

# Petershill Partners

Operated by Goldman Sachs Asset Management

## 2022 PRELIMINARY RESULTS

For the year ended 31 December 2022

### RESILIENT PERFORMANCE DESPITE CHALLENGING EXTERNAL ENVIRONMENT

#### Key Highlights<sup>1</sup>

- First full year delivers resilient Adjusted Profit After Tax<sup>2</sup>
  - Total income<sup>2</sup> of \$379m and Adjusted EBIT<sup>2</sup> of \$336m with Adjusted Profit After Tax of \$273m and Adjusted EPS<sup>2</sup> of 23.7 cents. IFRS Loss After Tax of \$453m and IFRS EPS of (39.4) cents, impacted by unrealised reduction in the carrying value of investments.
  - Our primary focus is on recurring earnings and cash flow. Adjusted Profit After Tax and Adjusted EPS, which exclude the impact of the change in fair value of investments, are more relevant measures of recurring earnings.
- Robust Partner-firm asset raising and AUM growth
  - Aggregate Partner-firm AUM<sup>3</sup> of \$283bn and Aggregate Fee-paying AUM<sup>3</sup> of \$194bn, up 21% and 23%, respectively year-over-year. \$60bn of gross fee eligible assets raised during 2022.
- Partner Distributable Earnings<sup>3</sup> impacted by lower Partner Realised Investment Income<sup>3</sup>
  - Partner Distributable Earnings declined 3% year-on-year to \$370m reflecting lower Partner Realised Investment Income of \$25m (2021: \$42m)
  - Partner Fee Related Earnings (FRE)<sup>3</sup> increased by 1% year-on-year to \$213m, reflecting management fee growth offset by higher costs due to Company acquisitions, Partner-firm fundraising and team expansions. These factors contributed to a Partner FRE Margin<sup>3</sup> of 62% (2021: 69%).
- Strong Partner-firm investment performance
  - Growth in Partner Realised Performance Revenues (PRE)<sup>3</sup> was particularly encouraging at \$132m, up 2% year-on-year versus a strong comparable 2021. Our largest contributing asset class was private equity. While certain absolute return Partner-firms were negatively impacted by the market environment, others performed well, crystallising fees in Q4.
  - PRE as a percentage of Partner Revenues<sup>3</sup> was 26% (2021: 27%)
- Balance Sheet provides strategic flexibility
  - Investments at fair value of \$5.0bn (2021, \$5.5bn APM basis<sup>2</sup>); higher Partner-firm operating results offset by higher discount rates on private capital assets
  - Debt refinanced with \$500m of 'A' rated notes raised, extending weighted average duration to approximately 11 years with cash and investments in money market funds totalling \$581m at 31 December 2022
  - Book value per share<sup>2</sup> of 416 cents (2021: 458 cents)
- Substantial increase in capital returns to shareholders funded by strong operating cash flows
  - Proposed final dividend per Ordinary Share of 11 cents, taking the total dividend per Ordinary Share for 2022 to 14.5 cents. Total capital return for 2022 of \$215m consisting of \$50m buyback and \$165m total interim and proposed final dividend for 2022
  - Intend to launch a new \$50m share buyback programme for 2023 whilst maintaining the availability of capital for strategic opportunities and preserving a prudent balance sheet

1. Petershill Partners plc commenced conditional trading on the London Stock Exchange on 28 September, 2021, on which date the initial acquisition of the portfolio of Partner-firms by the Company was completed. The Company was incorporated in March 2021, but did not trade prior to the end of September 2021. This report provides comparative 2021 full-year results for our interests in the Partner-firms in aggregate, including operating metrics for periods prior to the initial acquisition date, presented as if the Company's assets as at the time of the IPO had been owned by the Company during the historical period presented.

2. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on APMs on page 45.

3. Partner-firm key operating metric. Refer to the glossary on page 42 for additional information.

## Key Company Metrics

	Year Ended 31 December 2022
<i>\$m unless otherwise stated</i>	
Total Income <sup>1</sup>	379
Adjusted EBIT <sup>1</sup>	336
Adjusted EBIT margin <sup>1</sup>	89%
IFRS Loss	(453)
Adjusted PAT <sup>1</sup>	273
IFRS EPS (cents)	(39.4)
Adjusted EPS (cents) <sup>1</sup>	23.7
Dividend per share (cents) <sup>2</sup>	14.5

1. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on APMs on page 45.

2. Includes 2022 interim dividend of 3.5 cents and proposed 2022 final dividend of 11 cents per Ordinary Share

### Ali Raissi-Dehkordy, Robert Hamilton Kelly and Christian von Schimmelmann commented:

"2022 was our first full year as a public listed company and we have delivered on our key financial targets. Against a volatile market backdrop, the underlying operating performance of our Partner-firms was encouraging. We are particularly pleased with the \$60bn of new fee-eligible AUM raised during the year, outperforming growth in the industry. Our Partner-firm FRE was impacted by lower levels of transactions fees and increased cost pressures. Strong investment performance at our Partner-firms resulted in significant realised PRE, exceeding the prior record high of 2021, despite a tougher market environment in 2022. Generation of strong free cash flow enables the Board to propose a 2022 final dividend of \$125m and the plan to launch a new \$50m share buyback. Whilst we expect market uncertainty to persist, we remain positive about the medium-term prospects of the Company, due to the quality of our Partner-firms and our diversified earnings model."

# Management Results:

	Year Ended 31 December 2022 \$m
<b>Income</b>	
Partner Fee Related Earnings <sup>1</sup>	213.2
Partner Realised Performance Revenues <sup>1</sup>	131.6
Partner Realised Investment Income <sup>1</sup>	25.4
<b>Total Partner Distributable Earnings<sup>1</sup></b>	<b>370.2</b>
Interest income from investments in money market funds	8.6
<b>Total income (APM basis)<sup>2</sup></b>	<b>378.8</b>
<b>Operating costs</b>	
Board of Directors' fees and expenses	(1.5)
Operator charge	(27.8)
Other operating expenses <sup>3</sup>	(13.2)
<b>Total operating costs</b>	<b>(42.5)</b>
<b>Adjusted Earnings Before Interest and Tax (EBIT)<sup>2</sup></b>	<b>336.3</b>
Finance cost <sup>4</sup>	(28.3)
<b>Adjusted Earnings Before Tax (EBT)<sup>2</sup></b>	<b>308.0</b>
Tax & tax related expenses <sup>2</sup>	(35.4)
<b>Adjusted Profit After Tax<sup>2</sup></b>	<b>272.6</b>
<b>Reconciliation of Adjusted Profit After Tax to IFRS Loss After Tax</b>	
Adjusted Profit After Tax <sup>2</sup>	272.6
▪ APM basis movement in Financial Assets and Liabilities Held at Fair Value <sup>2</sup>	(776.5)
▪ Unrealised divestment fee	0.9
▪ Non-recurring expenses <sup>5</sup>	(18.5)
▪ Change in liability for Tax Receivables Agreement	(19.0)
▪ Adjustment for tax and tax related expenses	87.6
<b>IFRS Loss After Tax</b>	<b>(452.9)</b>

1. Partner-firm key operating metrics. Refer to the glossary on page 42 for additional information.

2. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 45

3. Excludes non-recurring expenses of \$1.2m in connection with the IPO

4. Excludes non-recurring finance cost of \$17.3m related to the retirement of Notes payable and issuance of Unsecured Notes

5. Includes the non recurring expense of \$1.2m and finance cost of \$17.3m noted above

# Key Partner-firm Metrics

## Petershill Partners Operating Metrics

		31 December		Δ
		2022	2021	
Aggregate Partner-firm AuM	(\$bn)	<b>283</b>	234	21%
Aggregate Fee-paying Partner-firm AuM	(\$bn)	<b>194</b>	158	23%
Partner Blended Net Management Fee Rate	(%)	<b>1.41%</b>	1.54%	-13 bps
Implied Blended Partner-firm FRE Ownership	(%)	<b>13.5%</b>	14.2%	-70 bps
Partner Net Management and Advisory Fees	(\$m)	<b>342</b>	307	11%
Management Fees	(\$m)	<b>337</b>	292	15%
Fee Offsets	(\$m)	<b>(16)</b>	(25)	(36)%
Transaction and Advisory Fees	(\$m)	<b>21</b>	40	(48)%
Partner Fee Related Expenses	(\$m)	<b>(129)</b>	(95)	36%
Partner FRE	(\$m)	<b>213</b>	211	1%
Partner Realised Performance Revenues (PRE)	(\$m)	<b>132</b>	129	2%
Partner Realised Investment Income	(\$m)	<b>25</b>	42	(40)%
Partner Distributable Earnings	(\$m)	<b>370</b>	382	(3)%
Partner FRE Margin	(%)	<b>62%</b>	69%	-7 pts
Partner Distributable Earnings Margin	(%)	<b>74%</b>	80%	-6 pts
Partner Realised PRE as a percentage of Partner Revenue	(%)	<b>26%</b>	27%	-1 pt
Partner Realised PRE over Average Aggregate Performance Fee Eligible Partner-firm AuM*	(bps)	<b>5.6 bps</b>	7.7 bps	-2.1 bps

\* Realised Performance Fee Revenues for the period divided by the Average Aggregate Performance Fee Eligible Partner-firm AuM. The Average Aggregate Performance Fee Eligible Partner-firm AuM represents the average of the beginning and ending period stated.

## Petershill Partners Operating Metrics\*\*\*

		31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	FY 2022** Δ
Aggregate Partner-firm AuM	(\$bn)	283	282	266	266	234	21%
Aggregate Fee-paying Partner-firm AuM	(\$bn)	194	189	184	184	158	23%
Average Aggregate Fee-paying Partner-firm AuM*	(\$bn)	178	169	159	153	142	25%
Aggregate Performance Fee Eligible Partner-firm AuM	(\$bn)	259	256	241	241	208	25%
Average Aggregate Performance Fee Eligible Partner-firm AuM*	(\$bn)	236	220	204	187	167	41%
Additional metrics:							
Partner Private Markets Accrued Carried Interest	(\$m)	611	644	700	710	649	(6)%
Investment Capital	(\$m)	383	398	395	369	369	4%

\* Average Aggregate AuM figures represent the twelve month mean and use the start and each quarter end of the reporting period adjusted for acquisitions and dispositions where applicable.

\*\* Percentage change relative to 31 December 2021.

\*\*\* Represents key Operating Metrics that reflect data reported to the Operator on a three-month lag.

# Details of Results Presentation

There will be a call for investors and analysts at 9.00am BST today, 28 March 2023, hosted by Ali Raissi-Dehkordy and Robert Hamilton Kelly to discuss these results, followed by a Q&A session.

All interested parties are invited to participate via telephone or the audio webcast. Please [click here](#) to access the webcast.

## Conference Call Information:

Domestic: +44 (0)330 165 4048  
Domestic Freephone: 0800 279 7165  
International: +1-929-477-0353  
International Tollfree: 888-296-4197  
Conference ID: 1830032

All participants are asked to dial in approximately 10-15 minutes prior to the call, referencing "Petershill Partners" when prompted.

## Replay Information:

An archived replay of the call will be available on the webcast link.

Please direct any questions regarding obtaining access to the conference call to Petershill Partners Investor Relations, via e-mail, at [PHP-Investor-Relations@gs.com](mailto:PHP-Investor-Relations@gs.com)

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# About Petershill Partners

Petershill Partners plc (the “Company” or “Petershill Partners”) and its Subsidiaries (the “Group”) is a diversified, global alternatives investment group focused on private equity and other private capital strategies. Through our economic interests in alternative asset management firms (“Partner-firms”), we provide investors with exposure to the growth and profitability of the alternative asset management industry. The Company completed its initial acquisition of the portfolio of Partner-firms on 28 September 2021 and was admitted to listing and trading on the London Stock Exchange on 1 October 2021 (ticker: PHLL). The Company is operated by Goldman Sachs Asset Management (“Goldman Sachs” or the “Operator”) and is governed by a diverse and fully independent Board of Directors (the “Board”).

Through our Partner-firms, we have exposure to \$283 billion of Aggregate Partner-firm AuM, comprising a diverse set of more than 200 long-term private equity and other private capital funds where capital is typically locked in over a multi-year horizon. These underlying funds generate recurring management fees and the opportunity for meaningful profit participation over the typical 8+ year lifecycles of such funds. We believe our approach is aligned with the founders and managers of our Partner-firms and, as a result, allows the Company to participate in these income streams in a way that provides high-margin, diversified and stable cash flows for our shareholders.

For more information, visit <https://www.petershillpartners.com/homepage.html>. Information on the website is not incorporated by reference into this press release and is provided merely for convenience.

# Chairman's Statement

## Dear Shareholders

2022 was our first full year as a public listed company. In the context of a volatile market backdrop which saw significant declines in equity and bond markets and a sharp reduction in the valuations of asset management businesses, the underlying operating performance of our Partner-firms was encouraging. Partner FRE growth continued and our Partner-firms in aggregate have outperformed the industry by raising \$60 billion of new gross fee-eligible AuM. This growth in AuM provides a platform for further growth in FRE in 2023.

Our overall Partner Distributable Earnings were held back as market conditions impacted the level of Partner Realised Investment Income. We marked down the carrying value of our investments in Partner-firms, reflecting the impact of higher interest rates on discounted cash flow valuations and the decline in valuation multiples of comparable businesses. The change in the accounting fair value of assets resulted in an IFRS loss and a reduction in Net Assets but had no impact on cash flow. As our intention is to continue to hold these investments for the longer term, our focus is on the cash flow generated by these investments and so we focus more attention on Adjusted Profit After Tax which excludes the change in fair value of assets and more closely approximates free cash flow available over time to return capital to shareholders or acquire new investments.

The business generated substantial cash flows, which provide the basis for funding the return of capital to Shareholders through dividends and buybacks as well as new acquisitions to grow the portfolio.

Taking into consideration the strong cash flows of the business and the valuation of the Company's own shares, we completed a buyback of \$50 million of our own shares. We are recommending a final dividend of 11 cents per share, which would make the full year dividend 14.5 cents per share. Dividends and buybacks therefore would amount to \$215 million for the year whilst we invested \$180 million in acquisitions in the form of both paid and deferred consideration.

The management of capital is a critical function of the Board and was a significant focus in 2022. The Company inherited a complex debt structure at the time of IPO. This created a security interest for lenders in the cash flows generated by our Partner-firm interests and resulted in an accounting gross up of assets and liabilities. In 2022 we were able to repay the existing debt by issuing \$500 million of simple, more flexible, unsecured loan notes. These are at fixed interest rates and range in maturity from seven to twenty years. Subsequent to the year end, we also closed on a \$100 million three-year revolving credit facility. As a result, we believe the Company has a strong and sound debt capital structure appropriate for a substantial public company, which will facilitate the funding of future growth. Our accounting disclosures will also become less complex going forward.

The Board evaluates the deployment of capital over the long term and considers prospective Shareholder value creation from applying additional capital to new and existing Partner-firm investments, buybacks and dividends. The Board also considers the level of leverage in the capital structure in this context to optimise returns to Shareholders. We expect that debt capacity will grow over time as our Partner-firms grow and new acquisitions are accretive to earnings.

Our strategy, of accessing growth and profitability through diverse ownership in quality businesses, has proven to be resilient throughout 2022. There has been limited direct impact from the challenges brought about by the conflict in Ukraine, with increases in the price of energy and the disruption to supply chains. Our Partner-firms are largely located in North America. We benefit from diversification across our Partner-firms and their funds through multiple asset classes, sectors, strategies and vintages. We believe this delivers the Company and our investors the potential for strong risk adjusted earnings across economic cycles and macro environments.

We continue to pursue a strategy of growing the business through further acquisitions but moderated the pace of this investment significantly in 2022 as we took stock of the change in market conditions and outlook, as well as the impact of higher interest rates on the cost of equity. We acquired interests in two new Partner-firms during the year – SLR Capital Partners, a boutique asset manager focused on direct lending, and LLR Partners, a private equity firm investing in technology and healthcare companies. We also acquired an additional interest in Kayne Anderson Real Estate, strengthening the existing partnership between us.

We expect to see ongoing opportunities to deploy capital into first class Partner-firms at attractive valuations through the network of Goldman Sachs' relationships and are confident in the sourcing, due diligence and execution capability of the Operator team that manage this process for the Company. As always when there is a market correction, it can take some time for the expectations of sellers to adjust and we will be patient to ensure that acquisitions are made at valuations which are appropriate.

Our first full year as a public company has involved considerable efforts on the part of the Board, the Operator, and our other external service providers, including our Administrator and Company Secretary Ocorian, to firmly establish and operationalise our ongoing requirements for good governance and appropriate reporting and controls. In response to feedback from the Board, significant resources were added to the team at the Operator and Administrator in order to ensure that the Company has the appropriate level of support. We held 11 Board meetings during the year, supplemented by 12 meetings of Board Committees covering Audit and Risk, Remuneration, Nomination and Management Engagement.

The expertise of the Operator in selecting and managing investments on behalf of the Company was evidenced by the relative and absolute performance of our Partner-firms in 2022, especially in relation to their success in fund raising. The Operator was also effective in securing a strong credit rating in the A category and implementing a new debt capital structure which puts the Company in a strong financial position with flexible and long-term debt to support its future growth. The Operator continues to develop its approach to Environmental, Social and Governance ("ESG") matters and keeps the Board informed on its process as an integral part of its asset management mandate.

Whilst we are disappointed that the share price of the Company remains well below the IPO price, we believe this is largely a reflection of the stock market performance of the asset management industry. We would hope that, over time, the underlying operating cashflow and our responsible management of capital will be reflected in the way in which our shares are valued.

The Board remains positive about the medium-term prospects of the Company, due to the quality of our Partner-firms, the diversification they represent, and the significant value added by our Operator. The economic and market environment continues to be volatile and may affect related performance fee earnings in the near term, but the combination of strong growth in AuM and diversification in our portfolio of Partner-firms gives us confidence that we should see good growth in Partner FRE in the coming year. We will continue to be selective about new acquisitions and expect to use our strong cash flow to drive dividends to Shareholders and support another \$50 million buyback programme in 2023.

# The Operator's Report

The Company's purpose is to give investors the opportunity to participate in the growth of the alternative asset management industry. Despite the industry's reputation for complexity, the Company's model is simple. Investors share in the fees generated by first-class Partner-firms that manage alternative investments predominantly in private markets and other unquoted assets. In a higher inflation environment, which tends to lower real returns, alternative investments can be particularly attractive.

To assist readers, we refer throughout this section to adjusted measures which the Company considers to be Alternative Performance Measures or APMs and Operating Metrics. APMs are non-IFRS measures that analyse our performance, using a variety of measures that are not specifically defined under IFRS; while Operating Metrics are non-IFRS measures that are based on the performance of the Partner-firms.

APMs and Operating Metrics are used by the Directors and the Operator to analyse the business and financial performance, track the Company's progress and help develop long-term strategic plans and they also reflect more closely the cash flow of the Company. The Directors believe that these APMs and Operating Metrics are useful to investors, analysts and other interested parties as supplemental measures of performance and liquidity.

Definitions of APMs and Operating Metrics, along with reconciliations to the IFRS measure, where appropriate, can be found in the Glossary of Key Operating Metrics on pages 42 to 44 and Alternative Performance Measures on pages 45 to 51.

## Technical Note

As part of the initial acquisition of the portfolio of Partner-firms on 28 September 2021, the Company acquired interest in several trusts, which previously issued \$350 million of long term debt with a 5% coupon and a maturity date of 2039. The debt was secured by the rights to the cash flows of certain Partner-firm interests held by the Company and other interests held by the Petershill Funds. The debt was retired and the interests owned by the Petershill Funds securing that debt was released when the Company raised \$500 million of new, unsecured long term debt. However, under IFRS the Company was required to consolidate these interests at 31 December 2021 and to 19 December 2022. This consolidation resulted in all of the assets and liabilities of these trusts appearing in the Consolidated Statement of Financial Position and all of the income, investment gain and finance costs appearing in the Consolidated Statement of Comprehensive Income during the period. However, shareholder returns were only affected by the interests that the Company owned.

Since these interests were de-consolidated at 19 December 2022, they are not included in the consolidated statement of financial position at 31 December 2022. The consolidated statement of comprehensive income does reflect the effects of consolidation for the period from 1 January 2022 to 19 December 2022.

The APM basis presents the financial information on a non-IFRS basis, excluding the impact of the assets, liabilities, income, investment gain and finance cost which do not affect shareholder returns. It can therefore aid Shareholders in assessing their investment in the Company.

The IFRS and APM basis numbers discussed and presented below include significant 'unrealised' and non-cash items that include unrealised change in fair value of investments, and it should be noted that, while permitted, it is not the Company's core strategy to exit or realise these investments. Therefore, management results are also presented, excluding the unrealised change in fair value of investments at fair value through profit and loss and related unrealised divestment fee.



