

## Half-yearly Report

For the six months ended 30 June 2025



## Contents

IEM at a Glance	1
Investment Objective, Financial Information and Performance Summary	2
Chairman's Statement	4
Manager's Report	7
Ten Largest Holdings	11
Top Thirty Portfolio Investments	13
Structure of the Portfolio	14
Environmental Markets	15
IEM Environmental Impact Report	
Spotlight: Treating the Forever Problem of PFAS	
Interim Management Report	19
Directors' Statement of Responsibility	20
Condensed Income Statement*	21
Condensed Balance Sheet*	22
Condensed Statement of Changes in Equity*	23
Condensed Statement of Cash Flows*	24
Notes to the Financial Statements*	25
Alternative Performance Measures ("APMs")	31
Directors, Manager and Advisers	33

\*Unaudited





# IEM at a Glance

## IEM Overview

Impax Environmental Markets plc (“IEM” or the “Company”) is founded on the belief that, with insatiable demand for higher living standards on a finite planet, companies enabling the cleaner and more efficient delivery of basic needs – such as power, water and food – or mitigating environmental risks like pollution and climate change, can grow earnings faster than the global economy over the long-term.

IEM provides its shareholders with exposure to this exciting growth story. The Company invests in a well-researched and diversified portfolio of fast-growing, listed businesses. IEM's Board of Directors (the “Board”) believes that investing in these companies can deliver superior risk-adjusted returns over the long-term. This thesis is borne out in the superior earnings growth portfolio companies have delivered compared to global equity markets over the past decade. Looking forward, IEM continues to benefit from an expanding opportunity set of investable companies harnessing structural drivers. These include the digitalisation of industrial supply chains, rising demand for cost-efficient electricity and the increasingly urgent need for climate change adaptation.

This thesis is borne out in IEM's portfolio. Earnings delivered by portfolio companies over the past decade have surpassed those of broader global equity markets. However, like all equity investments, IEM's short-term performance can be influenced by macroeconomic issues and sentiment.

## The Manager

The Manager of IEM, Impax Asset Management (AIFM) Limited (the “Manager”, or “Impax”), uses a proprietary classification system to define these higher growth ‘Environmental Markets’. This approach has been in place since IEM was founded in 2002 and is overseen by a dedicated Impax team.

Today the classification system is made up of six sectors: Energy, Clean and Efficient Transport, Water, Circular Economy, Smart Environment and Sustainable Food. The range of activities included has naturally grown over the years as technologies advance and more industries begin to address the environmental challenges which they face.

To qualify for IEM's investable universe, a company must derive at least 50% of its revenues from these Environmental Markets. As a result, IEM's investments are predominantly in small and medium-sized companies, which tend to focus their business models on fewer activities.

The Manager then follows a rigorous, performance-focused process based on bottom-up research to invest in proven and profitable companies. The breadth of the Environmental Markets opportunity set enables Impax to create a diversified portfolio spanning traditional sector boundaries. Once a company is purchased, its share price is continually monitored within the context of a live ‘valuation range’ which incorporates worst and best-case assumptions.

The Manager also maintains an active dialogue with the companies in which it invests. Doing so is central to optimising shareholder returns, helping to promote greater transparency around corporate issues and risk. Engagement outcomes, company valuations, as well as portfolio risk metrics and the macro-outlook, all inform buy and sell decisions.

## The Company

IEM's goal is to deliver financial returns for shareholders. It benefits from an active, committed Board, as well as competitive fees. Additionally, the investment managers are personally invested, thus aligning themselves financially with shareholders.

By IEM focusing on Environmental Markets, the portfolio generates outcomes beyond financial returns. Annually, for each £1 million invested, enough clean, renewable energy is generated to power 75 homes, and the equivalent of 558 households' water consumption and 39 tonnes of domestic waste are saved. Whilst the Manager does not target the UN Sustainable Development Goals in the investment process, 83% of portfolio company revenues were aligned with them in 2024.

# Investment Objective

The investment objective of Impax Environmental Markets plc (“the Company”) is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste.

Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management (which includes sustainable food, agriculture and forestry).

## Financial Information

At 30 June 2025 and 31 December 2024

**413.7p**

Net asset value ("NAV")  
per ordinary share with  
debt at bookcost

(2024: 428.6p)

**412.6p**

NAV per ordinary share  
with debt at fair value<sup>1</sup>

(2024: 427.6p)

**9.5%**

Ordinary share price  
discount to NAV<sup>1,2</sup>

(2024: 9.8%)

**373.25p**

Ordinary share price

(2024: 385.5p)

**£851m**

Net assets<sup>1,2</sup>

(2024: £1,026m)

Scan here for access  
to Impax  
Environmental  
Markets plc's website,  
which will have the  
Company's latest  
Annual Report and  
other Company  
information.



## Performance Summary

For the six months ended 30 June 2025

% change

**-3.0%**

NAV total return per  
ordinary share<sup>1,2</sup>

(2024: -0.5%)

**-2.3%**

Share price total return  
per ordinary share<sup>1</sup>

(2024: -2.3%)

### Comparator Benchmarks

**0.6%**

MSCI AC World index<sup>3</sup>

(2024: 12.2%)

**-4.1%**

FTSE ET100 index<sup>3</sup>

(2024: 7.4%)

### Alternative performance measures ("APMs")

The disclosures as indicated in footnote 1 are considered to represent the Company's APMs. Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 31.

1 These are alternative performance measures.

2 With debt at fair value.

3 Source: Bloomberg and FactSet.

# Chairman's Statement



**Glen Suarez**  
Chairman

“Companies that are investing in the transition to a more sustainable world now will be the long-term financial success stories.”

The first half of 2025 (the “Period”) for Impax Environmental Markets plc (the “Company”, or “IEM”) has seen a volatile market with Donald Trump’s tariffs, the threat of stagflation and slower earnings growth diminishing US economic and market leadership. This has led to a broader range of companies driving market returns – as opposed to previously, where the so-called “Magnificent Seven” have been so powerful. Consequently, we have seen lower returns and increased volatility in the US in particular, but the Company’s investment thesis remains strong.

Valuations continue to be attractive and we see an increased focus on portfolio construction discipline (as can be seen from the Manager’s Report in its reference to efforts in this area). During the Period, the portfolio fell slightly in value, but the Board remains positive for reasons I set out below.

Following the Annual General Meeting held on 20 May 2025 I am delighted to confirm that all resolutions put forward, including the Company’s triennial continuation vote, were passed by overwhelming majorities. The Board, as you would expect, remains committed to vigilant stewardship and proactive shareholder engagement. We also continue to recognise the importance of aligning our strategy with shareholder expectations and ongoing constructive engagement to deliver long-term value.

## Benchmarks

I wrote in my Statement in the most recent Annual Report in April that work was underway to create a new benchmark to reflect the opportunity set of companies in which IEM may invest. This would allow shareholders to better objectively understand the nature of returns the Manager has been delivering. I can confirm that this work is well advanced and I expect to announce this benchmark very soon.

The background is that the Company currently has two comparator indices – its global equity comparator index, the MSCI All Country World Index or “MSCI ACWI”, and its environmental markets comparator index, the FTSE Environmental Technology 100 Index or “FTSE ET100”.

I have previously mentioned the imperfections of the FTSE ET100 Index as a benchmark for IEM, whilst recognising that the broader MSCI ACWI remains relevant for many of our shareholders when looking at returns against global markets. The MSCI ACWI of course has aspects and drivers of returns which sit outside of the opportunity set. Thus the Board has been working with the Manager to agree an index that would be more representative of the Environmental Markets opportunity set and against which the Manager’s performance can be assessed and understood. This work is nearly complete.

## Performance

For the six months ended 30 June 2025, on a total return basis the Company’s net asset value (with debt at fair value) fell 3.0%, whilst the MSCI ACWI increased 0.6%. The corresponding share price total return fell 2.3% and the discount remained steady, moving from 9.8% at the start of the Period to 9.5% at the end.

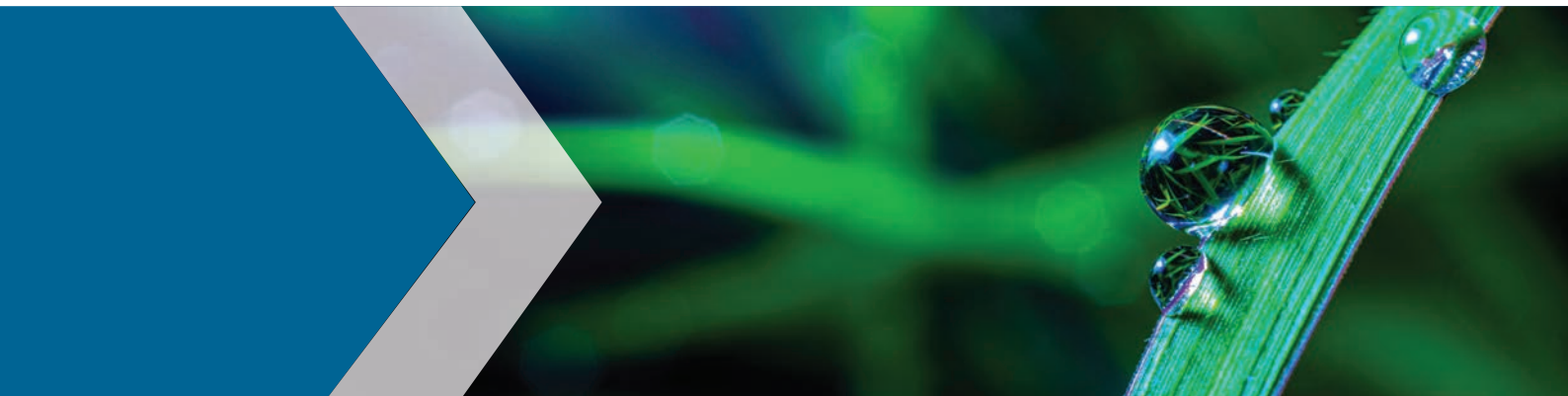
While the Company has continued to face challenging macroeconomic headwinds and constantly shifting social economic hurdles, the Board is encouraged that the underlying earnings of our portfolio companies exhibit strong growth. Underlying fundamentals of IEM’s portfolio companies remain robust, with negative contributions to performance more reflective of short-term factors in market dynamics.

## Dividend

The Company’s net revenue return for the Period was £7.6 million, compared with £8.6 million earned in the same period last year. As earnings per share in the Period have in fact slightly increased to 3.44 pence (compared to 3.20 pence for the six months to 30 June 2024), this reduction in headline revenue reflects the Company’s buying back of shares.

The second interim dividend for the 2024 financial year, of 3.2 pence per ordinary share, was declared on 30 January





2025 and paid on 7 March 2025. The aggregate dividend for 2024 was 5.0 pence, an increase of 8.7% from 4.6 pence for the previous year. It remains the Board's intention to pay out substantially all earnings by way of dividends, the quantum of which is affected both by the level of dividends received by the Company and by the number of shares in issue at the relevant record date.

On 1 August 2025, the Board announced a first interim dividend for this financial year of 1.9 pence per ordinary share (2024: 1.8p), payable on 28 August 2025 to shareholders who appear on the register at 15 August 2025, with an ex-dividend date of 14 August 2025.

## Gearing

The Board and the Manager believe that gearing, or the ability to borrow capital to invest, is an attractive feature of investment trusts and can enhance long-term performance. The Company has used gearing for a number of years and has a combination of fixed and floating rate debt with a mix of maturity dates and interest rates.

