

Press Release

Schroders plc

Half-year results to 30 June 2022 (unaudited) 28 July 2022

- Our business showed resilience in the first six months of 2022 with net operating income increasing by 3% to £1,240.3 million.
- Operating profit increased by 2% to £406.9 million.¹
- Our investment performance² remained strong with 77% of client assets outperforming their relevant comparator over three years and 79% over five years.
- We generated net new business of £8.4 billion, which helped increase assets under management to £773.4 billion. Excluding joint ventures and associates, we generated net new business of £4.4 billion and assets under management reached £637.5 billion.³
- We have maintained our interim dividend of 37 pence per share.

| | Six months ended 30 June 2022 £m | Six months ended 30 June 2021 £m | Year ended 31 December 2021 £m |
|----------------------------------|--|--|---|
| Net operating income | 1,240.3 | 1,209.5 | 2,520.0 |
| Operating expenses | (833.4) | (809.9) | (1,679.0) |
| Operating profit ¹ | 406.9 | 399.6 | 841.0 |
| Profit before tax | 312.8 | 373.9 | 764.1 |
| Profit after tax | 258.4 | 304.6 | 623.8 |
| Basic earnings per share (pence) | 92.3 | 107.7 | 220.8 |
| Dividend per share (pence) | 37.0 | 37.0 | 122.0 |

Peter Harrison, Group Chief Executive, commented:

"We have built a diversified and resilient business that has weathered difficult market conditions, can fund growth and has put us in an excellent position to serve our clients. The fact that we can report positive net new business in this period is testament to this. Our investment in sustainability has been a critical contributor to our success. It was particularly evident in our mutual fund business where, despite a stock market sell-off, our equity funds saw positive client inflows.

Our private assets, wealth and solutions businesses are growing well, reinforcing the value of our strategic focus. It is this diversification that enables us to continue to meet our clients' evolving needs."

¹ The consolidated income statement has been reformatted to present separately the operating profits of our business segments (see note 1). Profit before tax and exceptional items was £350.2 million (H1 2021: £407.5 million).

² Please refer to page 8 for more information about investment performance.

³ We have updated our policy for recognising assets under management and net new business to better reflect the contractual relationships and incremental revenues generated (see page 7).

Management statement

Our diversified business model enabled us to deliver resilient results. The first half of 2022 was dominated by sharp market declines caused by a combination of the war in Ukraine and a shift in the outlook for inflation and interest rates. The result is an increased risk of a global recession, and that has had an inevitable impact on our business. Despite the headwinds, our operating profit increased to £406.9 million (H1 2021: £399.6 million). Our returns from balance sheet activities were impacted with net losses on financial instruments and other income of £35.2 million (H1 2021: net gains of £32.6 million). This led to a 16% decline in profit before tax to £312.8 million (H1 2021: £373.9 million).

We have a clear strategy for delivering growth: building closer relationships with end clients; expanding our capabilities in private assets; and growing core asset management through geographical expansion, strategic partnerships and by leading in sustainable investing. This strategy continues to drive growth, enabling our business to generate positive net new business ('NNB') in the first half of the year. Wealth Management generated NNB of £3.8 billion and Private Assets and Alternatives gathered £4.8 billion. Our Solutions business benefitted from the acquisition of River and Mercantile's solutions business and ended the period with NNB of £6.3 billion. In total, the Group saw net inflows of £8.4 billion, £4.4 billion excluding joint ventures and associates. Our more traditional business areas felt the impact of negative market sentiment: Mutual Funds and Institutional saw net outflows of £2.9 billion and £7.6 billion, respectively. Counter to industry trends, it was particularly pleasing to see positive inflows into our equity mutual funds which were largely due to our strong sustainability offering.

We have made significant investments in data, our proprietary tools and in enhancing our active ownership and engagement capabilities. As a result, our brand now ranks 5th for sustainability globally.⁴ SustainEx™, our award-winning tool, estimates the costs and benefits companies would face if their externalities were recognised financially. We can now measure the social and environmental impact of our portfolios and are pleased that 83% of our public AUM has a better SustainEx™ score than their benchmark.

We have also created a set of new products which are relevant to our clients' needs. Our Global Sustainable Value fund has been our second best-selling in the first half of this year. These new products are delivering growth and contribute to the resilience of our business.

Our investment performance remains strong with 77% of client assets outperforming their relevant comparator over three years and 79% over five years. Short-term investment performance was impacted by a rotation of markets with 51% of client assets outperforming over one year. We remain confident in the strength of our investment platform.

Assets under management ('AUM') increased to £773.4 billion (FY 2021: £766.7 billion) despite sharp falls in equity and bond markets. Excluding joint ventures and associates, our AUM reached £637.5 billion. Market falls reduced AUM by £87.9 billion in the first half, whilst currency movements contributed £34.2 billion. The acquisitions of River and Mercantile's solutions division, Greencoat Capital and Cairn Real Estate added £51.9 billion to AUM.

We completed the acquisition of a 75% stake in Greencoat Capital, a leading European renewable infrastructure manager, in Q2 2022, adding £7.7 billion of AUM. Given the urgent need for economies to accelerate the transition to renewable energy, we foresee significant growth opportunities for the business in the US and Europe. To further build out our fiduciary management capabilities, we completed the acquisition of River and Mercantile's solutions business, which added £43.1 billion of AUM. The acquisition adds a leading UK fiduciary management business, that has built a well-respected team and strong track record, to our existing investment and asset allocation expertise. The enhanced capabilities of Schroders Solutions will help it grow as a trusted adviser to clients in the pensions market. The acquisition closed in Q1 2022. At the start of the year, we acquired Cairn, a Dutch real estate investment specialist, which expanded our real estate offering in a key European growth market. The transaction added £1.1 billion of AUM and means that Schroders Capital, our private markets business, now has a true Pan-European real estate capability for our clients.

⁴ NMG Consulting Global Asset Management 2021 Brand ESG Rankings Report.

Net operating revenue was 2% higher than the previous period at £1,178.0 million (H1 2021: £1,149.7 million). This was driven by higher average AUM of £779.2 billion (H1 2021: £709.1 billion), reflecting the growth we delivered in the second half of 2021, the benefit of the acquisitions completed in 2022 and higher net banking interest of £12.9 million (H1 2021: £5.3 million). The decline in markets meant performance fees and net carried interest income were lower at £21.5 million (H1 2021: £43.4 million). Net operating income increased by 3% to £1,240.3 million (H1 2021: £1,209.5 million).

Reflecting the acquisitions of Greencoat Capital, River and Mercantile's solutions business and Cairn Real Estate, operating expenses were £833.4 million (H1 2021: £809.9 million). We continued to invest for future growth in China, the regional build out of wealth advisers in the UK and the cloud migration programme. Our operating cost to operating income ratio was in line with the previous period at 67% (H1 2021: 67%).

The Board has declared an unchanged interim dividend of 37.0 pence per share (H1 2021: 37.0 pence per share). The dividend will be paid on 25 August 2022 to shareholders on the register on 5 August 2022.

Asset Management

Asset Management net operating income was marginally up at £1,037.8 million (H1 2021: £1,023.7 million), due to higher average AUM of £547.1 billion (H1 2021: £511.9 billion). The segment benefitted from the continued stability and strong performance of our joint ventures and associates, which contributed £37.9 million (H1 2021: £37.9 million). Operating profit was £329.0 million (H1 2021: £334.1 million).

Private Assets and Alternatives

The investments we have made over previous years into Private Assets and Alternatives have continued to provide positive momentum. AUM increased by 29% and closed the period at £69.4 billion (FY 2021: £53.7 billion), supported by the completion of two acquisitions and positive NNB. The business area generated NNB of £4.8 billion, of which Greencoat Capital contributed £0.5 billion of NNB. In addition, non-fee earning dry powder⁵ increased from £2.5 billion at the end of last year to £3.8 billion at the end of June 2022.

Net operating revenue (including performance fees and carried interest) increased by 23% compared to the first half of 2021 to £193.2 million (H1 2021: £156.7 million). The net operating revenue margin, excluding performance fees and carried interest, remained stable at 62 basis points (FY 2021: 62 basis points). Including performance fees and carried interest, the net operating revenue margin was 64 basis points (FY 2021: 72 basis points).

Solutions

AUM was supported by the strategic acquisition of River and Mercantile's solutions business (£43.1 billion) and ended the period at £225.7 billion (FY 2021: £198.1 billion). The combined Schroders Solutions business experienced net inflows in the first half of the year of £6.3 billion (H1 2021: net outflows of £0.4 billion). NNB was largely supported by our fiduciary management capability, demonstrating the strength of the new combined offering. Schroders Solutions won two notable strategic client mandates since the acquisition completed, our appointment by Centrica and a new strategic partnership with Lloyd's of London.

Solutions net operating revenue including performance fees and carried interest ended the period at £147.4 million (H1 2021: £131.6 million), representing a 12% increase. The net operating revenue margin, excluding performance fees, decreased to 13 basis points (FY 2021: 14 basis points) due to the lower margins of the newly acquired business.

⁵ Committed non-fee earning assets not yet recognised within AUM and NNB.