## Company Performance

The Company performed well in 2022, despite the challenging environment. Aggregate Partner-firm AuM grew 21% and Aggregate Fee-paying AuM grew 23% for the year. FRE increased 1% and PRE increased 2% over the prior year. Lower Partner Realised Investment Income in 2022 contributed to an overall decline in Partner Distributable Earnings of 3% over the prior year.

The \$60 billion fee eligible AuM raise in 2022 – a significant outperformance of the market – is attributable to the high quality of our Partner-firms and the diversification of our portfolio.

The Company's results for 2021 represent the period it was in operation from 24 March 2021 (date of incorporation) through December 31, 2022. As a result, the 2021 comparable amounts reflected are not for the same period as 2022 (1 January 2022 through 31 December 2022), which was the Company's first full year of operations.

The Company's revenue model combines three types of income from Partner-firms: management fee income, performance fee income and investment income. Of these three, management fee income in particular provides stable, recurring profits. Although FRE Margin fell from 69% to 62%, the management fee income APM basis for the year was \$213 million (2021: \$52 million), performance fee income APM basis \$132 million (2021: \$62 million), and investment income APM basis \$25 million (2021: \$8 million).

The IFRS Loss and total comprehensive loss for the period after tax was \$(453) million (2021: profit of \$248 million) equating to an Earnings Per Share (EPS) of (39.4) cents (2021: 64.1 cents). This includes an APM basis decrease in financial assets and liabilities held at fair value of \$(777) million (2021: \$218 million increase), an Unrealised Divestment Fee of \$(1) million (2021: \$45 million), non-recurring expenses of \$18.5 million (2021: \$7 million), change in liability towards Tax Receivables Agreement of \$19 million (2021: \$7 million), a reduction in deferred tax of \$56.4 million (2021: \$13 million increase) and excludes an expected payment towards the Tax Receivable Agreement of \$31.2 million (2021: \$3 million).

The Company's Adjusted Profit after tax was \$273 million (2021: \$98 million), aided by the new and follow on investments in Partner-firms. The Company's Adjusted EBIT for the year was \$336 million (2021: \$106 million), resulting in an Adjusted EBIT margin of 89% (2021: 87%). This highlights the key characteristics of Petershill Partners as a business with significant growth of durable capital, delivering stable and recurring revenues with a highly efficient Adjusted EBIT margin and significant cash flow.

## Dividends

Petershill Partners has set a progressive dividend policy which will reflect earnings growth over time. The Board reviews the distributable reserves periodically, including consideration of any material changes since the most recent audited financial statements, ahead of proposing any dividend. The interim dividend is set to one-third of the prior year's annual dividend amount, and the final dividend proposed is set to reach the target for the year. Shareholders will be given the opportunity to approve the final dividend for the year at the Company's Annual General Meeting ("AGM").

Based on the financial results for the year, the Board has proposed a dividend of \$125 million or 11 cents per Ordinary Share to be approved by Shareholders at the AGM on 24 May 2023. This dividend, when combined with the interim dividend declared of 3.5 cents per Ordinary Share, totals 14.5 cents per Ordinary Share for 2022.

Given our financials are primarily driven by USD denominated economics (management fees and USD denominated funds, and performance fees and balance sheet income on USD denominated funds), our dividends are proposed and paid in USD. However, Shareholders have the option to elect for payment in either GBP or EUR.

## APM Basis Investments at Fair Value through Profit and Loss

	2022 \$m	2021 \$m
At beginning of year/period	5,524	–
Initial acquisition at 28 September 2021	–	4,843
Investments (includes new, follow on, and prior commitments, net of disposals)	212	463
Change in fair value of investments through profit and loss APM basis	(777)	218
At end of year/period	4,959	5,524

The fair value of the Company's investments in Partner-firms APM basis at 31 December 2022 was \$4,959 million (2021: \$5,524 million). The fair value of the Company's investments in Partner-firms is determined using both earnings multiples and discounted cash flow techniques, which are common industry approaches. In valuing the investments, key assumptions include estimates of future AuM growth, expected management and performance fee margins, expected current and future underlying fund returns and timing of realisations. Whilst an exit of an investment is possible, we do not typically seek to exit an investment as part of our strategy. The change in fair value of investments through profit and loss APM basis was \$(777) million for the year ended 31 December 2022 (2021: \$218 million). The reduction in fair value was primarily due to the impact of higher interest rates on discounted cash flow valuations and the decline in valuation multiples of comparable businesses. See Note 4 in the Notes to the Consolidated Financial Statements on page 27 for additional information.

## Investments in Money Market Funds

The Company had \$483 million invested in money market funds at 31 December 2022 (2021: \$453 million) with a AAA credit rating.

## Deferred Payment Obligations and Notes

Certain investments in Partner-firms are purchased with deferred payment terms. These deferred payment obligations represent amounts payable by the Company at various dates in the future.

The Company has \$500 million of long-term, unsecured debt with an effective interest rate of 6.2% and a range of maturities between seven and twenty years. This debt was issued in 2022 and the proceeds were used to retire \$350 million of notes outstanding at the time. The finance cost for the year ended 31 December 2022 was \$46 million (2021: \$5 million), which included \$17 million in non-recurring costs resulting from the retirement of \$350 million of debt. Refer to notes 11 and 12 in the Notes to the Consolidated Financial Statements on page 33.

## Tax Receivables Agreement

The Company entered into a Tax Receivables Agreement as part of the Initial Acquisition on 28 September 2021. The agreement provides for the payment of 75% of cash tax savings, if any, in U.S. federal, state and local income tax that the Company actually realises. The cash tax savings is defined as the difference between the taxes actually due, and the taxes due had there been no step-up in tax basis from the Initial Acquisition. The Company expects these payments to arise over a period of 15 years. The value of these estimated payments is \$186 million (2021: \$167 million) assuming a 18% discount rate and using the Company's most recent projections relating to the estimated timing of the payments. The change in liability for the Tax Receivables Agreement was \$19 million (2021: \$7 million). The expected payment for 2022 related to the tax receivables agreement is approximately \$31 million. Refer to note 3 in the Notes to the Consolidated Financial Statements on page 27 for additional information.

## Operating Expenses

Operating expenses were \$42.8 million (2021: \$68 million). Included in the operating expenses for 2022 was a non-recurring amount of \$1.2 million related to the IPO and a \$1 million credit related to the Fee payable on the divestment of investments.

The Operator is entitled to a divestment fee calculated at 20% of the realised profit on the exit of an investment. Although the Company does not intend to exit its investments, an accrual is reflected representing an amount that would be payable if the Company were to exit all of its investments. At 31 December 2022, the Fee payable on divestment of investments was \$44 million (31 December 2021: \$45 million). No payment was made in 2022.

The Operator is entitled to a fee ("Operator charge") of 7.5% of Income from investments in Partner-firms APM basis. The Operator charge for the year was \$28 million (2021: \$9 million).

The Directors' fees for the year were \$1.5 million (2021: \$1.0 million).

The Adjusted EBIT margin for 2022 was 89% (2021: 87%) reflecting the relatively low cost to operate the Company.

## Finance Cost

Finance cost was \$46 million (2021: \$5 million). Included in the finance cost for 2022 is an amount of \$5.5 million (31 December 2021: \$0.2 million) of imputed interest relating to deferred payment obligations and a non-recurring charge of approximately \$17 million resulting from the retirement of \$350 million of debt. On 28 September 2021 the Company acquired \$350 million of private placement debt with a fixed rate of 5% and a maturity of 2039 as part of the Initial Acquisition. This was replaced with \$500 million of private placement unsecured loan notes during 2022, at an effective interest rate of 6.2% and maturities between seven and twenty years. Refer to notes 11 and 12 in the Notes to the Consolidated Financial Statements on page 33 for additional information.

## Tax Expense

Current tax expenses comprise obligations to tax authorities related to current period reporting. Deferred tax expenses arise with respect to temporary differences between carrying amounts of assets and liabilities and their tax bases.

## Analysis of Tax

	2022 \$m	2021 \$m
<i>Analysis of tax on profit</i>		
Current tax	4.2	–
Corporate tax	–	–
Deferred taxation	(56.4)	12.6
Current year	–	–
Tax (credit)/expense	(52.2)	12.6

The tax expense does not include the related expected payments under the Tax Receivables Agreement for the current year. The expected payment under the Tax Receivable Agreement for the year ended 31 December 2022 was \$31 million (2021: \$3 million).

The tax and related expenses for the year were \$35 million (2021: \$3 million) and the Adjusted tax and tax related expense rate was 11.5% (2021: 3.3%). These amounts represent current taxes payable in addition to any expected payments under the Tax Receivables Agreement for the year and exclude deferred taxes related to the change in fair value of the investments through profit or loss.

## Cash and Money Market Investments

The Company's balance sheet is strong and well-capitalised with sufficient cash and money market investments to facilitate its Acquisition Strategy and Investment Policy. There was \$483 million invested in money market funds (31 December 2021: \$453 million) and \$98 million of cash and cash equivalents at 31 December 2022 (31 December 2021: \$69 million APM basis).

## Capital

As at 31 December 2022, the Company's issued share capital comprised of 1,135,399,597 Ordinary Shares (31 December 2021: 1,156,696,028).

Total Shareholders' funds was \$4,719 million at 31 December 2022 (2021: \$5,296 million). At 31 December 2022, there was a retained loss of \$(329) million (31 December 2021: \$248 million profit). This retained loss primarily resulted from the change in fair value of investments for the year of \$(807) million and does not have an impact on the realised profits.

In 2022, the Company paid dividends totalling \$70 million and bought back Ordinary Shares totalling \$50 million resulting in a reduction to capital of \$120 million in the form of a capital return to shareholders.

Approximately 76% of Petershill Partners shares are held by long dated private funds managed by Goldman Sachs Asset Management. Goldman Sachs Asset Management is the manager of these shares and exercises discretion over how and when they could be sold in the future, on behalf of the investors in those funds.

## Petershill Partners 2022 New Acquisitions

Partner-firm	Committed	Aggregate Partner-firm AuM	Aggregate Fee-paying AuM
LLR Partners	\$40m	\$5bn	\$3bn
SLR Capital Partners	\$40m	\$3bn	\$3bn
<b>Total</b>	<b>\$80m</b>	<b>\$8bn</b>	<b>\$6bn</b>

### M&A and Overview of Acquisitions made in 2022

In 2022, the Company completed three acquisitions of interests in private equity firms. These included a “follow-on” investment of additional equity in Kayne Anderson Real Estate, plus two new Partner-firms that were also acquired in the Petershill IV private fund. These acquisitions, combined, contributed \$8 billion to Aggregate Partner-firm AuM and \$6 billion to Aggregate Fee-paying AuM. The three acquisitions by the Company relate to the following Partner-firms:

Kayne Anderson Real Estate was founded in 2007 and is based in Boca Raton, USA.

LLR Partners is a lower middle market private equity firm investing in technology and healthcare businesses. LLR was founded in 1999 and is based in Philadelphia, USA.

SLR Capital Partners LLC is an independent boutique asset manager focused on direct lending with expertise across a range of primarily senior secured financing solutions for U.S. middle market companies. SLR was founded in 2006 and is based in New York, USA.

# Partner-Firm full year performance (continuing Operator's Report)

## Key Operating Metrics

We provide significant detail on our Partner-firms in our key Operating Metrics as this gives investors insight into the revenues and revenue model of the Company.

In 2022, fundraising momentum accelerated across the Company's Partner-firms with aggregate Partner-firm AuM growing 21% year-on-year to \$283 billion. Aggregate Fee-paying AuM rose by 23% year-on-year to \$194 billion. Ownership weighted AuM at 31 December 2022 amounted to \$36 billion (31 December 2021: \$30 billion). Strong aggregate Partner-firm AuM and Aggregate Fee-paying AuM growth are the basis for future earnings development and highlight the positive operating dynamics and pricing power of our high-quality Partner-firms. This growth has translated into robust, recurring and high-quality earnings from our Partner-firms – with full year Partner Distributable Earnings of \$370 million, despite the challenging environment.

Petershill Partners is not reliant on any one firm, one fund-raising, one track record, or one brand. Our approach is to invest in a range of high quality, high performing alternative asset management firms, who manage a diverse range of funds, giving the Company stable, high quality, recurring earnings.

Our total AuM at year-end comprised over 200 funds, spanning private equity, absolute return and other private capital funds, each with an average life cycle of 8+ years. That means their capital is locked in for an average duration of 8.9 years, generating recurring management fees and the opportunity for meaningful profit participation throughout this time. We believe our long-term approach differentiates us and provides for enhanced alignment with the key principals at each Partner-firm and, as a result, allows the Company to participate in their income streams in a way that provides high-margin, diversified and stable cash flows for our Shareholders.

## Partner Fee Related Earnings (FRE)

Partner FRE, drawn from management fees, grew 1% year-over-year to \$213 million (2021: \$211 million), reflecting a 62% partner FRE margin (2021: 69%) on \$342 million of partner net management and advisory fees (2021: \$307 million). Higher costs due to Partner-firm fundraising and team expansions contributed to the reduction in the Partner FRE margin year over year. Despite the challenging environment, we are pleased with the performance of the Partner-firms. In 2022, the Partner Blended Net Management Fee Rate was 1.41% (2021: 1.54%).

## Partner Realised Performance Revenues (PRE)

PRE, which represents direct participation in the upside performance of Partner-firms' funds and products, rose year-over-year to \$132 million for 2022 (2021: \$129 million) in difficult market conditions and despite a relatively unattractive realisation environment. This was largely due to the strong investment performance of our absolute return strategies. Overall, approximately 26% of the partner revenue in 2022 came from PRE (2021: 27%), highlighting the diverse nature of the Company's financial profile.

Partner-firms manage a variety of performance fee-eligible funds at different stages of their life cycle. Due to this diversification, the Company anticipates that Realised Performance Revenues will be earned regularly from a wide range of funds going forward, making them a quasi-recurring source of income within an expected range of 20–30% of total Partner-firm revenues over the medium term, assuming market conditions and environment are broadly supportive. The fact that these earnings are drawn from dozens of different strategies significantly dampens the volatility of this fee stream.

We feel that Partner Private Markets Accrued Carried Interest is an important indicator of future PRE. Partner Private Markets Accrued Carried Interest was \$611 million at 31 December 2022.

## Partner Realised Investment Income

As an owner in the Partner-firms, the Company shares in a percentage of the investment and balance sheet income of the Partner-firms and realises this through a number of direct positions in the funds of underlying Partner-firms, known as Realised Investment Income. This totalled \$25 million in 2022, declining 40% from \$42 million, reflecting the more difficult realisation environment.

## General Partner (GP) Services available to Partner-firms

The Operator's value-added services capabilities, offering guidance and strategic advice, have helped support our Partner-firms and their businesses. The Operator collaborates with our Partner-firms as they seek to scale and institutionalise their businesses, providing guidance, best practice and analytics through the Operator's 'GP Services Team' and Platform. In 2022, there were record levels of activity, bringing year-to-date interactions to 314 projects and interactions with Partner-firms.

## 2023 Guidance

- \$20 - \$25 billion organic fee-eligible AuM raise and realisations of \$5 - \$10 billion in fee-paying AuM
- \$220 - \$250 million full year Partner FRE
- Partner FRE Margin, Partner FRE Ownership and Partner Blended Net Management Fee Rate broadly stable with 2022
- Partner Realised PRE as a percentage of total Partner Revenue: c.20% - 30%; Expected volatility as 2023 market conditions remain uncertain
- Acquisitions: \$100-\$300 million
- 85% - 90% Company Adjusted EBIT margin
- Progressive dividend policy

# Consolidated Statement of Comprehensive Income (unaudited)

For the year ended 31 December 2022

	Note	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
<b>Income</b>			
Income from investments in Partner-firms derived from:	2(x)		
Management fee income		213.0	49.3
Performance fee income		139.4	79.3
Investment income		32.6	8.9
		<b>385.0</b>	137.5
Interest income from investments in money market funds	2(x)	8.6	–
		<b>393.6</b>	137.5
<b>Movement in financial assets and liabilities held at fair value</b>			
Change in fair value of investments at fair value through profit or loss	2(vi),4	(806.7)	234.0
		<b>(806.7)</b>	234.0
<b>Expenses</b>			
Board of Directors' fees and expenses		(1.5)	(1.0)
Operator charge	5	(27.8)	(9.2)
Other operating expenses		(14.4)	(12.6)
Unrealised divestment fee credit/(expense)	5	0.9	(45.2)
<b>Total expenses</b>		<b>(42.8)</b>	(68.0)
<b>Operating (loss)/profit for the year/period</b>		<b>(455.9)</b>	303.5
<b>Finance income /(expense)</b>			
Finance cost	11,12	(45.6)	(4.6)
Movement in liability to Petershill Funds	13	15.4	(31.6)
Change in liability for tax receivables agreement	2(v),3	(19.0)	(6.8)
<b>Total finance expense</b>		<b>(49.2)</b>	(43.0)
<b>(Loss)/profit for the year/period before tax</b>		<b>(505.1)</b>	260.5
Tax credit/(expense)	7	52.2	(12.6)
<b>(Loss)/profit for the year/period after tax</b>		<b>(452.9)</b>	247.9
<b>(Loss)/profit and total comprehensive (expense)/income for the year/period</b>		<b>(452.9)</b>	247.9
<b>(Loss)/profit and total comprehensive (expense)/income attributable to:</b>			
Equity holders of the Company		<b>(452.9)</b>	247.9
<b>Earnings per share</b>			
Basic and diluted earnings per Share (cents)	8	<b>(39.36)</b>	64.12

The accompanying notes on pages 17 to 41 form an integral part of these financial statements.

# Consolidated Statement of Financial Position (unaudited)

As at 31 December 2022

	Note	31 December 2022 \$m	31 December 2021 \$m
<b>Non-current assets</b>			
Investments at fair value through profit or loss	4	4,958.9	6,023.1
Deferred tax asset	7	44.0	–
		<b>5,002.9</b>	6,023.1
<b>Current assets</b>			
Investments in money market funds at fair value through profit or loss	4	483.4	453.1
Cash and cash equivalents	2(xii)	97.6	124.8
Trade and other receivables	9	138.2	102.0
		<b>719.2</b>	679.9
<b>Total assets</b>		<b>5,722.1</b>	6,703.0
<b>Non-current liabilities</b>			
Liability to Petershill Funds	13	–	597.2
Unsecured Notes payable	12	493.2	–
Notes payable	11	–	340.9
Deferred payment obligations	2(vi)	50.0	133.4
Liability for Tax Receivables Agreement	2(v)	150.6	166.7
Fee payable on divestment of investments	5	44.3	45.2
Deferred tax liability	7	–	12.6
		<b>738.1</b>	1,296.0
<b>Current liabilities</b>			
Trade and other payables	10	29.7	28.3
Deferred payment obligations	2(vi)	189.9	74.8
Interest payable		10.0	8.1
Liability for Tax Receivables Agreement	2(v)	35.1	–
		<b>264.7</b>	111.2
<b>Total liabilities</b>		<b>1,002.8</b>	1,407.2
<b>Net assets</b>		<b>4,719.3</b>	5,295.8
<b>Equity</b>			
Share capital	2(ix), 14	11.4	11.6
Share premium	2(ix), 14	3,346.7	3,346.7
Other reserve	2(ix), 14	1,689.6	1,689.6
Capital redemption reserve	2(ix), 14	0.3	–
Retained earnings	15	(328.7)	247.9
<b>Total shareholders' funds</b>		<b>4,719.3</b>	5,295.8
Number of Ordinary Shares in issue at year/period end		<b>1,135,399,597</b>	1,156,696,029
<b>Net assets per share (cents)</b>	16	<b>415.65</b>	457.84

The accompanying notes on pages 17 to 41 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity (unaudited)

For the year ended 31 December 2022

	Note	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Retained earnings \$m	Total \$m
Opening net assets attributable to Shareholders at 1 January 2022		11.6	3,346.7	1,689.6	–	247.9	5,295.8
Issue of share capital	14	–	–	–	–	–	–
Share issue costs	14	–	–	–	–	–	–
Repurchase and cancellation of Ordinary Shares	14	(0.2)	–	–	0.2	(53.3)	(53.3)
Redemption and cancellation of Redeemable Shares	14	–	–	–	0.1	(0.1)	–
Dividends paid in the year	17	–	–	–	–	(70.3)	(70.3)
Loss and total comprehensive expense for the year		–	–	–	–	(452.9)	(452.9)
<b>Closing net assets attributable to Shareholders at 31 December 2022</b>		<b>11.4</b>	<b>3,346.7</b>	<b>1,689.6</b>	<b>0.3</b>	<b>(328.7)</b>	<b>4,719.3</b>

For the period from 24 March 2021 to 31 December 2021

	Note	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Retained earnings \$m	Total \$m
Opening net assets attributable to Shareholders at 24 March 2021		–	–	–	–	–	–
Issue of share capital	14	11.6	3,378.9	1,689.6	–	–	5,080.1
Share issue costs	14	–	(32.2)	–	–	–	(32.2)
Profit and total comprehensive income for the period		–	–	–	–	247.9	247.9
<b>Closing net assets attributable to Shareholders at 31 December 2021</b>		<b>11.6</b>	<b>3,346.7</b>	<b>1,689.6</b>	<b>–</b>	<b>247.9</b>	<b>5,295.8</b>

The accompanying notes on pages 17 to 41 form an integral part of these financial statements.