At the end of the Period, the aggregate of the Company's borrowings was £86.3 million, giving net gearing of 8.9% (31 December 2024: £83.1 million and 7.6%, respectively). A breakdown of the Company's borrowings at 30 June 2025 follows.

The Company has €60 million of privately placed notes ("Loan Notes"), as set out in the table below.

Loan amount € million	Loan amount £'million	Maturity 30 September	Interest rate
20	17.1	2030	Floating: EURIBOR +1.35%
30	25.6	2033	Fixed: 4.48%
10	8.5	2035	Fixed: 4.63%

The Company also has a two-year £80 million multi-currency revolving credit facility ("RCF") which has a floating interest rate priced at reference rate +1.6%. An amount of €40.9 million (equivalent to £35.0 million) was drawn down at the period end (31 December 2024: €40.8 million and £33.7 million, respectively). The facility expires on 6 September 2025 and the Board is in advanced

stages of negotiating a new RCF, details of which will be announced prior to the expiry date.

At the Period end, the weighted maturity of the Company's borrowings was 4.5 years and the mix of fixed to floating was 40%:60% (31 December 2024: 5.3 years and 40%:60%, respectively).

## Discount

The discount at which the shares trade to the underlying net asset value ("NAV") is actively monitored by the Board and the Company's brokers. The Company's ordinary shares traded at a discount to NAV, with debt at fair value, of 9.5% on 30 June 2025 – slightly narrower than the discount of 9.8% on 31 December 2024.

The Company has bought back 33,725,441 shares in the Period, equivalent to 14.1% of the Company's issued share capital at the start of the year. A positive side effect of a wide discount is the greater accretion to NAV from share buy backs. So far this year buy backs have enhanced NAV by 1.4%. At a General Meeting held in February, shareholders approved the renewal of the permission to buy back shares, ahead of the annual renewal of the permission at the AGM in May. Both results were welcomed by the Board, as they show continued support for the provision of liquidity and efforts to reduce share price volatility.

There were 239.9 million ordinary shares in circulation at the start of the year. After buy backs, this was reduced to 206.1 million, with 99,487,461 shares held in treasury at 30 June 2025. The Board will continue to exercise its authority to buy back or issue shares depending on the circumstances, in the interests of shareholders.

## Outlook

As Chairman and a shareholder myself, I recognise how challenging the last three years have been for shareholders. However, there are many reasons why I feel excited and optimistic about the future for the Company. IEM's opportunity set, which requires investee companies to generate at least 50% of their revenues from products or services in Environmental Markets, is expanding. The identification process is vigilant in capturing possible new entrants into that opportunity set and in assessing which of those are worth including in it.

## Chairman's Statement continued

The world is changing at an incredible pace. The new tariff-centric economic policy of the US is encouraging countries to revisit and redefine who their optimal trade partners are. The seemingly evergrowing amount of geopolitical strife across the world is driving companies to onshore and localise supply chains.<sup>1</sup> A period of exceptional returns for a narrow segment of the S&P500 (the Magnificent Seven in particular) has done little to reflect earnings growth in other areas of the market. It may be time to raise expectations of growth for countries and companies beyond the US and the Board notes the relatively low exposure that the portfolio has to American companies.

Whilst much is uncertain, I view that there are also many reasons for IEM shareholders to feel positive about their investment in the Company. While still in its infancy, AI is reducing costs and creating efficiencies across many industries and I am pleased to see the Manager has made some careful choices to expand our exposure to this theme. The adoption and implementation of renewable energy sources have accelerated, even as this has been a more challenged area of Environmental Markets in recent years and this is why the Manager retains some exposure in the portfolio.<sup>2</sup>

As I have written previously, this is all part of the emerging megatrend of the coming century; the climate we all inhabit has already changed and may yet do so further in a way that is indifferent to politics. As a result, companies that are investing in the transition to a more sustainable world now will be the long-term financial success stories<sup>3</sup>, and the Board feels very confident for the outlook ahead.

**Glen Suarez, Chairman**

5 August 2025

<sup>1</sup> S&P Global's Top 10 Sustainability Trends to Watch in 2025 | S&P Global

<sup>2</sup> Predictions 2025: Environmental Sustainability Drivers Shift

<sup>3</sup> S&P Global's Top 10 Sustainability Trends to Watch in 2025 | S&P Global



# Manager's Report



Jon Forster



Fotis Chatzimichalakis



Bruce Jenkyn-Jones

## Performance Summary

In the first half of 2025, IEM's NAV delivered a total return of -3.0%. Global equities as measured by the MSCI All Country World Index (MSCI ACWI) returned 0.6% over the same period.

Investor uncertainty and market volatility reached extreme levels in H1, driven by a complex array of cross-currents. On one hand, IEM benefited from a broader range of stocks delivering positive returns. Tariffs, the prospect of stagflation and weaker earnings growth curbed the dominance of US equities, and mega-cap technology companies in particular. An increasingly defensive and value-oriented market also boosted IEM's Utilities holdings, as well as Industrial stocks with more resilient business models. Conversely, macroeconomic uncertainty detracted from a fundamentally pro-cyclical portfolio.

One of the biggest tailwinds to IEM's performance in H1 was the break in strong performance for US mega-cap US technology stocks, which we do not own. Shares in these companies weakened sharply following the launch of DeepSeek, a Chinese AI model comparable to US peers, but built for a fraction of the cost. Earnings growth expectations for the "Magnificent Seven" also fell into line with those of broader markets, reducing their relative appeal. While some of IEM's AI-exposed non-tech holdings weakened, the growth potential remains, as digital infrastructure spending remains unabated and accounts for only a small but fast-growing part of these companies' operations.

The portfolio's overweight allocation to Europe (31% vs the ACWI's 15%) also became a positive contributor towards relative returns. European stocks benefited from low starting valuations, relative political stability and resurgent economic growth. German equities in particular rallied with the election of Chancellor Merz, a €500 billion budget targeting infrastructure (of which €100 billion is for the Climate Transition Fund), the release of the 'Schuldenbremse' (debt brake) and exemption of defence spending from budgetary limits. A revitalisation of Germany's economy is likely to benefit all companies selling into Europe, not just those listed on the continent. However, the resulting strong performance of European defence stocks, which are not held in IEM as they fail to meet the 50% Environmental Markets revenue threshold, has been a source of relative underperformance.

Donald Trump's approach to trade drove market volatility to levels not seen since the early days of COVID-19. However, by the end of the period most investors took a more optimistic view, with tariffs paused for negotiations that are ultimately expected to produce a market-friendly resolution. IEM's direct exposure to companies with significant tariff impacts is limited and, those which are, typically have the pricing power to pass on costs. Accordingly, we took the opportunity to build positions in stocks where pullbacks looked excessive. More relevant for IEM is the potential for tariffs to trigger economic weakness, and more cyclical areas of the portfolio such as construction companies have retreated. Even ahead of the tariffs' formal announcement ('Liberation Day'), we increased IEM's holdings in companies with defensive business models and "local for local" supply chains, such as **Air Liquide**.

This uncertain economic backdrop has helped drive a performance turnaround for previously challenged parts of the portfolio. The defensive business models and historically low valuations of Utilities saw independent power producers (hereafter referred to as "IPPs") like **Boralex** and water companies like **Veolia** make some of the largest contributions to performance in H1. Natural ingredients companies such as **DSM Firmenich** and **Borregaard** have also rallied, with stronger sales and improving operational performance.

Lastly, IEM also continues to benefit from M&A. **AZEK**, a maker of sustainable decking and outdoor products, announced a takeover offer from James Hardie Industries, a producer of fibre cement<sup>2</sup>. At a 37% premium to Azek's undisturbed share price, this is the fourth occurrence of M&A in the portfolio in less than twelve months, a testament to the continuing attractive valuations and structural growth across Environmental Markets.

## Absolute Performance Contributors and Detractors

### Contributors

Amid economic uncertainty, some of the strongest contributors to performance have been defensive industries with idiosyncratic investment drivers. **Coway**, a South Korean producer of water appliances, announced clear plans to return capital to shareholders, prompting a strong rally in the

1 Microsoft, Amazon, Meta, Alphabet, Nvidia, Apple, Tesla.

2 James Hardie offers \$8.8 billion for US building products maker AZEK | Reuters.

shares. Brazilian water utility **SABESP** is lifting margins over the course of its privatisation, particularly through the reorganisation of its workforce. The Chinese industrial automation company **Shenzhen Inovance**, rallied strongly as the launch of DeepSeek coincided with more constructive government rhetoric around national technology champions.

IEM's IPPs holdings rallied as equity investors flocked to the stable revenues of utility contracts and consumer staple exposure, respectively. Ormat, a producer of geothermal energy, benefited further from the technology's continued eligibility for tax credits under the Trump administration. M&A has also been positive for IPPs, with a crystallisation of value prompting the likes of **Northland Power** to rerate from an EV/EBITDA ratio of 8.4x to 9.1x.

Other businesses which performed strongly over the period include Australian logistics company **Brambles** and the recently added **Synopsys**, a producer of chip design software. While categorised as Industrial and Technology stocks, respectively, their share price action is testament to the essential nature of their services and their relatively low reliance on international trade.

## Detractors

Negative contributions to performance largely reflected broader weakness in equity markets. Concerns about economic growth translated into softness in IEM's positions with exposure to construction, consumer spending and industrial production. **Graphic Packaging** sold off after reporting disappointing earnings and forward guidance. This maker of paper and consumer packaging has significant exposure to US-branded goods, and a combination of softer demand and a shift to 'own label' items is denting sales. By contrast, **PTC**, a producer of computer-aided design software, delivered successive earnings beats. In our view, share price weakness confuses the more cyclical nature of its customers' industrial end markets with the resilience of PTC's own software-based revenues.

Similarly, IEM's position in **Repligen** fell in line with the broader Health Care sector. Despite delivering strong results with healthy growth and limited tariff impact, shares in the bioprocessing company weakened over concerns of reduced demand and funding. Yet demand for Repligen's services is underpinned by the fact it is a key enabler of cost reduction in drug development. **Descartes** – a route-mapping and logistics software provider – also weakened. Descartes ultimately benefits from more complex supply chains, but quarterly results showed slower growth due to lower US-China trade.

Idiosyncratic issues have also featured on the other side of IEM's performance ledger. **Rayonier**, a US timber real estate investment trust (REIT) fell after quarterly results revealed a strong 2024 hurricane season deferred harvest activity and drove pricing lower. Similarly, shares in **AAON** fell after announcing a poorly handled transition to new refrigerants had limiting topline growth in its Q1 results. Subsequent guidance was also conservative, although these appear to be temporary issues given strong growth potential in areas like data centre cooling.