Mutual Funds

The first half of the year was characterised by a "risk-off" environment which, along with significant market falls, resulted in curtailed demand from retail investors. Mutual Funds saw £2.9 billion of net outflows (H1 2021: net inflows of £6.4 billion), driven by redemptions from fixed income products. Despite the challenging market environment we generated inflows of £0.6 billion through our equity products in the first half of the year. AUM in Mutual Funds at 30 June 2022 was £102.6 billion (FY 2021: £116.0 billion).

Mutual Funds net operating revenue declined by 6% to £379.7 million (H1 2021: £401.9 million). Despite seeing positive NNB into our equity funds, the sharp decline in equity markets meant the net operating revenue margin, excluding performance fees, was 2 basis points lower at 70 basis points (FY 2021: 72 basis points).

Institutional

The Institutional business area saw net outflows of £7.6 billion (H1 2021: net inflows of £1.0 billion), due to several clients restructuring their asset allocations, particularly in Japan and North America. Our Wealth Management Company venture with BOCOM launched its first products during the second quarter and started generating positive NNB which contributed to the Institutional business area. Institutional AUM closed at £143.8 billion (FY 2021: £166.2 billion).

Institutional net operating revenue including performance fees and carried interest declined by 7% to £263.1 million (H1 2021: £284.0 million). The net operating revenue margin excluding performance fees improved to 32 basis points (FY 2021: 31 basis points).

Wealth Management

Our Wealth Management segment comprises three service lines: wealth planning and advice (including discretionary management and banking services); platform services; and investment management. We are now separately reporting the AUM from each of these service lines to provide greater transparency of the associated revenue streams. We have restated our AUM to reflect this change based on the contractual relationships through which we generate revenues.⁶

Total AUM in Wealth Management ended the period at £96.0 billion (FY 2021: £101.6 billion). This comprised £59.1 billion of advised AUM, £17.2 billion of platform AUM and £19.7 billion of managed AUM.

| £bn | Advised | Platform | Managed | Wealth Management |
|-------------------------|-------------|-------------|-------------|-------------------|
| 31 December 2021 | 61.4 | 18.7 | 21.5 | 101.6 |
| Net flows | 3.0 | 0.5 | 0.3 | 3.8 |
| Acquisitions | 0.1 | - | - | 0.1 |
| Investment returns | (5.4) | (2.0) | (2.1) | (9.5) |
| 30 June 2022 | 59.1 | 17.2 | 19.7 | 96.0 |

The AUM advised by Schroders Personal Wealth is now reported within the AUM of joint ventures and associates. This new presentation removes the need to proportionally consolidate the results of Schroders Personal Wealth on a line by line basis. The results of Schroders Personal Wealth have been re-presented within the share of profits from joint ventures and associates.

We continued to see good momentum across Wealth Management, with good revenue growth and continued client demand in the first half of 2022. Net operating income increased 9% to £202.5 million (H1 2021: £185.8 million), principally driven by higher management fees and net banking interest. Operating profit was up 19% at £77.9 million (H1 2021: £65.5 million).

⁶ As a result of these changes, historic Wealth Management AUM, NNB and margins have been restated.

Client demand for our wealth offering grew as we generated NNB of £3.8 billion in the first half of the year (H1 2021: £2.1 billion). This comprised of £3.0 billion of advised, £0.3 billion of managed and £0.5 billion of platform NNB.

The net operating revenue margin before performance fees increased by 2 basis points to 40 basis points (FY 2021: 38 basis points) mainly due to higher net banking interest.

Joint ventures and associates

We have long-standing strategic partnerships with Bank of Communications (BOCOM) in China and with Axis Bank in India. Our existing BOCOM Schroders associate in China continued to perform well, despite the ongoing impact of the pandemic and a hard lockdown. AUM increased by 29% over the last twelve months leading to a 15% increase in management fees. However, our 30% share of profits was slightly lower than in the previous period at £29.9 million (H1 2021: £32.6 million) due to lower performance fees and higher operating expenses. Total revenue from our partnership with Axis in India, of which we own 25%, increased to £46.6 million (H1 2021: £36.2 million). As a result, our share of profit after tax increased to £4.9 million (H1 2021: £4.1 million).

Within our Wealth Management segment, Schroders Personal Wealth built on the momentum it gained in 2021 and saw net inflows of £0.2 billion and contributed £3.2 million (H1 2021: £5.0 million) to net operating income. Total joint ventures and associates contributed £41.6 million (H1 2021: £43.4 million) to net operating income during the first half of the year. AUM reached £135.9 billion⁷ (FY 2021: £131.1 billion), supported by positive NNB of £4.0 billion (H1 2021: £7.1 billion).

Outlook

Currently, the environment we operate in is challenging and we anticipate the backdrop for public and private markets to remain difficult. We have built a strong, diversified business, both in terms of geographical reach and product offering, while our strategic initiatives have delivered growth and improve our resilience. We remain focused on growing our broad investment platform that enables us to respond to our client's evolving needs. We will continue to invest in these capabilities. We remain on course to deliver on our stated growth targets in Private Assets and Alternatives and Wealth Management.

On 26 April, we announced proposals to simplify the Group's dual share class structure of voting and non-voting shares through enfranchisement of the non-voting shares. We are holding shareholder meetings to approve the proposals on 15 August 2022. The proposals require the approval of 75% of votes cast by each class of shareholders. If approved, the enfranchisement will have created substantial value for shareholders and enhance the liquidity of our share capital.

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⁷ Joint venture and associates AUM includes £13.4 billion of Schroders Personal Wealth advised assets.

Copies of this announcement are available on the Schroders website: www.schroders.com. Peter Harrison, Group Chief Executive, and Richard Keers, Chief Financial Officer, are hosting a presentation for the investment community to discuss the Group's half-year results at 9.00 a.m. BST on Thursday, 28 July 2022. Once registered on www.schroders.events/hyr2022 a link to the call will be shared via email. A replay will be available from midday on Thursday, 28 July 2022 at www.schroders.com/ir.

Please visit www.schroders.com/ir to learn how we handle personal data.

Forward-looking statements

This announcement and the Schroders website may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future; you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'believes', 'expects', 'aims', 'confident', 'will have', 'will be', 'will ensure', 'likely', 'estimates', 'foresee' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this announcement or in the Annual Report and Accounts or on the Schroders website should be construed as a forecast, estimate or projection of future financial performance.

Additional information

Assets under management (AUM)

As at 30 June 2022

| £bn | Private Assets and Alternatives | Solutions | Mutual Funds | Institutional | Asset Management | Wealth Management | Total excl. JVs and Associates | JVs and Associates | Group total |
|---------------------------------|---------------------------------|--------------|--------------|---------------|------------------|-------------------|--------------------------------|--------------------|--------------|
| 31 December 2021 | 53.7 | 198.1 | 116.0 | 166.2 | 534.0 | 81.2 | 615.2 | 116.4 | 731.6 |
| Restatement ¹ | - | - | - | - | - | 20.4 | 20.4 | 14.7 | 35.1 |
| 31 December 2021 | 53.7 | 198.1 | 116.0 | 166.2 | 534.0 | 101.6 | 635.6 | 131.1 | 766.7 |
| Gross inflows | 10.0 | 25.2 | 19.3 | 10.0 | 64.5 | 7.9 | 72.4 | 109.4 | 181.8 |
| Gross outflows | (5.2) | (18.9) | (22.2) | (17.6) | (63.9) | (4.1) | (68.0) | (105.4) | (173.4) |
| Net flows | 4.8 | 6.3 | (2.9) | (7.6) | 0.6 | 3.8 | 4.4 | 4.0 | 8.4 |
| Acquisitions | 8.8 | 43.1 | - | - | 51.9 | 0.1 | 52.0 | - | 52.0 |
| Investment returns ² | 2.1 | (21.8) | (10.5) | (14.8) | (45.0) | (9.5) | (54.5) | 0.8 | (53.7) |
| 30 June 2022 | 69.4 | 225.7 | 102.6 | 143.8 | 541.5 | 96.0 | 637.5 | 135.9 | 773.4 |

¹Wealth Management AUM has been restated to reflect the basis on which contractual revenues are earned by the Group. AUM is now recognised where separate contractual client relationships exist that generate incremental revenues for the Group.

AUM represents the aggregate value of client assets managed, advised or otherwise contracted, from which the Group, including joint ventures and associates, earns operating revenue.

Asset Management AUM includes investment management, fiduciary management and liability management services. For Schroders Capital Private Equity, the aggregate value of assets managed is based on committed funds by clients. This is changed to the lower of committed funds and net asset value, typically after seven years from the initial investment, in line with the fee basis.

Wealth Management AUM comprises the aggregate value of assets where Schroders provides advice or discretionary management (Advised AUM), platform services (Platform AUM) and investment management services (Managed AUM). Advised AUM comprises assets where Schroders provides discretionary or advisory management services including assets where the client independently makes investment decisions. Platform AUM represents the value of assets on the Benchmark Fusion platform. The Fusion platform enables financial advisors to administer and manage their clients' accounts by providing dealing and settlement services, valuation statements and custody services through a third party. Managed AUM includes assets where the client invests in Schroders' funds.

²Includes currency movements which increased AUM by £34.2 billion.

