interim condensed consolidated financial statements to 30 September 2024 have been prepared in accordance with IAS 34: Interim Financial Reporting.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 March 2024, which have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

The accounting policies adopted, and the estimates and judgements used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with the Group's annual financial statements for the year ended 31 March 2024, except when otherwise stated.

The unaudited interim condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000), except when otherwise stated.

**Group information**

The Group is required to consolidate seed capital investments where it is deemed to control them. The operating subsidiaries consolidated at 30 September 2024 are consistent with those reported in the 31 March 2024 annual report, with the following additions: the Polar Capital Emerging Markets Healthcare Fund (a sub fund of Polar Capital Fund plc), consolidated as of 31 May 2024, and the Polar Capital International Small Company Fund (a US 40-Act mutual fund), consolidated as of 30 September 2024.

**Going concern**

The Directors have made an assessment of going concern taking into account both the Group's results as well as the impact of the Group's outlook. As part of this assessment the Directors have used a range of information available to the date of issue of these interim consolidated financial statements and considered the Group budget, longer term financial projections including stress testing scenarios applied as part of the Group's ICARA, cash flow forecasts and an analysis of the Group's forecasted liquid assets and its regulatory capital position.

The Group continues to maintain a robust financial resources position, access to cashflow from ongoing investment management contracts and the Directors believe that the Group is well placed to manage its business risks. The Directors also have a reasonable expectation that the Group has adequate resources to continue operating for a period of at least 12 months from the date of approval of the interim consolidated financial statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the interim consolidated financial statements.

## 2. Revenue

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Investment management and research fees | **100,616** | 86,891 |

## 3. Components of other income

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Interest income on cash and cash equivalents | **1,198** | 1,104 |
| Net (loss)/gain on other financial assets/ liabilities - short positions | **(1,992)** | 1,234 |
| Net gain/(loss) on other financial assets/ liabilities - forward currency contracts | **1,127** | (265) |
| Net gain/(loss) on financial assets and liabilities at FVTPL | **2,800** | (4,603) |
| Investment income | **239** | 350 |
| Other (gain)/loss - attributed to third party holdings | **(488)** | 1,909 |
| | **2,884** | (271) |

## 4. Operating costs

### a) Operating costs include the following expenses:

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Staff costs including partnership profit allocations | **46,976** | 39,765 |
| Depreciation | **1,246** | 1,232 |
| Amortisation and impairment of intangible assets[1] | **5,964** | 581 |
| Auditors' remuneration | **340** | 228 |

1. This balance includes impairment of goodwill amounting to £5.4m recognised in the current period.

**b) Auditors' remuneration:**

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Audit of Group and Company financial statements | **97** | 56 |
| Statutory audits of subsidiaries | **153** | 105 |
| Audit-related assurance services | **19** | 4 |
| Other assurance services – internal controls report | **71** | 63 |
| | **340** | 228 |

| **5. Dividends** | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Dividend paid | **30,869** | 30,865 |

On 2 August 2024, the Group paid a second interim dividend for 2024 of 32p (2023: 32p) per ordinary share.

**6. Share-based payments**

A summary of the charge to the consolidated statement of profit or loss for each share-based payment arrangement is as follows:

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Preference shares | **978** | 370 |
| LTIP awards | **1,539** | 860 |
| Equity incentive plan | **346** | 304 |
| Deferred remuneration plan | **710** | 883 |
| | **3,573** | 2,417 |

Certain employees of the Group and partners of Polar Capital LLP hold Manager Preference Shares or Manager Team Member Preference Shares (together 'Preference Shares') in Polar Capital Partners Limited, a group company.

The preference shares are designed to incentivise and retain the Group's fund management teams. These shares provide each manager with an economic interest in the funds that they run and ultimately enable the manager, at their option and at a future date, to convert their interest in the revenues generated from their funds to a value that may (at the discretion of the parent undertaking, Polar Capital Holdings plc) be satisfied by the issue of ordinary shares in Polar Capital Holdings plc. Such conversion takes place according to a pre-defined conversion formula that considers the relative contribution of the manager to the Group as a whole. The equity is awarded in return for the forfeiture of a manager's current core economic interest and is issued over three years from the date of conversion.

In November 2024, the Convertibles team called for a partial conversion of preference shares into Polar Capital Holdings equity (30 September 2023: No conversion).

At 30 September 2024 five sets of preference shares (30 September 2023: five sets) have the ability to call for conversion.

The following table illustrates the number of, and movements in, the estimated number of ordinary shares to be issued.