# Consolidated Statement of Cash Flows (unaudited)

For the year ended 31 December 2022

	Note	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year/period before tax		(505.1)	260.5
Adjustments to reconcile operating loss for the financial period to net cash flows from operating activities:			
Finance expense		49.2	43.0
Purchase of investments in money market funds	4	(1,051.4)	(806.7)
Sale of investments in money market funds	4	1,021.1	353.6
Reinvestment of income from investments in Partner-firms		(42.6)	(8.1)
Movement in financial assets and liabilities held at fair value through profit and loss	4	806.7	(234.0)
Movement in trade and other receivables		(59.1)	(56.1)
Movement in trade and other payables		3.8	22.6
Movement in fee payable on divestment of investments	5	(0.9)	45.2
Movement in liability to Petershill Funds		–	31.6
Taxes paid		(4.4)	–
<b>Net cash flows from operating activities</b>		<b>217.3</b>	<b>(348.4)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments at fair value through profit or loss	4	(149.7)	(247.0)
Capital proceeds received	4	6.7	–
<b>Net cash flows from investing activities</b>		<b>(143.0)</b>	<b>(247.0)</b>
<b>Cash flows from financing activities</b>			
Issue of shares (net of Share issue costs deducted from proceeds)	14	–	725.0
Payment of share issue costs		(5.7)	(4.8)
Share repurchases	14	(50.0)	–
Dividends paid	17	(70.3)	–
Proceeds from Unsecured Notes	12	500.0	–
Repayment of Notes payable	11	(350.0)	–
Payment of transaction costs related to debt issuance and repayment		(8.1)	–
Interest expense payments		(27.8)	–
Extinguishment of liability to Petershill funds	13	(89.6)	–
<b>Net cash flows from financing activities</b>		<b>(101.5)</b>	<b>720.2</b>
Net (decrease)/increase in cash and cash equivalents during the year/period		(27.2)	124.8
Cash and cash equivalents at the beginning of the year/period		124.8	–
<b>Cash and cash equivalents at the end of the year/period</b>		<b>97.6</b>	<b>124.8</b>
<b>Non-cash investing and financing activities</b>			
In kind distribution of investments in Partner-firms and Trade and other receivables held at Issuer SPVs to Petershill Funds	13	492.2	–
Acquisition of Partner-firms stakes by issuing 1,000,000,000 of Ordinary Shares, liability towards Tax Receivables agreement and assumption of Notes payable	2(ix)	–	4,843.3

The accompanying notes on pages 17 to 41 form an integral part of these financial statements.



# Notes to the Consolidated Financial Statements (unaudited)

Year ended 31 December 2022

## 1. General information

Petershill Partners plc (the “Company”) is a company limited by shares, incorporated and registered in England and Wales whose shares are publicly traded on the Main Market of the London Stock Exchange. The consolidated financial statements of Petershill Partners plc for the year ended 31 December 2022 comprise the Company, its subsidiaries and its indirect subsidiaries together referred to as the “Group”.

The Company was incorporated and registered in England and Wales under the UK Companies Act 2006 (as amended) as a private company limited by shares under the name Delta Epsilon Limited on 24 March 2021 with the registered number 13289144. On 12 August 2021, the Company was re-registered as a public limited company as Delta Epsilon plc, and on 2 September 2021, the Company was renamed Petershill Partners plc.

The Company was incorporated on 24 March 2021 and launched an Initial Public Offering on the London Stock Exchange on 28 September 2021 and its Ordinary Shares were admitted to listing and trading on the London Stock Exchange on 1 October 2021 (Ticker: PHLL).

## 2. Basis of preparation and significant accounting policies

### i. Basis of preparation

The consolidated financial statements of the Group have been prepared and approved by the Board in accordance with UK-adopted International Accounting Standards (“IFRS”) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements are presented to the nearest million United States Dollar (\$m), the functional and reporting currency of the Company.

These preliminary results for the year ended 31 December 2022 are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 have not yet been delivered to the Registrar of Companies.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. The preparation of the financial statements requires estimates and assumptions to be made that may affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from the estimates included in the financial statements herein. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires judgement to be exercised in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Refer to note 2(xiv) for discussion on new and amended standards and interpretations that are applicable to the Company and the Group.

The principal accounting policies are set out below.

### ii. Segmental reporting

The Operator serves as the Group’s alternative investment fund manager for purposes of the UK AIFMR and EU AIFMD, which, pursuant to the Operator Agreement, has delegated its portfolio management functions to the Investment Manager, which has further delegated the provision of portfolio management services to the Investment Advisor. The Investment Advisor, acting as the chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments. The key measure of performance used by the Investment Advisor to assess the Group’s performance and to allocate resources is the Group’s income from investments in Partner-firms.

The Group is engaged in holding interests in and investing into Partner-firms for the purpose of generating revenues derived from the share of management fees, performance fees and investment income. The management of the Group, including assessment of performance, budgets and liquidity is managed for the portfolio as a whole and not by discrete segments. Hence, the Investment Advisor has concluded that the Group is organised into one main operating segment.

The Group derived 89% (2021: 89%) of its current income from North America and the remaining 11% (2021: 11%) from Europe. 92% (31 December 2021: 89%) of the Group’s non-current assets are located in North America and the remaining 8% (31 December 2021: 11%) are located in Europe.

### iii. Functional currency and foreign currency transactions

The Board has determined that the functional currency of the Company and its subsidiaries is United States Dollar (US\$), as this is the currency of the primary economic environment in which the Company and its subsidiaries operates and is the currency of the majority of the Group’s Investments in Partner-firms. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most closely represents the economic effect of the underlying transactions, events and conditions. Although the Company is listed in the UK, the Group’s investments are mostly held in the USA and transactions are mostly denominated in US\$. Expenses (including the Operator charge) are denominated and paid mostly in US\$.

Transactions in currencies other than US\$ during the period, including income and expenses, are translated into US\$ at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than US\$ are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a currency other than US\$ are translated using the exchange rates at the date when the fair value was determined.

Foreign currency translation gains and losses on financial instruments classified at fair value through profit or loss are included in the Consolidated Statement of Comprehensive Income as part of the change in fair value of investments at fair value through profit or loss. Exchange differences on other

financial instruments are included in the Statement of Comprehensive Income as foreign exchange gain/(loss). Gains and losses on foreign exchange during the period were immaterial and have been included under other operating expenses in the Consolidated Statement of Comprehensive Income.

## iv. Financial instruments

### i. Classification

Financial assets are classified based on the business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. All investments have been classified as financial assets at fair value through profit or loss as they are managed, and performance is evaluated, on a fair value basis. The primary focus is on fair value information and the use of that information to assess the assets' performance and to make decisions.

Financial assets classified as receivables are carried at amortised cost less expected credit losses ("ECL"). The Group has adopted the general approach to measuring the loss allowance as required by IFRS 9 – Financials Instruments. A 12-month ECL is recognised for all financial assets within stage 1 of the Group's impairment model and lifetime ECL for all other financial assets. Expected credit loss allowances for those receivables measured at amortised cost is deducted from the gross carrying value of the receivables.

The Group considers a financial asset to have experienced a significant increase in credit risk based on delinquency status and through fair value determination in respect of the investment in the underlying Partner-firm from which they arise. The Group's financial assets measured at amortised cost were substantially all classified within stage 1 of the Group's impairment model, namely, they were not credit-impaired on initial recognition and there has been no significant increase in credit risk since then. In assessing whether the risk of default has increased significantly since initial recognition, the Group considers both qualitative and quantitative information, and the analysis is based on the Group's historical experience of credit default including forward-looking information.

The following key factors were considered in determining the appropriate ECL to be recorded for these balances:

- Any indication of significant increase in credit risk in the investments in Partner-firms would be identified when determining the fair value of the investments in Partner-firms. The process of determining the fair value of the investments in the Partner-firms includes estimates around future fundraise timing and size, expected management and performance fee rates and margins of the Partner-firms, expected current and future fund returns and timing of realisations.
- Any history of default committed by the Partner-firms. To the extent a default had occurred, this would be a factor in the process of determining the fair value of investments in Partner-firms as it would impact the cash flow projections used in determining the fair value.
- Any overdue balances included in these receivables. The Group monitors the aging of its receivable balances while considering the timing obligations the Partner-firms have with respect to making income payments to the Group.

The ECL is determined by projecting the Probability of Default (PD) and Loss Given Default (LGD) for each individual exposure. This forms the basis of calculating ECL. The PD represents the likelihood of a Partner-firm defaulting on its receivables and the LGD is the Group's expectation of the extent of loss on the default exposure.

The calculated ECL based on these receivables from Partner-firms based on the above is not material as a result of a low PD and LGD. Therefore, no ECL has been recorded in these consolidated financial statements.

The Group writes off financial assets, in whole or in part, when it has concluded that there is no reasonable expectation of recovery. The Group may seek to recover amounts it is legally owed in full, but which have been wholly or partially written off due to no reasonable expectation of full recovery.

### ii. Recognition and derecognition

Financial assets and financial liabilities are initially recorded at their transaction price, (which is representative of fair value), plus transaction costs that are directly attributable to their acquisition or issue other than those classified at fair value through profit or loss in which case transaction costs are recognised directly in profit or loss, and then measured at fair value subsequent to initial recognition. Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income in the period in which they arise. Assets and liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

Realised gains and losses are recognised upon sale or disposal of investments. Unrealised gains and losses from financial assets and liabilities at fair value through profit or loss are included in the change in fair value of investments through profit or loss in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have transferred. Financial liabilities are derecognised when the obligation specific in the contract is cancelled or expires.

The carrying amounts of assets comprised of cash and cash equivalents and Trade and other receivables are held at amortised cost. The carrying amounts of liabilities comprised of Unsecured Notes payable, Liability to Petershill Funds, Notes payable, Deferred payment obligations, Fee payable on divestment of investments, Liability for Tax Receivables Agreement, Interest payable and Trade and other payables are held at amortised cost. The carrying value of assets and liabilities except Unsecured Notes payable held at amortised cost listed here approximates fair value as these do not contain any significant financing components. The fair value of the Unsecured Notes payable is estimated at \$463.0 million based on interest rates at 31 December 2022.

## v. Significant accounting policies

### i. Notes payable and interest expense

Unsecured Notes payable and Notes payable are initially recognised at fair value. After initial recognition, these are subsequently measured at amortised cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the loans or borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs including interest expense are recognised in the period in which they are incurred using the effective interest method.

### ii. Liability for Tax Receivables Agreement

The Group's acquisition of the Partner-firms from the Petershill Funds increased the tax basis, for US tax purposes, of the acquired assets, as compared with their pre-acquisition tax basis. This increase in tax basis is expected to increase the amortisation of such assets in the hands of Petershill Partners, Inc. (formerly Delta Epsilon Delaware, Inc.) (the "Delaware Subsidiary"), a wholly owned subsidiary of the Company, and therefore reduce the amount of US tax that the Group would otherwise be required to pay in the future. This increase in tax basis may also decrease a taxable gain (or increase taxable loss) on future dispositions of certain assets to the extent this tax basis is allocated to those assets.

As part consideration for the Initial Transaction, the Delaware Subsidiary entered into a Tax Receivables Agreement (the "Tax Receivables Agreement" or "TRA") with certain Petershill Funds and their subsidiaries, which will require the Delaware Subsidiary to pay 75% of the amount of cash tax savings, if any, in US federal, state and local income tax that the Delaware Subsidiary realises. The computation of the tax savings is based on the actual US federal tax savings realised on the tax returns of the Delaware Subsidiary over the amount that would have been paid if the increase in tax basis had not occurred. State and local income tax savings are based on the assumption that the state and local tax rate is 6% of the reduction in federal taxable income due to the increased tax basis. In addition, any such savings that the Delaware Subsidiary realises as a result of the tax benefits associated with the increases in tax basis that arise due to payments under the Tax Receivables Agreement, are assumed to result in additional increases in tax basis that will result in future tax benefits. The Group expects that, as a result of the size of the increases in the tax basis of the investments described above, the payments that it will be required to make under the Tax Receivables Agreement may be substantial. The majority of these incremental payments are expected to arise over the next 15 years.

The Group has estimated the future tax savings payable under the TRA based on information that has been provided by the underlying Partner-firms as to the amount of the step up in tax basis and future expected amortisation. To the extent that a step up did not result in a future amortisation deduction it has been assumed that no tax benefit will be payable under the TRA agreement. In addition, the Group has assumed that any amortisation will result in an immediate tax benefit in the year of the amortisation. The Group has recorded a liability of \$185.7 million (31 December 2021: \$166.7 million), representing the Operator's best estimate of the amounts currently expected to be owed to certain of the Petershill Funds and certain of their subsidiaries under the Tax Receivables Agreement. The liability that is recorded is associated with the expected future tax benefits related to the aggregate step-up in tax basis.

The Liability for the TRA was initially recognised at fair value of the expected liability. Any changes to the carrying value of the expected liability are recognised in the Consolidated Statement of Comprehensive Income at each reporting date. Refer to note 3 for detailed discussion of the TRA.

The payable is subsequently carried at amortised cost based on assumptions discussed below and may be adjusted. These assumptions are based on the Operator's judgement and information provided by the Partner-firms. The Operator has estimated the step-up tax basis of the acquired assets based on tax information provided by the Partner-firms, and to the extent amortisable projected the amortisation of the step-up tax basis to occur over 15 years, applied an effective interest rate of 18% and utilised the current effective tax rate of Delaware Subsidiary in calculating the future tax benefits and resulting payments under the TRA.

In addition, the TRA provides for the payment on the TRA to become due on the original due date of the US federal income tax return. As the information to prepare the income tax returns may not be available until after this due date, the TRA provides that interest is payable on the final payment from the due date of the return until actual payment is made. This interest is accrued in the period from the due date of the returns until actual payment is made for that year and is treated as period cost and recognised in the Consolidated Statement of Comprehensive Income at each reporting date.

### vi. Investments held at fair value through profit or loss

Investments are designated upon initial recognition as held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Consolidated Statement of Comprehensive Income at each valuation point.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given. Transaction costs are recognised in the Consolidated Statement of Comprehensive Income as incurred.

The Group measures its investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants at the measurement date. In the absence of quoted market prices, fair value is determined by the Operator. Due to the inherent uncertainties of valuation, these estimated fair values may differ significantly from the values that would have been realised had a readily available market for these investments existed, and these differences could be material.

The Operator is responsible for the implementation and maintenance of internal controls and procedures related to the valuation of the Group's investments. Valuations are prepared in accordance with the Operator's valuation policy and subject to verification procedures. A third-party valuation advisor is engaged to assist in the preparation of the valuation proposals including certain market data driven assumptions. The valuation proposals are reviewed by the Operator's functionally independent Valuation Oversight Group ("VOG"). Periodically, VOG presents the valuation proposals and their independent price verification review results to the Operator's valuation committee ("Valuation Committee") which convenes to approve and oversee the application of valuation policies, and review fair value estimates for the investments. Subsequently, the Operator reports the valuation results to the Board.

Per the valuation policy, the Operator initially values the Group's investments based on their purchase price and thereafter values them using valuation methods that it determines, in its sole discretion. The Operator uses a number of different valuation techniques, including the market approach, which applies a multiple to current operating income of Partner-firms and the income approach, which applies discounted cash flow techniques based upon estimated future cash flows and discount rates. Since observable prices are generally not available for such investments, the Operator considers all available market evidence in determining fair value. Certain investments are valued at the most recent Net Asset Value per unit or capital account information available and the Operator considers such value to be an appropriate measure of fair value. Further information about investments held at fair value through profit and loss is included at note 4.

### Deferred payment obligations

Certain financial assets are purchased under various contracts containing deferred payment terms. These deferred payment obligations are initially recorded on the contractual purchase date with a discount being imputed for an effective interest rate that will be the equivalent rate of interest due on borrowings and subsequently carried at amortised cost. As at 31 December 2022, the amortised cost of Deferred payment obligations of \$239.9 million (31 December 2021: \$208.2 million) reported on the Consolidated Statement of Financial Position is imputed at an effective interest rate of 2.5% (31 December 2021: 1.9%).

Any difference between the initially recorded deferred payment obligations and the final contractual liability payable is recognised in the Consolidated Statement of Comprehensive Income as an interest expense over the period of the deferred payment obligation using the effective interest method. For the year ended 31 December 2022, an amount of \$5.5 million (31 December 2021: \$0.2 million) relating to deferred payment obligations is included in Finance cost on the Consolidated Statement of Comprehensive Income and as such any sensitivity in respect of the discount rate applied is immaterial.

### Offsetting financial instruments

Financial assets and liabilities are offset. The net amount is reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events, and it must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

### vii. Dividends

Dividends payable are recognised as distributions in the financial statements when the Group's obligation to make payment has been established.

### viii. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Enterprises and individuals that directly, or indirectly through one or more intermediary, control, or are controlled by, or under common control with, the Company, including subsidiaries and fellow subsidiaries are related parties of the Company. Associates are individuals owning directly, or indirectly, an interest in the voting power of the Company that gives them significant influence over the Group or its key management personnel, including Directors and officers of the Operator. In considering related party relationships, attention is directed to the substance of the relationship and not merely the legal form.

### ix. Share capital

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's Ordinary Shares are classified as equity instruments. The Company's Redeemable Deferred Shares, redeemable upon request, are classified as financial liabilities.

For the issue of each Ordinary Share for cash, \$0.01 has been recognised in share capital and the remaining cash amount received has been recognised in share premium. For the issue of each Ordinary Share issued to Petershill Funds in exchange for financial assets and liabilities, \$0.01 has been recognised in share capital and the remaining amount recognised in share premium, such that the aggregate of the amount recognised in share capital and share premium is equal to the fair value of the financial assets and liabilities transferred to the Group.

Under Section 612 of the Companies Act, where an issuing company has secured at least 90% equity holding of another company in return for shares of the issuing company, then merger relief shall be applied requiring the premium, with respect to the shares issued, to be recorded to other reserve as merger relief. The acquisition of Petershill Partners Ltd (formerly Delta Epsilon Cayman Ltd) ("the Cayman Subsidiary") by the Company fell under the ambit of Section 612 of the Companies Act and hence merger relief was applied to the excess over the nominal value of shares. Refer to note 14 for more information.

Incremental costs directly attributable to the issue of new shares ("Share issue costs") are shown as a deduction against proceeds from share premium. Incremental costs include those incurred in connection with the placing and admission which include fees payable under a placing agreement, legal costs and any other applicable expenses.

The cost of repurchasing Ordinary Shares including the related stamp duty and transactions costs is charged to Retained earnings and dealt with in the Consolidated Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital and Redeemable Deferred Shares repurchased and cancelled is transferred out of 'Share capital' and into the 'Capital redemption reserve'.

### x. Income from Investments in Partner-firms and interest income

Cumulative income and returns from Financial assets at fair value through profit or loss is made up of the Income from Investments in Partner-firms which comprises the current year income (including accruals where applicable) and the changes in fair value on financial assets at fair value through profit or loss which comprises the fair value changes of the future returns of the Investments in Partner-firms.

Income from Investments in money market funds is accounted for on an accrual basis. Income from Investments in Partner-firms is generally recognised when the rights to receive payment from the Financial assets at fair value through profit or loss have been established, and comprises three underlying components, as follows:

1. *Income from Investments in Partner-firms derived from Management fee income ("FRE")* is based on the management fees earned by the underlying Partner-firms and is reported in the Consolidated Statement of Comprehensive Income. This comprises the portion of the income in respect of the

Partner-firms' management fees that is due to the Group for each relevant current period. This arises from the investments held to earn a share of the underlying investee's management fee revenue.

Typically, the investments entitle the Group to a set percentage share of the net management fee revenue earned by the underlying Partner-firm and are recognised on an accrual basis. Depending on the nature of the operations of the underlying Partner-firm, income arising will be accounted for on an accrual basis only when the right to receive payment has been established under the terms of the agreement with the Partner-firms.

- II. *Income from Investments in Partner-firms derived from Performance fee income* ("PRE") is based on the realised performance fees earned by the underlying Partner-firms and is reported in the Consolidated Statement of Comprehensive Income. This comprises the portion of the income in respect of the Partner-firms' performance fees. Typically, these investments entitle the Group to a set percentage share of the performance fee revenue earned by the underlying investee and are recognised on an accrual basis. Depending on the nature of the operations of the underlying Partner-firm, income arising will be accounted for on an accrual basis only when the right to receive payment has been established under the terms of the agreement with the Partner-firms.
- III. *Income from Investments in Partner-firms derived from Investment Income* is based on the investment income earned by the underlying Partner-firms and is reported in the Consolidated Statement of Comprehensive Income. This comprises the portion of the income in respect of the Partner-firms' realised gains and losses or any distributed income from the investments held on Partner-firms balance sheets. Investment income arising will be accounted for on an accrual basis only when the right to receive payment has been established under the terms of the agreement with the Partner-firms.