Client investment performance

Client investment performance is a measure of how investments are performing relative to a benchmark or other comparator. As an active asset manager, we prioritise consistently delivering positive investment outcomes for our clients which is why our three year investment performance is a key performance indicator for the Group. It is calculated internally by Schroders to give shareholders and financial analysts general guidance on how our invested assets are performing. The data is aggregated and is intended to provide information for comparison to prior reporting periods only. It is not intended for clients or potential clients investing in our products. All calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is a net of fees competitor ranking. When a product's investment performance is disclosed in product or client documentation it is specific to the strategy or product. Performance will either be shown net of fees at the relevant fund share-class level or it will be shown gross of fees with a fee schedule for the strategy supplied.

| | Percentage of assets outperforming | | |
|------------------------|------------------------------------|-------------|------------|
| | One year | Three years | Five years |
| To 30 June 2022 | 51% | 77% | 79% |
| To 31 December 2021 | 74% | 79% | 78% |

The calculation includes virtually all applicable assets under management that have a complete track record over the one year, three year and five year reporting periods, respectively.

Applicable assets under management does not include our joint ventures and associates and excludes £87.5 billion of assets, principally comprising those managed by third parties or held on an execution-only basis, assets managed by Schroders Capital Real Estate Hotels, non-discretionary assets and assets held on a custody-only basis as well as Wealth Management platform assets on the Benchmark Fusion platform. Assets managed by Greencoat Capital in private funds have also been excluded. These assets represent £3.6 billion of the excluded assets under management and will be included once data is available.

Performance is calculated relative to the relevant comparator for each investment strategy as summarised below. These fall into one of four categories, the percentages for each of which refer to the three year calculation:

- For 73% of assets included in the calculation, the comparator is the relevant benchmark.
- If the relevant comparator is to competitor rankings, the relative position of the fund to its peer group on a like-for-like basis is used to calculate performance. This applies to 9% of assets in the calculation.
- Assets for which the relevant comparator is an absolute return target are measured against that absolute target. This applies to 11% of assets in the calculation.
- Assets with no specific outperformance objective, including those with a buy and maintain objective, that are measured against a cash alternative, if applicable. This applies to 6% of assets in the calculation.

Half-year financial statements

Consolidated income statement

| | | 30 June 2022 (unaudited) | 30 June 2021 ² (unaudited) |
|---|-------|---|--|
| Six months ended | Notes | £m | £m |
| Revenue | 2 | 1,434.2 | 1,418.5 |
| Cost of sales | 2 | (256.2) | (268.8) |
| Net operating revenue | | 1,178.0 | 1,149.7 |
| <i>Of which: Performance fees</i> | | 16.2 | 31.1 |
| <i>Of which: Net carried interest income</i> | | 5.3 | 12.3 |
| Net operating revenue excluding performance-based revenues | | 1,156.5 | 1,106.3 |
| Share of profit of associates and joint ventures | 8 | 41.6 | 43.4 |
| Other operating income | | 20.7 | 16.4 |
| Net operating income | | 1,240.3 | 1,209.5 |
| Operating expenses | 3 | (833.4) | (809.9) |
| Operating profit | | 406.9 | 399.6 |
| Central costs | 3 | (23.2) | (27.1) |
| Net (loss)/gain on financial instruments and other income | | (35.2) | 32.6 |
| Interest income/(expense) | | 1.4 | (1.1) |
| Acquisition related costs | 3 | (13.2) | (8.9) |
| Amortisation of acquired intangible assets | | (23.9) | (21.2) |
| Profit before tax | | 312.8 | 373.9 |
| Tax | 4 | (54.4) | (69.3) |
| Profit after tax¹ | | 258.4 | 304.6 |
| Earnings per share | | | |
| Basic | 5 | 92.3p | 107.7p |
| Diluted | 5 | 90.9p | 106.0p |

¹Non-controlling interest is presented in the Consolidated statement of changes in equity.

²The 2021 comparatives have been re-presented (see note 1).

Consolidated statement of comprehensive income

| Six months ended | Notes | 30 June 2022 (unaudited) £m | 30 June 2021 (unaudited) £m |
|---|-------|-----------------------------------|-----------------------------------|
| Profit after tax¹ | | 258.4 | 304.6 |
| Items that may or have been reclassified to the income statement: | | | |
| Net exchange differences on translation of foreign operations after hedging | | 114.5 | (43.4) |
| Net loss on financial assets at fair value through other comprehensive income | | (1.2) | (0.9) |
| Tax on items taken directly to other comprehensive income | 4 | - | 0.2 |
| | | 113.3 | (44.1) |
| Items that will not be reclassified to the income statement: | | | |
| Net actuarial loss on defined benefit pension schemes | 10 | (11.2) | (0.4) |
| Tax on items taken directly to other comprehensive income | 4 | 2.7 | 0.1 |
| | | (8.5) | (0.3) |
| Other comprehensive income for the period, net of tax¹ | | 104.8 | (44.4) |
| Total comprehensive income for the period¹ | | 363.2 | 260.2 |

¹Non-controlling interest is presented in the Consolidated statement of changes in equity.

Consolidated statement of financial position

| | Notes | 30 June 2022 (unaudited) £m | 31 December 2021 (audited) £m |
|---|-------|-----------------------------------|-------------------------------------|
| Assets | | | |
| Cash and cash equivalents | | 3,975.5 | 4,207.3 |
| Trade and other receivables | 7 | 1,471.1 | 1,000.9 |
| Financial assets | 7 | 2,771.9 | 3,132.3 |
| Associates and joint ventures | 8 | 482.7 | 466.7 |
| Property, plant and equipment | | 558.0 | 560.0 |
| Goodwill and intangible assets | 9 | 1,906.4 | 1,168.5 |
| Deferred tax | | 160.9 | 145.0 |
| Retirement benefit scheme surplus | 10 | 188.8 | 197.9 |
| | | 11,515.3 | 10,878.6 |
| Assets backing unit-linked liabilities | | | |
| Cash and cash equivalents | | 637.5 | 911.7 |
| Financial assets | | 10,499.9 | 12,551.4 |
| | 7 | 11,137.4 | 13,463.1 |
| Total assets | | 22,652.7 | 24,341.7 |
| Liabilities | | | |
| Trade and other payables | 7 | 1,601.8 | 1,115.0 |
| Financial liabilities | 7 | 4,950.2 | 4,793.6 |
| Lease liabilities | | 373.5 | 373.8 |
| Current tax | | 61.2 | 52.2 |
| Provisions | | 25.8 | 26.8 |
| Deferred tax | | 155.1 | 80.4 |
| Retirement benefit scheme deficits | | 11.6 | 11.1 |
| | | 7,179.2 | 6,452.9 |
| Unit-linked liabilities | 7 | 11,137.4 | 13,463.1 |
| Total liabilities | | 18,316.6 | 19,916.0 |
| Net assets | | 4,336.1 | 4,425.7 |
| Total equity¹ | | 4,336.1 | 4,425.7 |

¹Non-controlling interest is presented in the Consolidated statement of changes in equity.

Consolidated statement of changes in equity

| | | Attributable to owners of the parent | | | | | | | | |
|--|-------|--------------------------------------|---------------|----------------|----------------------------------|---------------------------------------|-------------------------|----------------|--------------------------|----------------|
| | | Share capital | Share premium | Own shares | Net exchange differences reserve | Associates and joint ventures reserve | Profit and loss reserve | Total | Non-controlling interest | Total equity |
| | | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Six months ended 30 June 2022 (unaudited) | Notes | | | | | | | | | |
| At 1 January 2022 | | 282.5 | 124.2 | (150.2) | 144.6 | 183.4 | 3,701.4 | 4,285.9 | 139.8 | 4,425.7 |
| Profit for the period | | - | - | - | - | 38.6 | 216.8 | 255.4 | 3.0 | 258.4 |
| Other comprehensive income ¹ | | - | - | - | 109.5 | - | (9.7) | 99.8 | 5.0 | 104.8 |
| Total comprehensive income for the period | | - | - | - | 109.5 | 38.6 | 207.1 | 355.2 | 8.0 | 363.2 |
| Own shares purchased | 12 | - | - | (111.2) | - | - | - | (111.2) | - | (111.2) |
| Share-based payments | | - | - | - | - | - | 34.1 | 34.1 | - | 34.1 |
| Tax in respect of share schemes | 4 | - | - | - | - | - | (1.9) | (1.9) | - | (1.9) |
| Other movements ² | | - | - | - | - | - | (125.4) | (125.4) | (14.4) | (139.8) |
| Dividends | 6 | - | - | - | - | - | (231.5) | (231.5) | (2.5) | (234.0) |
| Transactions with shareholders | | - | - | (111.2) | - | - | (324.7) | (435.9) | (16.9) | (452.8) |
| Transfers | | - | - | 73.3 | - | (38.1) | (34.1) | 1.1 | (1.1) | - |
| At 30 June 2022 | | 282.5 | 124.2 | (188.1) | 254.1 | 183.9 | 3,549.7 | 4,206.3 | 129.8 | 4,336.1 |

¹Other comprehensive income reported in the net exchange differences reserve comprises the net foreign exchange gain on the translation of foreign operations net of hedging. Other comprehensive income reported in the profit and loss reserve comprises the post-tax actuarial loss on the Group's retirement benefit scheme surplus and post-tax fair value movements on financial assets at fair value through other comprehensive income.

²Other movements principally comprises amounts relating to financial liabilities in respect of options to purchase the remaining non-controlling interest in certain subsidiaries (see note 7).

