Record plc
29 November 2022

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Material profit growth and diversification of products and revenues supports strong financial position and dividend increase

Record plc ("Record" or "the Company"), the specialist currency and asset manager, today announces its unaudited results for the six months ended 30 September 2022 ("H1-23").

Financial headlines:

- Revenue growth of 35% to £22.1m (H1-22: £16.3m)
- Profit before tax increased by 46% to £7.5m (H1-22: £5.2m)
- Interim dividend increased by 14% to 2.05 pence per share (H1-22: 1.80 pence per share)
- AUME[1] in USD terms of $80.8bn (H1-22: $84.1bn)
- Increased operating profit margin of 34% (H1-22: 32%)
- Basic EPS increased by 57% to 3.27 pence (H1-22: 2.08 pence)
- Strong financial position with shareholders' equity of £28.0m (H1-22: £25.2m)

Key developments:

- Significant growth in management fees (H1-22: +18%) and performance fees (FY-22: +468%) underpinned by strong performance across all product strands
- Ongoing diversification into higher revenue and more scalable products continues to support increased operating margin and dividend growth
- Awarded a BaFin licence in Germany and launched our Luxembourg Fund range, expanding our activities and opportunities in Europe
- Exceptional performance across several business strands including Record's Dynamic Hedging product, G10 and EM Currency Multi-Strategy and the Company's Emerging Market Sustainable Finance ("EMSF") Fund
- Record Digital Asset Ventures ("RDAV") launched in April, with the intention of investing in start-up and early-stage entities that aim to disrupt the financial services sector

Commenting on the results, Leslie Hill, Chief Executive Officer of Record plc, said:

"Our growth trajectory continues as planned supported by solid product performance over the period and with good progress made in our plans for diversification.

"We have close engagement with our clients, listening to their concerns and understanding their needs – further reinforcing already strong relationships and leading to new ideas for future collaboration and opportunities for diversification.

"The Group remains well positioned financially, with increased cash generation and a strong Balance Sheet to support its future growth plans. The Board remains confident in the strategy to deliver future growth, an outlook which is reflected by an increase in the interim dividend."

Analyst presentation
There will be a presentation for analysts at 9.30am today held via a Zoom call. Please contact the team at Buchanan via record@buchanan.uk.com for further details. A copy of the presentation will be made available on the Group's website at www.recordcm.com.
For further information, please contact:

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[1] *Record manages only the impact of foreign exchange and not the underlying assets on its currency and derivatives business, therefore its "assets under management" ("AUM") are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record used the concept of Assets Under Management Equivalents ("AUME").*

Neil Record – Chairman
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Chief Executive Officer's statement

Our plans for diversification, modernisation and succession are all going smoothly despite headwinds caused by inflation, events on the global stage and residual work disruption left over from the pandemic.

Against this backdrop, we are seeing growth in revenue and profits broadly in line with expectations, our modernisation programme is on course and on budget, and we have now implemented a Long Term Incentive Plan ("LTIP") scheme to help us with our succession planning, talent retention, and to further reward those team members who are willing to take a leading role in our growth and development trajectory.

To avoid repeating past statements, I would like to focus on the following three important areas in more detail: investment performance, Record Asset Management (our European subsidiary) and Record Digital Asset Ventures.

Currency products and investment performance
While a lot of our future growth might come from products other than pure currency, traditional currency products are and will remain a cornerstone of our brand and our reputation. Promisingly, we are seeing some growth in our traditional business and expect this to continue whilst mindful these are at lower fee rates than other areas of focus. Nonetheless, especially given the turbulence in the currency markets in recent years, it is encouraging to see strong performance from our Dynamic Hedging product, our hedging product with active tenor management (on which we earn performance fees), G10 and EM Currency Multi-Strategy, and our Emerging Market Sustainable Finance ("EMSF") Fund.

In addition, there are interesting developments in our Currency for Return product range, where we have trialled (with our own capital) adding machine learning features to our Currency for Return strand and, as this is showing good results so far, it has now been adopted by certain of our clients as an enhancement to our offering. While we are devoted to diversification as a source of growth and improved margins, we would not want our investors or stakeholders to forget our currency roots.