Gains or losses resulting from the movement in fair value of the Group's investments held at fair value through profit or loss are recognised in the Consolidated Statement of Comprehensive Income at each valuation point.

## **xi. Expenses**

Expenses are accounted for on an accruals basis. Share issue costs of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

Operator fees, other expenses, divestment fees and professional fees incurred are recognised on an accrual basis and expensed to the Consolidated Statement of Comprehensive Income. Certain professional fees are transaction costs incurred to structure a deal to acquire or dispose of investments designated as financial assets at fair value through profit or loss. These transaction costs, when incurred, are immediately recognised in the Consolidated Statement of Comprehensive Income as an expense.

## **xii. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

## **xiii. Taxation**

Income tax comprises current tax and deferred tax and is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in Equity.

The current income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the balance sheet date. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for accounting and tax purposes. A deferred income tax asset or liability is recognised for each temporary difference, except for temporary differences subject to initial recognition exemption and earnings related to subsidiaries where the temporary differences will not reverse in the foreseeable future and the Group has the ability to control the timing of their reversal. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is expected to be realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied.

Deferred income tax assets are recognised to the extent it is probable that the benefits associated with these assets will be realised. The determination as to if it is probable that a deferred income tax asset will be recognisable is dependent on a number of factors including the expectations of future taxable income in the period the deferred income tax asset is realised. Further, in certain jurisdictions the character of the loss or deduction as either ordinary or capital may impact the ability to offset future income. As such, significant judgements may be required in determining the Group's ability to realise the future tax assets.

The Group is subject to income tax laws in various jurisdictions where it operates, and the complex tax laws are potentially subject to different interpretations by us and the relevant taxation authorities. Judgements may be required in the interpretation of the relevant tax laws and in assessing the probability of acceptance of tax positions. A tax reserve related to uncertainty over income taxes is recognised when a payment to tax authorities is considered probable.

## **xiv. New and amended standards and interpretations**

Accounting standards and interpretations have been published and will be mandatory for the Group's and Company's accounting periods beginning on or after 1 January 2023 or later periods. The following are the new or amended accounting standards or interpretations applicable to the Group.

- Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023) – Classification of liabilities as current or non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 – Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)



- Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023) Deferred tax related to assets and liabilities arising from a single transaction
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 – Reference to the Conceptual Framework

These amendments have not been early adopted and the impact of these amendments to the Company and the Group is being reviewed and is not expected to be material.

## xv. Assessment of investment entity

The Board has determined that the Company and its subsidiaries are not an investment entity and therefore the Company's financial statements have been prepared on a consolidated basis, as required by IFRS 10 'Consolidated Financial Statements'.

The Board has assessed if the Company and its subsidiaries satisfy the three essential criteria to be regarded as an investment entity as defined in IFRS 10, IFRS 12 'Disclosure of Interests in Other Entities' and IAS 27 'Consolidated and Separate Financial Statements'. The three essential criteria are such that the entity must:

1. Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services
2. Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. Measure and evaluate the performance of substantially all of its investments on a fair value basis.

Also as set out in IFRS 10, further consideration should be given to the typical characteristics of an Investment Entity, which are that:

- it should have more than one investment, to diversify the risk portfolio and maximise returns;
- it should have multiple investors, who pool their funds to maximise investment opportunities;
- it should have investors that are not related parties of the entity; and
- it should have ownership interests in the form of equity or similar interests.

B85F of IFRS 10 that deals with exit strategies, stipulates that an entity's investment plans also provide evidence of its business purpose. One feature that differentiates an investment entity from other entities is that an investment entity does not plan to hold its investments indefinitely; it holds them for a limited period. Given equity investments and non-financial asset investments have the potential to be held indefinitely, an investment entity shall have an exit strategy documenting how the entity plans to realise capital appreciation from substantially all of its equity investments and non-financial asset investments.

The Company and its subsidiaries hold their investments primarily for income generation purposes and do not have plans to realise capital appreciation from substantially all of its investments in Partner-firms and non-financial assets in the normal course of operations. The Company and its subsidiaries do not have an exit strategy as defined by IFRS 10 and does not meet one of the essential criteria to be treated as an investment entity.

Accordingly, the Company has not applied the provisions of Para 31 of IFRS 10 that requires an investment company to measure its investment in subsidiaries at fair value through profit or loss. Instead, the Company consolidates the subsidiaries that it controls as discussed in the next section.

## xvi. Basis of consolidation of subsidiaries

IFRS 10 requires a parent to consolidate its subsidiaries that it controls. Consolidation of the subsidiaries shall begin from the date the parent obtains control of the subsidiaries and ceases when the parent loses control of the subsidiaries. A parent controls the subsidiaries when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

The Company consolidates its subsidiaries to the extent it is exposed or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The consolidated financial statements of the Group include the accounts of the Company and its wholly owned subsidiaries listed below.

Name of Subsidiary	Registered office	Purpose	Interest as at 31 December 2022	Interest as at 31 December 2021
<b>Held directly</b>				
Petershill Partners Ltd (formerly Delta Epsilon Cayman Ltd) <sup>1</sup>	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	Investment holding company	100%	100%
Petershill Partners II Ltd (formerly Delta Epsilon Cayman II Ltd) <sup>1,8</sup>	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	Investment holding company	100%	N/A
Petershill Partners, Inc. (formerly Delta Epsilon Delaware, Inc.) <sup>1</sup>	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
<b>Held indirectly</b>				
Petershill Partners GP Sub I Series LLC (formerly Delta Epsilon GP Sub (Co-Invest) Series LLC) <sup>2,3</sup>	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%

Name of Subsidiary	Registered office	Purpose	Interest as at 31 December 2022	Interest as at 31 December 2021
Petershill Partners GP Sub II Series LLC (formerly Delta Epsilon GP Sub (PH II) Series LLC) <sup>2,3</sup>	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Petershill Partners GP Sub III Series LLC (formerly Delta Epsilon GP Sub (PH PE) Series LLC) <sup>2,3</sup>	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Petershill Partners GP Sub IV Series LLC (formerly Delta Epsilon GP Sub (VF VII) Series LLC) <sup>2,3</sup>	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Cook Holdings Series LLC <sup>4,5</sup>	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Knight Holdings Series LLC <sup>4,5</sup>	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Lyndhurst Holdings LP <sup>4,5</sup>	One Nexus Way, Camana Bay, KY1-9005 Cayman Islands	Investment holding company	100%	100%
Plum Holdings LP <sup>4,5</sup>	One Nexus Way, Camana Bay, KY1-9005 Cayman Islands	Investment holding company	100%	100%
Peasy Holdings LP <sup>4,5</sup>	One Nexus Way, Camana Bay, KY1-9005 Cayman Islands	Investment holding company	100%	100%
PH Offshore GP Aggregator <sup>6,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	48%
PH Offshore IM Aggregator <sup>6,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	89%
PH Onshore GP Aggregator <sup>6,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	50%
PH Onshore IM Aggregator <sup>6,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	87%
PH Offshore GP Issuer <sup>7,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	48%
PH Offshore IM Issuer <sup>7,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	89%
PH Onshore GP Issuer <sup>7,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	50%
PH Onshore IM Issuer <sup>7,9</sup>	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	87%

1. Referred to as Petershill Subsidiaries.

2. Held through Petershill Partners Ltd.

3. Referred to as Petershill Blockers.

4. Held through the Petershill Blockers and Petershill Partners Inc.

5. Referred to as Petershill holding companies.

6. Referred to as Intermediary Entities and held through Petershill Blockers, Petershill holding companies and Petershill Partners Inc.

7. Referred to as Issuer SPVs and held through Intermediary Entities.

8. Incorporated and acquired by the Group on 28 April 2022.

9. The Issuer SPVs and Intermediary Entities were dissolved on 19 December 2022 and have been consolidated in preparing these accounts till their date of dissolution. The interest at 31 December 2021 for the Issuer SPVs and Intermediary Entities represents the fair market value of the investments, other assets and liabilities held by the entity for which cash flows are attributable to the Group as a percent of the total fair market value of all of the investments, other assets and liabilities held by the entity at 31 December 2021. The Issuer SPVs and Intermediary Entities were consolidated on the basis that the Company and its Subsidiaries were exposed to 100% of the expenses and 100% of the debt related to these entities.

The Petershill Subsidiaries, Petershill Blockers, Petershill holding companies, Intermediary Entities and Issuer SPVs are collectively referred to as the Subsidiaries.

## I. Consolidation of Petershill Subsidiaries and Petershill Blockers

The Company wholly owns the issued interests of the Petershill Subsidiaries and is able to exercise control and power over the Petershill Subsidiaries. Petershill Partners Ltd wholly owns the shares of the Petershill Blockers listed above. The financial statements of the Petershill Subsidiaries and Petershill Blockers are consolidated in preparing the financial statements of the Group.

## II. Consolidation of Petershill holding companies

The Company has consolidated its investment in series and classes of assets that it wholly owns and controls in the Petershill holding companies. Such assets and liabilities are ring fenced from the overall legal entity and treated as a silo in line with IFRS 10. Specified assets of the series or class are the only source of payment for specified liabilities in that series or class. Holders of other series or class do not have rights or obligations related to the specified assets or to residual cash flows from those assets. Silos that are not directly or indirectly controlled by the Company are not considered to be Subsidiaries and are accordingly not consolidated.

## III. Consolidation of Issuer SPVs and Intermediary Entities

The Issuer SPVs were formed to offer the 5% Series A Senior Guaranteed Notes due 2039 ("Notes"). The Notes were collateralised by the rights to future cash flows (referred to as "Transferred Interest") generated from FRE and PRE of certain existing investments in Partner-firms that were owned by the Petershill Funds. In return for the Transferred Interest, the Petershill Funds received the proceeds from the issue of the Notes and remainder in the form of Participation Interest in the Issuer SPVs. The Petershill Funds held its interest in the Issuer SPVs through the Intermediary Entities.

On September 28, 2021, a majority of the Investments in Partner-firms (including Participation Interest) referred to above, were sold by the Petershill Funds to the Company and its Subsidiaries as part of the Offer in return for Ordinary Shares of the Company. This resulted in the Company holding majority interest in the Issuer SPVs through the Intermediary Entities and Subsidiaries. As part of the transfer, all the fees and interest relating to the Notes and the expenses relating to the Issuer SPVs and the Intermediary Entities were wholly borne by the Company and its Subsidiaries. The Petershill Funds continued to have an interest in the Issuer SPVs and Intermediary Entities and hence a liability was recorded as due to the Petershill Funds. All the distribution payments received by the Issuer SPVs as it relates to the Participation Interest owned by the Petershill Funds were fully distributed to them without any reduction for fees, interest and expenses relating to the Notes, Issuer SPVs and the Intermediary Entities. Thereby, the Petershill Funds did not have any economic exposure to the Issuer SPVs except in the event of default of the Notes, when the cash flows relating to the Participation Interest owned by the Petershill Funds may be used to service the Notes and its obligations.

On 20 September 2022, the Notes were repaid out of proceeds raised from the issue of Unsecured Notes and the Transferred Interest held as collateral was released back to the Petershill Funds and the Subsidiaries of the Company. Other assets, comprised of income receivable from Partner-firms held at the Issuer SPVs, were also distributed to the Petershill Funds and the Subsidiaries of the Company. Cash left at the Issuer SPVs was distributed in December post which the Issuer SPVs and the Intermediary Entities were dissolved on 19 December 2022. As a result, the Petershill Funds ceased to have any exposure to the Issuer SPVs effective this date.

Pursuant to above, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements for the period from 24 March 2021 to 31 December 2021 and for the period from 1 January 2022 to 19 December 2022, the date these Issuer SPVs and the Intermediary Entities were dissolved. While the Company did not have entitlement to 100% of the interest in the cash flows of the Intermediary Entities and the Issuer SPVs, it had all the exposure to the Notes held at the Issuer SPVs and the Intermediary Entities. Hence, it was required to consolidate them under the definition of control. This resulted in reflecting all of the assets and liabilities of these entities in the Consolidated Statement of Financial Position at 31 December 2021 and all of the income, investment gain and finance cost in the Consolidated Statement of Comprehensive Income for the period of consolidation. Shareholders returns are impacted to the extent of the Company's ownership of these entities and its 100% exposure to Notes payable. The Company's net assets and total Shareholders' funds in the Consolidated Statement of Financial Position as well as its profit and total comprehensive income for the period and earnings per share on the Consolidated Statement of Comprehensive Income are the same as if consolidation of the Issuer SPVs was not required under IFRS 10. Refer to note 13 for more information.

As of 31 December 2022, the Issuer SPVs and the Intermediary Entities have distributed all their assets to the Petershill Funds and the Subsidiaries of the Company and were dissolved on 19 December 2022.

The below table summarises the assets and liabilities attributable to the Petershill Funds that have been consolidated in preparing these financial statements due to the requirements detailed above as at 31 December 2022 and 31 December 2021.

	31 December 2022 \$m	31 December 2021 \$m
<b>Assets</b>		
Investments at fair value through profit or loss	–	498.8
Cash and cash equivalents	–	56.1
Trade and other receivables	–	37.2
<b>Total</b>	–	592.1
<b>Liabilities</b>		
Liability to Petershill Funds	–	597.2
Notes payable*	–	(9.1)
Interest payable	–	4.0
<b>Total</b>	–	592.1

\* Represents the unamortised debt issuance costs of \$9.1m.

The table below summarises the components of Consolidated Statement of Comprehensive Income attributable to the Petershill Funds that have been consolidated in preparing these financial statements due to the requirements detailed above.



	For the year ended 31 December 2022 <sup>1</sup> \$m	For the period from 24 March 2021 to 31 December 2021 \$m
<b>Income</b>		
Income from investments in Partner-firms	14.8	15.2
<b>Movement in financial assets and liabilities held at fair value</b>		
Change in fair value of investments at fair value through profit or loss	(30.2)	16.4
<b>Finance income /(expense)</b>		
Movement in liability to Petershill Funds	15.4	(31.6)

1. Consolidated up to 19 December 2022, the day on which the Issuer SPVs and Intermediary Entities were dissolved.

#### IV. Accounting for investments in Partner-firms

The Group's investments in Partner-firms are in the nature of non-controlling stakes that do not give rise to control or significant influence over the investees. The Group has assessed and concluded that the provisions contained in IAS 28 and IFRS 9 relating to joint control or accounting for associates are not applicable.

#### V. Elimination of intra-group balances and transactions

Intra-group balances and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the costs cannot be recovered. The financial results of Subsidiaries that are included in the consolidated financial statements are included from the date that control commences until the date that control ceases.

#### VI. Going concern

In accordance with the Companies Act 2006, the Board of Directors has a responsibility to evaluate whether the Group has adequate resources to continue its operational existence for the foreseeable future and at least for the 12 months following the issuance of the financial statements.

The Board has made an assessment of going concern, which takes into account the current performance and the Group's outlook, including future projections of profitability and cash flows as well as a downside scenario using information that is available as of the date of these financial statements.

The Group's business model involves earning income from investments in Partner-firms. The Group's investments in Partner-firms are long-term and the Group has no exit strategy for its investments. As a result, the Group expects long-term recurring revenues from its investments in Partner-firms. Income from investments in Partner-firms is derived from management fee income, performance fee income and investment income. Management fee income is typically based on private capital commitment funds managed by the Partner-firms that are locked up for a period of 8 or more years. The income from management fees is therefore stable and recurring. Income derived from performance fee income and investment income from Partner-firms is dependent on underlying fund and underlying investment performance of the Partner-firms. The Group has good visibility into the income from investments in Partner-firms. The Group has a low, and relatively predicably, cost structure. When taken together with the visibility into the income from investments in Partner-firms, the Group has reasonably stable earnings.

As at 31 December 2022, the Group had \$97.6 million (31 December 2021: \$124.8 million) of cash and cash equivalents along with \$483.4 million (31 December 2021: \$453.1 million) of investments in money market instruments, reflecting a strong liquidity position to meet operating costs.

The Board acknowledges its responsibilities related to the financial statements. Based on the analysis outlined above, the Board is comfortable that the Group has sufficient cash to support its ongoing operations and meet its liquidity requirements in the downside scenario.

The Board has assessed the viability of the Group for a chosen period of three years to 31 December 2025 and this includes the next 12 months following the issuance of these financial statements. The Board of Directors has assessed a severe but plausible model that places stress on the Group's earnings. The model includes estimated impacts, primarily based on the below scenarios:

- A 90% reduction in income from Partner-firms derived from performance fee income and investment income. This translates to a substantial reduction in overall income from Partner-firms over the three years and includes the period under consideration. Such a reduction might be a result of Partner-firm revenue and macroeconomic risks;
- A 20% decline in the fee-paying AuM held by absolute return funds, while private market funds AuM remains relatively stable. This would have a slight impact on the management fee income;
- The Operator charge is based on the amount of income from Partner-firms and therefore changes commensurate with the change in income from Partner-firms;
- While there is the possibility of higher interest rates in the future, this would not have a material negative effect since the Group's long-term debt has fixed interest rates; and
- Any reduction in the valuation of investments at fair value through profit and loss would not impact free cash flow, debt covenants or leverage limitations.

The Group's ability to pay its expenses, including the Operator charge, can continue under the severe but plausible downside scenario. The Board's assessment has been made with reference to the Group's current position, the Group's outlook, its strategy and the Group's principal risks.

Given the above, the Board considers it appropriate to prepare the financial statements of the Company and Group on a going concern basis for a period of at least 12 months from the date of issue of these financial statements as set out in note 1.

## VII. Climate change

Climate change and other ESG-related issues may affect the Partner-firms in a variety of ways. The impacts can include items such as fundraising demand, which may have either headwinds or tailwinds depending on the strategy of the fund. The diversity of investments in Partner-firms, and related underlying funds, mitigates the risk to the Group if any, that climate change may have on any one underlying investment made by a Partner-firm.

In preparing the financial statements, the Operator considers the impact of climate change in the valuation of investments, insofar as they are reasonably able. For the year ended 31 December 2022, in determining the fair value of the investments in Partner-firms, based on inputs provided by the third-party valuation advisor and discussions with Partner-firms, the Operator concluded that the impact of climate change to valuations is not material at this time and did hence not use climate change as an input for valuations.

## 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Operator to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on Operator experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

#### Assessment as an investment entity

The Board has determined that the Company and its Subsidiaries are not an investment entity and therefore the Company's financial statements have been prepared on a consolidated basis, as required by IFRS 10 'Consolidated Financial Statements'.

The Board has determined that the Company and its Subsidiaries do not have an exit strategy as required by IFRS 10 and fail to meet one of the essential criteria to be treated as an Investment Entity. The Company and its Subsidiaries hold their investments primarily for income generation purposes and do not have plans to realise capital appreciation from substantially all of its investments in Partner-firms and non-financial assets in the normal course of operations. Refer to Note 2(xv) for detailed discussion.

### Estimates and assumptions

The Group makes estimates and assumptions, which are reviewed by the Board, that affect the reported amounts of assets and liabilities in the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Fair value of investments not quoted in an active market

The Group was formed with the objective of investing in Partner-firms. The Partner-firms are typically well-established multi-billion-dollar alternative investment firms with a track record of strong performance and meaningful cash flow generation and are well-positioned to develop their platform across future fund and product offerings.

The Group participates in the management fee income, performance fee income and investment income earned by the Partner-firms. The investments in Partner-firms held by the Group are not quoted or traded in an active market and as such their fair values are determined using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The fair values of certain Partner-firms are determined with the assistance of a third-party valuation advisor engaged by the Operator.

The models used to determine fair values, which are individually bespoke and have individual assumptions applied to them, are the responsibility of the Operator and are validated and periodically reviewed by appropriately skilled and functionally independent teams within the Operator. In valuing the investments, key assumptions include estimates around future fundraise timing and sizes, expected management and performance fee rates and margins of the Partner-firms, expected current and future fund returns and timing of realisations. These assumptions are driven by factors including data provided by the Partner-firms, guidance provided by management of each Partner-firm, benchmarking analysis of related market data points, and other qualitative and quantitative factors assessed by the Operator for each period.

The inputs in the earnings multiple models include observable data, such as earnings multiples of companies comparable to the relevant Partner-firms, and unobservable data, such as forecast earnings for the Partner-firms. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant Partner-firms and the risk premium for liquidity and credit risk that are incorporated into the discount rate. The discount rates used for valuing investments are determined based on historical returns for other entities operating in the same industry for which market returns are observable.