Half-year financial statements

Consolidated statement of changes in equity

| | | Attributable to owners of the parent | | | | | | | | |
|--|-------|--------------------------------------|---------------|----------------|----------------------------------|---------------------------------------|-------------------------|----------------|--------------------------|----------------|
| | | Share capital | Share premium | Own shares | Net exchange differences reserve | Associates and joint ventures reserve | Profit and loss reserve | Total | Non-controlling interest | Total equity |
| | | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Six months ended 30 June 2021 (unaudited) | Notes | | | | | | | | | |
| At 1 January 2021 | | 282.5 | 124.2 | (159.8) | 165.6 | 133.6 | 3,456.7 | 4,002.8 | 83.1 | 4,085.9 |
| Profit for the period | | - | - | - | - | 38.0 | 260.5 | 298.5 | 6.1 | 304.6 |
| Other comprehensive income ¹ | | - | - | - | (42.9) | - | (1.0) | (43.9) | (0.5) | (44.4) |
| Total comprehensive income for the period | | - | - | - | (42.9) | 38.0 | 259.5 | 254.6 | 5.6 | 260.2 |
| Own shares purchased | 12 | - | - | (65.5) | - | - | - | (65.5) | - | (65.5) |
| Share-based payments | | - | - | - | - | - | 30.1 | 30.1 | - | 30.1 |
| Tax in respect of share schemes | 4 | - | - | - | - | - | 1.7 | 1.7 | - | 1.7 |
| Other movements ² | | - | - | - | - | - | (25.5) | (25.5) | (1.6) | (27.1) |
| Dividends | 6 | - | - | - | - | - | (217.3) | (217.3) | - | (217.3) |
| Transactions with shareholders | | - | - | (65.5) | - | - | (211.0) | (276.5) | (1.6) | (278.1) |
| Transfers | | - | - | 58.7 | - | (27.1) | (31.6) | - | - | - |
| At 30 June 2021 | | 282.5 | 124.2 | (166.6) | 122.7 | 144.5 | 3,473.6 | 3,980.9 | 87.1 | 4,068.0 |

¹Other comprehensive income reported in the net exchange differences reserve comprises the net foreign exchange loss on the translation of foreign operations net of hedging. Other comprehensive income reported in the profit and loss reserve comprises the post-tax actuarial loss on the Group's retirement benefit scheme surplus and post-tax fair value movements on financial assets at fair value through other comprehensive income.

²Other movements include amounts relating to the purchase of additional interests in subsidiaries.

Consolidated cash flow statement

| | Notes | Six months ended 30 June 2022 (unaudited) £m | Six months ended 30 June 2021 (unaudited) £m |
|---|-------|---|---|
| Net cash from operating activities | 13 | 159.1 | 392.6 |
| Cash flows from investing activities | | | |
| Net acquisition of businesses, associates and joint ventures | | (601.9) | (16.1) |
| Net acquisition of property, plant and equipment and intangible assets | | (44.5) | (37.1) |
| Acquisition of financial assets | | (751.0) | (821.4) |
| Disposal of financial assets | | 991.6 | 1,041.6 |
| Non-banking interest received | | 2.0 | 4.2 |
| Distributions received from associates and joint ventures | | 1.8 | 0.8 |
| Net cash (used in)/from investing activities | | (402.0) | 172.0 |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 55.0 | - |
| Purchase of subsidiary shares from non-controlling interest holders | | (2.7) | (30.1) |
| Lease payments | | (24.9) | (24.8) |
| Acquisition of own shares | 12 | (111.2) | (65.5) |
| Dividends paid | 6 | (234.0) | (217.3) |
| Other flows | | (0.3) | (0.3) |
| Net cash used in financing activities | | (318.1) | (338.0) |
| Net (decrease)/increase in cash and cash equivalents | | (561.0) | 226.6 |
| Opening cash and cash equivalents | | 5,119.0 | 4,215.9 |
| Net (decrease)/increase in cash and cash equivalents | | (561.0) | 226.6 |
| Effect of exchange rate changes | | 55.0 | (40.1) |
| Closing cash and cash equivalents | | 4,613.0 | 4,402.4 |
| Closing cash and cash equivalents consists of: | | | |
| Cash and cash equivalents available for use by the Group | | 3,962.6 | 3,606.7 |
| Cash held in consolidated pooled investment vehicles | | 12.9 | 83.3 |
| Cash and cash equivalents presented within assets | | 3,975.5 | 3,690.0 |
| Cash and cash equivalents presented within assets backing unit-linked liabilities | | 637.5 | 712.4 |
| Closing cash and cash equivalents | | 4,613.0 | 4,402.4 |

Explanatory notes to the financial statements

1. Presentation of the financial statements

(a) Basis of preparation

The condensed consolidated financial statements for the half year ended 30 June 2022 (the Half-year financial statements) have been prepared in accordance with UK-adopted International Accounting Standard 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The Half-year financial statements should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2021. The Group's accounting policies, areas of significant judgement and the key sources of estimation uncertainty are consistent with those applied to the consolidated financial statements as at, and for, the year ended 31 December 2021.

The Consolidated income statement has been reformatted to present both Operating profit generated from the Group's business segments and Profit before tax. The new presentation provides information that is more relevant to understanding the performance of the Group's operating activities. It also provides greater prominence to items of income and expense that are managed outside of the business segments. Further information about Group costs is provided in note 3. The segmental reporting note has been restated to reflect these changes and to present the results of Schroder Personal Wealth (SPW) within the share of profits from associates and joint ventures using the equity accounting method. The results of SPW were previously consolidated on a proportional basis within the Wealth Management segment. This new presentation reflects changes to the basis on which the Group monitors the performance of the business.

The 2021 annual financial statements of the Group were prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

The Half-year financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the Act). Within the notes to the Half-year financial statements, all current and comparative data covering periods to (or as at) 30 June is unaudited. Data given in respect of the year ended 31 December 2021 is audited. The statutory accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unmodified, did not contain an Emphasis of Matter paragraph and did not contain a statement made under Section 498 of the Act.

(b) Future accounting developments

The Group did not implement the requirements of any Standards or Interpretations that were in issue but were not required to be adopted by the Group at the half year. No other Standards or Interpretations have been issued that are expected to have an impact on the Group's Half-year financial statements.

(c) Going concern

The Group has considerable financial resources, a broad range of products and a geographically diversified business. As a consequence, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for twelve months from the date the Half-year results are approved. They therefore continue to adopt the going concern basis in preparing these Half-year financial statements.

Half-year financial statements

2. Segmental reporting

(a) Operating segments

The Group has two operating segments: Asset Management and Wealth Management. The Asset Management segment principally comprises investment management including advisory services in respect of equity, fixed income, multi-asset solutions and private assets and alternatives products. The Wealth Management segment principally comprises investment management, wealth planning and financial advice, platform services and banking services, primarily for private clients.

Operating expenses includes an allocation of costs between the individual business segments on a basis that aligns the charge with the resources employed by the Group in respect of particular business functions. This allocation provides management with the relevant information as to the business performance to effectively manage and control expenditure.

Operating profit is profit reported before expenses associated with the Group's investment capital and treasury management activities, corporate development and strategy activities and the costs associated with governance and corporate management. Gains and losses arising on the Group's investment and seed capital portfolios and interest income/expense from non-banking activities are also presented below operating profit. Within Wealth Management, earning a net interest margin is a core part of the Group's banking activity and the relevant interest income and expense is therefore recognised within the net operating revenue of the segment and included in operating profit.

| | Asset Management | Wealth Management | Total |
|---|-----------------------------|------------------------------|----------------|
| Six months ended 30 June 2022 (unaudited) | £m | £m | £m |
| Revenue | 1,226.4 | 207.8 | 1,434.2 |
| Cost of sales | (243.0) | (13.2) | (256.2) |
| Net operating revenue | 983.4 | 194.6 | 1,178.0 |
| <i>Of which: Performance fees</i> | <i>15.8</i> | <i>0.4</i> | <i>16.2</i> |
| <i>Of which: Net carried interest income</i> | <i>5.3</i> | <i>-</i> | <i>5.3</i> |
| Net operating revenue excluding performance-based revenues | 962.3 | 194.2 | 1,156.5 |
| Share of profit of associates and joint ventures | 37.9 | 3.7 | 41.6 |
| Other operating income | 16.5 | 4.2 | 20.7 |
| Net operating income | 1,037.8 | 202.5 | 1,240.3 |
| Operating expenses | (708.8) | (124.6) | (833.4) |
| Operating profit | 329.0 | 77.9 | 406.9 |
| Central costs | | | (23.2) |
| Net gain on financial instruments and other income | | | (35.2) |
| Interest income | | | 1.4 |
| Acquisition related costs | | | (13.2) |
| Amortisation of acquired intangible assets | | | (23.9) |
| Profit before tax | | | 312.8 |

Half-year financial statements

2. Segmental reporting (continued)

| Six months ended 30 June 2021 (unaudited) ¹ | Asset Management £m | Wealth Management £m | Total £m |
|---|---------------------------|----------------------------|----------------|
| Revenue | 1,234.5 | 184.0 | 1,418.5 |
| Cost of sales | (260.3) | (8.5) | (268.8) |
| Net operating revenue | 974.2 | 175.5 | 1,149.7 |
| <i>Of which: Performance fees</i> | 31.0 | 0.1 | 31.1 |
| <i>Of which: Net carried interest income</i> | 12.3 | - | 12.3 |
| Net operating revenue excluding performance-based revenues | 930.9 | 175.4 | 1,106.3 |
| Share of profit of associates and joint ventures | 37.9 | 5.5 | 43.4 |
| Other operating income | 11.6 | 4.8 | 16.4 |
| Net operating income | 1,023.7 | 185.8 | 1,209.5 |
| Operating expenses | (689.6) | (120.3) | (809.9) |
| Operating profit | 334.1 | 65.5 | 399.6 |
| Central costs | | | (27.1) |
| Net gain on financial instruments and other income | | | 32.6 |
| Interest expense | | | (1.1) |
| Acquisition related costs | | | (8.9) |
| Amortisation of acquired intangible assets | | | (21.2) |
| Profit before tax | | | 373.9 |

¹The 2021 comparatives have been restated (see note 1).