## Relative Performance Analysis

Six months ended 30 June 2025	
Performance relative to MSCI ACWI	%
NAV total return	(3.0)
MSCI ACWI total return	0.6
Relative performance	(3.6)
Analysis of relative performance:	
Portfolio total return	(2.6)
MSCI ACWI total return	0.6
Portfolio underperformance	(3.2)
Borrowing:	
Gearing effect	(0.7)
Finance costs	(0.2)
Management fee	(0.4)
Other expenses	(0.1)
Trading costs	(0.3)
Share transactions:	
Buy backs	1.4
Tax	(0.1)
<b>Total relative NAV performance</b>	<b>(3.6)</b>

Six months ended 30 June 2025	
Performance relative to FTSE ET100	%
NAV total return	(3.0)
FTSE ET100 total return	(4.1)
Relative performance	1.1
Analysis of relative performance:	
Portfolio total return	(2.6)
FTSE ET100 total return	(4.1)
Portfolio outperformance	1.5
Borrowing:	
Gearing effect	(0.7)
Finance costs	(0.2)
Management fee	(0.4)
Other expenses	(0.1)
Trading costs	(0.3)
Share transactions:	
Buy backs	1.4
Tax	(0.1)
<b>Total relative NAV performance</b>	<b>1.1</b>

## Portfolio Positioning and Trades

As referenced in the Chairman's Statement, the Company held a diversified portfolio of 52 listed businesses at the end of the Period. This is down from 60 stocks at the end of last year and reflects a concerted effort to consolidate into a more focused portfolio of high quality and high conviction holdings. The process of consolidation began with a wholesale review of IEM's holdings in H2 2024, looking at the following.

- Limited upside available – stocks which, through strong performance, had reached the upper range of our price targets
- Pro-cyclical business models – stocks likely to face challenges in adverse macroeconomic conditions (e.g **Norma**, **Darling Ingredients**)

- iii. “Up or out” – stocks which had become smaller positions, but to which we had not added due to increased uncertainty – whether about the company, industry, or the macroeconomic picture. (e.g. **Herc Holdings**, **Cognex**)

The result of this was the exit of 17 stocks. At the same time, we had a healthy pipeline of new ideas for the portfolio. Successive years of narrow equity outperformance had left some companies – particularly those in Environmental Markets – on compelling valuations, even as their long-term growth drivers remained intact. This only increased as market volatility picked up in 2025. We thus purchased nine new holdings in H1, categorised into:

- i. High growth opportunities temporarily trading at a discount (e.g. **KLA**, **Hubbell**).
- ii. Defensive business models with good upside potential (e.g. **Air Liquide**, **Veolia**)

As a result of these trades and compared with six months ago, IEM’s portfolio has more weight in the top ten (28.5% up from 25.3%), more defensive stocks (42.1% vs 40.4%) and is higher quality in terms of its return on equity (15.4% vs 14.0%). Yet the portfolio’s geographical and sector tilts remain consistent.

## Key Developments and Drivers of Environmental Markets

### US Policy

Trade tariffs are just one way in which the US has influenced equity markets in 2025. President Trump has also pulled on two other levers: government budgets and regulation. Yet while policy changes have weighed on some areas of Environmental Markets, others stand to benefit.

Transport Solutions has been one of the weakest performing sectors during the period, as 50% tariffs on steel and aluminium<sup>1</sup>, combined with a 25% tariff on non-US cars and automotive content<sup>2</sup> threaten the sector’s already slim margins. At the same time, Donald Trump’s ‘One Big Beautiful Bill Act’ (OBBBA) phases out federal tax credits for electric vehicles (EVs). Yet IEM has less than 3% exposure to the sector. This is primarily through CATL, a Chinese battery maker where our investment case was predicated on its US business going to zero and which has made a significant positive contribution to performance since purchase.

The OBBBA is also impacting Alternative Energy with an accelerated phasing down of investment and production tax credits. IEM’s IPP holdings now account for less than 8% of the portfolio, and either operate outside the US or have target prices based solely on projects protected by virtue of already being under construction. Furthermore, tax credits for geothermal energy appear safe<sup>3</sup>, and may still benefit from an accelerated permitting process<sup>4</sup>. This has benefited the position in **Ormat Technologies**, a geothermal company seeing rising demand for stable, clean baseload power.

Regulatory changes have been wide ranging. The US has once again withdrawn from the Paris Agreement, paused Federal approvals for offshore wind and made it easier for companies to challenge shareholder resolutions. Against this, IEM’s natural ingredients holdings are likely to benefit from tighter regulations around food processing, while increased US industrial activity is driving up demand for hazardous waste treatment. The size and breadth of IEM’s investable universe means we can focus on these latter compelling investment opportunities and avoid others that are more challenged.

### The Continued Rise of Climate Change Adaptation

Climate risks can be managed in two ways: mitigation or adaptation. Mitigation methods aim to tackle risk at the source, such as reducing CO2 emissions by boosting energy efficiency or increasing renewable energy levels. Adaptation methods recognise that the environment has already changed and seek to manage the consequences, as well as the cost, of living within it.

Adaptation methods have risen rapidly up the agenda in recent years, driven by changing macroeconomic conditions. The challenge persists – 2024 was the ninth consecutive year in which damages from natural disasters cost the US more than \$300 billion<sup>5</sup>. Average global temperatures are also expected to stay at record levels for the next five years<sup>6</sup>. These very real and visible impacts mean there remains a very strong case for spending that ensures populations can securely inhabit a more hostile environment.

As a result, adaptation to climate change is an investment theme with high visibility and a broad opportunity set. These can be thought of in three broad segments:

- i) Higher temperatures create difficult living conditions. This requires the re-engineering of human environments, whether through efficient air conditioning supplied by companies like **AAON**, or environmental consultants.
- ii) Warmer weather makes for more volatile water resource, be it droughts or floods. This is tackled respectively by water utilities like Brazil’s **SABESP**, or US-based storm drainage company **Advanced Drainage**.
- iii) Finally, a changed climate increases natural disaster risk, driving demand for solutions which boost resilience, such as **Generac**’s standby electricity generators or **CleanHarbors**’ emergency waste disposal services.

### Battery Technology Advances and Falling Costs

Technological progress and falling battery costs are driving rapid growth in electric vehicle (EV) and stationary energy storage system (SESS) markets. Bloomberg New Energy Finance’s 2025 annual price survey found that the volume-weighted average price for lithium-ion battery packs dropped 20% in 2024 to \$115/kwh. Some of the cheapest packs made in China cost as little as \$94/kwh. This compares with an estimated average pack price of \$1436/kwh in 2010.

<sup>1</sup> Trump tariffs could wipe out European steel sector, senior industry figure says | Steel industry | The Guardian.

<sup>2</sup> [www.brookings.edu/articles/the-impact-of-us-tariffs-on-north-american-auto-manufacturing-and-implications-for-usmca/](https://www.brookings.edu/articles/the-impact-of-us-tariffs-on-north-american-auto-manufacturing-and-implications-for-usmca/)

<sup>3</sup> <https://www.eenews.net/articles/wright-backs-long-term-tax-credits-for-nuclear-geothermal/>

<sup>4</sup> US targets geothermal projects for emergency permitting | Reuters.

<sup>5</sup> Aon flags 60% protection gap as nat cat losses reach \$368 billion in 2024 - Reinsurance News.

<sup>6</sup> [wmo.int/news/media-centre/global-climate-predictions-show-temperatures-expected-remain-or-near-record-levels-coming-5-years](https://wmo.int/news/media-centre/global-climate-predictions-show-temperatures-expected-remain-or-near-record-levels-coming-5-years)



Cheap batteries and a highly competitive market, mean Chinese EVs now commonly cost less than equivalent internal combustion engines (ICE). Consequently, plug-in hybrids (PHEVs) and battery EVs (BEV) account for more than 50% of new car sales in China<sup>1</sup>. By contrast, EV volumes in the rest of the world have stagnated, with BEVs accounting for just ~13% of European sales in 2024<sup>2</sup>. If car companies are to meet the 20% BEV sales target mandated by EU regulatory emissions caps, they will have to produce new, mass-market models that depend on Chinese batteries.

Chinese companies already command over 90% market share in SESS. This is due to the near-total dominance of lithium iron phosphate (LFP), a battery cell chemistry currently only available from Chinese manufacturers. SESS growth is being driven by utility scale installations which aim to balance the intermittency of renewable energy, with forecasts predicting an annual growth rate of 30% out to 2030<sup>3</sup>. As battery technology improves and costs continue to fall, SESS will help both balance the existing power grid and provide standalone energy.

The battery industry is one where scale in research and manufacturing matters. These criteria underpin IEM's investment in the Chinese battery producer **CATL**. The company has c.40% global market share in both EV and SESS, with leading edge battery technology, manufacturing scale and cost advantage. As a result, CATL is able to earn a 15% operating margin<sup>4</sup> even as its competitors struggle to break even.

## Outlook

Despite a backdrop of geopolitical conflict, trade uncertainty and mixed economic indicators, global equities remain buoyant. Driving this is the continued resilience of the US economy. In June, US unemployment data fell to 4.1%,

with downward revisions to prior months. Likewise, at 2.4%, US inflation remains slightly above the Federal Reserve's target, but well below expectations immediately after Liberation Day.

Yet investors still have plenty of reason to be cautious. While negotiations are likely to mean a worst-case scenario for global trade is avoided, it is clear that we are entering a higher tariff (and therefore potentially inflationary) environment. Donald Trump's One Big Beautiful Bill Act is expected to raise the US fiscal deficit by around US\$3 trillion, similarly boosting inflationary pressures. Israel's military conflict with Iran has so far provoked no meaningful market response, but any closure of key oil trading routes would have an immediate impact on inflation and the global economy.

A fragile balance therefore holds. Against this, the investment team has built up positions in companies with, on one hand more defensive business models and on the other, highly visible, structural growth. By contrast, exits have focused on stocks with less visible upside and limited control of their own destinies. The team also continues to reduce its cluster risk exposure. Recent performance is more encouraging for a portfolio which continues to be highly active, trades below its historic valuation premium (compounded by a 10% discount to NAV) and offers meaningfully superior earnings growth than global equities overall.

**Jon Forster**  
**Fotis Chatzimichalakis**  
**Bruce Jenkyn-Jones**

5 August 2025

<sup>1</sup> <https://cnevpost.com/2025/04/09/china-nev-retail-mar-2025-cpca/>  
<sup>2</sup> European Automobile Manufacturers' Association.  
<sup>3</sup> CATL IPO Prospectus p.107 HK Listing Prospectus.pdf.  
<sup>4</sup> CATL FY 2024 results.

# Ten Largest Holdings

As at 30 June 2025 (31 December 2024)

1

3.8%

of net assets  
(2024: 1.5%)

## WASTE CONNECTIONS – United States | [www.wasteconnections.com](http://www.wasteconnections.com)

Waste Connections is a US-based waste management company, providing transfer, treatment and recycling services. By targeting markets where it enjoys exclusivity or minimal competition, Waste Connections benefits from high route density, low capex needs and long-lasting contracts. Waste Connections is actively consolidating a highly regulated market, with pricing power to expand margins.

2

3.8%

of net assets  
(2024: N/A)

## AIR LIQUIDE – France | [www.airliquide.com](http://www.airliquide.com)

Air Liquide is a global supplier of gases for industrial and healthcare markets. From semiconductors to food production, its products help customers improve both energy and water efficiency, as well as cutting emissions. Air Liquide operates in an oligopoly with deeply embedded customer relationships, and benefits from long-term (10+ years) take-or-pay contracts with cost pass-through clauses. As a result the business has a uniquely resilient yet pro-cyclical profile.

3

3.3%

of net assets  
(2024: 3.2%)

## TRIMBLE – United States | [www.trimble.com](http://www.trimble.com)

Trimble is a leading provider of software and hardware for the construction and transportation industries. Trimble's suite of construction software gives engineers a central resource from which to design, schedule and execute the build-out of projects. Its transportation services use GPS data, as well as vehicle monitoring systems, to optimise driver safety and route planning. Both sectors remain highly under-digitised, and in construction Trimble claims that its solutions can contribute efficiency gains of up to 50%, and cost savings of up to 30%.