Record Asset Management
Record Asset Management is our relatively new subsidiary based in Germany that will enable us to offer much more to our clients whilst continuing to build on our existing offering. With the award of our BaFin licence in Germany and the launch of our Luxembourg Fund range, we are now able to expand our activities in Europe. This is starting to bear fruit and will begin to have a bigger impact on our bottom line in the coming year. Led by our Global Head of Sales Dr Jan Witte, we are working with partners such as AGL (the syndicated loan manager in New York) and VTeam (the Supply Chain Finance business based in SE Asia) to create blended products for our clients, such as the recently launched Municipal Loan Fund in Germany. There are good opportunities for us here and our team based in Zurich, Amsterdam and Düsseldorf is growing in line with the growth in revenue.

Record Digital Asset Ventures ("RDAV")
Last April we launched RDAV with the express intent to invest in start-up and early-stage companies across the globe that aim to disrupt the financial services sector (including the digital asset economy) in a form we felt would be relevant to Record. Spearheaded by our CTO Rebecca Venis, we started by setting out an investment thesis: we look to invest in financial technology differentiated through the creation of a new economy, and defensible through network effects. We wish to apply a modest proportion of our excess capital, putting it to work in venture capital investments which will enable us to: 1) learn more about this area; 2) get a "seat at the table" with key people in this evolving industry; and 3) make a return for our stakeholders and investors.

The funds to which we have committed capital include Hack VC, Castle Island and Fasanara VC, as well as investing directly into companies including Block Scholes and Lake Parime, the latter of which was invested just after the period end in October 2022. While these are still early days, we are very encouraged by the results so far and the opportunities to partner with and offer our services to this sector. More on this to come.

It is crucial to remember that all the elements above are part of a plan to diversify Record and make us a meaningful asset management business, fit for the next generation, and well balanced between opportunity, risk and return. No single revenue line is ever intended to dominate, and we are always very much aware of the Board's measured approach to risk appetite in everything we do.

Financial performance and dividends
As stated above, we continue along the path we set ourselves in the full year (FY-22) results back in June, which is to achieve revenue of approximately £60 million by the year ending March 2025 (FY-25).

Compared to the same period last year, our revenue has increased by 35% to £22.1 million and our operating profit of £7.5 million is 46% higher. The return to performance fees seen in the second half of last year has continued with £2.8 million for this six-month period (FY-22: £0.5 million) and going forward is one we hope to be less episodic than has historically been the case, but as always subject to market conditions.

As expected, we have seen an increase in our cost base resulting from our continued investment in the modernisation of our business, albeit this has been exacerbated by the current high inflationary environment. Notwithstanding this, it is still pleasing to report an increase in our operating margin from 31% for FY-22 to 34% for this six-month period, and we continue to focus on ensuring the right balance between good cost control and in ensuring the business is appropriately resourced to support its growth trajectory.

The Board remains confident in the strategy and the ability of the business to deliver against its plan for growth. In line with the capital and distribution policies, which target progressive and sustainable dividend growth, the Board has decided to pay an increased interim dividend for HY-23 of 2.05 pence per share (HY-22: 1.80 pence) on 30 December to shareholders on the register at 9 December 2022.

Leslie Hill
Chief Executive Officer

28 November 2022

Interim management review

Heightened volatility and inflationary pressure underscores the relevance of our products, offering new opportunities for growth and diversification.

Market review
The six months to 30 September 2022 were characterised by a volatile geopolitical environment in light of Russia's continued aggressions in Ukraine and its impact on global energy security. Although supply chain stress showed signs of improvement, policymakers quickly abandoned the "transitory" narrative of inflation as energy prices drove up the cost of living in most economies. Faced with the possibility of unanchored inflation expectations, central banks had the unenviable task of tightening monetary conditions into slowing growth, which drove global yields higher and equities lower. How well countries fared during the period was a function of energy and geographical insulation to the conflict in Ukraine. The US benefited in particular as uninterrupted energy supply and a relatively closed economy allowed the post-covid-19 recovery to continue more or less unabated. As a result, 275 basis points of cumulative rate hikes in combination with risk-off market sentiment – not helped by China's zero-covid-19 policy, its real estate downturn and rising tensions with Taiwan – saw the US dollar appreciate against all developed market currencies, including the Swiss franc and Japanese yen which also normally benefit in risk-off markets.