## Liability for Tax Receivables Agreement

This estimate assumes that the Delaware Subsidiary would have current taxable income sufficient to fully utilise the deductions arising from the increase in tax basis and any interest imputed with respect to its payment obligations under the Tax Receivables Agreement, and that there would be no future changes to the 21% US statutory federal tax rate. To the extent that the stepped-up tax basis is amortisable the Group has projected the amortisation of the step-up tax basis to occur over 15 years. To the extent that the step-up tax basis is not amortisable, the realisation of a benefit is outside of the Group's control and would only occur if the Partner-firm disposes of or otherwise realises a taxable gain or loss on the sale of the asset, and therefore the Group has estimated there would be no tax benefit in computing the payment obligation under the Tax Receivables Agreement with respect to that stepped-up tax basis. The Group applied a discount rate of 18%.

It should be noted that in certain circumstances if the Delaware Subsidiary disposes of an underlying investment, it is possible that the Delaware Subsidiary will not be obligated to make payments under the Tax Receivables Agreement. The likelihood of such an event has been considered in estimating the amount of the liability under the Tax Receivables Agreement.

The Group is not aware of any issue that would cause the taxing authorities to challenge a tax basis increase. However, the applicable Petershill Funds and their Subsidiaries will not reimburse Petershill Partners, Inc. for any payments previously made under the Tax Receivables Agreement if the related tax benefits that it claims arising from such increase, are successfully challenged by the applicable taxing authorities. As a result, in certain circumstances, payments under the Tax Receivables Agreement could be in excess of the relevant cash tax savings derived from the Tax Receivables Agreement.

In arriving at the Liability for Tax Receivable Agreement, the Operator has assumed the applicable US federal and state combined tax rate to be 25.7% (31 December 2021: 26%) and considers the same as a significant estimate used in accruing the liability. For every increase in tax rate by 5%, the liability under the Tax Receivable Agreement would increase by \$36.6 million (31 December 2021: \$32.5 million).

## 4. Investments at fair value through profit or loss

### Non-current investments

The Group's non-current investments comprise of investments in Partner-firms, which hold a diversified portfolio of investments in private equity, absolute return, private credit and private real assets.

	For the year-ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Opening balance	6,023.1	–
Additions	230.7	5,789.1
Proceeds from redemptions and return of capital	(18.9)	–
In kind distribution of Investments in Partner-firms to Petershill Funds <sup>1</sup>	(469.3)	–
Change in fair value of investments at fair value through profit or loss	(806.7)	234.0
	4,958.9	6,023.1

1. Represents the fair value of Transferred Interest held as collateral that were released back to the Petershill Funds. Refer to note 13 for a detailed discussion.

As discussed in note 2(xvi), in preparing these consolidated financial statements for the year ended 31 December 2022 and period ended 31 December 2021, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities till the date of their dissolution on 19 December 2022. The balance of the Group's investments for the period ended 31 December 2021 above is shown gross of liability to Petershill Funds, as further described in note 13.

### Current investments

The Group invests its overnight cash balance in Money Market Funds representing a collective investment scheme promoted by an affiliate of the Operator. The Money Market Funds are AAA rated and the Group holds these investments for cash management purposes with the intent to manage excess cash and ensure these can be readily liquidated to meet the Group's investment commitments. These investments are redeemable at short notice and have been classified as debt investments. As at 31 December 2022, the Group held investments in Money Market Funds of \$483.4 million (31 December 2021: \$453.1 million) and during the year ended 31 December 2022 earned interest of \$8.6 million (period ended 31 December 2021: \$29 thousand).

### Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Group. The Board considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the assets and liabilities (by class) measured at fair value:

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>31 December 2022</b>				
<b>Assets</b>				
Investment in money market funds	–	483.4	–	483.4
Investments in Partner-firms	–	–	4,958.9	4,958.9
<b>31 December 2021</b>				
<b>Assets</b>				
Investment in money market funds	–	453.1	–	453.1
Investments in Partner-firms	–	–	6,023.1	6,023.1

Due to the nature of the investments in Partner-firms, they are always expected to be classified as Level 3. There have been no transfers between levels during the period. Any transfers between the levels would be accounted for on the last day of each financial period.

### Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

Key assumptions including the future fund raises by Partner-firms, future performance of funds managed by the Partner-firms, the timing of exits of investments managed by Partner-firms and margins of the Partner-firms are estimates made by the Operator and are not certain. The choice of discount rate or market multiple is somewhat correlated to the growth and return assumptions made above. The discount rates and multiples are therefore considered to be the significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy. These, together with a quantitative sensitivity analysis as at 31 December 2022 and 31 December 2021, are as shown below:

Level 3 investments	Market value as of 31 December 2022	Significant unobservable inputs by valuation technique <sup>1</sup>	Range of significant unobservable inputs as of 31 December 2022	Weighted average	Reasonable shift <sup>4</sup>	Valuation sensitivity	
Investments in Management	<b>Market Approach:</b>				-/+	–	+
Companies:	\$1,119.7	Profit Multiple – FRE <sup>2</sup>	8.6x – 22.0x	13.3x	0.9x	\$(103.1)	\$58.4
Private Markets	353.7	Asset Based Multiple	1.0x	1.0x	10.0%	(35.4)	35.4
	<b>Income Approach:</b>						
	1,592.7	Terminal Multiple – FRE <sup>2</sup>	4.7x – 16.5x	12.8x	0.7x	(58.3)	25.5
		Discount Rate – FRE	10.5% – 21.3%	13.3%	1.0%	(139.6)	68.8
	1,297.7	Terminal Multiple – PRE <sup>3</sup>	2.8x – 10.0x	5.5x	0.8x	(44.1)	20.3
		Discount Rate – PRE	13.0% – 42.0%	25.2%	2.0%	(146.1)	74.1
Investments in Management	<b>Market Approach:</b>				-/+	–	+
Companies: Absolute Return	188.1	Profit Multiple – FRE <sup>2</sup>	7.4x – 8.3x	7.8x	1.7x	\$(16.9)	\$16.9
	75.1	Profit Multiple – PRE <sup>3</sup>	4.7x – 5.7x	5.2x	1.1x	(7.2)	7.2
	30.1	Asset Based Multiple	1.0x	1.0x	10.0%	(3.0)	3.0
	<b>Income Approach:</b>						
	226.8	Terminal Multiple – FRE <sup>2</sup>	6.3x – 7.5x	7.4x	1.1x	(16.1)	21.3
		Discount Rate – FRE	13.4% – 16.0%	13.5%	2.0%	(16.3)	21.6
	75.0	Terminal Multiple – PRE <sup>3</sup>	3.4x – 5.8x	4.9x	0.7x	(5.6)	7.4
		Discount Rate – PRE	17.4% – 29.5%	21.1%	3.1%	(5.3)	7.0

- The fair value of any one instrument may be determined using multiple valuation techniques. For example, market comparable and discounted cash flows may be used together to determine fair value. Therefore, the Level 3 balance encompasses both of these techniques.
- The range consists of multiples on management fee related earnings and may represent historical or forward-looking multiples.
- The range consists of multiples on performance related earnings and may represent historical or forward-looking multiples.
- The increase or decrease in the unobservable inputs may not be shifted negatively and positively by an equal amount. For the asset categories that have different reasonable possible shifts, the above table discloses the weighted average of the respective negative and positive shift.

Level 3 investments	Market value as of 31 December 2021 (gross)	Significant unobservable inputs by valuation technique <sup>1</sup>	Range of significant unobservable inputs as of 31 December 2021	Weighted average	Reasonable shift <sup>4</sup>	Valuation sensitivity (gross)		Market value as of 31 December 2021 (net) <sup>5</sup>	Valuation sensitivity (net) <sup>5</sup>	
Investments in						-/+	- +		- +	
Partner-firms: Private	<b>\$1,623.6</b>	<b>Market Approach:</b>								
Markets	420.6	Profit Multiple – FRE <sup>2</sup>	6.4x – 20.5x	16.8x	1.0x	\$(137.4)	\$55.2	\$1,623.6	\$(137.4)	\$55.2
	532.3	Profit Multiple – PRE <sup>3</sup>	4.3x – 17.3x	16.7x	1.0x	(45.0)	9.2	367.2	(38.8)	7.9
		Asset Based Multiple	1.0x – 1.1x	1.0x	10.0%	(53.2)	53.2	351.5	(35.2)	35.2
		<b>Income Approach:</b>								
	1,078.7	Terminal Multiple – FRE <sup>2</sup>	8.3x – 17.5x	14.9x	0.5x	(29.8)	9.8	1,078.7	(29.8)	9.8
		Discount Rate – FRE	10.5% – 15.0%	12.1%	1.1%	(110.9)	33.2		(110.9)	33.2
	1,141.5	Terminal Multiple – PRE <sup>3</sup>	3.9x – 9.0x	7.1x	0.6x	(38.2)	6.3	1,004.5	(33.6)	5.8
		Discount Rate – PRE	14.0% – 36.0%	22.1%	2.0%	(178.5)	27.0		(156.5)	25.5
		<b>Recent transactions:</b>								
	430.1	Calibrated Price of Recent Investment	n/a	n/a	10.0%	(43.0)	43.0	430.1	(43.0)	43.0

Level 3 investments	Market value as of 31 December 2021 (gross)	Significant unobservable inputs by valuation technique <sup>1</sup>	Range of significant unobservable inputs as of 31 December 2021	Weighted average	Reasonable shift <sup>4</sup>	Valuation sensitivity (gross)		Market value as of 31 December 2021 (net) <sup>5</sup>	Valuation sensitivity (net) <sup>5</sup>	
Investments in						-/+	- +		- +	
Partner-firms: Absolute Return	<b>\$252.3</b>	<b>Market Approach:</b>								
	236.6	Profit Multiple – FRE <sup>2</sup>	6.4x – 10.2x	8.0x	1.9x	\$(51.6)	\$51.6	\$252.3	\$(51.6)	\$51.6
	32.4	Profit Multiple – PRE <sup>3</sup>	3.8x – 10.2x	7.1x	1.7x	(57.9)	57.9	170.9	(41.8)	41.8
		Asset Based Multiple	1.0x	1.0x	10.0%	(3.2)	3.2	7.6	(0.8)	0.8
		<b>Income Approach:</b>								
	141.9	Terminal Multiple – FRE <sup>2</sup>	8.3x	8.3x	1.4x	(11.2)	15.6	141.9	(11.2)	15.6
		Discount Rate – FRE	12.0%	12.0%	2.0%	(11.4)	15.8		(11.4)	15.8
	133.1	Terminal Multiple – PRE <sup>3</sup>	4.2x – 6.4x	5.5x	0.9x	(8.6)	11.9	96.1	(6.2)	8.6
		Discount Rate – PRE	15.5% – 23.7%	18.7%	3.1%	(9.0)	12.6		(6.5)	9.1

- The fair value of any one instrument is determined using multiple valuation techniques. This includes IPO transaction multiple, weighted average of market comparable and discounted cash flows that are then weighted together to determine fair value. Therefore, the Level 3 balance encompasses both of these techniques.
- The range consists of multiples on management fee related earnings and may represent historical or forward-looking multiples.
- The range consists of multiples on performance related earnings and may represent historical or forward-looking multiples.
- The increase or decrease in the unobservable inputs may not be shifted negatively and positively by an equal amount. For the asset categories that have different reasonable possible shifts, the above table discloses the weighted average of the respective negative and positive shift.
- The table shows the sensitivity analysis for assets wholly owned by the Ordinary Shareholders of the Company. This excludes those assets owned by the Petershill Funds which are consolidated in the financial statements of the Group due to application of IFRS 10 as discussed in Note 2 (xvi). The Board consider this disclosure to be APMs.

As the Group's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

The below is a reconciliation of Level 3 assets and liabilities held at fair value through profit or loss:

Level 3 Instrument	For the year-ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
<b>Assets</b>		
Opening balance	<b>6,023.1</b>	–
Additions	<b>230.7</b>	5,789.1
Proceeds from redemptions and return of capital	<b>(18.9)</b>	–
In kind distribution of Investments in Partner-firms to Petershill Funds <sup>2</sup>	<b>(469.3)</b>	–
Change in fair value of investments at fair value through profit or loss <sup>1</sup>	<b>(806.7)</b>	234.0
	<b>4,958.9</b>	6,023.1

- Of the above, an amount of \$(788.8) million (31 December 2021: \$234.0 million) relates unrealised (loss)/gain on fair value of investments held at year end.
- Represents the fair value of Transferred Interest held as collateral that were released back to the Petershill Funds. Refer to note 13 for a detailed discussion.

## 5. Operator charges

### Recurring operating charges

Under the Operator Agreement, the Operator is entitled to recurring operating charges on a quarterly basis, such Recurring Operating Charges consisting of, in aggregate, 7.5% of the Group's relevant income from investments, as defined under IFRS, for the relevant quarter.

The Operator is entitled to Recurring Operating Charges only on income earned by the Group from assets owned by it. The income reported in the Statement of Comprehensive Income also includes income earned from interests in the Intermediary Entities and the Issuer SPVs that the Company does not wholly own. However, the Company is required to consolidate them under the definition of control. For the year ended 31 December 2022, the income attributable to assets owned by the Group on which Recurring Operator charge was earned amounted to \$370.1 million (period ended 31 December 2021: \$122.3 million).

Amounts recorded as Operating Charges during the year ended 31 December 2022 were \$27.8 million (period ended 31 December 2021: \$9.2 million), of which \$21.0 million (31 December 2021: \$9.2 million) was outstanding as at 31 December 2022. These amounts will be paid in accordance with the terms of the Operator Agreement.

### Profit sharing charge

The Operator is entitled to a profit sharing charge (the "Profit-Sharing Charge") on a quarterly basis in arrears, which in aggregate shall be an amount equal to 20% of the total dividend income from each new investment ("New Investment") made by the Group after the Admission in the relevant fiscal quarter (net of any Recurring Operating Charges in respect of such New Investment), beginning in the ninth fiscal quarter from the date on which the New Investment closed and subject to such New Investment having achieved a return of 6% per annum calculated using the total invested capital funded to the pertinent date. These amounts will be paid in accordance with the terms of the Operator Agreement.

The aggregate of the Recurring Operating Charges and the Profit-Sharing Charge is capped at 15% of the Group's income from investments in Partner-firms for the relevant quarter excluding any Divestment Fee payable for such quarter.

Amounts recorded as Partner Profit Sharing Charges during the year ended 31 December 2022 were \$Nil (period ended 31 December 2021: \$Nil).

### Divestment fee

The Operator is entitled to a divestment fee ("Divestment Fee") calculated at 20% of the total Divestment Profit in the relevant quarter in relation to the Group's investments. Divestment Profit refers to the cash flows realised from the sale or divestments of assets calculated as the sale price minus the contribution value of such asset, excluding any dividend income received over the holding period and on which the Group has already paid Recurring Operating Charges and, in the case of New Investments, Profit Sharing Charges.

Although the Group does not have an exit strategy for its investments, it may be subject to exits or realisations at underlying Partner-firms, as such an accrual is reflected in the 2022 accounts representing an amount that would be payable if the Group were to exit all of its investments at the fair value reflected on these financial statements. As at 31 December 2022, an amount of \$44.3 million (31 December 2021 \$45.2 million) has been accrued towards divestment fee payable to the Operator and none of the amounts have vested.

## 6. Audit fees

Other operating expenses include fees payable to the Company's Auditor and its affiliates, which can be analysed as follows:

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Fees to the Company's Auditor		
for audit of the statutory financial statements of £1.3m (2021: £1.0m) (including VAT)*	1.6	1.3
for audit-related assurance services of £0.1m (including VAT)	0.1	–
	1.7	1.3

\* The audit fee of £1.3m includes an amount of £161 thousand (excluding VAT) or £0.2 million (including VAT) relating to additional billing for audit of the 2021 period end financial statements and £0.9 million (excluding VAT) or £1.1 million (including VAT) for the 2022 audit.

For the year ended 31 December 2022, the Company's Auditor was paid £0.1 million in relation to its review of the Group's condensed consolidated interim financial statements and the same is included under audit related assurance services. For the period from 24 March 2021 to 31 December 2021, the Company's Auditor was paid £0.9 million (\$1.1 million) in relation to work on the listing of the Company which was included in share issue costs.

## 7. Tax

The Group's income tax expense can be analysed as follows:

Amounts recognised in profit and loss	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
<b>Current tax expense:</b>		
Adjustments for current tax of prior periods	1.2	–
Tax charge at standard UK corporation tax rate	3.0	–
<b>Total current tax expense</b>	<b>4.2</b>	<b>–</b>
<b>Deferred tax expense:</b>		
Origination and reversal of temporary differences	(50.2)	37.5
Adjustments for deferred tax of prior periods	(2.0)	–
Movements in unrecognised tax benefits	(3.5)	(24.9)
Effect of changes in tax rates	(0.7)	–
<b>Total deferred tax (credit)/expense</b>	<b>(56.4)</b>	<b>12.6</b>
<b>Total income tax (credit)/expense</b>	<b>(52.2)</b>	<b>12.6</b>

The differences in the effective tax rate for the period and the standard rate of corporation tax in the UK at 19% are as follows:

Reconciliation of effective tax rate	US \$m	UK \$m	Other \$m	For the year ended 31 December 2022 \$m	%
Profit/(loss) before tax	(327.1)	(354.0)	176.0	(505.1)	–
Tax charge at standard UK corporation tax rate	(62.1)	(67.3)	33.4	(96.0)	19.0%
Foreign rate differential	(6.5)	–	(36.2)	(42.7)	8.5%
Liability to Petershill Funds	–	–	2.8	2.8	(0.6)%
Income not taxable	–	(50.7)	–	(50.7)	10.0%
State & Local taxes	(7.0)	–	–	(7.0)	1.4%
Expenses not deductible for tax purposes	27.3	118.8	–	146.1	(28.9)%
Other	(0.9)	(0.4)	0.2	(1.1)	0.2%
Movements in unrecognised deferred tax	(3.6)	–	–	(3.6)	0.7%
<b>Total income tax credit</b>	<b>(52.8)</b>	<b>0.4</b>	<b>0.2</b>	<b>(52.2)</b>	<b>10.3%</b>

Reconciliation of effective tax rate	US \$m	UK \$m	Other \$m	For the period from 24 March 2021 to 31 December 2021 \$m	%
Profit/(loss) before tax	143.3	(5.0)	122.2	260.5	–
Tax charge at standard UK corporation tax rate	27.2	(0.9)	23.2	49.5	19.0%
Foreign rate differential	2.9	–	(17.2)	(14.3)	(5.5)%
Liability to Petershill Funds	–	–	(6.0)	(6.0)	(2.3)%
State & Local taxes	7.4	–	–	7.4	2.8%
Other	–	0.9	–	0.9	0.4%
Temporary differences subject to initial recognition exception	(24.9)	–	–	(24.9)	(9.6)%
<b>Total income tax expense</b>	<b>12.6</b>	<b>–</b>	<b>–</b>	<b>12.6</b>	<b>4.8%</b>

The Investments in Partner-firms were a purchase of assets for income tax purposes. Due to differences in the computation of the purchase price of the Partner-firms as well as the impact of the Tax Receivables Agreement, temporary differences arose on the acquisition. Due to initial recognition exception under paragraphs 15 and 24 of IAS 12 – Income Taxes no deferred tax is recognised in respect of these temporary differences.

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced in the March 2020 Budget and substantively enacted on 24 May 2021. This will increase the future rate at which the Group pays the applicable UK tax. The deferred tax assets and liabilities in the UK as at 31 December 2022 have been calculated based on the 25% rate, with a blended rate applied where it is known that the associated temporary difference will reverse prior to 1 April 2023. Deferred tax assets and liabilities in the US as of 31 December 2022 have been calculated based on the US federal statutory rate of 21% (31 December 2021: 21%) and estimated effective state tax rate of 4.29% (31 December 2021: 4.29%).



## Deferred tax

### Movement in deferred tax balances

	Net balance 1 January 2022 \$m	Recognised in profit or loss \$m	Recognised in OCI/equity \$m	Foreign exchange \$m	Net balance 31 December 2022 \$m	Deferred tax assets \$m	Deferred tax liabilities \$m
Investment in Partner-firms	(36.4)	54.8	–	–	18.4	18.4	–
Tax Receivable Agreement	12.3	5.0	–	–	17.3	17.3	–
Deferred payment obligations	(0.6)	–	–	–	(0.6)	–	(0.6)
Other	6.2	1.7	–	–	7.9	7.9	–
Losses	5.9	(4.9)	–	–	1.0	1.0	–
	(12.6)	56.6	–	–	44.0	44.6	(0.6)

	Net balance 24 March 2021 \$m	Recognised in profit or loss \$m	Recognised in OCI/equity \$m	Foreign exchange \$m	Net balance 31 December 2021 \$m	Deferred tax assets \$m	Deferred tax liabilities \$m
Investment in Partner-firms	–	(36.4)	–	–	(36.4)	–	(36.4)
Tax Receivable Agreement	–	12.3	–	–	12.3	12.3	–
Deferred payment obligations	–	(0.6)	–	–	(0.6)	–	(0.6)
Other Accruals	–	6.2	–	–	6.2	6.2	–
Losses	–	5.9	–	–	5.9	5.9	–
	–	(12.6)	–	–	(12.6)	24.4	(37.0)

After considering jurisdictional netting, the deferred tax balances shown above are presented on a net basis on the Consolidated Statement of Financial Position.