4

3.2%

of net assets  
(2024: N/A)

## SYNOPSYS – United States | [www.synopsys.com](http://www.synopsys.com)

Synopsys creates essential software for designing chips. Its tools empower customers to design energy-efficient chips and systems, reducing energy consumption, manufacturing waste and water use. With booming demand for AI-focused chip design, strong recurring licensing revenues, limited cyclicality versus chipmakers, and a transformative US\$35 billion merger with Ansys boosting its "silicon-to-systems" moat, Synopsys shares offer solid growth and attractive valuation potential.

5

3.1%

of net assets  
(2024: 2.5%)

## DSM-FIRMENICH – Netherlands | [www.dsm-firmenich.com](http://www.dsm-firmenich.com)

DSM-Firmenich is a leading producer of specialty chemicals spanning food, beauty, healthcare and agriculture markets. The business harnesses growth from three long-term trends: improving consumer diets; shifting from chemical to natural/bio-based ingredients; and more sustainable agriculture. Diversified end markets and high value-add products support high returns on capital, strong free cashflow generation and lower earnings volatility.

6

3.1%

of net assets  
(2024: N/A)

#### VEOLIA ENVIRONNEMENT – France | [veolia.com/veolia.fr](https://veolia.com/veolia.fr)

Veolia is a global leader across essential water, waste and energy services. As a global operator with top-3 positions across its regions and end-markets, the company benefits from an irreplaceable infrastructure network, long-term customer relationships (90%+ contract renewal rates) and cross-business synergy. After integrating the Suez acquisition, Veolia is well positioned for an acceleration in growth over the next five years driven by higher margin parts of the business.

7

3.1%

of net assets  
(2024: 1.6%)

#### XYLEM – United States | [www.xylem.com](https://www.xylem.com)

Xylem is a “one stop shop” for water infrastructure, treatment, metering and monitoring solutions. Its products address pressing supply challenges such as water scarcity and quality, against a backdrop of increasing demand from urbanisation and more volatile environmental pressure. Markets are highly regulated and have defensive growth characteristics. Following years of material M&A, Xylem has a strong management team focused on simplifying the business and boosting margins.

8

2.9%

of net assets  
(2024: 2.4%)

#### ORMAT TECHNOLOGIES – United States | [www.ormat.com](https://www.ormat.com)

Ormat is a global leader in geothermal power and utility scale energy storage. Geothermal provides baseload renewable power with no intermittency issues, while energy storage enables grid balancing. Both have a critical role to play in future energy infrastructure. The company is benefiting from growing power demand and rising power prices, with a strong pipeline of projects and continued policy support.

9

2.6%

of net assets  
(2024: 2.3%)

#### KINGSPAN GROUP – Ireland | [www.kingspangroup.com](https://www.kingspangroup.com)

Kingspan is a global producer of insulation and related products. According to the International Energy Agency, almost half of energy demand in buildings is used for heating. Kingspan's products are directly focused on increasing energy efficiency within commercial and residential buildings, facilitating the transition to a lower carbon economy. Kingspan's growth is driven by a combination of increased market share, product innovation and strategic M&A. Kingspan also benefits from tightening regulation around energy efficiency.

10

2.6%

of net assets  
(2024: 3.4%)

#### PTC – United States | [www.ptc.com](https://www.ptc.com)

PTC's software helps industrial companies create a digital thread between designing, manufacturing, and servicing physical products. These solutions help to increase resource efficiency and eliminate waste in industrial processes. Operating in a market with high barriers to entry and low customer turnover, PTC is using its established market position to emerge as a leader in increasing numbers of connectivity platforms and is benefiting from high recurring revenues (c.80%).



# Top Thirty Portfolio Investments

All shares are ordinary shares unless otherwise stated.

At 30 June 2025 Company	Sector	Country of main listing	Market value £'000	% of net assets
Waste Connections	Resource Efficiency & Waste Management	United States	32,215	3.8
Air Liquide	Energy Management & Efficiency	France	32,111	3.8
Trimble	Digital Infrastructure	United States	27,716	3.3
Synopsys	Digital Infrastructure	United States	27,459	3.2
DSM-Firmenich	Sustainable Food & Agriculture	Netherlands	26,543	3.1
Veolia Environnement	Water Infrastructure & Technologies	France	26,462	3.1
Xylem	Water Infrastructure & Technologies	United States	26,224	3.1
Ormat Technologies	Alternative Energy	United States	25,000	2.9
Kingspan Group	Energy Management & Efficiency	Ireland	22,522	2.6
PTC	Digital Infrastructure	United States	21,782	2.6
<b>Top ten holdings</b>			<b>268,034</b>	<b>31.5</b>
Clean Harbors	Resource Efficiency & Waste Management	United States	21,381	2.5
Borregaard	Resource Efficiency & Waste Management	Norway	20,195	2.4
Aalberts	Water Infrastructure & Technologies	Netherlands	20,007	2.3
Brambles	Resource Efficiency & Waste Management	Australia	19,793	2.3
Mondi	Resource Efficiency & Waste Management	United Kingdom	19,707	2.3
Contemporary Amperex Technology	Transport Solutions	China (Hong Kong)	19,160	2.2
Spirax Group	Energy Management & Efficiency	United Kingdom	19,141	2.2
Bentley Systems	Digital Infrastructure	United States	18,480	2.2
Monolithic Power Systems	Digital Infrastructure	United States	18,420	2.2
Northland Power	Alternative Energy	Canada	18,253	2.2
<b>Top twenty holdings</b>			<b>462,571</b>	<b>54.3</b>
Pentair	Water Infrastructure & Technologies	United States	17,935	2.1
Generac Holdings	Energy Management & Efficiency	United States	17,715	2.1
Advanced Drainage Systems	Water Infrastructure & Technologies	United States	17,661	2.1
Rational	Sustainable Food & Agriculture	Germany	17,315	2.0
Boralex	Renewable Energy Developers & Ipps	Norway	17,141	2.0
KLA	Water Infrastructure & Technologies	United States	17,132	2.0
DiscoverIE Group	Energy Management & Efficiency	United Kingdom	16,799	2.0
Littelfuse	Energy Management & Efficiency	United States	16,607	1.9
Repligen	Resource Efficiency & Waste Management	United States	16,551	1.9
Coway Co	Water Infrastructure & Technologies	South Korea	16,509	1.9
<b>Top thirty holdings</b>			<b>633,936</b>	<b>74.3</b>
Other quoted holdings			288,393	33.8
<b>Portfolio total</b>			<b>922,329</b>	<b>108.1</b>
Cash and cash equivalents			21,180	2.5
Other net liabilities			(90,707)	(10.6)
<b>Net assets</b>			<b>852,802</b>	<b>100.0</b>

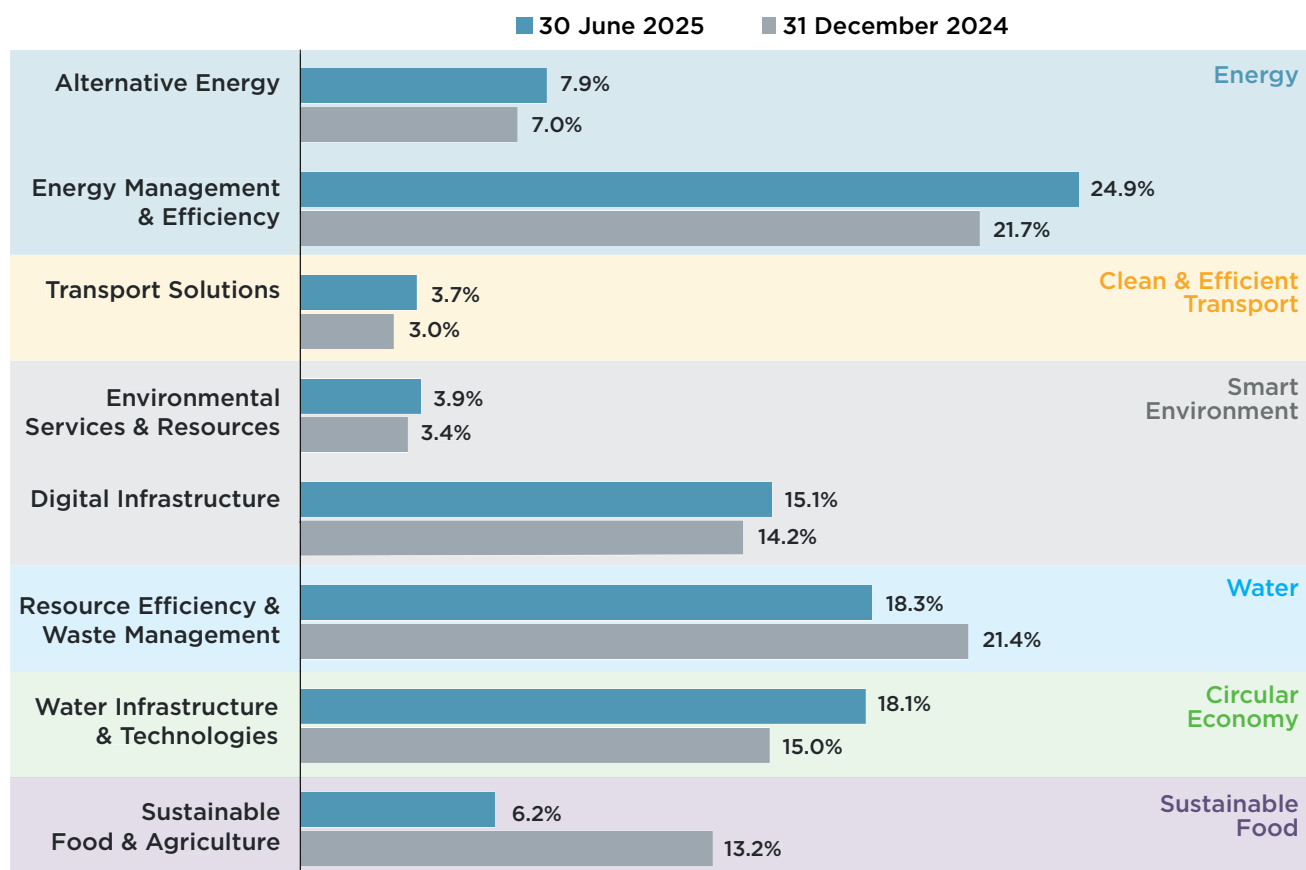
The full portfolio is published each month, quarterly in arrears on the Company's website [www.iemplc.co.uk](http://www.iemplc.co.uk)

# Structure of the Portfolio

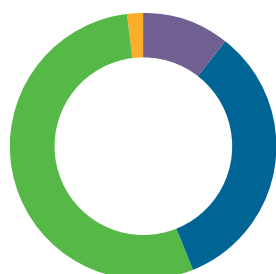
As at 30 June 2025

## Breakdown by environmental sector

IEM Classification<sup>1</sup>

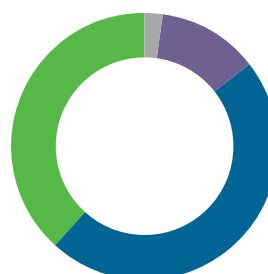


## Breakdown by region



- Asia Pacific, 10.8%
- Europe, 33.1%
- North America, 54.4%
- Rest of World, 1.7%

## Breakdown by market capitalisation



- Micro Cap (less than US\$0.5bn), 2.3%
- Small Cap (US\$0.5bn to US\$5bn), 12.2%
- Mid Cap (US\$5bn to US\$20bn), 47.3%
- Large Cap (US\$20bn to US\$200bn), 38.2%

<sup>1</sup> The 2024 Annual Report gives further information on the Impax Environmental Markets classification system.