Estimated number of ordinary shares to be issued against preference shares with a right to call for conversion:

| | **(Unaudited) 30 September 2024 Number of shares** | (Unaudited) 30 September 2023 Number of shares |
|---|---|---|
| At 1 April | **2,234,988** | 2,367,680 |
| Conversion/crystallisation | **(114,716)** | - |
| Movement in the year | **289,507** | (109,970) |
| **At 30 September** | **2,409,779** | 2,257,710 |

Number of ordinary shares to be issued against converted preference shares:

| | **(Unaudited) 30 September 2024 Number of shares** | (Unaudited) 30 September 2023 Number of shares |
|---|---|---|
| Outstanding at 1 April | **353,055** | 810,310 |
| Conversion/crystallisation | **114,716** | - |
| Issued in the year | **(353,055)** | (405,154) |
| **Outstanding at 30 September** | **114,716** | 405,156 |

**7. Earnings per Share**

A reconciliation of the figures used in calculating the basic, diluted, adjusted basic and adjusted diluted total earnings per share (EPS) is as follows:

| | **(Unaudited) Six months to 30 September 2024 £’000** | (Unaudited) Six months to 30 September 2023 £’000 |
|---|---|---|
| **Earnings** | | |
| Profit after tax for purpose of basic and diluted EPS | **16,647** | 15,634 |
| **Adjustments (post tax):** | | |
| Add exceptional items – impairment and amortisation of intangible assets | **5,964** | 581 |
| Add back cost of share-based payments on preference shares | **978** | 370 |
| Add net amount of deferred staff remuneration | **357** | 225 |
| **Profit after tax for purpose of adjusted basic and adjusted diluted total EPS** | **23,946** | 16,810 |

| | (Unaudited) Six months to 30 September 2024 Number of shares ’000 | (Unaudited) Six months to 30 September 2023 Number of shares ’000 |
|---|---|---|
| **Weighted average number of shares** | | |
| Weighted average number of ordinary shares, excluding own shares, for the purpose of basic and adjusted basic EPS | **96,434** | 96,569 |
| Effect of dilutive potential shares – LTIPs, share options and preference shares crystallised but not yet issued | **1,243** | 1,275 |
| **Weighted average number of ordinary shares, for purpose of diluted and adjusted diluted total EPS** | **97,677** | 97,844 |

| | (Unaudited) Six months to 30 September 2024 Pence | (Unaudited) Six months to 30 September 2023 Pence |
|---|---|---|
| **Earnings per share** | | |
| Basic | **17.3** | 16.2 |
| Diluted | **17.1** | 16.0 |
| Adjusted basic | **24.8** | 17.4 |
| Adjusted diluted | **24.5** | 17.2 |

**8. Goodwill and intangible assets**

| (Unaudited) | Goodwill £’000 | Investment management contracts £’000 | Total £’000 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 April 2024 | 6,732 | 18,647 | 25,379 |
| **As at 30 September 2024** | **6,732** | **18,647** | **25,379** |
| **Accumulated amortisation and impairment** | | | |
| As at 1 April 2024 | – | 10,605 | 10,605 |
| Amortisation for the period | – | 581 | 581 |
| Impairment for the period | 5,383 | – | 5,383 |
| **As at 30 September 2024** | **5,383** | **11,186** | **16,569** |
| **Net book value as at 30 September 2024** | **1,349** | **7,461** | **8,810** |

| (Audited) | Goodwill £’000 | Investment management contracts £’000 | Total £’000 |
|---|---|---|---|
| **Cost** | 6,732 | 18,647 | 25,379 |
| As at 1 April 2023 | | | |
| **As at 31 March 2024** | 6,732 | 18,647 | 25,379 |
| **Accumulated amortisation and impairment** | | | |
| As at 1 April 2023 | – | 9,442 | 9,442 |
| Amortisation for the year | – | 1,163 | 1,163 |
| **As at 31 March 2024** | – | 10,605 | 10,605 |
| **Net book value as at 31 March 2024** | 6,732 | 8,042 | 14,774 |

Amortisation and impairment of intangible assets are treated as exceptional items.

**(a) Goodwill**

Goodwill relates to the acquisition of Dalton Capital (Holdings) Limited, the parent company of Dalton Strategic Partnership LLP, a UK based boutique asset manager acquired on 26 February 2021. The goodwill is attributable to a single CGU.

An impairment test was conducted at the period end to compare the carrying amount of the CGU with its recoverable amount. The recoverable amount was determined using a value-in-use calculation based on a discounted cash flow model, incorporating the CGU’s projected cash flows over a five-year period.

Key assumptions, including the discount rate and growth rate, remained consistent with those used in the 31 March 2024 annual report. However, given the increased outflows in the CGU during the current period and prevailing investor sentiment and outlook, the five-year projected cash flows were reviewed and adjusted as of the period end.

This analysis indicated that the recoverable amount of the CGU was lower than its carrying value, resulting in an impairment charge of £5.4m against goodwill.