Throughout the period there were a range of interventionist policies enacted by governments and central banks seeking to manage financial market volatility. Steadfast easy policy from the Bank of Japan and a rising energy import bill culminated in a de facto loss of the currency's safe-haven status; Japan's Ministry of Finance intervened to stem volatility in the currency. In Europe, resolute military support for Ukraine saw gas flows from Russia slow to less than a fifth of pre-invasion levels; fearing "financial fragmentation" should the ECB tighten policy, the governing council introduced its "Transmission Protection Instrument" to contain risk premia, though the euro still ended the period below parity. In the UK, newly appointed Prime Minister Truss' "mini-budget" led to a sell-off in long Gilt rates, putting the UK pension system in jeopardy as a result of collateral calls on liability-driven investment strategies; the Bank of England, although on a similar rate path to the US, was forced to abandon quantitative tightening and instead backstopped the Gilt market with new purchases.

Elsewhere in developed markets the Canadian dollar fared better for its similarities to the US in energy security, while the Australian dollar, after initially benefiting from rising commodity prices, eventually succumbed to concerns around global growth. The Swiss National Bank, in an unusual twist, intervened to strengthen the franc in an attempt to mitigate inflation pressures, helping the franc outperform on a relative basis. The same loose rules that applied to developed markets also applied to emerging markets. Latin America as a region was resilient on the back of early and decisive hiking cycles as well as positive impacts from commodity prices. Assets in Central Eastern European countries sold off as Russia sought to punish their allegiances with Ukraine through energy supply, and as inflation rose to double digits. Asian currencies were mixed with some showing resilience, including the Indonesian rupiah and Indian rupee, while the low-yielders faced pressure from rising developed market rates.

Operating review

Our focus remains on growing the business through diversification of both our product range and specialist skill sets, whilst continuing to invest in our technology. Our more traditional hedging products have proved to be robust during a particularly volatile period, with net inflows of $8.9 billion and which provide a strong and reliable source of revenue to support our growth. Our targeted but flexible approach of working with clients and other specialist providers to collaborate on new products in changing market environments means we are able to offer differentiated and relevant products to suit individual client demand. This offers new opportunities for more scalable products with higher revenue margins than we've seen historically and we continue to make good progress, more information on which is given below.

Products

As stated in the Market review, the first half of the fiscal year saw elevated market, and specifically currency, volatility as the threats of rising inflation, energy prices and interest rates rose their heads against the backdrop of the war in Ukraine. Pronounced trends have led to extended valuations, notably USD strength and EUR, JPY and GBP weakness. Against this backdrop, risk management has been at the forefront of investors' minds, resulting in numerous conversations with institutional allocators and asset managers alike, across both passive and active FX hedging strategies. Extending the run from the previous fiscal year, Record's Dynamic Hedging performed strongly, adding significant value for our USD base clients and allowing embedded asset gains to run for those in other bases. While not as exceptional, Currency Multi-Strategy saw steady gains over the period.

Record's pioneering Emerging Markets Sustainable Finance Fund ("EMSF") extended its strong outperformance of competitors and typical comparator indices as all emerging markets asset classes suffered in the turbulent market environment.

Of particular note, one of Record's bespoke derivatives overlays for a US client delivered stellar returns, exploiting the demand-supply mismatch for UK inflation protection.

Another key area of focus for the team has been on a number of significant projects in the yield and sustainable yield space. First out of the blocks is our European municipal loans fund which launched with seed capital at the end of September. The expectation is for these products, ranging from sustainable lending to infrastructure, to launch over the next twelve months, responding to strong demand for yield from existing and prospective clients. The core appeal of these strategies is the stable return streams derived from the real-world economy, delivered to clients' exacting requirements in attractive structures.

People

We continue to invest in our people. This means hiring talented people throughout our business and providing opportunities for our talented colleagues to increase their levels of responsibility, while providing support in the form of coaching, learning and development. Our new remuneration policy was approved by shareholders at our AGM in July and we are now implementing the policy. We have made awards under the LTIP scheme to our senior managers, to incentivise delivery of long-term performance and strategy delivery and align interests with shareholders, and have made share option awards to key staff. Whilst focus on good cost control remains paramount, a one-off allowance of £3,000 was made to all staff below Board level in October, following the period end, to help our employees with the recent increases in the cost of living linked to higher inflation. Our investment made in providing new serviced offices in London has proved extremely successful in helping us to attract new talent to the business.