# Environmental Markets




## IEM Environmental Impact Report

Whilst it is crucial to monitor the environmental impact of IEM's investee companies, there are no impact targets around which the Manager seeks to build the portfolio.

The environmental impacts noted below are the measurable output of IEM's investment objective implemented using Impax's investment process. The focus on companies delivering environmental solutions naturally results in environmental benefits which Impax quantifies at the end of each year on the basis of the most recent portfolio company disclosures available.

### Environmental impact of portfolio companies in 2024<sup>1</sup>






Based on £1m invested, companies held in the IEM portfolio contributed to:

	Total	Equivalent annual impact
 <b>Renewable electricity generated</b>	<b>271 MWh</b>	<b>75</b> Households' electricity consumption
 <b>Materials recovered/waste treated</b>	<b>35 tonnes</b>	<b>39</b> Households' waste output
 <b>Water provided/saved/treated</b>	<b>68 megalitres</b>	<b>558</b> Households' water consumption

Typically, Impax gathers Scope 1, 2, and 3 GHG emission data directly from company disclosures and/or via the Climate Disclosure Project ("CDP"). Where sufficient information is not available, companies are contacted to request additional information, which in some cases produces enhanced data. Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions. Avoided GHG emissions arise from the portfolio companies' products and services. This data is sourced from the company directly or is calculated at the relevant individual company product level using a number of inputs to produce a conservative avoidance of GHG emissions figure. Such inputs may include volumes of products sold, product-level efficiency indicators vs regional baselines and regional grid efficiency factors.

### GHG emissions impact of portfolio companies in 2024<sup>2</sup> (tCO<sub>2</sub>)

Based on £1m invested, companies held in the IEM portfolio contributed to:

	Total
 <b>Total GHG emissions</b>	<b>508 tCO<sub>2</sub></b>
 <b>Scope 1 &amp; 2</b>	<b>77 tCO<sub>2</sub></b>
 <b>Scope 3</b>	<b>432 tCO<sub>2</sub></b>
 <b>Avoided GHG emissions</b>	<b>444 tCO<sub>2</sub></b>
Avoided GHG emissions equivalent to:	
	<b>307 cars taken off the road</b>

<sup>1</sup> Latest year available.

<sup>2</sup> Latest data available. Numbers may not sum up due to rounding.

Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 31 December 2024.



## ENVIRONMENTAL IMPACT - COMPANY EXAMPLE

## Synopsys (3.2% of portfolio)

Synopsys supplies electronic design automation (EDA) software, intellectual property (IP), and services for integrated circuits (chips) and electronic systems. Its customers span a range of end markets, from technology and AI, to automobiles and industrials. Synopsys helps drive forward innovation by helping companies develop more advanced semiconductors and software applications. The acquisition of Ansys sees Synopsys extend its reach into physical simulation, unlocking step-change efficiencies in product development, from reducing component weights to eliminating physical prototypes.

Demand growth for Synopsys products is underpinned by rising chip complexity and technology's continued spread into everyday life. The company's core EDA business operates in a virtual duopoly, and its recent acquisition of Ansys means Synopsys now offers full system design capabilities. This puts it in a unique position to win further market share, while extracting integration synergies. At the same time, its IP division provides engineers with pre-designed circuit components that speed up development. A mix shift towards this higher margin business creates attractive upside potential underpinned by resilient recurring revenues and minimal customer churn.

As one of the leading platforms on which semiconductors are designed, Synopsys is a foundational enabler of the digital transition. Its software helps design advanced, more energy efficient chips that maximise performance per watt. This is particularly important as AI adoption and datacentre power demand surge. Similarly, electric vehicles and smart infrastructure require a greater number of more complex chips. In short, the lower-carbon solutions of downstream industries are only possible through the use of Synopsys software. In addition, Synopsys has set science-based targets validated by the Science Based Targets initiative (SBTi), pledging a 55% cut in Scope 1 & 2 GHG emissions and a 62% reduction in Scope 3 (commuting, travel, product use) by 2032<sup>1</sup>.

IEM Mapped to UN Sustainable Development Goals<sup>2</sup>

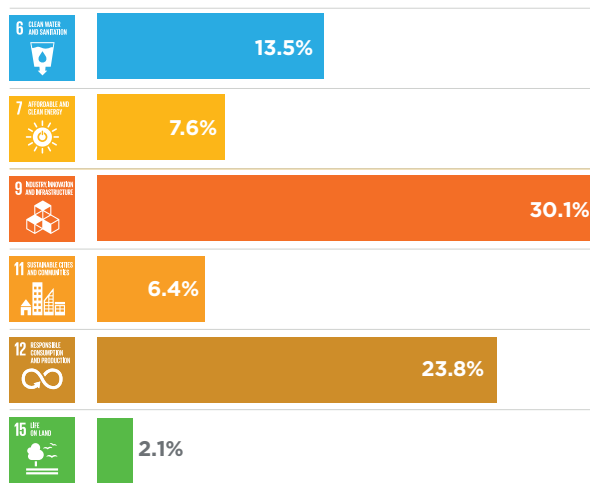
The UN Sustainable Development Goals ("SDGs") encompass 17 sets of targets to be met by the world's economies by 2030. The SDGs have been increasingly adopted by investors as a tool for evaluating impact outcomes.

The nature of Impax's investment philosophy results in meaningful exposure to the SDGs as an intrinsic effect of the investment process. Impax's investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Instead, the SDG framework is used to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise.

Reporting standards for environmental markets are continuously evolving. In 2023 the International Sustainability Standards Board (ISSB), which is an independent body that develops and approves environmental reporting standards, issued its inaugural standards – IFRS S1 and IFRS S2. Government and regulatory authorities across different jurisdictions continue to consider their approaches to implementing these in the context of their national sustainability reporting frameworks.

The bar chart illustrates the mapping of exposure to SDGs based on revenue exposure to environmental markets. At 31 December 2024, IEM's greatest linkage was to goals 12, 9 and 6.

## IEM has 83% revenue exposure to SDGs:



- Goal 12, Responsible Consumption & Production, which relates to holdings in sustainable and efficient agriculture, and recycling and value-added waste processing;
- Goal 9, Industry Innovation & Infrastructure, which relates to holdings in industrial energy efficiency; and
- Goal 6, Clean Water & Sanitation, which relates to holdings in water utilities and infrastructure.

<sup>1</sup> <https://www.synopsys.com/company/responsible-business/environment.html> | Synopsys.

<sup>2</sup> Source: Impax Asset Management. IEM holdings and UNSDG classification metrics both as at 31 December 2024. Figures are based on Impax internal data. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure within IEM. Numbers may not sum up due to rounding and may differ from the 2024 Annual Report due to verification and additional analysis of the data. For further information, please visit <https://www.un.org/sustainabledevelopment/sustainable-development-goals>.

## Spotlight:

# Treating the forever problem of PFAS

US consumers have become increasingly concerned about the quality of their drinking water. As a result, personal preference and litigation in the US will drive sustained adoption of innovative water treatment solutions, despite regulatory uncertainty.

## PFAS have been recognised as harmful

Concerns about the quality of US drinking water have risen sharply following prominent cases of lead pollution and amid growing awareness of emerging pollutants.

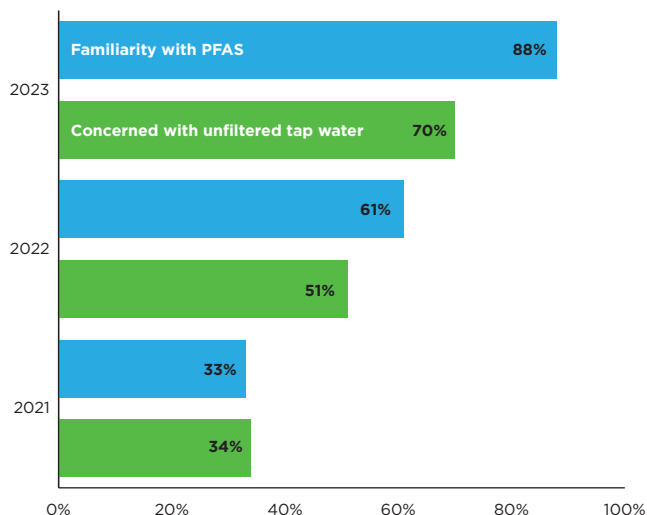
Of these emerging pollutants, per- and polyfluoroalkyl substances (“PFAS”) are some of the highest profile. These ‘forever chemicals’ are a family of thousands of synthetic organic compounds that have been widely used since the 1940s in a range of applications, from non-stick products to fire-resistant foams. The same qualities that make them so useful – resistance to water and oil – also make them extremely resistant to degradation.

They therefore accumulate in the environment and within living organisms, including humans.<sup>1</sup> This matters because research has linked exposure to certain levels of PFAS to the incidence of some cancers, reproductive issues and hormonal disruption, among other health issues.<sup>2</sup>

It is our conviction that consumers’ thirst for water quality assurance, combined with legal action against polluters, will continue to drive investment opportunities in products and services that enable the removal of these chemicals from drinking water, and particularly in the US.

## Rising concerns over drinking water quality

Percentage of US households surveyed, by year (%)



Source: Aquasana, 2023: 2023 Water Quality Survey.

In the US, it was the Environmental Protection Agency (“EPA”) which first regulated PFAS in the early 2000s. However, enforceable limits on PFAS in US drinking water were only introduced in 2024. This January, the EPA also announced the addition of nine PFAS to the list of chemicals covered by the Toxic Release Inventory, a public resource to improve transparency about toxic chemicals and pollution prevention activities<sup>3</sup>.

While the Trump administration has extended the compliance deadline for two of the most common PFAS chemicals and rescinded limits for four others<sup>4</sup>, the Safe Drinking Water Act ensures that water rules cannot be weakened once set. As such, PFAS regulation in the US is unlikely to unravel. The US is not alone in regulating for this group of chemicals; for example, the UK and European Union have extensive programmes to do so. However, it is in the US where these relatively new developments are producing new investment opportunities.

## Litigation and consumer demand drive investment

Government policy is also by no means the only catalyst for investment in water treatment solutions. The health and environmental impacts associated with PFAS are triggering class actions against their manufacturers. Defendants have already agreed to pay more than US\$14 billion in settlements following claims they had polluted public drinking water in some communities.<sup>5</sup>

<sup>1</sup> Fast Facts: PFAS in the U.S. Population | PFAS and Your Health | Agency for Toxic Substances and Disease Registry

<sup>2</sup> Our Current Understanding of the Human Health and Environmental Risks of PFAS | US Environmental Protection Agency (“EPA”)

<sup>3</sup> EPA Adds Nine Additional PFAS to the Toxics Release Inventory | US EPA

<sup>4</sup> Trump’s EPA delays limits on “forever chemicals” in drinking water : Shots - Health News : National Public Radio

<sup>5</sup> PFAS Litigation Could Generate Billions in Ground-Up Losses

## Treating the forever problem of PFAS continued

Water utilities are also bringing claims against PFAS makers to compensate them for the costs of water testing and treatment. Under new EPA standards, utilities have three years to conduct testing and a further two to install any necessary water treatment systems.<sup>1</sup>

This wave of litigation has doubtlessly contributed to rising public awareness: one study suggests that 80% of Americans are concerned about the presence of PFAS in their homes.<sup>2</sup>

High-profile local issues have pushed water quality up the agenda more broadly, not least the public health crisis in Flint, Michigan last decade. After the city's drinking water supply was switched and incorrectly treated, residents including around 9,000 children (whose development can be harmed by lead) were exposed to lead-contaminated water for 18 months.<sup>3</sup>

## Opportunities across the water value chain

Investment by utilities to reduce PFAS levels in drinking water, combined with public mistrust of water quality and rising awareness about the health risks associated with PFAS, are driving demand for treatment solutions at both system and household levels. This supports opportunities for innovative businesses across the water value chain.