Loss carry forwards at 31 December 2022 will expire as follows:

	U.S. \$m	U.K. \$m	Total \$m
2023	–	–	–
2024 and onwards	–	–	–
Unlimited	–	2.5	2.5
	–	2.5	2.5

Loss carry forwards at 31 December 2021 will expire as follows:

	U.S. \$m	U.K. \$m	Total \$m
2022	–	–	–
2023 and onwards	–	–	–
Unlimited	23.2	2.5	25.7
	23.2	2.5	25.7

### Unrecognised deductible temporary differences and unused tax losses

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2022 \$m	31 December 2021 \$m
Deductible temporary differences (no expiry)	–	–
Tax losses	0.4	0.6
	0.4	0.6

### Unrecognised taxable temporary differences associated with investments and interests in Subsidiaries

As at 31 December 2022, no deferred tax liability is recognised in relation to the Company's investments and interests in Subsidiaries because the Company controls the reversal of the liability and it is expected that it will not reverse in the foreseeable future.

### Unrecognised taxable temporary differences associated with investments and interests in Partner-firms

The Investments in Partner-firms were a purchase of assets for income tax purposes. Due to differences in the computation of the purchase price of the Investments in Partner-firms as well as the impact of the Tax Receivables Agreement, temporary differences arose on the acquisition. Under the Initial Recognition Exemption under paragraphs 15 and 23 of IAS 12, these temporary differences were not recognised at the time of the original purchase. As such tax benefits or expenses related to the unrecognised amounts were also not recognised in the financial statements.

Further, as of 31 December 2022, to the extent that the Group has recognised unrealised losses with respect to the investments and interests in Partner-firms, such losses may result in a deferred tax asset to the extent that the unrealised losses are not currently deductible for income tax purposes. To the extent the recovery of these deferred tax assets will only result in future losses that may offset a future capital gain, the Group has not recognised the associated deferred tax assets as it is not probable that there will be sufficient income of the appropriate character in the future to utilise the associated tax benefits.



## Uncertainty over income tax treatments

The Company has not identified any reserves related to uncertainty over income tax treatments as of 31 December 2022 and 31 December 2021.

## 8. Earnings per share

### Earnings per share

	For the Year ended 31 December 2022	For the period from 24 March 2021 to 31 December 2021
(Loss)/profit attributable to equity holders of the Company – \$m	(452.9)	247.9
Weighted average number of Ordinary Shares in issue	1,150,241,568	386,629,098
<b>Basic and diluted earnings per share from continuing operations in the period (cents)</b>	<b>(39.36)</b>	64.12

The weighted average number of shares for the year ended 31 December 2022 and period ended 31 December 2021 is calculated on a time weighted basis based on the timing of issue and redemption of Ordinary Shares. There are no dilutive shares in issue.

## 9. Trade and other receivables

	31 December 2022 \$m	31 December 2021 \$m
Amounts receivable from Investments	135.9	102.0
Prepayments and other receivables	2.1	–
Tax payments recoverable	0.2	–
	<b>138.2</b>	102.0

## 10. Trade and other payables

	31 December 2022 \$m	31 December 2021 \$m
Other payables	29.7	22.6
Share issue costs payable	–	5.7
	<b>29.7</b>	28.3

## 11. Notes payable

As part of the acquisition of investments in Partner-firms, the Petershill Funds also transferred to the Group majority ownership in Issuer SPVs to be held through Intermediary Entities.

On 8 October 2019 (“Close Date”), prior to the Group’s acquisition of the investments in Partner-firms, the Issuer SPVs had closed on the offering of 5.00% Series A Senior Guaranteed Notes due 2039 (“Notes”) secured by the rights to future cash flows (the “Participation Interests”) generated from FRE and PRE from certain existing investments in Partner-firms. In accordance with the terms of the Indenture entered into between the Issuer SPVs and the collateral trustee, the Issuer SPVs had issued the Notes with an aggregate principal amount of \$350 million. The Notes were collateralised by the rights to future cash flows (referred to as “Transferred Interest”) generated from FRE and PRE of certain existing investments in Partner-firms that were owned by the Petershill Funds. In return for the Transferred Interest, the Petershill Funds received the proceeds from the issue of the Notes and remainder in the form of Participation Interest in the Issuer SPVs. The Petershill Funds held its interest in the Issuer SPVs through the Intermediary Entities.

On 20 September 2022, the Notes were repaid by the Company out of proceeds raised from the issue of the Unsecured Notes. The Issuer SPVs were also subject to a Make-Whole Amount (as defined in the Indenture) of \$7 million upon redemption of the Notes in accordance with the provisions of the Indenture.

For the year ended 31 December 2022, an amount of \$28.7 million (31 December 2021: \$4.4 million) has been recorded as Finance cost relating to the Notes payable on the Consolidated Statement of Comprehensive Income which includes \$21.7 million (31 December 2021: \$4.4 million) in relation to interest on the Notes and \$7.0 million (31 December 2021: \$nil) relating to Make-Whole Amount.

## 12. Unsecured Notes payable

On 24 August 2022, the Delaware Subsidiary issued US private placement senior unsecured notes (the “Unsecured Notes”) to a group of institutional investors. The Unsecured Notes issued by the Delaware Subsidiary are guaranteed by the Company.

The Notes are comprised of five tranches:

Notes	Notional (US\$)	Tenor (years)	Maturity	Fixed Coupon
Series A	125,000,000	7	2029	5.51%
Series B	175,000,000	10	2032	5.54%
Series C	80,000,000	12	2034	5.69%
Series D	80,000,000	15	2037	5.84%
Series E	40,000,000	20	2042	6.14%

The Delaware Subsidiary may be subject to pay a Make-Whole Amount (as contained in the Note Purchase Agreement) contingent upon certain principal repayment, prepayment or redemption of the Unsecured Notes in accordance with the provisions of the Note Purchase Agreement. Absent an intent by the Group to prepay the Unsecured Notes, no accrual for such Make-Whole Amount has been made as at 31 December 2022.

As of 31 December 2022, the outstanding amount of the Unsecured Notes was \$500 million. The carrying value of the Unsecured Notes was reported at amortised cost and was net of unamortised debt issuance costs of \$6.8 million in an amount of \$493.2 million. For the year ended 31 December 2022, the effective interest rate on the Unsecured Notes was 6.2% per annum.

For the year ended 31 December 2022, an amount of \$16.9 million (31 December 2021: \$0.2 million) has been recorded as Finance cost on the Consolidated Statement of Comprehensive Income which includes \$10.2 million in relation to interest on the Unsecured Notes, \$1.2 million in relation to expenses incurred on repayment and issue of Notes and Unsecured Notes and \$5.5 million (31 December 2021: \$0.2 million) in relation to interest on the deferred payment obligations.

### 13. Liability to Petershill Funds

For the period from 24 March 2021 to 31 December 2021 and for the period from 1 January 2022 to 19 December 2022, the date on which the Issuer SPVs and Intermediary Entities were dissolved, the Petershill Funds had an interest in the Issuer SPVs and Intermediary entities. The Petershill Funds did not have any economic exposure to the Issuer SPVs except in the event of default of the Notes, when the cash flows relating to the Participation Interest owned by the Petershill Funds may have been used to service the Notes and its obligations. All the distribution payments received by the Issuer SPVs as it related to the Participation Interest owned by the Petershill Funds were fully distributed to them without any reduction for fees, interest and expenses relating to the Notes, Issuer SPVs and the Intermediary Entities.

Pursuant to above, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements for the period from 24 March 2021 to 31 December 2021 and for the period from 1 January 2022 to 19 December 2022, the date the Issuer SPVs and Intermediary Entities were dissolved. While the Company did not have entitlement to 100% of the interest in the cash flows of the Intermediary Entities and the Issuer SPVs, it had all the exposure to the Notes held at the Issuer SPVs and the Intermediary Entities. Hence, it was required to consolidate them under the definition of control. This resulted in reflecting all of the assets and liabilities of these entities in the Consolidated Statement of Financial Position and all of the income, investment gain and finance cost in the Consolidated Statement of Comprehensive Income. Shareholders returns are impacted to the extent of the Company's ownership of these entities and its 100% exposure to Notes payable. The Company's net assets and total Shareholders' funds in the Consolidated Statement of Financial Position as well as its profit and total comprehensive income for the period and earnings per share on the Consolidated Statement of Comprehensive Income are the same as if consolidation was not required under IFRS 10.

On 20 September 2022, the Transferred Interest held as collateral were released back to the Petershill Funds and the Subsidiaries of the Company. Other assets, liabilities and cash held at the Issuer SPVs were also distributed to the Petershill Funds and the Subsidiaries of the Company. Further, the Issuer SPVs and Intermediary Entities were dissolved on 19 December 2022. As a result, the Petershill Funds ceased to have any exposure to the Issuer SPVs effective this date and the Liability to Petershill Funds has been extinguished.

As at 31 December 2021, the Group had recorded an amount of \$597.2 million being the Liability to Petershill Funds representing its proportionate ownership in the Issuer SPVs. The interest held by the Petershill Funds has been classified as a financial liability and the corresponding expense has been included in Movement in liability to Petershill Funds under Finance costs in the Consolidated Statement of Comprehensive Income. For the year ended 31 December 2022, an amount of \$(15.4) million (31 December 2021: \$31.6 million) has been included in Interest expense representing Petershill Funds' interest in the Issuer SPVs.

### 14. Share capital and other reserve

For the year ended 31 December 2022

Date	Issued and fully paid	Number of Ordinary Shares	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Total \$m
Shares at 1 January 2022		1,156,696,029	11.6	3,346.7	1,689.6	–	5,047.9
	Redemption and cancellation of Redeemable Shares	–	–	–	–	0.1	0.1
	Repurchase and cancellation of Ordinary Shares – \$0.01	(21,296,432)	(0.2)	–	–	0.2	–
<b>Closing balance as at 31 December 2022</b>		<b>1,135,399,597</b>	<b>11.4</b>	<b>3,346.7</b>	<b>1,689.6</b>	<b>0.3</b>	<b>5,048.0</b>

For the period from 24 March 2021 to December 2021

Date	Issued and fully paid	Number of shares issued	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Total \$m
Shares at inception 24 March 2021	Incorporation– Ordinary – \$0.01	1 <sup>1</sup>	–	–	–	–	–
28 September 2021	Capital raise– Ordinary -\$0.01	1,000,000,000 <sup>2</sup>	10.0	2,633.8	1,689.6	–	4,333.4
1 October 2021	Capital raise– Ordinary -\$0.01	156,696,028 <sup>3</sup>	1.6	745.1	–	–	746.7
28 September 2021	Less share issue costs	–	–	(32.2)	–	–	(32.2)
		<b>1,156,696,029</b>	<b>11.6</b>	<b>3,346.7</b>	<b>1,689.6</b>	<b>–</b>	<b>5,047.9</b>

- To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 24 March 2021, 1 Ordinary Share of US\$0.01 was issued.
- Represents the Ordinary Shares issued to Petershill Funds. See table below for details.
- Represents Ordinary Shares issued to the public as part of the IPO process.

During the year, the Group repurchased and cancelled 21,296,432 Ordinary Shares as part of its buyback programme for a total consideration of \$53.3 million including transaction costs. The Group also purchased and cancelled 50,000 Redeemable Deferred Shares for a consideration of \$68k.

As at 31 December 2022, the Company's issued share capital comprised 1,135,399,597 of Ordinary Shares (31 December 2021: 1,156,696,029) of \$0.01 each and Nil Redeemable Deferred Shares (31 December 2021 – 50,000 Redeemable Deferred Shares) of £1 each. Ordinary Shareholders are entitled to all dividends paid by the Company.

The table below summarises the assets and liabilities acquired by the Group from Petershill funds in return for issue of Ordinary Shares of the Company in the period from 24 March 2021 to 31 December 2021.

	31 December 2021 \$m
Assets acquired	
Fair value of Investment in Partner-firms and interest in Issuer SPVs	4,843.3
<b>Total Assets</b>	<b>4,843.3</b>
<b>Liabilities incurred</b>	
Notes payable (gross)	(350.0)
Liability for Tax Receivable Agreement	(159.9)
<b>Total Liabilities</b>	<b>(509.9)</b>
<b>Net value for which Ordinary Shares were issued by the Company to Petershill Funds</b>	<b>4,333.4</b>

For the period ended 31 December 2021, Other payables in note 10 include an amount of \$0.1 million in relation to 50,000 Redeemable Deferred Shares of £1 issued by the Company on 5 August 2021. The Redeemable Deferred Shares confer no right on the Redeemable Shareholders to receive notice of, or to attend or vote at, any general meeting of the Company, but confer on each holder thereof a right to receive notice of and to attend and to vote at any separate class meeting of the holders of Redeemable Deferred Shares. As disclosed in note 2(ix), the Company's Redeemable Deferred Shares were classified as financial liabilities.

## 15. Retained earnings

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Opening balance	247.9	–
(Loss)/Profit and total comprehensive (expense)/income in the period	(452.9)	247.9
Dividends paid	(70.3)	–
Repurchase and cancellation of ordinary shares	(53.3)	–
Transfer of cancelled Redeemable Shares to Capital redemption reserve	(0.1)	–
	<b>(328.7)</b>	247.9

## 16. Net assets per share

	31 December 2022	31 December 2021
Net Assets (\$m)	4,719.3	5,295.8
Number of Ordinary Shares issued	1,135,399,597	1,156,696,029
<b>Net assets per share (cents)</b>	<b>415.65</b>	457.84

## 17. Dividends declared and paid

Dividends declared and paid	Paid on	Dividend per share cents	Total dividend \$m
Final dividend with respect to the period ended 31 December 2021	14 June 2022	2.6	30.1
Interim dividend with respect to the year ended 31 December 2022	24 October 2022	3.5	40.2
<b>Total</b>		<b>6.1</b>	<b>70.3</b>

No dividends were declared and paid by the Company from 24 March 2021 to 31 December 2021.

## 18. Financial risk management

### Financial risk management objectives

The Group's investing activities expose it to various types of risks that are associated with the Partner-firms. The Group makes investments in order to generate returns in accordance with its Acquisition Strategy and Investment Policy.

The most important types of financial risks to which the Group is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board has delegated portfolio management and risk management responsibilities to the Operator. Accordingly, the Operator has overall responsibility for the determination of the Group's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

### Categories of financial instruments

	31 December 2022 \$m	31 December 2021 \$m
<b>Financial assets</b>		
<i>Investment at fair value through profit or loss:</i>		
Investment in the Partner-firms	<b>4,958.9</b>	6,023.1
<i>Other financial assets:</i>		
Investments in money market funds at fair value through profit or loss	<b>483.4</b>	453.1
Cash and cash equivalents	<b>97.6</b>	124.8
Trade and other receivables excluding prepayments	<b>136.1</b>	102.0
<b>Financial liabilities</b>		
<i>Current liabilities:</i>		
Trade and other payables	<b>(29.7)</b>	(28.3)
Deferred payment obligations	<b>(189.9)</b>	(74.8)
Interest payable	<b>(10.0)</b>	(8.1)
Liability for Tax Receivables Agreement	<b>(35.1)</b>	–
<i>Non-current liabilities:</i>		
Liability to Petershill Funds	–	(597.2)
Unsecured notes payable	<b>(493.2)</b>	–
Notes payable	–	(340.9)
Deferred payment obligations	<b>(50.0)</b>	(133.4)
Liability for Tax Receivables Agreement	<b>(150.6)</b>	(166.7)
Fee payable on divestment of investments	<b>(44.3)</b>	(45.2)

### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to Shareholders. The Board of Directors approves the level of dividend distributions to Shareholders. The Group may purchase its own shares within the limits defined by the Board of Directors subject to restrictions imposed by applicable laws.

The capital structure of the Group consists of issued share capital, share premium, other reserve, capital redemption reserve and retained earnings as stated in the Consolidated Statement of Financial Position.

### Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

#### a) Price risk

The investments in Partner-firms held by the Group present a potential risk of loss of capital to the Group. Price risk arises from changes in fair value of the investments in Partner-firms held by the Group. As discussed in note 3, the fair value of these investments is determined using valuation techniques including earnings multiples, discounted cash flows and recent comparable transactions. In valuing the investments, key assumptions include estimates around future fundraise timing and sizes, expected management and performance fee rates and margins of the Partner-firms, expected current and future fund returns and timing of realisations. Periodically, VOG presents the valuation proposals and their independent price verification review results to Valuation Committee which convenes to approve and oversee the application of valuation policies, and review fair value estimates for the investments. Subsequently, the Operator reports the valuation results to the Board. As new information surfaces on these key assumptions, the valuation techniques may be adjusted causing the fair value of these investments to change.

As at 31 December 2022, the fair value of investments was \$4,958.9 million (31 December 2021: \$6,023.1 million). As presented in the Sensitivity analysis to significant changes in unobservable inputs table, the valuation of these investments could vary from \$(597.0) million to \$366.9 million (31 December 2021: \$(788.9) million to \$405.5 million) depending on the valuation techniques used while keeping the key assumptions constant.

The Group is exposed to a variety of risks which may have an impact on the carrying value of the Group's investments. The Group's risk factors are set out below:

i. Not actively traded

The Group's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The Group investments vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

Although the investments are in the same industry, this risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Operator.

ii. Concentration

The Group invests in the alternative asset sector, with a particular focus on asset classes such as private equity, private credit, private real assets and absolute return strategies. This means that the Group is exposed to the concentration risk of only making investments in the alternative asset sector, which concentration risk may further relate to sub-sector, geography and the relative size of an investment or other factors.

The Board and the Operator monitor the concentration of the investments on a quarterly basis to ensure compliance with the investment policy.

iii. Liquidity

The Group's liquidity risk arises from its investment commitments to Partner-firms and the flexibility for the Partner-firms to call capital as needed. The Group will maintain flexibility in funding by keeping sufficient liquidity in cash and cash equivalents, which may be invested on a temporary basis in line with the cash management policy as agreed by the Board of Directors from time to time.

For the year ended 31 December 2022, \$581.0 million (31 December 2021: \$577.9 million) of the Group's financial assets were held in money market instruments and cash balances held on deposit with several A-1+ or higher rated banks.

b) Foreign currency risk

The Group transacts in currencies other than US\$. Consequently, the Group is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's assets or liabilities denominated in currencies other than the US\$. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

The following table sets out, in US Dollars, the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

As at 31 December 2022	US\$ \$m	CAD\$ \$m	GBP£ \$m	Total \$m
<b>Non-current assets</b>				
Investments at fair value through profit or loss	4,849.2	109.7	–	4,958.9
<b>Total non-current assets</b>	<b>4,849.2</b>	<b>109.7</b>	<b>–</b>	<b>4,958.9</b>
<b>Current assets</b>				
Investments in money market funds at fair value through profit or loss	483.4	–	–	483.4
Cash and cash equivalents	95.2	–	2.4	97.6
Trade and other receivables	136.1	–	–	136.1
<b>Total current assets</b>	<b>714.7</b>	<b>–</b>	<b>2.4</b>	<b>717.1</b>
<b>Current liabilities</b>				
Trade and other payables	(27.7)	–	(2.0)	(29.7)
Deferred payment obligations	(189.9)	–	–	(189.9)
Interest payable	(10.0)	–	–	(10.0)
Liability for Tax Receivables Agreement	(35.1)	–	–	(35.1)
<b>Total current liabilities</b>	<b>(262.7)</b>	<b>–</b>	<b>(2.0)</b>	<b>(264.7)</b>
<b>Non-current liabilities</b>				
Unsecured notes payable	(493.2)	–	–	(493.2)
Deferred payment obligations	(50.0)	–	–	(50.0)
Fee payable on divestment of investments	(44.3)	–	–	(44.3)
Liability for Tax Receivables Agreement	(150.6)	–	–	(150.6)
<b>Total non-current liabilities</b>	<b>(738.1)</b>	<b>–</b>	<b>–</b>	<b>(738.1)</b>

As at 31 December 2021	US\$ \$m	CAD\$ \$m	GBP£ \$m	Total \$m
<b>Non-current assets</b>				
Investments at fair value through profit or loss	5,914.3	108.8	–	6,023.1
<b>Total non-current assets</b>	<b>5,914.3</b>	<b>108.8</b>	<b>–</b>	<b>6,023.1</b>
<b>Current assets</b>				
Investments in money market funds at fair value through profit or loss	453.1	–	–	453.1
Cash and cash equivalents	108.9	–	15.9	124.8
Trade and other receivables	102.0	–	–	102.0
<b>Total current assets</b>	<b>664.0</b>	<b>–</b>	<b>15.9</b>	<b>679.9</b>
<b>Current liabilities</b>				
Trade and other payables	(19.0)	–	(9.3)	(28.3)
Deferred payment obligations	(74.8)	–	–	(74.8)
Interest payable	(8.1)	–	–	(8.1)
<b>Total current liabilities</b>	<b>(101.9)</b>	<b>–</b>	<b>(9.3)</b>	<b>(111.2)</b>
<b>Non-current liabilities</b>				
Liability to Petershill Funds	(597.2)	–	–	(597.2)
Notes payable	(340.9)	–	–	(340.9)
Deferred payment obligations	(133.4)	–	–	(133.4)
Liability for Tax Receivables Agreement	(166.7)	–	–	(166.7)
Fee payable on divestment of investments	(45.2)	–	–	(45.2)

The Board does not consider that the foreign currency exchange risk at the balance sheet date is material and therefore sensitivity analysis for the foreign currency risk has not been provided.