Technology

We continue to support flexible working across the business, including remote working, office-based and hybrid working patterns enabled for all staff. Remote access systems and security controls have continued to be enhanced as we deliver greater flexibility and functionality to our staff whilst maintaining the greatest levels of security and protection. The continuous improvement and development of our technology stack is critical to improving how we support clients and deliver our products and services effectively. As part of our ongoing and continuous development, Record's Board has maintained an elevated IT-related budget relative to our historic expenditure. This spending is assigned across three core areas: software development to improve functionality and capability; infrastructure to improve security and resilience; and data management to provide greater insights and value around our investment services.

Product investment performance

Hedging

Our hedging products are predominantly systematic in nature. The effectiveness of each client mandate is assessed regularly and adjustments are made when necessary in order to respond to changing market conditions or to bring the risk profile of the hedging mandate in line with the client's risk tolerance.

Passive Hedging

Record has developed and runs an enhanced Passive Hedging service, which aims to reduce the cost of hedging by introducing additional flexibility into the implementation of currency hedges without changing the hedge ratio. While the investment process is partly systematic, the episodic nature of many opportunities exploited by the strategy means it requires a higher level of discretionary oversight than has historically been associated with Passive Hedging.

After a period of sustained low global interest rates from early 2020 to early 2022, the last six months have seen continued high interest rate volatility. In response to global inflationary pressures, central banks have furthered their progress in their interest rate hiking cycles in an effort to combat price level increases. The market is continuing to price in further interest rate hikes for the majority of currencies. As such, FX forward pricing has been very volatile (as these are priced based off the respective interest rates of currencies), which has resulted in an expanded opportunity set from which the team can potentially add value. Therefore, performance for this half of the year has been strong as the portfolio managers have positioned the portfolio to take advantage of the current volatile environment. Generally, the portfolios have been managed with excess durations to their benchmarks.

The table below shows the total value added relative to a fixed-tenor benchmark for an enhanced Passive Hedging programme for a representative account (base currency is Swiss francs).

	Half-year return	Return since inception
Value added relative to a fixed-tenor benchmark	**0.11%**	0.10% p.a

Dynamic Hedging

During the period, US-based Dynamic Hedging clients experienced a strengthening of the US dollar against developed market currencies. The Dynamic Hedging programmes responded as expected and hedge ratios rose systematically in response to currency movements. Consequently, hedging returns in the programmes were positive, helping to protect against foreign currency weakness.

	Half-year return	Return since inception
Value added by Dynamic Hedging programme	**6.48%**	0.95% p.a.

Currency for Return

Record's Currency for Return suite of products includes both discretionary and systematic investment styles. The Record EM Sustainable Finance Fund uses a more discretionary approach, whilst the Currency Multi-Strategy product is a more systematic offering combining five individual strategies.

<u>Record EM Sustainable Finance Fund</u>

The new Record EM Sustainable Finance Fund, launched on 28 June 2021, is a result of the strategic partnership between Record and UBS Wealth Management. The Fund aims to stabilise currencies in developing economies, improve the flow of development finance and enhance financing projects in illiquid markets. The strategy targets positive sustainability outcomes across a multidimensional investment process, whereby it trades liquid and illiquid

EM currencies designed to help stabilise exchange rates and to absorb currency risk. It further invests in an underlay of sustainable development bonds issued by Multilateral Development Banks ("MDBs") and other Development Finance Institutions ("DFIs") with a strong presence in low and middle-income economies, alongside an active stakeholder engagement that promotes better policies and practices among investees and trading counterparties.

The Fund returned -2.70% for the half year to 30 September 2022, outperforming major market EM sovereign debt indices. Exposures across emerging market currencies suffered in light of relentless dollar strength, with notable return detractions from the currencies of some Central and Eastern European economies, as the spill-over of the Russia-Ukraine war diffused and raised particular concern around regional trade and energy supply, adding pressure on growth and inflation. Latin America proved a mixed bag, with some idiosyncratic risks and political surprises weighing on certain currencies as signs of stagflation haunted select economies, but tactful discretionary allocation allowed the Fund to add value throughout the period as high carry opportunities in the region cushioned currency performance versus global peers. Performance across Asia was mixed too – the latter half of the period saw tighter global financial conditions, combined with a more bearish outlook for the Chinese economy and areas of heightened geopolitical tensions weighing on regional markets and investor sentiment. Frontier performance was mixed, although a net negative contributor in the aggregate. The diversified funding basket of developed market currencies added materially to the Fund's strong outperformance throughout the period, providing a countercyclical buffer as risk appetite dissipated.