First, water filtration equipment. Granular activated carbon and ion exchange are the most commonly used technologies to remove PFAS. The likes of US-listed **Pentair** (1.9% of portfolio) manufacture and distribute point-of-use filtration systems that can be installed under kitchen sinks to reduce PFAS concentrations by as much as 98%.<sup>4</sup> The market for domestic point-of-use filtration systems is particularly large in the US, where 23mn households (around 15%) rely on private wells.<sup>5</sup>

Companies are also increasingly investing in destruction of PFAS at an industrial scale. **Veralto** (1.7% of portfolio), a water focused diagnostics company spun out of Danaher, bought a minority stake in Axine Water Technologies in November 2024.<sup>6</sup> Axine's electrochemical oxidation platform is proven to completely destroy both long- and short-chain PFAS. The stake will sit within Veralto's Water Quality division, a unit with over US\$3 billion in annual revenues that is focused on detecting and destroying emerging contaminants.

Lastly, demand is growing at a municipal level. **Xylem** (2.8% of portfolio), a global leader in water technology has been involved in multiple municipal-scale PFAS remediation projects. This includes deploying its Evoqua contaminant removal solution with Orange County Water District.<sup>7</sup> **Clean Harbors** (2.3% of portfolio) meanwhile, provides a full service PFAS solution from diagnostics to disposal. Building on its heritage in hazardous waste management, the company has treated over 30 billion litres of PFAS contaminated water and removed over 91,000 tonne of contaminated soil.

It has been estimated that addressing PFAS pollution in US drinking water will cost US\$31 billion. Taking wastewater treatment and industrial remediation into account, the addressable market for PFAS treatment solutions could exceed US\$200 billion in the US alone.<sup>8</sup> There are corresponding opportunities across industrialised economies, supporting multi-decade opportunities for investors focused on solutions that can improve the quality – and safety – of the water we consume.

1 Biden-Harris Administration Finalizes First-Ever National Drinking Water Standard to Protect 100M People from PFAS Pollution | US EPA

2 2024 Survey Shows 76% of Americans Believe Filtered Water Aids in Longevity | Aquasana

3 Story: Flint Water Crisis | CASPER | Centre for Disease Control & Prevention

4 Pentair: Water Filtration for PFAS | Pentair

5 Water Filtration for PFAS | Pentair

6 Achieving Complete Destruction of PFAS Using electraCLEAR™ Process

7 Pilot and Bench Scale Testing For Media And Water Systems

8 Environmental Business Journal/AECOM, 2023

# Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider that the Chairman's Statement on pages 4 to 6 and the Manager's Report on pages 7 to 10 of this Half-yearly Report, provide details of the important events which have occurred during the six months ended 30 June 2025 ("Period") and their impact on the financial statements. The statement on related party transactions and the Directors' Statement of Responsibility, the Chairman's Statement and the Manager's Report together constitute the Interim Management Report of the Company for the Period. The outlook for the Company for the remaining six months of the year ending 31 December 2025 is discussed in the Chairman's Statement and the Manager's Report.

Details of the largest ten investments held at the Period end are provided on pages 11 and 12 and the structure of the portfolio at the Period end is analysed on page 14.

## Principal risks and uncertainties

The principal risks and uncertainties facing the Company are summarised below:

- (i) economic and market risks - price movements of the Company's investments are highly correlated to market movements and general economic conditions. This is even more so for investee companies with small market capitalisation;
- (ii) the Company's objective and strategy do not continue to attract investors - the Company invests in companies operating in environmental markets. There is a risk in such markets that change to governmental support, technology costs or customer demand may have an adverse effect;
- (iii) share price trades at excessive discount to net asset value - returns to shareholders may be affected by the level of discount at which the Company's shares might trade;
- (iv) under performance of the investment manager - Consistent long-term underperformance by the investment manager may lead to poor performance of the Company compared to its benchmark comparators and peers, a widening of discount to NAV, a reduction in capital and dissatisfied shareholders;
- (v) failure or breach of information security (IT) - including cyber-security and physical security risks - failure of IT or physical security could potentially lead to breaches of confidentiality, data records being compromised and the inability to make investment decisions. In addition, unauthorised physical access to buildings could lead to damage or loss of equipment; and
- (vi) operational risk - the management of the investment portfolio and other key services have been delegated to third party service providers. Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance or prevent the accurate reporting and monitoring of the Company's financial position.

Emerging risks are considered by the Board at its quarterly meetings and by the Audit Committee as part of its risk management and internal control review. Failure to identify emerging risks may cause reactive actions rather than being proactive and the Company could be forced to change its structure, objective or strategy and, in worst case, could cause the Company to become unviable or otherwise fail.

Specifically, the risks posed by ongoing economic uncertainties (including tariffs), geopolitical tensions and armed conflicts continue to be monitored by the Board. The Manager and other key service providers provide periodic reports to the Board on market impact and operational resilience to these events. The Board is satisfied that the key service providers have the ability to continue their operations efficiently in a remote or virtual working environment.

The Company's Annual Report for the year ended 31 December 2024 contains more detail on the Company's principal risks and uncertainties, including the Board's ongoing process to identify, and where possible mitigate, emerging risks (pages 45 to 49). Detail is also provided on other risks that, whilst not being identified as principal risks after mitigation controls are applied, are relevant risks to the Company. The Annual Report can be found on the Company's website at [www.iemplc.co.uk](http://www.iemplc.co.uk).

In the view of the Board, the principal risks and uncertainties facing the business are broadly the same as those in the published annual report and financial statements for the year ended 31 December 2024 with the exception of the reduction of risk of failing the Company's triennial continuation vote given shareholders voted overwhelmingly for the continuation of the Company at the May 2025 AGM. These risks and uncertainties remain applicable to the remaining six months of the year.

## Related party transactions

Details of the investment management arrangements are provided in the 2024 Annual Report. There have been no changes to the related party transactions described in the 2024 Annual Report that could have a material effect on the financial position or performance of the Company.



## Going concern

This Half-yearly Report has been prepared on a going concern basis. The Directors consider this the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report. In reaching this conclusion, the Directors considered the liquidity of the Company's portfolio of investments, as well as its cash position, income and expense flows. The Company's net assets as at 30 June 2025 were £852.8 million, of which £922.3 million was in quoted investments and cash totalled £21.2 million. The main liability of the Company is its borrowings of £86.3 million which is covered 11 times by the adjusted assets, well in excess of the level of cover required by the borrowing covenants of four times. The total expenses (excluding finance costs and taxation) for the six months ended 30 June 2025 were £4.3 million, while income was £10.4 million.

The Directors have considered the potential effect of continuing geopolitical tensions and economic uncertainties on the Company's portfolio of investments and that any future prolonged and deep market decline would likely lead to falling values in the Company's investments and/or reduced dividend receipts. However, as explained above, the Company has more than sufficient liquidity available to meet its expected future obligations.

## Board of Directors

5 August 2025

## Directors' Statement of Responsibility

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Half-yearly Report has been prepared in accordance with FRS 104 Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

**Glen Suarez, Chairman of the Board of Directors**

5 August 2025



# Condensed Income Statement

Unaudited

	Notes	Six months ended 30 June 2025			Six months ended 30 June 2024		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments		-	(39,368)	(39,368)	-	(20,900)	(20,900)
Net foreign exchange (losses)/gains		-	(5,459)	(5,459)	-	1,871	1,871
Income	4	10,434	-	10,434	12,667	-	12,667
Investment management fee		(869)	(2,607)	(3,476)	(1,233)	(3,699)	(4,932)
Other expenses		(821)	-	(821)	(762)	-	(762)
<b>Return on ordinary activities before finance costs and taxation</b>		<b>8,744</b>	<b>(47,434)</b>	<b>(38,690)</b>	<b>10,672</b>	<b>(22,728)</b>	<b>(12,056)</b>
Finance costs	5	(525)	(1,577)	(2,102)	(566)	(1,696)	(2,262)
<b>Return on ordinary activities before taxation</b>		<b>8,219</b>	<b>(49,011)</b>	<b>(40,792)</b>	<b>10,106</b>	<b>(24,424)</b>	<b>(14,318)</b>
Taxation	6	(580)	32	(548)	(1,461)	(16)	(1,477)
<b>Return on ordinary activities after taxation</b>		<b>7,639</b>	<b>(48,979)</b>	<b>(41,340)</b>	<b>8,645</b>	<b>(24,440)</b>	<b>(15,795)</b>
<b>Return per ordinary share (basic and diluted)</b>	7	<b>3.44p</b>	<b>(22.08p)</b>	<b>(18.64p)</b>	<b>3.20p</b>	<b>(9.05p)</b>	<b>(5.85p)</b>

The total column of the Income Statement is the profit and loss account of the Company.

The supplementary revenue and capital columns are provided for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

Return on ordinary activities after taxation is also the "Total comprehensive income for the period".

The accompanying notes form part of these financial statements.

# Condensed Balance Sheet

Unaudited

	Notes	As at 30 June 2025 £'000	As at 31 December 2024 <sup>1</sup> £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss	3	922,329	1,099,278
<b>Current assets</b>			
Dividends receivable		388	1,763
Sales awaiting settlement		3,126	1,774
Taxation recoverable		101	52
Other debtors		221	427
Cash and cash equivalents		21,180	13,405
		<b>25,016</b>	<b>17,421</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables		(8,230)	(5,468)
Revolving credit facility	8	(35,038)	(33,716)
		<b>(43,268)</b>	<b>(39,184)</b>
<b>Net current liabilities</b>		<b>(18,252)</b>	<b>(21,763)</b>
<b>Total assets less current liabilities</b>		<b>904,077</b>	<b>1,077,515</b>
<b>Creditors: amounts falling due after more than one year</b>			
Capital gains tax provision		-	(31)
Loan Notes	8	(51,275)	(49,400)
<b>Net assets</b>		<b>852,802</b>	<b>1,028,084</b>
<b>Capital and reserves: equity</b>			
Share capital	9	30,562	30,562
Capital redemption reserve		9,877	9,877
Special reserve		243,571	370,043
Capital reserve		554,198	603,177
Revenue reserve		14,594	14,425
<b>Shareholders' funds</b>		<b>852,802</b>	<b>1,028,084</b>
<b>Net asset value per ordinary share with debt at bookcost<sup>2</sup></b>	10	<b>413.71p</b>	<b>428.62p</b>
<b>Net asset value per ordinary share with debt at fair value<sup>2,3</sup></b>		<b>412.64p</b>	<b>427.58p</b>

<sup>1</sup> Audited.