Half-year financial statements

2. Segmental reporting (continued)

(b) Net operating revenue by fee type is presented below:

| | Asset Management £m | Wealth Management £m | Total £m |
|--|---------------------------|----------------------------|----------------|
| Six months ended 30 June 2022 | | | |
| Management fees | 1,179.2 | 169.6 | 1,348.8 |
| Performance fees | 15.8 | 0.4 | 16.2 |
| Carried interest | 12.4 | – | 12.4 |
| Other fees | 19.0 | 20.7 | 39.7 |
| Wealth Management interest income | – | 17.1 | 17.1 |
| Revenue | 1,226.4 | 207.8 | 1,434.2 |
| Fee expense | (235.9) | (9.0) | (244.9) |
| Cost of financial obligations in respect of carried interest | (7.1) | – | (7.1) |
| Wealth Management interest expense | – | (4.2) | (4.2) |
| Cost of sales | (243.0) | (13.2) | (256.2) |
| Net operating revenue | 983.4 | 194.6 | 1,178.0 |

| | Asset Management £m | Wealth Management £m | Total £m |
|--|---------------------------|----------------------------|----------------|
| Six months ended 30 June 2021¹ | | | |
| Management fees | 1,164.7 | 157.3 | 1,322.0 |
| Performance fees | 31.0 | 0.1 | 31.1 |
| Carried interest | 29.7 | – | 29.7 |
| Other fees | 9.1 | 21.2 | 30.3 |
| Wealth Management interest income | – | 5.4 | 5.4 |
| Revenue | 1,234.5 | 184.0 | 1,418.5 |
| Fee expense | (242.9) | (8.4) | (251.3) |
| Cost of financial obligations in respect of carried interest | (17.4) | – | (17.4) |
| Wealth Management interest expense | – | (0.1) | (0.1) |
| Cost of sales | (260.3) | (8.5) | (268.8) |
| Net operating revenue | 974.2 | 175.5 | 1,149.7 |

¹The 2021 comparatives have been restated (see note 1).

Half-year financial statements

2. Segmental reporting (continued)

(c) Net operating revenue by region is presented below based on the location of clients:

| Six months ended 30 June 2022 | Continental Europe & | | | | Total |
|--|----------------------|----------------|---------------|---------------|----------------|
| | UK | Middle East | Asia Pacific | Americas | |
| | £m | £m | £m | £m | £m |
| Management fees | 443.1 | 413.5 | 309.8 | 182.4 | 1,348.8 |
| Performance fees | 4.4 | 5.0 | 1.9 | 4.9 | 16.2 |
| Carried interest | - | 12.4 | - | - | 12.4 |
| Other fees | 19.2 | 16.0 | 4.5 | - | 39.7 |
| Wealth Management interest income | 15.5 | 1.3 | 0.3 | - | 17.1 |
| Revenue | 482.2 | 448.2 | 316.5 | 187.3 | 1,434.2 |
| Fee expense | (30.9) | (99.9) | (87.5) | (26.6) | (244.9) |
| Cost of financial obligations in respect of carried interest | - | (7.1) | - | - | (7.1) |
| Wealth management interest expense | (4.2) | - | - | - | (4.2) |
| Cost of sales | (35.1) | (107.0) | (87.5) | (26.6) | (256.2) |
| Net operating revenue | 447.1 | 341.2 | 229.0 | 160.7 | 1,178.0 |

| Six months ended 30 June 2021 ¹ | Continental Europe & | | | | Total |
|--|----------------------|----------------|---------------|---------------|----------------|
| | UK | Middle East | Asia Pacific | Americas | |
| | £m | £m | £m | £m | £m |
| Management fees | 404.4 | 421.6 | 317.3 | 178.7 | 1,322.0 |
| Performance fees | 0.4 | 0.6 | 14.6 | 15.5 | 31.1 |
| Carried interest | - | 29.7 | - | - | 29.7 |
| Other fees | 18.3 | 6.6 | 5.3 | 0.1 | 30.3 |
| Wealth Management interest income | 4.8 | 0.6 | - | - | 5.4 |
| Revenue | 427.9 | 459.1 | 337.2 | 194.3 | 1,418.5 |
| Fee expense | (32.2) | (103.8) | (89.1) | (26.2) | (251.3) |
| Cost of financial obligations in respect of carried interest | - | (17.4) | - | - | (17.4) |
| Wealth management interest expense | (0.1) | - | - | - | (0.1) |
| Cost of sales | (32.3) | (121.2) | (89.1) | (26.2) | (268.8) |
| Net operating revenue | 395.6 | 337.9 | 248.1 | 168.1 | 1,149.7 |

¹The 2021 comparatives have been restated (see note 1).

Half-year financial statements

3. Group costs

There are three components to the aggregate Group costs: operating expenses; central costs; and acquisition related costs. Operating expenses represent the costs incurred in running the Asset Management and Wealth Management segments. Central costs comprise costs arising from capital and treasury management activities, corporate development and strategy activities and the costs associated with governance and corporate management of the Group. Acquisition related costs include deal costs associated with corporate transactions and cost associated with the integration of acquired businesses.

| Six months ended | 30 June 2022 | 30 June 2021 |
|---------------------------|---------------------|--------------|
| | £m | £m |
| Operating expenses | 833.4 | 809.9 |
| Central costs | 23.2 | 27.1 |
| Acquisition related costs | 13.2 | 6.0 |
| Total Group costs | 869.8 | 843.0 |

| Six months ended | 30 June 2022 | 30 June 2021 |
|---|---------------------|--------------|
| | £m | £m |
| Salaries, wages and other remuneration | 459.1 | 519.5 |
| Social security costs | 48.3 | 43.8 |
| Pension costs | 31.1 | 27.8 |
| Employee benefits expense | 538.5 | 591.1 |
| Net loss/(gain) on financial instruments held to hedge deferred cash awards | 17.6 | (15.8) |
| Employee benefits expense - net of hedging | 556.1 | 575.3 |

Half-year financial statements

4. Tax expense

Analysis of tax charge reported in the income statement:

| Six months ended | 30 June 2022 | 30 June 2021 |
|--|---------------------|---------------------|
| | £m | £m |
| UK current year charge | 40.2 | 45.1 |
| Rest of the world current year charge | 33.1 | 40.3 |
| Adjustments in respect of prior year estimates | 2.5 | 16.2 |
| Total current tax | 75.8 | 101.6 |
| Origination and reversal of temporary differences | (16.4) | (9.3) |
| Effect of changes in corporation tax rates | (2.4) | (0.8) |
| Adjustments in respect of prior year estimates | (2.6) | (22.2) |
| Total deferred tax | (21.4) | (32.3) |
| Tax charge reported in the income statement | 54.4 | 69.3 |

The tax charge for the half year to 30 June 2022 is calculated based on a forecast full year effective tax rate for the Group which is then applied to the actual profits for the half year.

Analysis of tax credit reported in other comprehensive income:

| Six months ended | 30 June 2022 | 30 June 2021 |
|---|---------------------|---------------------|
| | £m | £m |
| Deferred tax credit on actuarial loss on defined benefit pension schemes | (2.7) | (0.1) |
| Deferred tax credit on other movements through other comprehensive income | - | (0.2) |
| Tax credit reported in other comprehensive income | (2.7) | (0.3) |

Analysis of tax charge/(credit) reported in equity:

| Six months ended | 30 June 2022 | 30 June 2021 |
|--|---------------------|---------------------|
| | £m | £m |
| Current tax credit on Deferred Award Plan and other share-based remuneration | (0.6) | (1.0) |
| Deferred tax charge/(credit) on Deferred Award Plan and other share-based remuneration | 2.4 | (0.5) |
| Deferred tax – effect of changes in corporation tax rates | 0.1 | (0.2) |
| Tax charge/(credit) reported in equity | 1.9 | (1.7) |

Half-year financial statements

5. Earnings per share

Reconciliation of the figures used in calculating basic and diluted earnings per share:

| | 30 June 2022 | 30 June 2021 |
|--|----------------------------|--------------------|
| Six months ended | Number Millions | Number Millions |
| Weighted average number of shares used in the calculation of basic earnings per share | 276.7 | 277.1 |
| Effect of dilutive potential shares – share options | 4.1 | 4.5 |
| Weighted average number of shares used in the calculation of diluted earnings per share | 280.8 | 281.6 |

6. Dividends

| Six months ended | 30 June 2022 | | 30 June 2021 | |
|---------------------------------------|---------------------|----------------------------|--------------|--------------------|
| | £m | Pence per share | £m | Pence per share |
| Prior year final dividend paid | 231.5 | 85.0 | 217.3 | 79.0 |

The Board has declared an interim dividend of 37.0 pence per share (interim dividend 2021: 37.0 pence), amounting to £100.6 million (H1 2021: £101.3 million) in total. The dividend will be paid on 25 August 2022 to shareholders on the register at 5 August 2022.