### c) Interest rate risk

The Group's exposure to interest rate risk relates to the Group's cash and cash equivalents and money market investments. The Group is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the Consolidated Statement of Financial Position, the majority of the Group's cash and cash equivalents were held in interest bearing fixed deposit accounts.

The Group's investment in Money Market Funds is variable and is subject to fluctuations. Any exposure to interest rate risk at the underlying investment level is captured within price risk. An increase of 100 basis points, based on the closing balance sheet position over a 12-month period, would lead to an approximate increase in total profit before tax of \$4.8 million (31 December 2021: \$4.5 million) for the Group.

The Unsecured Notes carry a fixed rate of interest through their maturity and are not subject to interest rate risk. The Notes issued by the Issuer SPVs carried a fixed rate of interest as stipulated in the Indenture and were not subject to interest rate risk. The Notes were paid off in 2022.

In addition, the Group has indirect exposure to interest rates through changes to the financial performance and the valuation of investments in Partner-firms caused by rate fluctuations.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's policy and the Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemption of shares, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group's financial assets include investments in Partner-firms which are generally illiquid. As a result, the Group may not be able to liquidate its investments in time to meet its liquidity requirements.

The Operator has a liquidity management policy which is designed to enable it to monitor the liquidity risk of the Group. The systems and procedures employed by the Operator in this regard allow it to apply various tools and arrangements necessary to respond appropriately to liquidity concerns. As part of the policy, the Operator prepares estimates of projected cash flows of the Group from its investment in Partner-firms, evaluates it against the projected expenses, investment opportunities and potential distributions to Shareholders. The Operator updates the Board on its findings on a regular basis and highlights any risks from a liquidity management perspective.

The following tables detail the Group's expected maturity for its financial assets (excluding equity) and liabilities together with the contractual undiscounted cash flow amounts:

As at 31 December 2022	Less than 1 year \$m	1-5 years \$m	5+ years \$m	Total \$m
<b>Assets</b>				
Investments (Note 4)	–	–	4,958.9	4,958.9
Investments in Money Market Funds (Note 4)	483.4	–	–	483.4
Cash and cash equivalents	97.6	–	–	97.6
Trade and other receivables	136.1	–	–	136.1
<b>Liabilities</b>				
Trade and other payables (Note 10)	(29.7)	–	–	(29.7)
Deferred payment obligations	(193.1)	(55.5)	–	(248.6)
Unsecured Notes payable (Note 12)	(28.3)	(113.1)	(677.9)	(819.3)
Liability for Tax Receivables Agreement	(39.7)	(129.3)	(412.0)	(581.0)
Fee payable on divestment of Investments	–	–	(44.3)	(44.3)

As at 31 December 2021	Less than 1 year \$m	1-5 years \$m	5+ years \$m	Total \$m
<b>Assets</b>				
Investments (Note 4)	–	–	6,023.1	6,023.1
Investments in Money Market Funds (Note 4)	453.1	–	–	453.1
Cash and cash equivalents	124.8	–	–	124.8
Trade and other receivables	102.0	–	–	102.0
<b>Liabilities</b>				
Trade and other payables (Note 10)	(28.3)	–	–	(28.3)
Deferred payment obligations	(76.3)	(138.8)	–	(215.1)
Liability to Petershill Funds (Note 12)	(98.4)	–	(498.8)	(597.2)
Notes payable (Note 11)	(16.9)	(87.1)	(385.5)	(489.5)
Liability for Tax Receivables Agreement	(3.4)	(136.0)	(460.5)	(599.9)
Fee payable on divestment of Investments	–	–	(45.2)	(45.2)

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in financial loss to the Group. It arises principally from investments in money market funds, and also from derivative financial assets, cash and cash equivalents and other receivables balances.

The Group's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the Company's prospectus.

Credit risk is monitored on an ongoing basis by the Operator in accordance with the procedures and policies in place. The table below details the Group's maximum exposure to credit risk:

	31 December 2022 \$m	31 December 2021 \$m
<b>Interest bearing</b>		
Investments in money market funds	483.4	453.1
Cash and cash equivalents	97.6	124.8
<b>Non-interest bearing</b>		
Trade and other receivables	136.1	102.0

The table below shows the cash balances and the credit rating for each counterparty:

Counterparty	Location	Rating	31 December 2022 \$m	31 December 2021 \$m
State Street Bank and Trust Company	USA	A-1+	97.6	124.8
US\$ Treasury Liquid Reserves Fund - Institutional Shares	USA	AAA	21.6	–
Financial SquareSM Government Fund – Institutional Shares	USA	AAA	103.3	99.7
Financial SquareSM Treasury Instruments Fund – Institutional Shares	USA	AAA	358.5	353.4



The Group's maximum exposure to loss of capital at the period end is shown below:

	31 December 2022 \$m	31 December 2021 \$m
Investments at fair value through profit or loss	4,958.9	6,023.1
Other financial assets excluding prepayments	717.1	679.9

## 19. Related party transactions

### Board

The Company has five Non-Executive Directors. Directors' fees for the year ended 31 December 2022 amounted to \$1.5 million (31 December 2021: \$1.0 million), of which \$nil (31 December 2021: \$0.1 million) was outstanding at year end. Amounts paid to the Board as reimbursement of travel and other incidental expenses during the year amounted to \$38 thousand (31 December 2021: \$21 thousand), of which, \$nil (31 December 2021: \$nil) was outstanding at year end.

The Board held beneficial interests in 749,999 (31 December 2021: 574,999) Ordinary Shares in the Company.

### Transactions with Goldman Sachs International

Goldman Sachs International ("GSI"), a wholly owned subsidiary of Goldman Sachs and Co acted as Joint Global Coordinator and Joint Bookrunner pursuant to an underwriting agreement for the IPO transaction. For the period from 24 March 2021 to 31 December 2021, the Company paid fees of \$5.9 million and expenses of \$0.1 million to Goldman Sachs International for its services. For the year ended 31 December 2022, there were no transactions between the Group and GSI.

### Money Market Funds

On 31 December 2022, the Group held an investment of \$483.4 million (31 December 2021: \$453.1 million) in money market funds that are managed by affiliates of the Operator. The Group earned interest income of \$8.6 million (31 December 2021: \$29 thousand) from investments held in such money market funds managed by affiliates of the Operator.

### Transactions with Petershill Funds

During the period from 24 March to 31 December 2021, the Group acquired from the Petershill Funds investments in Partner-firms with a fair value of \$4,843.3 million, Notes payable of \$350 million and a payable towards Tax Receivable Agreement of \$159.9 million netting to \$4,333.4 million in return for 1 billion Ordinary Shares in the Company.

As at 31 December 2022, the Petershill Funds, managed by wholly owned subsidiaries of the Goldman Sachs Group acting as the investment manager, owned approximately 76.1% (31 December 2021 – 74.7%) of the Company.

### Liability to Petershill Funds

As discussed in Note 2(xvi) and Note 13, on 20 September 2022, the Transferred Interest valued at \$469.3 million held as collateral was released back to the Petershill Funds. Other assets amounting to \$22.9 million and cash of \$89.6 million held at the Issuer SPVs were also distributed to the Petershill Funds. During the year, the Group recorded an interest charge of \$(15.4) million in relation to its Liability to Petershill Funds. As of 31 December 2022, the Group does not have any liability to Petershill Funds.

As of 31 December 2021, the Group had recorded a liability of \$597.2 million and an Interest expense of \$31.6 million representing the Petershill Funds' proportionate ownership in the Issuer SPVs.

### Tax Receivable Agreement

As discussed in Note 2(v), the Group has entered into a Tax Receivables Agreement with Petershill Funds, an affiliate of the Operator and the Goldman Sachs Group which will require the Group to pay 75% of the amount of cash tax savings, if any, in US federal, state and local income tax that the Group Petershill Delaware realises as a result of the tax benefits associated with this increase in tax basis. As of 31 December 2022, the carrying amount of payables under the Tax Receivables Agreement was \$185.7 million (31 December 2021: \$166.7 million).

### Operator

The Operator is an affiliate and wholly-owned subsidiary of the Goldman Sachs Group and provides advice to the Group on the origination and completion of new investments, the management of the portfolio and on realisations, as well as on funding requirements, subject to approval by the Board. For the provision of services under the Operator Agreement, the Operator earns a Profit-Sharing Charge, Recurring Operating Charges and Divestment Fee, as detailed in note 5.

The Operator may, in its discretion, pay certain of the Group's fees or expenses and the Group will reimburse the Operator for the payment of any such fee or expense. As at 31 December 2022, no amounts were owed by the Group to the Operator under this arrangement (31 December 2021: \$Nil).

### Investment Advisor

The Investment Advisor is an affiliate and wholly-owned subsidiary of the Goldman Sachs Group. For the year ended 31 December 2022, there were no transactions recorded between the Group and the Investment Advisor. For the period from 24 March 2021 to 31 December 2021, the Company entered into a Stock Transfer Agreement with the Investment Advisor, where the Investment Advisor transferred 100 common stock shares with a par value of \$0.01 in the Delaware Subsidiary to the Company, for a consideration of \$1.00, of which \$nil was outstanding at period end.

### Transactions with Goldman Sachs & Co. LLC

Goldman Sachs & Co. LLC ("GSCO") is an affiliate and wholly owned subsidiary of the Goldman Sachs Group. For the year ended 31 December 2022, GSCO acted as the joint placement agent in the issue of the Unsecured Notes and was paid a compensation of \$2.5 million for its services.



## 20. Ultimate controlling party

The Board has reviewed the Shareholders of the Company and has concluded that there is no ultimate controlling party. The Company has a diversified investor base that does not cede control to any single investor or a group of investors. Although the Petershill Funds own 76.1% (31 December 2021: 74.7%) of the Company, Goldman Sachs Asset Management and its affiliates are the beneficial owner of less than 1% of the Ordinary Shares of the Company as of 31 December 2022.

The Petershill Funds are managed by Goldman Sachs Asset Management and its affiliates acting as the investment manager of the Petershill Funds under the supervision of the independent Board. Goldman Sachs Asset Management and its affiliates act in their capacity as an agent for the Equity Shareholders of the Company and such a relationship does not give rise to controlling ownership.

## 21. Subsequent events

The Group has evaluated activity to 27 March 2023, the date that the unaudited financial statements were available to be issued.

On 6 January 2023, the Group together with the Delaware Subsidiary entered into a \$100 million revolving credit facility with a syndicate of banks.

On 10 March 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. The Group has no bank accounts or any relationship with SVB. From our enquiries, we understand that the Partner-firms do not have material exposure to SVB either directly or indirectly through the funds they managed. The Group will continue to monitor the impact on global markets and macroeconomic conditions.

On 12 March 2023, Signature Bank was closed by the New York State Department of Financial Services, which appointed the FDIC as receiver. The Group has no bank accounts or any relationship with Signature Bank. From our enquiries, we understand that the Partner-firms do not have material exposure to Signature Bank either directly or indirectly through the funds they managed. The Group will continue to monitor the impact on global markets and macroeconomic conditions.

The Group concluded that no other events took place that would require material adjustments to the amounts recognised in these consolidated financial statements.

# Glossary of Key Operating Metrics

This document contains certain key operating metrics that are not defined or recognised under IFRS.

The Operator and the Directors use these key operating metrics to help evaluate trends, assess the performance of the Partner-firms and the Company, analyse and test dividends received from the Partner-firms and inform operating, budgeting and re-investment decisions. The Directors believe that these metrics, which present certain operating and other information in respect of the Partner-firms, provide an enhanced understanding of the underlying portfolios and performance of the Partner-firms and are therefore essential to assessing the investments and performance of the Company.

The key operating metrics described in this section are derived from financial and other information reported to the Operator by the Partner-firms. The Operator, with the assistance of an independent accounting firm, performs due diligence procedures on the information provided by the Partner-firms. It should be noted, however, that these due diligence procedures do not constitute an audit.

In addition, each Partner-firm may account for and define certain financial and other information differently from one another. For example, each Partner-firm may calculate its fee-paying AuM differently, the result of which being that the inputs of the Company's Aggregate Fee-paying AuM are not consistently calculated.

Whilst the operating metrics described in this section are similar to those used by other alternative asset managers, there are no generally accepted principles governing their calculation, and the criteria upon which these metrics are based can vary from firm to firm. These metrics, by themselves, do not provide a sufficient basis to compare the Partner-firms' or the Company's performance with that of other companies.

None of Partner Distributable Earnings, Partner FRE, Partner Realised Performance Revenues or Partner Realised Investment Income are measures of or provide any indication of profits available for the purpose of a distribution by the Company within the meaning of section 830 of the Companies Act 2006, or of any Partner-firm in accordance with the equivalent applicable rules.

## Aggregate Partner-firm AuM

Aggregate Partner-firm AuM is defined as the sum of (a) the net asset value of the Partner-firms' underlying funds and investment vehicles, and in most cases includes co-investment vehicles, GP commitments and other non fee-paying investment vehicles and (b) uncalled commitments from these entities, as reported by the Partner-firms to the Operator from time to time and aggregated by the Operator without material adjustment. This is an aggregated figure across all Partner-firms and includes Partner-firm AuM outside of the Company's ownership interest in the Partner-firms.

The Operator and the Directors consider Aggregate Partner-firm AuM to be a meaningful measure of the size, scope and composition of the Partner-firms, as well as of their capital raising activities. The Operator uses Aggregate Partner-firm AuM to inform operating, budgeting and reinvestment decisions.

## Aggregate Fee-paying AuM

Aggregate Fee-paying AuM is defined as the portion of Aggregate Partner-firm AuM for which Partner-firms are entitled to receive management fees, as reported by the Partner-firms to the Operator. The principal difference between Aggregate Fee-paying AuM and Aggregate Partner-firm AuM is that Aggregate Fee-paying AuM typically excludes co-investment on which Partner-firms generally do not charge fees and, to a lesser extent, fund commitments in Partner-firm funds (i) on which fees are only earned on investment, rather than from the point of commitment and (ii) where capital has been raised but fees have not yet been activated. This may also include legacy assets where fees are no longer being charged.

The Operator and the Directors consider Aggregate Fee-paying AuM to be a meaningful measure of the Partner-firms' capital base upon which they earn management fees and use the measure in assessing the management fee-related performance of the Partner-firms and to inform operating, budgeting and re-investment decisions.

## Aggregate Performance Fee Eligible Partner-firm AuM

The amount of Aggregate Partner-firm AuM that is eligible for performance fees.

## AuM and Associated Data

The data presented in this document for the following key operating metrics reflects AuM data reported to the Operator on a three-month lag. This three-month data lag is due to the timing of the financial information received by the Operator from the Partner-firms, which generally require at least 90 days following each period end to present final financial information to the Operator. The key operating metrics reflected on a three-month lag are:

- Aggregate Partner-firm AuM
- Aggregate Fee-paying Partner-firm AuM
- Average Aggregate Fee-paying Partner-firm AuM
- Aggregate Performance Fee Eligible Partner-firm AuM
- Average Aggregate Performance Fee Eligible Partner-firm AuM
- Partner Blended Net Management Fee Rate
- Implied Blended Partner-firm FRE Ownership
- Investment Capital

## Issuer SPVs

Issuer SPVs comprise the following entities – PH Offshore GP Issuer, PH Offshore IM Issuer, PH Onshore GP Issuer, PH Onshore IM Issuer

## Intermediary Entities

Intermediary Entities comprise the following entities – PH Offshore GP Aggregator, PH Offshore IM Aggregator, PH Onshore GP Aggregator, PH Onshore IM Aggregator

## Investment Capital

Investment Capital is defined as the sum of the reported value of the balance sheet investments from the Partner-firms. The Operator and the Directors consider Investment Capital to be a meaningful measure of the performance of the Partner-firms' balance sheet investments and potential future Partner Realised Investment Income. The Operator therefore uses Investment Capital to assess future expected Partner Realised Investment Income and inform operating, budgeting and reinvestment decisions.

In respect of Investment Capital, the data may be adjusted for any known valuation impacts following the reporting date of the information received from the Partner-firms.

## Ownership weighted AuM

Ownership weighted AuM represents the Company's ownership stake of each Partner-firms' Aggregate Partner-firm AuM.

## Partner Blended Net Management Fee Rate

Partner Blended Net Management Fee Rate is defined as Partner Net Management and Advisory Fees for the period, divided by the average Aggregate Fee-paying AuM weighted for the Company's ownership interests in each Partner-firm. The average Aggregate Fee-paying AuM is calculated as the mean of the Aggregate Fee-paying AuM at the start and the end of the reporting period and excludes new acquisitions where the Company has not yet started to receive or have only received partial period amounts of Partner Net Management and Advisory Fees.

The Operator and the Directors consider Partner Blended Net Management Fee Rate to be a key metric in assessing the Company's overall management fee-related performance.

## Implied Blended Partner-firm FRE Ownership

Implied Blended Partner-firm FRE Ownership is defined as the weighted average of the Company's ownership stake in the Partner-firms' management fee-related earnings and is calculated based on the contribution of average Aggregate Fee-paying AuM from Partner-firms in each period. It will therefore be expected to change to some degree from period to period based on the contribution to average Aggregate Fee-paying AuM of each Partner-firm, even if the actual ownership of each underlying Partner-firm does not change. Excludes new acquisitions where Petershill has not yet started to receive or have only received partial period amounts of Partner Net Management and Advisory Fees.

The Operator and the Directors consider Implied Blended Partner-firm FRE Ownership to be a meaningful measure of the composition of the Company's investments.

## Partner Net Management and Advisory Fees

Partner Net Management and Advisory Fees is defined as the Company's aggregate proportionate share of the Partner-firms' net management fees (as reported by the Partner-firms to the Operator), including monitoring and advisory fees and less any management fee offsets, payable by the Partner-firms' funds to their respective Partner-firms for the provision of investment management and advisory services.

Certain Partner-firms provide transaction and advisory services, as well as services to monitor ongoing operations of portfolio companies. Management fees paid to the Partner-firms may be subject to fee offsets, which are reductions to management fees and are based on a percentage of monitoring fees and transaction and advisory fees paid by portfolio companies to the Partner-firms.

The Operator and the Directors consider Partner Net Management and Advisory Fees to be a meaningful measure of the management fee-related performance of the Partner-firms, and the Operator uses this metric to analyse and test income received from the Partner-firms and to inform operating, budgeting and re-investment decisions.

## Partner Fee Related Earnings (FRE) and Partner FRE Margin

Partner FRE is defined as Partner Net Management and Advisory Fees, less the Partner-firms' operating expenses, fixed and bonus compensation, net interest income/(expense) and taxes (but not performance fee-related expenses) allocable to the Company's share of Partner Net Management and Advisory Fees, as reported by the Partner-firms to the Operator, and subject to applicable contractual margin protections in respect of certain Partner-firms. Partner FRE Margin is defined as Partner FRE divided by Partner Net Management and Advisory Fees.

The Operator and the Directors consider Partner FRE and Partner FRE Margin to be meaningful measures of the management fee-related earnings of the Partner-firms and key performance indicators of the Company's income from investments in management companies derived from management fee income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and reinvestment decisions.

## Partner Realised Performance Revenues

Partner Realised Performance Revenues is defined as the Company's aggregate proportionate share of the Partner-firms' realised carried interest allocations and incentive fees payable by the Partner-firms' funds to their respective Partner-firms, less any realised performance fee-related expenses of the Partner-firms allocable to the Company's share of performance fee-related revenues, as reported by the Partner-firms to the Operator.

The Company's share of the Partner-firms' performance fee-related earnings will be lower than its share of the Partner-firms' management fee-related earnings because the Company's ownership stake in the Partner-firms' performance fee-related earnings is lower than its ownership stake in the Partner-firms' management fee-related earnings.

The Operator and the Directors consider Partner Realised Performance Revenues to be a meaningful measure of the performance fee-related earnings of the Partner-firms and key performance indicator of the Company's income from investments in management companies derived from performance fee income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and reinvestment decisions.

## Partner Realised Investment Income

Partner Realised Investment Income is defined as the Company's aggregate proportionate share of Partner-firm earnings resulting from the realised gains and losses, or any distributed income, from the investments held on Partner-firms' balance sheets, as reported by the Partner-firms to the Operator. Partner Realised Investment Income is also realised by the Company through a limited number of direct stakes in certain Partner-firms' funds. Realised Investment Income includes income that has been realised but not yet paid, as well as amounts that are realised and either fully or partially reinvested.