<sup>2</sup> Basic and diluted.

<sup>3</sup> This is an alternative performance measure.

Approved by the Board of Directors and authorised for issue on 5 August 2025.

**Glen Suarez, Chairman**

Impax Environmental Market plc incorporated in England with registered number 4348393.

The accompanying notes form part of these financial statements.

# Condensed Statement of Changes in Equity

Unaudited

Six months ended 30 June 2025	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Special reserve* £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Opening equity as at 1 January 2025</b>		<b>30,562</b>	<b>-</b>	<b>9,877</b>	<b>-</b>	<b>370,043</b>	<b>603,177</b>	<b>14,425</b>	<b>1,028,084</b>
Return after taxation		-	-	-	-	-	(48,979)	7,639	(41,340)
Cost of share buy backs	9	-	-	-	-	(126,472)	-	-	(126,472)
Dividends paid	11	-	-	-	-	-	-	(7,470)	(7,470)
<b>Closing equity as at 30 June 2025</b>		<b>30,562</b>	<b>-</b>	<b>9,877</b>	<b>-</b>	<b>243,571</b>	<b>554,198</b>	<b>14,594</b>	<b>852,802</b>

\* The special reserve arose from the cancellation of the share premium account during the year ended 31 December 2024. It is distributable.

Six months ended 30 June 2024	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Opening equity as at 1 January 2024</b>		<b>30,562</b>	<b>423,098</b>	<b>9,877</b>	<b>52,557</b>	<b>-</b>	<b>691,454</b>	<b>14,936</b>	<b>1,222,484</b>
Return after taxation		-	-	-	-	-	(24,440)	8,645	(15,795)
Cost of share buy backs	9	-	-	-	(52,557)	-	(32,728)	-	(85,285)
Dividends paid	11	-	-	-	-	-	-	(7,983)	(7,983)
<b>Closing equity as at 30 June 2024</b>		<b>30,562</b>	<b>423,098</b>	<b>9,877</b>	<b>-</b>	<b>-</b>	<b>634,286</b>	<b>15,598</b>	<b>1,113,421</b>

The accompanying notes form part of these financial statements.



# Condensed Statement of Cash Flows

Unaudited

	Notes	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000
<b>Operating activities</b>			
Return on ordinary activities before finance costs and taxation*		(38,690)	(12,056)
Less: Tax deducted at source on income from investments		(580)	(1,461)
Foreign exchange losses/(gains)		3,765	(1,871)
Adjustment for losses on investments		39,368	20,900
Special dividends received as capital		-	1,567
Decrease/(increase) in other debtors		1,532	(844)
(Decrease)/increase in other creditors		(725)	158
<b>Net cash flow from operating activities</b>		<b>4,670</b>	<b>6,393</b>
<b>Investing activities</b>			
Sale of investments		445,945	188,291
Purchase of investments		(304,605)	(104,750)
<b>Net cash flow from investing activities</b>		<b>141,340</b>	<b>83,541</b>
<b>Financing activities</b>			
Dividends paid	11	(7,470)	(7,983)
Finance costs paid		(1,997)	(2,416)
Cost of share buy backs		(128,200)	(85,285)
<b>Net cash flow used in financing activities</b>		<b>(137,667)</b>	<b>(95,684)</b>
<b>Increase/(decrease) in cash</b>		<b>8,343</b>	<b>(5,750)</b>
<b>Cash and cash equivalents at start of period</b>		<b>13,405</b>	<b>16,647</b>
Increase/(decrease) in cash		8,343	(5,750)
Effect of movements in exchange rates on cash held		(568)	157
<b>Cash and cash equivalents at end of period</b>		<b>21,180</b>	<b>11,054</b>

\* Cash inflow includes dividend income received during the period of £11,667,000 (six months ended 30 June 2024: £11,786,000) and bank interest of £142,000 (2024: £272,000).

## Changes in net debt

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000
Net debt at start of period	(69,711)	(70,293)
Increase/(decrease) in cash and cash equivalents	8,343	(5,750)
The effect of changes in foreign exchange rates	(3,765)	1,934
<b>Net debt at end of period</b>	<b>(65,133)</b>	<b>(74,109)</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## 1 Accounting policies

The Half-yearly Condensed Financial Statements have been prepared in accordance with FRS 104 'Interim Financial Reporting' issued by the Financial Reporting Council ('FRC') and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in July 2022.

This Half-yearly Financial Report is unaudited and does not include all of the information required for a full set of annual financial statements. The Half-yearly Financial Report should be read in conjunction with the Annual Report and Accounts of the Company for the year ended 31 December 2024. The Annual Report and Accounts for the year ended 31 December 2024 were prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and received an unqualified audit report. The financial information for the year ended 31 December 2024 in this Half-yearly Financial Report has been extracted from the audited Annual Report and Accounts for the year ended 31 December 2024. The accounting policies in this Half-yearly Financial Report are consistent with those applied in the Annual Report for the year ended 31 December 2024.

## 2 Going concern

### Basis of accounting

The Directors have adopted the going concern basis in preparing the accounts. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and took account of continued geopolitical and economic uncertainties, are given on page 20.

## 3 Investments at fair value through profit or loss

### Classification of financial instruments

Securities of companies quoted on regulated stock exchanges and any holdings in unquoted companies are classified as 'at fair value through profit or loss' and are initially recognised on the trade date and measured at fair value in accordance with sections 11 and 12 of FRS 102. Investments are measured at subsequent reporting dates at fair value by reference to their market bid prices. Any unquoted investments are measured at fair value, which is determined by the Directors in accordance with the International Private Equity and Venture Capital guidelines.

Changes in fair value are included in the Condensed Income Statement as a capital item.

### The classifications and their descriptions are below:

FRS 102 requires classification of financial instruments within the fair value hierarchy be determined by reference to the source of inputs used to derive the fair value and the lowest level input that is significant to the fair value measurement as a whole. The classifications and their descriptions are below:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Level 2 investments are holdings in companies with no quoted prices. Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

### 3 Investments at fair value through profit or loss continued

	30 June 2025				31 December 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit or loss								
- Quoted	922,329	-	-	922,329	1,099,278	-	-	1,099,278
	<b>922,329</b>	<b>-</b>	<b>-</b>	<b>922,329</b>	<b>1,099,278</b>	<b>-</b>	<b>-</b>	<b>1,099,278</b>

At the period end the Company had no unlisted holding (2024: none).

### 4 Income

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000
Dividends from UK listed investments	1,701	910
Dividends from overseas listed investments	8,591	11,485
<b>Total dividend income</b>	<b>10,292</b>	<b>12,395</b>
Bank interest	142	272
<b>Total Income</b>	<b>10,434</b>	<b>12,667</b>

Dividends from overseas listed investments includes special dividends classified as revenue of £179,000 (2024: £382,000).

### 5 Finance costs

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Interest</b>						
Interest on revolving credit facility ("RCF")	216	649	865	240	749	989
Interest on Notes	293	876	1,169	309	897	1,206
	<b>509</b>	<b>1,525</b>	<b>2,034</b>	<b>549</b>	<b>1,646</b>	<b>2,195</b>
<b>Direct finance costs</b>						
RCF	13	40	53	14	40	54
Notes	3	12	15	3	10	13
	<b>16</b>	<b>52</b>	<b>68</b>	<b>17</b>	<b>50</b>	<b>67</b>
<b>Total</b>	<b>525</b>	<b>1,577</b>	<b>2,102</b>	<b>566</b>	<b>1,696</b>	<b>2,262</b>

The Company's refinancing in 2023 comprised the issuance of Loan Notes and putting in place a new RCF. The direct finance costs in relation to the Loan Notes and RCF amounted to £252,000 and £217,000, respectively. These costs are amortised over the life of the Loan Notes and the RCF on a straight-line basis.

## 6 Taxation

### Analysis of charge in the period

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas taxation	580	-	580	1,461	-	1,461
(Decrease)/increase in CGT provision	-	(32)	(32)	-	16	16
<b>Taxation</b>	<b>580</b>	<b>(32)</b>	<b>548</b>	<b>1,461</b>	<b>16</b>	<b>1,477</b>

The capital gains tax provision represents an estimate of the amount of tax provisionally payable by the Company on direct investment in Indian equities. It is calculated based on the long-term or short-term nature of the investments and the unrealised gain thereon at the applicable tax rate at the period end.

### Movements on the capital gains tax provision for the period

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000
Provision brought forward	31	40
Capital gains tax cash movement	1	-
(Decrease)/increase in provision	(32)	16
<b>Provision carried forward</b>	<b>-</b>	<b>56</b>

## 7 Return per ordinary share

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000
Revenue return after taxation (£'000)	7,639	8,645
Capital return after taxation (£'000)	(48,979)	(24,440)
<b>Return after taxation (£'000)</b>	<b>(41,340)</b>	<b>(15,795)</b>
<b>Weighted average number of ordinary shares in issue during the period</b>	<b>221,753,862</b>	<b>269,884,823</b>

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There is no dilution to return per share as the Company has only ordinary shares in issue.

## 8 Notes and revolving credit facilities

The Company has in place the following privately placed notes (the "Loan Notes") issued to funds managed by Pricoa Private Capital:

- €20 million maturing on 1 September 2030 with a floating coupon of Euribor + 1.35%;
- €30 million maturing on 1 September 2033 with a fixed coupon of 4.48%; and
- €10 million maturing on 1 September 2035 with a fixed coupon of 4.63%.

In addition to the Loan Notes referred to above, the Company has in place a two-year £80 million multi-currency floating rate RCF with Scotiabank, expiring on 6 September 2025. The RCF has a non-utilisation fee of 52.5 basis points.

The RCF is secured by a floating charge over the assets of the Company and this floating charge has been extended to the Loan Notes, so that the two lenders rank *pari passu*.



## 8 Notes and revolving credit facilities continued

A summary of the Company's borrowings follows:

		Six months ended 30 June 2025		Year ended 31 December 2024	
	Interest rate	Loan currency amount €'000	Bookcost £'000	Loan currency amount €'000	Bookcost £'000
<b>Loan Notes – Fixed and floating rate</b>					
Series A – Floating 2030	Euribor + 1.35%	20,000	17,096	20,000	16,470
Series B – Fixed 2033	4.48%	30,000	25,635	30,000	24,698
Series C – Fixed 2035	4.63%	10,000	8,544	10,000	8,232
			<b>51,275</b>		<b>49,400</b>
<b>RCF – floating rate</b>					
Non-sterling	Six month Euribor +1.6%	40,851	35,038	40,800	33,716
			<b>86,313</b>		<b>83,116</b>

The maturity profile of the Loan Notes and RCF are as follows:

	Six months ended 30 June 2025 Bookcost £'000	Year ended 31 December 2024 Bookcost £'000
RCF payable in less than one year	35,038	33,716
Loan Notes payable after more than 1 year	51,275	49,400
<b>Total borrowing</b>	<b>86,313</b>	<b>83,116</b>

The Company's Notes and RCF contain the following covenants:

- 1) Adjusted asset coverage should not be less than 4:1 in respect of the RCF;
- 2) Borrowings expressed as a percentage of adjusted assets shall not exceed 35% in respect of the Notes;
- 3) Net Asset Value should not be less than £260,000,000; and
- 4) The maximum permitted borrowing should not exceed that permitted in the Company's Articles of Association. There were no breaches of any covenants either in the period just ended or the prior year.