The Group paid £2.5 million of dividends to holders of non-controlling interests in subsidiaries of the Group during the six months ended 30 June 2022 (H1 2021: £nil), resulting in total dividends paid of £234.0 million (H1 2021: £217.3 million).

The Company's Dividend Reinvestment Plan (DRIP) will be suspended in respect of the interim dividend for both Ordinary Shares and Non-Voting Ordinary Shares. Shareholders will therefore receive the interim dividend as a cash payment.

7. Fair value measurement disclosures

Estimates and judgements

The Group holds financial instruments that are measured at fair value. The fair value of financial instruments may be derived from readily available sources or may require some estimation. The degree of estimation involved depends on the individual financial instrument and is reflected in the fair value hierarchy below. The hierarchy also reflects the extent of judgements used in the valuation but this does not necessarily indicate that the fair value is more or less likely to be realised. Judgements may include determining which valuation approach to apply as well as determining appropriate assumptions. For level 2 and 3 financial instruments, the judgement applied by the Group gives rise to an estimate of fair value. The approach to determining the fair value estimate of level 2 and 3 financial instruments is set out below. The fair value levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities and principally comprise investments in pooled investment vehicles, quoted equities, government debt and exchange-traded derivatives;

- Level 2 fair value measurements are those derived from prices that are not traded in an active market but are determined using valuation techniques, which make maximum use of observable market data. The Group's level 2 financial instruments principally comprise foreign exchange contracts, certain debt securities, asset and mortgage backed securities, and loans held at fair value. Valuation techniques may include using a broker quote in an inactive market or an evaluated price based on a compilation of primarily observable market information utilising information readily available via external sources. For funds not priced on a daily basis, the net asset value which is issued monthly or quarterly is used; and

- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs that are not based on observable market data.

The Group's level 3 financial assets principally comprise holdings in pooled investment vehicles, including private equity funds, and holdings in property investment vehicles that operate hotel businesses. The pooled investment vehicles are measured in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 using the valuation technique that is most suitable to the applicable investment. The property investment vehicles are valued based on the expected future cash flows that could be generated from the underlying hotel businesses. Given the application of different valuation techniques, and as the investments are not homogenous in nature, there are no significant assumptions or reasonably possible alternatives that would lead to a material change in fair value.

The Group's financial liabilities categorised as level 3 principally consist of third party liabilities related to carried interest arrangements, obligations arising from contingent consideration, and other financial liabilities arising from prior acquisitions completed by the Group. Other financial liabilities in respect of options to purchase the remaining non-controlling interest in certain subsidiaries require judgment in determining the appropriate assumptions to be applied in the estimation of the fair value. Those assumptions principally relate to the future earnings of the business and the rate applied to discount the liability back to present value. An increase/decrease in the discount rate of two percentage points would decrease/increase the financial liability by £15 million/£17 million. The remaining level 3 liabilities are measured using different valuation methodologies and assumptions, and there are no assumptions that are individually significant or reasonably possible alternatives that would lead to a material change in fair value.

Half-year financial statements

7. Fair value measurement disclosures (continued)

The Group holds certain assets and liabilities at fair value. Their categorisation within the fair value hierarchy is shown below:

| | 30 June 2022 | | | | |
|---|-----------------|----------------|--------------|----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | Not at | Total |
| | £m | £m | £m | fair value | £m |
| | | | | £m | |
| Financial assets at amortised cost: | | | | | |
| Loans and advances to banks | - | - | - | 269.8 | 269.8 |
| Loans and advances to clients | - | - | - | 706.0 | 706.0 |
| Debt securities | - | - | - | 194.0 | 194.0 |
| | - | - | - | 1,169.8 | 1,169.8 |
| Financial assets at fair value through other comprehensive income: | | | | | |
| Debt securities | 459.6 | 3.6 | - | - | 463.2 |
| | 459.6 | 3.6 | - | - | 463.2 |
| Financial assets at fair value through profit or loss: | | | | | |
| Debt securities | 37.9 | 220.4 | 5.2 | - | 263.5 |
| Pooled investment vehicles | 485.3 | 29.6 | 146.5 | - | 661.4 |
| Equities | 177.8 | 0.2 | 9.4 | - | 187.4 |
| Derivative contracts | 7.5 | 19.1 | - | - | 26.6 |
| | 708.5 | 269.3 | 161.1 | - | 1,138.9 |
| Total financial assets | 1,168.1 | 272.9 | 161.1 | 1,169.8 | 2,771.9 |
| Trade and other receivables | 2.7 | - | - | 1,468.4 | 1,471.1 |
| Assets backing unit-linked liabilities | 8,859.3 | 1,337.1 | 21.9 | 919.1 | 11,137.4 |
| | 10,030.1 | 1,610.0 | 183.0 | 3,557.3 | 15,380.4 |
| Financial liabilities at amortised cost: | | | | | |
| Client accounts | - | - | - | 4,355.8 | 4,355.8 |
| Deposits by banks | - | - | - | 13.3 | 13.3 |
| Other financial liabilities | - | - | - | 6.0 | 6.0 |
| | - | - | - | 4,375.1 | 4,375.1 |
| Financial liabilities at fair value: | | | | | |
| Derivative contracts | 4.5 | 15.4 | - | - | 19.9 |
| Other financial liabilities | 224.6 | - | 330.6 | - | 555.2 |
| | 229.1 | 15.4 | 330.6 | - | 575.1 |
| Total financial liabilities | 229.1 | 15.4 | 330.6 | 4,375.1 | 4,950.2 |
| Trade and other payables¹ | 235.4 | - | - | 1,366.4 | 1,601.8 |
| Unit-linked liabilities | 10,918.2 | 42.5 | - | 176.7 | 11,137.4 |
| | 11,382.7 | 57.9 | 330.6 | 5,918.2 | 17,689.4 |

¹Trade and other payables includes a drawdown of £55.0 million under the Group's revolving credit facility as at 30 June 2022 (31 December 2021: nil). This amount has been repaid subsequent to the period end.

The Group has recognised a net loss of £24.9 million on financial instruments at fair value through profit and loss in the income statement during the period (H1 2021: £26.5 million net gain).

Half-year financial statements

7. Fair value measurement disclosures (continued)

| | 31 December 2021 | | | | |
|---|------------------|----------------|---------------|----------------------------|-----------------|
| | Level 1 £m | Level 2 £m | Level 3 £m | Not at fair value £m | Total £m |
| Financial assets at amortised cost: | | | | | |
| Loans and advances to banks | - | - | - | 153.0 | 153.0 |
| Loans and advances to clients | - | - | - | 614.0 | 614.0 |
| Debt securities | - | - | - | 109.9 | 109.9 |
| | - | - | - | 876.9 | 876.9 |
| Financial assets at fair value through other comprehensive income: | | | | | |
| Debt securities | 405.7 | 4.2 | - | - | 409.9 |
| | 405.7 | 4.2 | - | - | 409.9 |
| Financial assets at fair value through profit or loss: | | | | | |
| Debt securities | 185.5 | 231.1 | 4.0 | - | 420.6 |
| Pooled investment vehicles | 603.9 | 38.0 | 135.1 | - | 777.0 |
| Equities | 557.8 | 4.1 | 8.2 | - | 570.1 |
| Derivative contracts | 28.5 | 49.3 | - | - | 77.8 |
| | 1,375.7 | 322.5 | 147.3 | - | 1,845.5 |
| Total financial assets | 1,781.4 | 326.7 | 147.3 | 876.9 | 3,132.3 |
| Trade and other receivables | 2.5 | - | - | 998.4 | 1,000.9 |
| Assets backing unit-linked liabilities | 10,800.5 | 1,598.0 | 22.9 | 1,041.7 | 13,463.1 |
| | 12,584.4 | 1,924.7 | 170.2 | 2,917.0 | 17,596.3 |
| Financial liabilities at amortised cost: | | | | | |
| Client accounts | - | - | - | 3,748.3 | 3,748.3 |
| Deposits by banks | - | - | - | 69.9 | 69.9 |
| Other financial liabilities | - | - | - | 4.4 | 4.4 |
| | - | - | - | 3,822.6 | 3,822.6 |
| Financial liabilities at fair value: | | | | | |
| Derivative contracts | 29.8 | 58.5 | - | - | 88.3 |
| Other financial liabilities | 733.0 | - | 149.7 | - | 882.7 |
| | 762.8 | 58.5 | 149.7 | - | 971.0 |
| Total financial liabilities | 762.8 | 58.5 | 149.7 | 3,822.6 | 4,793.6 |
| Trade and other payables | 200.2 | - | - | 914.8 | 1,115.0 |
| Unit-linked liabilities | 13,369.6 | 77.7 | - | 15.8 | 13,463.1 |
| | 14,332.6 | 136.2 | 149.7 | 4,753.2 | 19,371.7 |

Half-year financial statements

7. Fair value measurement disclosures (continued)

The fair value of financial assets at amortised cost approximates to their carrying value. No financial assets were transferred between levels during the period (2021: none).