The Company's share of the Partner-firms' investment and balance sheet income will be lower than its share of the Partner-firms' management fee-related earnings because the Company's ownership stake in the Partner-firms' investment and balance sheet income is lower than its ownership stake in the Partner-firms' management fee-related earnings.

The Operator and the Directors consider Partner Realised Investment Income to be a meaningful measure of the investment performance of certain assets held by the Partner-firms and key performance indicator of the Company's income from investments in management companies derived from investment income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and reinvestment decisions.

## Partner Distributable Earnings and Partner Distributable Earnings Margin

Partner Distributable Earnings is defined as the sum of Partner FRE, Partner Realised Performance Revenues and Partner Realised Investment Income. Partner Distributable Earnings Margin is defined as Partner Distributable Earnings divided by the sum of Partner Net Management and Advisory Fees, Partner Realised Performance Revenues and Partner Realised Investment Income.

The Operator and the Directors consider Partner Distributable Earnings and Partner Distributable Earnings Margin to be meaningful measures of the overall performance of the Partner-firms and key performance indicators of the Company's total income from investments in management companies. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and re-investment decisions. These measures reflect any contractual margin protections or revenue share interests that the Company may have with the Partner-firms, which means that the Partner Distributable Earnings Margin may differ from the margins achieved by other shareholders or partners of the Partner-firms.

## Partner Revenues

Partner Revenues is defined as the sum of Partner Net Management and Advisory Fees, Partner Realised Performance Revenues and Partner Realised Investment Income.

The Operator and the Directors consider Partner Revenues to be a meaningful measure of the overall performance of the Partner-firms. The Operator uses this metric to inform operating, budgeting and re-investment decisions.

## Partner Private Markets Accrued Carried Interest

Partner Private Markets Accrued Carried Interest is defined as the Company's proportionate share of the Partner-firms' balance sheet accrued carry (as reported by the Partner-firms to the Operator) and represents the Company's proportionate share of the accumulated balance of unrealised profits from the Partner-firms' funds.

The Operator and the Company consider Partner Accrued Carried Interest to be a meaningful measure of the performance of the private markets Partner-firms and potential future private markets Partner Realised Performance Revenues. Absolute return performance fees are not accrued and are instead realised annually. The Operator uses Partner Accrued Carried Interest to assess future expected carried interest payments and inform operating, budgeting and re-investment decisions. This key operating metric reflects data reported to the Operator on a three-month lag.

## Petershill Funds

The Petershill Funds refers to the following entities: – Petershill II L.P. and Petershill II Offshore L.P., Petershill Private Equity L.P., Petershill Private Equity Offshore L.P., Vintage VII L.P. and related entities and certain co-investment vehicles.

## Weighted Average Capital Duration

Weighted Average Capital Duration is a key measure of the long term, locked-up capital of Aggregate Fee-paying Partner-firm AuM. It is defined as the average life of the underlying Partner-firm funds weighted based on Fee-Paying AuM.

# Alternative Performance Measures (“APMs”)

As part of the initial acquisition of the portfolio of Partner-firms on 28 September 2021, the Company acquired interests in several trusts (“Issuers”), which previously issued \$350m of long-term debt (“Notes”) with a 5% coupon and a maturity date of 2039. The Notes were secured by the rights to the cash flows of certain Partner-firm investments held by the Company and other investments held by the Petershill Funds.

For the period ended 31 December 2021, under IFRS, the Company was required to consolidate them, although the Company did not have rights to the cash flows of the collateral that were held by the Petershill Funds. This consolidation resulted in reflecting all of the assets and liabilities of these entities in the consolidated statement of financial position and all of the income, investment gain and finance cost in the consolidated statement of comprehensive income. However, shareholder returns were only affected by the interests that the Company owns.

For the year ended 31 December 2022, the Notes were repaid, and the collateral was released to the Petershill Funds and the Subsidiaries of the Company. Other assets comprised of income receivable and cash in the Issuer SPVs were distributed as well. The Issuer SPVs and the Intermediary Entities were dissolved on 19 December 2022. As a result, the Petershill Funds ceased to have any exposure to the Issuer SPVs effective this date.

Pursuant to the above, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements for the period of 1 January 2022 through 19 December 2022, the date these Issuer SPVs and the Intermediary Entities were dissolved.

The APM basis, which presents the financial information on a non IFRS basis, excluding the impact of the assets, liabilities, income, investment gain and finance cost which do not affect shareholder returns, aids shareholders in assessing their investment in the Company.

The IFRS and APM basis numbers discussed and presented below include significant ‘unrealised’ and non-cash items that include unrealised change in fair value of investments and it should be noted that while permitted, it is not the Company’s core strategy to exit or realise these investments. Therefore, management results are also presented excluding the unrealised change in fair value of investments at fair value through profit and loss and related unrealised divestment fee.

APMs are used by the Directors and the Operator to analyse the business and financial performance, track the Company’s progress and help develop long-term strategic plans and they also reflect more closely the cash flow of the Company. The Directors believe that these APMs are used by investors, analysts and other interested parties as supplemental measures of performance and liquidity.

The Pro Forma EPS APM was removed this year since the Company has been in operation for the full year of 2022 and the IFRS EPS result and Adjusted EPS APM are more meaningful measures to use.

The Adjusted Earnings per share (EPS) measure was updated from the prior year to reflect the weighted average number of Ordinary Shares in issue for the period in the denominator, consistent with the approach required under IFRS when calculating earnings per share. For 2022, this is a more appropriate measure of per share results on an adjusted earnings basis. In 2021, the Company had 1 share outstanding from 24 March 2021 through 28 September 2021 and the Ordinary Shares in issue at the measurement date was a more appropriate indicator at that time.

A Free cash flow APM was added this year. This reflects the APM basis of Net cash flow from operating activities excluding certain investment activity and tax and related expenses as a percent of the Adjusted EBIT. This measure is useful in demonstrating the conversion of certain income to cash, which can be used by the Company. Certain Income from investments in Partner-firms derived from Performance fee income and Management fee income may be earned in the current period and paid following period end, which may result in a temporary difference in the Free cash flow.

## Key



New APM introduced 2022

## Consolidated Statement of Comprehensive Income APM Basis

For the year ended 31 December 2022

	Year ended 31 December 2022			For the period from 24 March 2021 to 31 December 2021		
	Alternative performance measurement basis (APM) \$m	Adjustments \$m	IFRS basis \$m	Alternative performance measurement basis (APM) \$m	Adjustments \$m	IFRS basis \$m
<b>Income</b>						
Income from Investments in Partner-firms derived from:						
Management fee income	213.2	(0.2)	213.0	52.3	(3.0)	49.3
Performance fee income	131.6	7.8	139.4	62.3	17.0	79.3
Investment income	25.4	7.2	32.6	7.7	1.2	8.9
Interest income from investments in money market funds	8.6	–	8.6	–	–	–
<b>Total income</b>	<b>378.8</b>	<b>14.8</b>	<b>393.6</b>	<b>122.3</b>	<b>15.2</b>	<b>137.5</b>
<b>Movement in financial assets held at fair value</b>						
Change in fair value of investments at fair value through profit or loss	(776.5)	(30.2)	(806.7)	217.6	16.4	234.0
	(776.5)	(30.2)	(806.7)	217.6	16.4	234.0
<b>Expenses</b>						
Board of Directors' fees and expenses	(1.5)	–	(1.5)	(1.0)	–	(1.0)
Operator charge	(27.8)	–	(27.8)	(9.2)	–	(9.2)
Other operating expenses	(14.4)	–	(14.4)	(12.6)	–	(12.6)
Unrealised divestment fee credit/(expense)	0.9	–	0.9	(45.2)	–	(45.2)
<b>Total expenses</b>	<b>42.8</b>	<b>–</b>	<b>42.8</b>	<b>(68.0)</b>	<b>–</b>	<b>(68.0)</b>
<b>Operating profit/(loss) for the year/period</b>	<b>(440.5)</b>	<b>(15.4)</b>	<b>(455.9)</b>	<b>271.9</b>	<b>31.6</b>	<b>303.5</b>
<b>Finance income/(expense)</b>						
Finance cost	(45.6)	–	(45.6)	(4.6)	–	(4.6)
Movement in liability to Petershill Funds	–	15.4	15.4	–	(31.6)	(31.6)
Change in liability for tax receivables agreement	(19.0)	–	(19.0)	(6.8)	–	(6.8)
<b>Total finance expense</b>	<b>(64.6)</b>	<b>15.4</b>	<b>(49.2)</b>	<b>(11.4)</b>	<b>(31.6)</b>	<b>(43.0)</b>
<b>(Loss)/profit for the year/period before tax</b>	<b>(505.1)</b>	<b>–</b>	<b>(505.1)</b>	<b>260.5</b>	<b>–</b>	<b>260.5</b>
Tax credit/(expense)	52.2	–	52.2	(12.6)	–	(12.6)
<b>(Loss)/profit for the year/period after tax</b>	<b>(452.9)</b>	<b>–</b>	<b>(452.9)</b>	<b>247.9</b>	<b>–</b>	<b>247.9</b>
<b>(Loss)/profit and total comprehensive (expense)/income for the year/period</b>	<b>(452.9)</b>	<b>–</b>	<b>(452.9)</b>	<b>247.9</b>	<b>–</b>	<b>247.9</b>
<b>(Loss)/profit and total comprehensive (expense)/income attributable to:</b>						
Equity holders of the Company	(452.9)	–	(452.9)	247.9	–	247.9
<b>Earnings per share</b>						
Basic and diluted earnings per share (cents)	(39.36)	–	(39.36)	64.12	–	64.12

## Consolidated Statement of Financial Position APM Basis

As at 31 December 2022

	31 December 2022			31 December 2021		
	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m
<b>Non-current assets</b>						
Investments at fair value through profit or loss	4,958.9	–	4,958.9	5,524.3	498.8	6,023.1
Deferred tax asset	44.0	–	44.0	–	–	–
	5,002.9	–	5,002.9	5,524.3	498.8	6,023.1
<b>Current assets</b>						
Investments in money market funds at fair value through profit or loss	483.4	–	483.4	453.1	–	453.1
Cash and cash equivalents	97.6	–	97.6	68.7	56.1	124.8
Trade and other receivables	138.2	–	138.2	64.8	37.2	102.0
	719.2	–	719.2	586.6	93.3	679.9
<b>Total assets</b>	5,722.1	–	5,722.1	6,110.9	592.1	6,703.0
<b>Non-current liabilities</b>						
Liability to Petershill Funds	–	–	–	–	597.2	597.2
Unsecured Notes payable	493.2	–	493.2	–	–	–
Notes payable	–	–	–	350.0	(9.1)	340.9
Deferred payment obligations	50.0	–	50.0	133.4	–	133.4
Liability for Tax Receivables Agreement	150.6	–	150.6	166.7	–	166.7
Fee payable on divestment of investments	44.3	–	44.3	45.2	–	45.2
Deferred tax liability	–	–	–	12.6	–	12.6
	738.1	–	738.1	707.9	588.1	1,296.0
<b>Current liabilities</b>						
Trade and other payables	29.7	–	29.7	28.3	–	28.3
Deferred payment obligations	189.9	–	189.9	74.8	–	74.8
Interest payable	10.0	–	10.0	4.1	4.0	8.1
Liability for Tax Receivables Agreement	35.1	–	35.1	–	–	–
	264.7	–	264.7	107.2	4.0	111.2
<b>Total liabilities</b>	1,002.8	–	1,002.8	815.1	592.1	1,407.2
<b>Equity</b>						
Share capital	11.4	–	11.4	11.6	–	11.6
Share premium	3,346.7	–	3,346.7	3,346.7	–	3,346.7
Other reserve	1,689.6	–	1,689.6	1,689.6	–	1,689.6
Capital redemption reserve	0.3	–	0.3	–	–	–
Retained earnings	(328.7)	–	(328.7)	247.9	–	247.9
<b>Total Shareholders' funds</b>	4,719.3	–	4,719.3	5,295.8	–	5,295.8
Number of Ordinary Shares in issue at year/period end	1,135,399,597		1,135,399,597	1,156,696,029		1,156,696,029
<b>Net assets per share (cents)</b>	415.65		415.65	457.84		457.84



## Consolidated Statement of Cash Flows APM Basis

For the year ended 31 December 2022

	Year ended 31 December 2022			For the period from 24 March 2021 to 31 December 2021		
	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m
<b>Cash flows from operating activities</b>						
(Loss)/profit for the year/period before tax	(505.1)	–	(505.1)	260.5	–	260.5
Adjustments to reconcile operating loss for the financial year to net cash used in operating activities:						
Finance expense	64.6	(15.4)	49.2	43.0	–	43.0
Purchase of investments in money market funds	(1,051.4)	–	(1,051.4)	(806.7)	–	(806.7)
Sale of investments in money market funds	1,021.1	–	1,021.1	353.6	–	353.6
Reinvestment of income from investments in Partner-firms	(42.4)	(0.2)	(42.6)	(8.1)	–	(8.1)
Movement in financial assets and liabilities held at fair value through profit and loss	776.5	30.2	806.7	(217.6)	(16.4)	(234.0)
Movement in trade and other receivables	(82.0)	22.9	(59.1)	(97.0)	40.9	(56.1)
Movement in trade and other payables	3.8	–	3.8	22.6	–	22.6
Movement in liability to Petershill Funds	–	–	–	–	31.6	31.6
Movement in fee payable on divestment of investments	(0.9)	–	(0.9)	45.2	–	45.2
Taxes paid	(4.4)	–	(4.4)	–	–	–
<b>Net cash outflow from operating activities</b>	<b>179.8</b>	<b>37.5</b>	<b>217.3</b>	<b>(404.5)</b>	<b>56.1</b>	<b>(348.4)</b>
<b>Cash flows from investing activities</b>						
Purchase of investments at fair value through profit or loss	(149.7)	–	(149.7)	(247.0)	–	(247.0)
Capital proceeds received	6.7	–	6.7	–	–	–
<b>Net cash outflow from investing activities</b>	<b>(143.0)</b>	<b>–</b>	<b>(143.0)</b>	<b>(247.0)</b>	<b>–</b>	<b>(247.0)</b>
<b>Cash flows from financing activities</b>						
Issue of shares (net of share issue costs deducted from proceeds)	–	–	–	725.0	–	725.0
Payment of share issue costs	(5.7)	–	(5.7)	(4.8)	–	(4.8)
Share repurchases	(50.0)	–	(50.0)	–	–	–
Dividends paid	(70.3)	–	(70.3)	–	–	–
Proceeds from Unsecured Notes	500.0	–	500.0	–	–	–
Repayment of Notes payable	(350.0)	–	(350.0)	–	–	–
Payment of transactions costs related to debt issuance and repayment	(8.1)	–	(8.1)	–	–	–
Interest expense payments	(23.8)	(4.0)	(27.8)	–	–	–
Extinguishment of liability to Petershill Funds	–	(89.6)	(89.6)	–	–	–
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(7.9)</b>	<b>(93.6)</b>	<b>(101.5)</b>	<b>720.2</b>	<b>–</b>	<b>720.2</b>
Net (decrease)/increase in cash and cash equivalents during the year/period	28.9	(56.1)	(27.2)	68.7	56.1	124.8
Cash and cash equivalents at the beginning of the year	68.7	56.1	124.8	–	–	–
<b>Cash and cash equivalents at the end of the year/period</b>	<b>97.6</b>	<b>–</b>	<b>97.6</b>	<b>68.7</b>	<b>56.1</b>	<b>124.8</b>

## Net cash position at end of year

Cash and cash equivalents APM basis plus investments in money market funds less deferred payment obligations and long term debt.

	31 December 2022	31 December 2021
	\$m	\$m
Cash and cash equivalents <sup>APM basis</sup>	97.6	68.7
Investments in money market funds at fair value through profit or loss	483.4	453.1
Notes payable (gross)	–	(350.0)
Unsecured Notes payable (gross)	(500.0)	–
Deferred payment obligations	(239.9)	(208.2)
<b>Net cash position at end of year/period</b>	<b>(158.9)</b>	<b>(36.4)</b>

## Free cash flow <sup>N</sup>

The Net cash flows from operating activities <sup>APM basis</sup> less Purchase of investments in money market funds, Sale of investments in money market funds, Reinvestment of income from investments in Partner-firms <sup>APM basis</sup> and Taxes paid as a percent of the Adjusted EBIT. This amount can differ year over year as the timing of settlement of certain income from investments in Partner-firms may vary.

	31 December 2022	31 December 2021
	\$m	\$m
Net cash flows from operating activities <sup>APM basis</sup>	179.8	(404.5)
Purchase of investments in money market funds	1,051.4	806.7
Sale of investments in money market funds	(1,021.1)	(353.6)
Reinvestment of income from investments in Partner-firms <sup>APM basis</sup>	42.4	8.1
Taxes paid	4.4	–
Adjusted net cash flows from operating activities	256.9	56.7
Adjusted EBIT	336.3	106.4
<b>Free cash flow</b>	<b>76%</b>	<b>53%</b>

## Book value

Total Shareholders' funds.

	31 December 2022	31 December 2021
	\$m	\$m
Total Shareholders' funds	4,719.3	5,295.8

## Book value per share

Total Shareholders' funds divided by the Number of Ordinary Shares in issue at year/period end.

	31 December 2022	31 December 2021
	\$m	\$m
Total Shareholders' funds (\$m)	4,719.3	5,295.8
Number of Ordinary Shares in issue at year/period end	1,135,399,597	1,156,696,029
Book value per share (cents)	415.65	457.84

## Adjusted Earnings Before Interest and Tax (EBIT)

Sum of total income<sup>APM basis</sup> and expenses excluding non-recurring charges before net finance result and before income taxes, change in fair value of investments at fair value through profit or loss<sup>APM basis</sup> and unrealised divestment fee.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income <sup>APM basis</sup>	378.8	122.3
Board of Directors' fees and expenses	(1.5)	(1.0)
Operator charge	(27.8)	(9.2)
Other operating expenses	(14.4)	(12.6)
Non-recurring operating expenses	1.2	6.9
<b>Adjusted Earnings Before Interest and Tax (EBIT)</b>	<b>336.3</b>	<b>106.4</b>

## Adjusted EBIT margin

Adjusted EBIT divided by APM basis total income.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income <sup>APM basis</sup>	378.8	122.3
Adjusted EBIT	336.3	106.4
<b>Adjusted EBIT margin</b>	<b>88.8%</b>	<b>87.0%</b>

## Adjusted Earnings Before Tax (EBT)

Sum of total income<sup>APM basis</sup> and expenses excluding deferred divestment fee, income taxes, change in liability for tax receivables agreement, movement in liability to Petershill Funds, change in fair value of investments at fair value through profit or loss<sup>APM basis</sup> and non-recurring charges.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income <sup>APM basis</sup>	378.8	122.3
Directors' fees and expenses	(1.5)	(1.0)
Operator charge	(27.8)	(9.2)
Other operating expenses	(14.4)	(12.6)
Finance cost	(45.6)	(4.6)
Non-recurring operating expenses	1.2	6.9
Non-recurring charges related to financing	17.3	–
<b>Adjusted Earnings before tax (EBT)</b>	<b>308.0</b>	<b>101.8</b>

## Tax and tax related expenses

The current tax plus the expected payment under the tax receivables agreement for the current year.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Current tax	(4.2)	–
Expected payment under the tax receivables agreement	(31.2)	(3.4)
<b>Tax and tax related expenses</b>	<b>(35.4)</b>	<b>(3.4)</b>

## Adjusted tax and tax related expense rate

The Tax and tax related expenses divided by the Adjusted EBT.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Tax and related expenses	35.4	3.4
Adjusted EBT	308.0	101.8
<b>Adjusted tax and tax related expense rate</b>	<b>11.5%</b>	<b>3.3%</b>

## Adjusted Profit After Tax

Sum of total income <sup>APM basis</sup> and expense excluding unrealised divestment fee, income taxes, change in liability for tax receivables agreement, movement in liability to Petershill Funds, change in fair value of investments at fair value through profit or loss <sup>APM basis</sup> and non-recurring charges and including tax and related expenses under the tax receivables agreement.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income <sup>APM basis</sup>	378.8	122.3
Board of Directors' fees and expenses	(1.5)	(1.0)
Operator charge	(27.8)	(9.2)
Other operating expenses	(14.4)	(12.6)
Finance Cost	(45.6)	(4.6)
Non-recurring operating expenses	1.2	6.9
Tax and tax related expenses	(35.4)	(3.4)
Non-recurring charges related to financing	17.3	–
<b>Adjusted profit after tax</b>	<b>272.6</b>	<b>98.4</b>

## Adjusted Earnings Per Share (EPS)

Adjusted profit after tax divided by weighted average number of Ordinary Shares in issue

	31 December 2022 \$m	31 December 2021 \$m
Adjusted profit after tax	272.6	98.4
Weighted average number of Ordinary Shares in issue	1,150,241,568	386,629,098
Adjusted Earnings per share (EPS) (cents)	23.70	25.45

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