## 9 Share capital

	Six months ended 30 June 2025		Six months ended 30 June 2024	
	Number	£'000	Number	£'000
<b>Issued and fully paid shares of 10p each</b>				
Brought forward	239,861,519	23,986	281,115,039	28,111
Shares bought back and held in treasury	(33,725,441)	(3,373)	(21,774,810)	(2,177)
<b>Carried forward</b>	<b>206,136,078</b>	<b>20,613</b>	<b>259,340,229</b>	<b>25,934</b>
<b>Treasury shares of 10p each</b>				
Brought forward	65,762,020	6,576	24,508,500	2,451
Shares bought back and held in treasury	33,725,441	3,373	21,774,810	2,177
<b>Carried forward</b>	<b>99,487,461</b>	<b>9,949</b>	<b>46,283,310</b>	<b>4,628</b>
<b>Share capital</b>	<b>305,623,539</b>	<b>30,562</b>	<b>305,623,539</b>	<b>30,562</b>

During the six month period to 30 June 2025, 33,725,441 ordinary shares (2024: 21,774,810) have been bought back and placed into treasury at a total cost of £126,472,000 (2024: £85,285,000).

Since the period end and up to 31 July 2025, the latest practicable date before publication of this report, a further 3,090,586 ordinary shares have been bought back into treasury at a total cost of £12,066,000.

## 10 Net asset value ("NAV") per ordinary share

	Six months ended 30 June 2025	Year ended 31 December 2024
Net asset value ("NAV") (£'000)	852,802	1,028,084
Closing balance of shares in issue, excluding shares held in treasury	206,136,078	239,861,519
<b>NAV per share with debt at bookcost</b>	<b>413.71p</b>	<b>428.62p</b>

A reconciliation of shareholders' funds using debt at fair value is shown in the Alternative Performance Measures on page 31.

## 11 Dividends

### (a) Dividends paid in the period

		30 June 2025 £'000		30 June 2024 £'000
	Rate		Rate	
Interim dividend in lieu of final dividend for the previous year	3.20p	7,470	2.90p	7,983

### (b) Dividends payable in respect of the period, which is the basis on which the requirements of s1158-1159 of the Corporation Tax Act 2010 are considered

		30 June 2025 £'000		30 June 2024 £'000
	Rate		Rate	
First interim for the current year <sup>1</sup>	1.90p	3,858	1.80p	4,623

<sup>1</sup> The first interim dividend payable is based upon the 203,045,492 ordinary shares in issue on 31 July 2025, which is the latest practicable date before the publication of this report.

## 12 Transactions with the Manager and related party transactions

The Company's transactions with related parties in the period were with the Directors. There have been no transactions between the Company and its Directors during the period other than amounts paid to them in respect of expenses and remuneration for which there are no outstanding amounts payable at the period end (31 December 2024: nil and 30 June 2024: nil).

Fees payable to the Manager are shown in the Income Statement. At 30 June 2025, the fee outstanding to the Manager was £1,119,000 (31 December 2024: £1,493,000 and 30 June 2024: £2,196,000).

## 13 Status of this report

These financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The Half-yearly Financial Report will be made available to the public at the registered office of the Company. The report will be available in electronic format on the Manager's website ([www.impaxam.com](http://www.impaxam.com)) and the Company's website ([www.iemplc.co.uk](http://www.iemplc.co.uk)).

The information for the year ended 31 December 2024 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statements have been delivered to the Registrar of Companies. BDO LLP reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Half-yearly Financial Report was approved by the Board on 5 August 2025.

# Alternative Performance Measures (“APMs”)

APMs are often used to describe the performance of investment companies although they are not specifically defined under FRS 102. The Directors assess the Company's performance against a range of criteria which are viewed as relevant to both the Company and its market sector. APM calculations for the Company are shown below.

## Discount

The amount, expressed as a percentage, by which the share price is more/less than the Net Asset Value (“NAV”) per ordinary share.

		30 June 2025	31 December 2024
NAV per share with debt at fair value	a	412.64p	427.57p
Share price	b	373.25p	385.50p
<b>Discount</b>	$(b \div a) - 1$	<b>9.5%</b>	<b>9.8%</b>

## Gearing

A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.

		30 June 2025	31 December 2024
Total assets less cash and cash equivalents (£'000)	a	926,165	1,103,294
NAV with debt at fair value (£'000)	b	850,606	1,025,577
<b>Gearing</b>	$(a \div b) - 1$	<b>8.9%</b>	<b>7.6%</b>

## Net asset value (“NAV”) per share with debt at fair value

The net asset values per ordinary share with debt at fair value at the period end are shown below. These were calculated using 206,136,078 (2024: 239,861,519) ordinary shares in issue.

		30 June 2025		31 December 2024	
		£'000	pence	£'000	pence
NAV with debt at book cost	a	852,802	413.71	1,028,084	428.62
Add: Loan Notes at bookcost	b	51,275	24.87	49,400	20.60
Less: Loan Notes at fair value	c	(53,471)	(25.94)	(51,907)	(21.64)
<b>Net asset value – Debt at fair value</b>	<b>a + b + c</b>	<b>850,606</b>	<b>412.64</b>	<b>1,025,577</b>	<b>427.58</b>

The fair value of the Loan Notes is derived by aggregating the discounted value of future cashflows, being the contractual interest payments and the repayment of capital at maturity as each falls due. Discount rates are determined based on the closest available maturity, using the EUR Mid-Swap Rate for fixed-rate tranches and the Euro short-term rate Overnight Index Swap curve for floating-rate tranches. Both rates are adjusted for appropriate credit spreads and illiquidity premia.

The fair value of the Loan Notes is calculated by an independent debt valuation specialist firm and the NAV with debt at fair value uses this value.

The fair value of the Company's RCF is not an adjustment in the reconciliation of NAV with debt at bookcost to NAV with debt at fair value due to the fact that the RCF is valued at bookcost, which approximated to fair value.



## Alternative Performance Measures (“APMs”) continued

### Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its ordinary shares on the ex-dividend date.

Six months ended 30 June 2025		Page	Share price	NAV (Debt at Fair Value)	NAV (Debt at bookcost)
Opening at 1 January 2025 (p)	a	n/a	385.50	427.58	428.62
Closing at 30 June 2025 (p)	b	3	373.25	412.64	413.71
Dividend/income adjustment factor <sup>1</sup>	c	n/a	1.00906	1.00556	1.00496
Adjusted closing (d = b x c)	d	n/a	376.63	414.93	415.76
<b>Total return</b>	<b>(d÷a)-1</b>		<b>-2.3%</b>	<b>-3.0%</b>	<b>-3.0%</b>

Six months ended 30 June 2024		Page	Share price	NAV (Debt at Fair Value)	NAV (Debt at bookcost)
Opening at 1 January 2024 (p)	a	n/a	400.00	434.34	434.87
Closing at 30 June 2024 (p)	b	3	388.00	429.37	429.34
Dividend/income adjustment factor <sup>1</sup>	c	n/a	1.0072	1.0065	1.0078
Adjusted closing (d = b x c)	d	n/a	390.80	432.17	432.70
<b>Total return</b>	<b>(d÷a)-1</b>		<b>-2.3%</b>	<b>-0.5%</b>	<b>-0.5%</b>

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that dividends paid out by the Company are reinvested into the shares of the Company at NAV at the ex-dividend date.

# Directors, Manager and Advisers

## DIRECTORS

Glen Suarez (Chairman)  
Stephanie Eastment (Audit Committee Chair)  
Aine Kelly (Senior Independent Director)  
Elizabeth Surkovic  
Guy Walker

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Website: [www.iemplc.co.uk](http://www.iemplc.co.uk)

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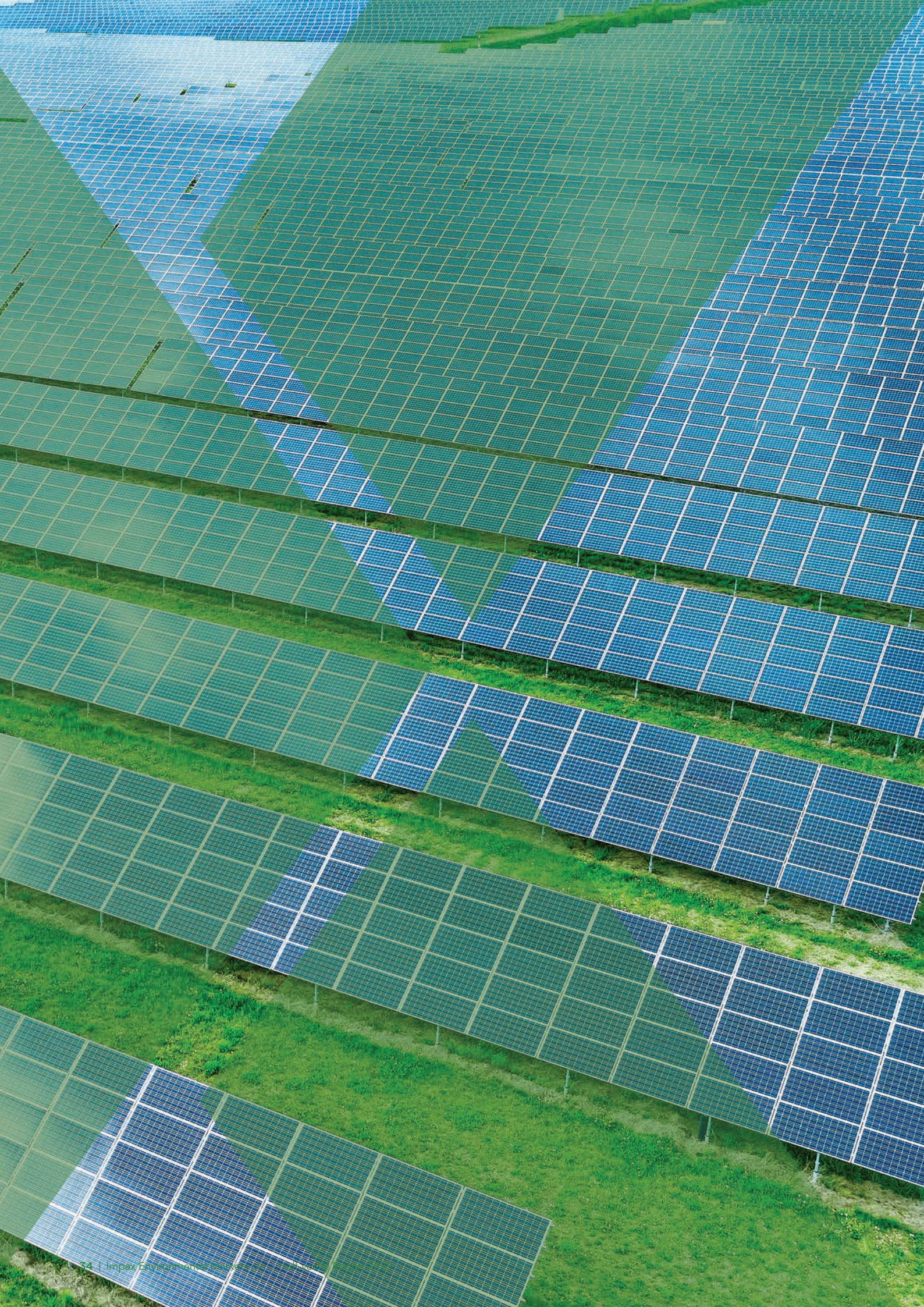
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## Half-yearly Report 2025

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