Movements in assets and liabilities categorised as level 3 during the period were:

| | 30 June 2022 | | | 31 December 2021 | | |
|----------------------------------|------------------------|--|-----------------------------|------------------------|--|-----------------------------|
| | Financial assets £m | Assets backing unit-linked liabilities £m | Financial liabilities £m | Financial assets £m | Assets backing unit-linked liabilities £m | Financial liabilities £m |
| At 1 January | 147.3 | 22.9 | 149.7 | 138.3 | 28.1 | 143.7 |
| Exchange translation adjustments | 8.6 | 0.2 | 11.1 | (3.8) | (1.1) | (2.7) |
| Net gain or loss | (4.9) | 2.1 | 18.5 | 42.4 | 10.4 | 59.0 |
| Additions | 16.8 | 2.1 | 174.6 | 29.3 | - | 1.1 |
| Disposals | (6.7) | (5.4) | (23.3) | (58.9) | (14.5) | (51.4) |
| At 30 June/31 December | 161.1 | 21.9 | 330.6 | 147.3 | 22.9 | 149.7 |

8. Associates and joint ventures

| | 30 June 2022 | | | 31 December 2021 | | |
|--|------------------|----------------------|--------------|------------------|----------------------|--------------|
| | Associates £m | Joint ventures £m | Total £m | Associates £m | Joint ventures £m | Total £m |
| At 1 January | 260.6 | 206.1 | 466.7 | 211.0 | 194.2 | 405.2 |
| Exchange translation adjustments | 15.4 | 0.4 | 15.8 | 6.1 | (0.1) | 6.0 |
| Additions | - | - | - | 1.1 | 5.9 | 7.0 |
| Disposals | (0.3) | - | (0.3) | (0.8) | - | (0.8) |
| Profit for the period after tax | 37.2 | 1.4 | 38.6 | 72.3 | 7.0 | 79.3 |
| Gains recognised in other comprehensive income | - | - | - | 0.1 | - | 0.1 |
| Distributions of profit | (36.6) | (1.5) | (38.1) | (29.2) | (0.9) | (30.1) |
| At 30 June/31 December | 276.3 | 206.4 | 482.7 | 260.6 | 206.1 | 466.7 |

Half-year financial statements

9. Goodwill and intangible assets

| | Goodwill £m | Acquired intangible assets £m | Software £m | Total £m |
|--|----------------|-------------------------------------|----------------|----------------|
| Cost | | | | |
| At 1 January 2022 | 803.4 | 361.9 | 470.7 | 1,636.0 |
| Exchange translation adjustments | 21.8 | 10.0 | 2.9 | 34.7 |
| Additions | 395.5 | 336.3 | 32.6 | 764.4 |
| At 30 June 2022 | 1,220.7 | 708.2 | 506.2 | 2,435.1 |
| Accumulated amortisation | | | | |
| At 1 January 2022 | - | (252.8) | (214.7) | (467.5) |
| Exchange translation adjustments | - | (5.8) | (2.1) | (7.9) |
| Amortisation charge for the period | - | (20.9) | (32.4) | (53.3) |
| At 30 June 2022 | - | (279.5) | (249.2) | (528.7) |
| Carrying amount at 30 June 2022 | 1,220.7 | 428.7 | 257.0 | 1,906.4 |

| | Goodwill £m | Acquired intangible assets £m | Software £m | Total £m |
|--|----------------|-------------------------------------|----------------|----------------|
| Cost | | | | |
| At 1 January 2021 | 811.7 | 362.8 | 413.2 | 1,587.7 |
| Exchange translation adjustments | (8.3) | (3.2) | (0.8) | (12.3) |
| Additions | - | 2.3 | 63.4 | 65.7 |
| Disposals | - | - | (5.1) | (5.1) |
| At 31 December 2021 | 803.4 | 361.9 | 470.7 | 1,636.0 |
| Accumulated amortisation | | | | |
| At 1 January 2021 | - | (220.2) | (159.5) | (379.7) |
| Exchange translation adjustments | - | 0.9 | 0.6 | 1.5 |
| Amortisation charge for the year | - | (33.5) | (60.7) | (94.2) |
| Disposals | - | - | 4.9 | 4.9 |
| At 31 December 2021 | - | (252.8) | (214.7) | (467.5) |
| Carrying amount at 31 December 2021 | 803.4 | 109.1 | 256.0 | 1,168.5 |

Half-year financial statements

10. Retirement benefit obligations

Movements in respect of the assets and liabilities of the UK defined benefit scheme, Schroders Retirement Benefits Scheme (the Scheme), are:

| | Six months ended 30 June 2022 £m | Year ended 31 December 2021 £m |
|--|--|--------------------------------------|
| At 1 January | 1,070.6 | 1,077.2 |
| Interest on assets | 10.6 | 14.8 |
| Remeasurement of assets | (228.8) | 20.1 |
| Benefits paid | (20.9) | (40.5) |
| Administrative expenses ¹ | (0.3) | (1.0) |
| Fair value of plan assets | 831.2 | 1,070.6 |
| At 1 January | (872.7) | (909.0) |
| Interest cost | (8.6) | (12.4) |
| Actuarial gains due to change in demographic assumptions | 0.2 | 1.0 |
| Actuarial gains due to change in financial assumptions | 217.8 | 18.6 |
| Actuarial losses due to experience | - | (11.4) |
| Benefits paid | 20.9 | 40.5 |
| Present value of funded obligations | (642.4) | (872.7) |
| Net assets | 188.8 | 197.9 |

¹Following the last completed triennial valuation it was agreed that certain administrative expenses of the scheme would be paid out of the scheme surplus. The approach will be reviewed as part of the next triennial valuation.

The amount recognised in the Consolidated statement of comprehensive income includes a £0.4 million loss in respect of other defined benefit schemes.

The principal financial assumptions used for the Scheme are:

| | Six months ended 30 June 2022 % | Year ended 31 December 2021 % |
|--|---------------------------------------|-------------------------------------|
| Discount rate | 3.9 | 2.0 |
| RPI inflation rate | 3.2 | 3.3 |
| CPI inflation rate | 2.6 | 2.9 |
| Future pension increases (for benefits earned before 13 August 2007) | 3.0 | 3.2 |
| Future pension increases (for benefits earned after 13 August 2007) | 2.1 | 2.2 |

| Average number of years a current pensioner is expected to live beyond age 60: | Years | Years |
|--|-------|-------|
| Men | 28 | 28 |
| Women | 30 | 30 |

| Average number of years future pensioners currently aged 45 are expected to live beyond age 60: | Years | Years |
|---|-------|-------|
| Men | 29 | 29 |
| Women | 30 | 30 |

The last completed triennial valuation of the Scheme was carried out as at 31 December 2020. The funding level at that date was 107% on the technical provisions basis and no contribution to the Scheme was required.

Half-year financial statements

11. Share capital and share premium

| | Number of shares Millions | Ordinary shares £m | Non-voting ordinary shares £m | Total shares £m | Share premium £m |
|------------------------|---------------------------------|--------------------------|--|-----------------------|------------------------|
| At 1 January 2022 | 282.5 | 226.0 | 56.5 | 282.5 | 124.2 |
| At 30 June 2022 | 282.5 | 226.0 | 56.5 | 282.5 | 124.2 |

| | Number of shares Millions | Ordinary shares £m | Non-voting ordinary shares £m | Total shares £m | Share premium £m |
|------------------------|---------------------------------|--------------------------|--|-----------------------|------------------------|
| At 1 January 2021 | 282.5 | 226.0 | 56.5 | 282.5 | 124.2 |
| At 30 June 2021 | 282.5 | 226.0 | 56.5 | 282.5 | 124.2 |

12. Own shares

Own shares include the Group's shares (both ordinary and non-voting ordinary) that are held by employee benefit trusts.

Movements in own shares during the period were as follows:

| | 30 June 2022 £m | 30 June 2021 £m |
|----------------------|--------------------|--------------------|
| At 1 January | (150.2) | (159.8) |
| Own shares purchased | (111.2) | (65.5) |
| Awards vested | 73.3 | 58.7 |
| At 30 June | (188.1) | (166.6) |

During the period 3.6 million own shares (H1 2021: 1.8 million own shares) were purchased and held for hedging share-based awards. 2.4 million shares (H1 2021: 2.2 million shares) awarded to employees vested during the period and were transferred out of own shares.