The table below sets out the impacts of reasonably possible changes in key estimates and judgements used in the discounted cash flow model:

| Key estimates and judgements | Reasonably possible adverse movement | Additional impact on impairment charge £’m |
|---|---|---|
| Long term growth rate | -1.0% | (0.4) |
| Net flows | -50% | (1.0) |
| Discount rate | +1.5% | (0.9) |

**(b) Intangible assets**

The table below shows the carrying amount assigned to each component of the intangible asset and the remaining amortisation period.

| | | **(Unaudited) 30 September 2024** | | (Audited) 31 March 2024 |
|---|---|---|---|---|
| | **Carrying value £'000** | **Remaining amortisation period** | Carrying value £'000 | Remaining amortisation period |
| Investment management contracts acquired from Dalton Capital (Holdings) Limited | **7,461** | **6.4 years** | 8,042 | 6.9 years |
| | **7,461** | | 8,042 | |

**9. Financial Instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotation (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, such as forward exchange contracts, the fair value is determined using appropriate valuation techniques that take into account the terms and conditions of the contracts and utilise observable market data, such as spot and forward rates, as inputs.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At the end of both the current period as well as the comparative period, all financial instruments at fair value through profit or loss held by the Group were Level 1 except for:

- forward foreign exchange contracts classified as Level 2. These were fair valued using valuation techniques that incorporate foreign exchange spot and forward rates.

- other financial liability classified as Level 3. These were fair valued using a discounted cash flow models that incorporate unobservable inputs.

The fair value hierarchy of financial assets and liabilities which are carried at fair value at the period end is as follows:

| | **(Unaudited) 30 September 2024** | | | | (Audited) 31 March 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Level 1 £'000** | **Level 2 £'000** | **Level 3 £'000** | **Total £'000** | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| **Financial assets** | | | | | | | | |
| Assets at FVTPL | **81,827** | **–** | **–** | **81,827** | 62,433 | – | – | 62,433 |
| Other financial assets | **939** | **128** | **–** | **1,067** | 3,393 | – | – | 3,393 |
| | **82,766** | **128** | **–** | **82,894** | 65,826 | – | – | 65,826 |
| **Financial liabilities** | | | | | | | | |
| Liabilities at FVTPL | **7,662** | **–** | **183** | **7,845** | 5,380 | – | 294 | 5,674 |
| Other financial liabilities | **–** | **–** | **–** | **-** | – | 9 | – | 9 |
| | **7,662** | **–** | **183** | **7,845** | 5,380 | 9 | 294 | 5,683 |

Movement in liabilities at FVTPL categorised as Level 3 during the year were:

| | **(Unaudited) 30 September 2024 £'000** | (Audited) 31 March 2024 £'000 |
|---|---|---|
| At 1 April | **294** | 546 |
| Repayment | **(23)** | (70) |
| Net gain recognised in the statement of profit or loss | **(88)** | (182) |
| **At 30 September** | **183** | 294 |

The fair value of financial instruments not held at fair value approximates to their carrying value as at reporting date. During the reporting period there were no transfers between levels in fair value measurements.

**10. Cash flows generated from operations**

A reconciliation of profit before tax to cash generated from operations is as follows:

| | **(Unaudited) Six months to 30 September 2024 £'000** | (Unaudited) Six months to 30 September 2023 £'000 |
|---|---|---|
| Profit before tax | **23,131** | 21,057 |
| Interest receivable and similar income | **(1,198)** | (1,104) |
| Investment income | **(239)** | (350) |
| Interest on lease | **100** | 108 |
| Depreciation of non-current property and equipment | **1,246** | 1,232 |
| Amortisation and impairment of intangible assets | **5,964** | 581 |
| (Increase)/decrease in assets at FVTPL | **(2,793)** | 4,768 |
| Increase/(decrease) in other financial assets and liabilities | **1,327** | (553) |
| Increase in receivables | **(4,768)** | (3,176) |
| Decrease in trade and other payables including other provisions | **(6,658)** | (16,551) |
| Share-based payment | **3,573** | 2,416 |
| Increase/(decrease) in liabilities at FVTPL[1] | **481** | (1,945) |
| Release of fund units held against deferred remuneration | **1,713** | 966 |
| **Cash flows generated from operations** | **21,879** | 7,449 |

1. Movement includes those arising from acquiring and/or losing control of consolidated seed funds.

**11. Contingent liabilities**

There are no contingent liabilities to disclose at 30 September 2024 (31 March 2024: nil).

**12. Related party transactions**

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not included in this Note. All related party transactions during the period are consistent with those disclosed in the Group's annual financial statements for the year ended 31 March 2024 and have taken place on an arm's length basis.

**13. The Publication of Non-Statutory Accounts**

The financial information contained in these unaudited interim consolidated financial statements for the period to 30 September 2024 does not constitute statutory accounts as defined in s434 of the Companies Act 2006. The financial information for the six months ended 30 September 2024 and 2023 has not been audited. The information for the year ended 31 March 2024 has been extracted from the latest published audited accounts, which have been filed with the Registrar of Companies. The audited accounts filed with the Registrar of Companies contain a report of the independent auditor dated 26 June 2024. The report of the independent auditor on those financial statements contained no qualification or statement under s498 of the Companies Act 2006.