Half-year financial statements

13. Reconciliation of net cash from operating activities

| | 30 June 2022 | 30 June 2021 |
|--|----------------|---------------|
| | £m | £m |
| Profit before tax | 312.8 | 373.9 |
| Adjustments for income statement non-cash movements: | | |
| Depreciation of property, plant and equipment and amortisation of intangible assets | 89.8 | 82.3 |
| Net loss/(gain) on financial instruments | 25.0 | (26.6) |
| Share-based payments | 34.1 | 30.1 |
| Net (release)/charge for provisions | (0.2) | 0.5 |
| Other non-cash movements | 33.7 | (7.9) |
| | 182.4 | 78.4 |
| Adjustments for which the cash effects are investing activities: | | |
| Net finance income | (1.4) | 1.1 |
| Interest expense on lease liabilities | 5.3 | 5.4 |
| Share of profit of associates and joint ventures | (38.6) | (38.0) |
| | (34.7) | (31.5) |
| Adjustments for statement of financial position movements: | | |
| Increase in loans and advances within Wealth Management | (190.0) | (69.4) |
| Increase in trade and other receivables | (501.0) | (202.2) |
| Increase in deposits and client accounts within Wealth Management | 498.9 | 70.7 |
| Increase in trade and other payables, other financial liabilities and provisions | 343.7 | 233.1 |
| | 151.6 | 32.2 |
| Adjustments for Life Company and consolidated pooled investment vehicles movements: | | |
| Net decrease/(increase) in financial assets backing unit-linked liabilities | 2,051.5 | (654.1) |
| Net (decrease)/increase in unit-linked liabilities | (2,325.7) | 620.2 |
| Net (decrease)/increase in cash within consolidated pooled investment vehicles | (118.9) | 35.6 |
| | (393.1) | 1.7 |
| Tax paid | (59.9) | (62.1) |
| Net cash from operating activities | 159.1 | 392.6 |

Half-year financial statements

14. Business combinations

The Group completed four business combinations during the six months ended 30 June 2022.

The most significant of these transactions completed on 11 April 2022, when the Group acquired 75% of the issued share capital of Greencoat Capital Holdings Limited (Greencoat), a leader in European renewables, for a total consideration of £363.1 million. The acquisition contributed £7.7 billion of Asset Management AUM and strengthens the Group's Private Asset capabilities.

On 31 January 2022, the Group acquired 100% of the issued share capital of River and Mercantile Investments Limited (River and Mercantile), the Solutions division of River and Mercantile Group plc. The acquisition contributed £43.1 billion of Asset Management AUM and strengthens the Group's position in the UK fiduciary management market.

The Group completed two further acquisitions during the year for a combined consideration of £28.8 million. These acquisitions contributed £1.2 billion of AUM.

| | Greencoat £m | River and Mercantile £m | Other £m | Total £m |
|--|-----------------|-------------------------------|-------------|--------------|
| Net assets acquired: | | | | |
| Cash | 13.0 | 8.9 | 5.2 | 27.1 |
| Property, plant and equipment | 0.9 | - | 0.3 | 1.2 |
| Trade and other receivables | 7.3 | 22.8 | 2.9 | 33.0 |
| Financial assets | 6.0 | - | 1.3 | 7.3 |
| Trade and other payables | (19.9) | (13.9) | (8.0) | (41.8) |
| Tangible net assets | 7.3 | 17.8 | 1.7 | 26.8 |
| Goodwill | 228.2 | 149.8 | 17.5 | 395.5 |
| Intangible assets arising on acquisition | 228.4 | 93.0 | 12.5 | 333.9 |
| Deferred tax arising on acquisition | (55.8) | (22.5) | (2.9) | (81.2) |
| Non-controlling interest | (45.0) | - | - | (45.0) |
| Total | 363.1 | 238.1 | 28.8 | 630.0 |

Satisfied by:

| | | | | |
|---|--------------|--------------|-------------|--------------|
| Cash | 362.8 | 238.1 | 25.9 | 626.8 |
| Contingent/deferred consideration | 0.3 | - | 2.3 | 2.6 |
| Fair value of Group's pre-existing interest | - | - | 0.6 | 0.6 |
| Total | 363.1 | 238.1 | 28.8 | 630.0 |

The amounts reported in respect of the acquisitions are provisional and subject to final review.

Half-year financial statements

The goodwill arising on the acquisitions is attributable to the value arising from:

- Additional investment capabilities;
- A broader platform for business growth;
- Talented management and employees; and
- Opportunities for synergies from combining certain activities.

Goodwill will not be deductible for tax purposes.

In the period between the acquisition dates and 30 June 2022, the four acquired businesses contributed £37.2 million to the Group's net operating income. The contribution to operating profit was £15.2 million.

If the acquisitions had been completed on 1 January 2022, the Group's net operating income for the period would have been £1,263.6 million, and the operating profit for the period on the same basis would have been £416.8 million.

Estimates and judgements

The fair value of certain items of consideration, assets acquired and liabilities assumed requires some estimation. For intangible assets this estimation required assumptions regarding the level of future management fees that will be earned over the relevant period.

The net impact of changes to these assumptions would be to change the carrying value of individual assets and liabilities with a corresponding change to goodwill.

Key risks

Consistent with other asset management and wealth management businesses, we are exposed to a range of risks. These risks, if not managed properly, increase the possibility of the Group not being able to meet its objectives and may lead to losses. Other risks, such as those inherent in taking active investment decisions on behalf of clients, are the risks we are in business to take.

We have assessed our key risks disclosed in the Group's 2021 Annual Report and Accounts (Risk management). The key risks to which the Group will be exposed in the second half of 2022 are expected to be substantially the same as those described in the 2021 Annual Report and Accounts. They comprise strategic risks, business risks and operational risks. We have noted a further increase in geopolitical risk which is also contributing to rising inflation and interest rates as disclosed in the Group's 2021 Annual Report and Accounts.

We believe that we remain well-positioned to manage the challenges that may arise from these key risks and from the current market environment.

Directors' responsibility statement

On behalf of the Directors, I confirm to the best of my knowledge that the Half-year results:

- Have been prepared in accordance with UK-adopted International Accounting Standard 34, which give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- Include a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7, namely important events that have occurred during the first six months of the financial period and their impact on the Half-year financial statements, as well as a description of the principal risks and uncertainties faced by the Group and the undertakings included in the consolidation taken as a whole for the remaining six months of the financial year; and
- Include, as required by Disclosure Guidance and Transparency Rule 4.2.8, a fair review of material related party transactions that have taken place in the first six months of the financial period and any material changes to the related party transactions described in the last Annual Report and Accounts.

A list of current Directors is maintained on the Schroders plc website: www.schroders.com.

On behalf of the Board

Richard Keers

Chief Financial Officer
27 July 2022

Independent review report to Schroders plc

Conclusion

We have been engaged by Schroders plc (the 'Company') to review the condensed consolidated financial statements for the half-year ended 30 June 2022 ('Half-year financial statements'), which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated cash flow statement and Explanatory notes to the Half-year financial statements. We have read the other information contained in the Half-year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Half-year financial statements.

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

Basis for Conclusion

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. The Half-year financial statements included in the Half-year results have been prepared in accordance with UK-adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

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

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

Responsibilities of the Directors

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

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

Auditor's Responsibilities for the review of financial information

In reviewing the Half-year results, we are responsible for expressing to the Company a conclusion on the Half-year financial statements in the Half-year results. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the 'Basis for Conclusion' paragraph of this report.

Use of our report

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

Ernst & Young LLP
London

27 July 2022

Appendix: Reconciliation of Operating profit to Profit before tax and exceptional items (unaudited)

| | Six months ended 30 June 2022 £m | Six months ended 30 June 2021 £m | Year ended 31 December 2021 £m |
|---|--|--|---|
| Operating profit | 406.9 | 399.6 | 841.0 |
| <i>Less:</i> | | | |
| Central costs | (23.2) | (27.1) | (53.6) |
| Net (loss)/gain on financial instruments and other income | (35.2) | 32.6 | 45.3 |
| Non-banking interest income | 1.7 | 2.4 | 3.5 |
| | (56.7) | 7.9 | (4.8) |
| Profit before tax and exceptional items | 350.2 | 407.5 | 836.2 |

| | 30 June 2022 | | | 30 June 2021 | | |
|---|--------------------------------|-------------------------|----------------|--------------------------------|-------------------------|----------------|
| | Before exceptional items £m | Exceptional items £m | Total £m | Before exceptional items £m | Exceptional items £m | Total £m |
| Six months ended | | | | | | |
| Revenue | 1,434.2 | - | 1,434.2 | 1,418.5 | - | 1,418.5 |
| Cost of sales | (256.2) | - | (256.2) | (268.8) | - | (268.8) |
| Net operating revenue | 1,178.0 | - | 1,178.0 | 1,149.7 | - | 1,149.7 |
| Net (loss)/gain on financial instruments and other income | (12.8) | (0.9) | (13.7) | 51.4 | (5.9) | 45.5 |
| Share of profit of associates and joint ventures | 41.6 | (3.0) | 38.6 | 43.4 | (5.4) | 38.0 |
| Net income | 1,206.8 | (3.9) | 1,202.9 | 1,244.5 | (11.3) | 1,233.2 |
| Operating expenses | (856.6) | (33.5) | (890.1) | (837.0) | (22.3) | (859.3) |
| Profit before tax | 350.2 | (37.4) | 312.8 | 407.5 | (33.6) | 373.9 |
| Tax | (60.1) | 5.7 | (54.4) | (71.3) | 2.0 | (69.3) |
| Profit after tax | 290.1 | (31.7) | 258.4 | 336.2 | (31.6) | 304.6 |

Earnings per share¹

| | | | | | | |
|---------|---------------|----------------|--------------|--------|---------|--------|
| Basic | 103.2p | (10.9)p | 92.3p | 118.5p | (10.8)p | 107.7p |
| Diluted | 101.6p | (10.7)p | 90.9p | 116.6p | (10.6)p | 106.0p |

¹The pre-exceptional earnings per share calculations are based on profit after tax excluding non-controlling interest of £4.8 million (H1 2021: £7.8 million). After exceptional items, the profit after tax attributable to non-controlling interest was £3.0 million (H1 2021: £6.1 million).