The USD-denominated bonds in the portfolio experienced challenging conditions throughout the half year, as the beginning of the period brought with it a regime change with the first rate hike in what would become a progressively more aggressive tightening cycle, adding 275bps in cumulative hikes throughout the period, as policymakers wrestled with, and reiterated their commitment to addressing, persistently high above-target inflation. A short-duration strategy alongside a portfolio of highly rated issuers contributed to protect the Fund from further losses.

	Half-year return	Return since inception
Record EMSF Fund USD Share Class	**(2.70%)**	(3.61%)
JP Morgan GBI EM Global Diversified[1]	**(12.95%)**	(23.46%)

1. Source: JP Morgan.

Currency Multi-Strategy

Record's Currency Multi-Strategy product combines a number of diversified return streams, which include:

- Forward Rate Bias ("FRB", also known as "carry") and Emerging Market ("EM") strategies which are founded on market risk premia and as such perform more strongly in "risk on" environments; and
- Momentum, Value and Range-Trading strategies which are more behavioural in nature, and as a result are less risk sensitive.

Currency Multi-Strategy returned positively during the period, driven by the outperformance in the EM, Momentum and Range-Trading modules. Short Asian EM FX exposures boded well for the EM strand as higher USD rates kept pressure on their capital accounts and given a relatively muted response on rates policy whilst the long LatAm FX exposures benefited from favourable nominal and real carry. Carry detracted from returns due to positioning changes driven by central bank policy divergence despite a long US dollar exposure.

Value returned negatively on the back of long exposures in JPY and EUR, with both currencies coming under marked pressures on the back of widening interest rate differentials versus the US, whilst the bloc currency was further exposed to the conflict and gas supply vulnerabilities. The Momentum strand returned positively on the back of multi-month trends in the period, particularly benefiting from the US dollar cycle. Range-Trading returned positively over the six-month period, largely driven by gains from AUD, NZD, GBP and CHF pairs. Developed Market Classification ("DMC") was also introduced during this period to replace Range-Trading and Momentum modules, returning positively since inception.

	Half-year return	Return since inception	Volatility since inception
Record Multi-Strategy Composite[2]	**1.71%**	0.96% p.a.	3.04%

2. Record Multi-Strategy Composite return data is since inception in July 2012, showing excess returns data gross of fees in USD base and scaled to a 4% target volatility.

Scaling
The Currency for Return product group allows clients to select the level of exposure they desire in their currency programmes in addition to the level of scaling and/or the volatility target.

It should be emphasised that in this case "scaling" refers to the multiple of the aggregate notional value of forward contracts in the currency programme which is limited by the willingness of counterparty banks to take exposure to the client. The AUME of those mandates where scaling or a volatility target is selected is represented in Record's AUME at the scaled value of the mandate, as opposed to the mandate size.

AUME development
AUME decreased over the period by 2.8% to $80.8 billion in US dollar terms, and increased in sterling terms by 14.6% to £72.3 billion. Total net inflows for the period were $8.6 billion, of which $5.6 billion arose from new client mandates.

The AUME movement over the six-month period is analysed as follows:

AUME movement analysis in the six months to 30 September 2022

	$bn
AUME at 1 April 2022	**83.1**
Net client flows	**8.6**
Equity and other market impact	**(4.8)**
Foreign exchange impact and mandate volatility scaling	**(6.1)**
AUME at 30 September 2022	**80.8**

Product mix
The product mix has remained broadly constant when compared to the year end.

AUME composition by product

	30 Sep 22		30 Sep 21		31 Mar 22	
	$bn	**%**	$bn	%	$bn	%
Passive Hedging	**62.2**	**77**	63.0	76	62.8	76
Dynamic Hedging	**10.0**	**12**	10.3	12	10.6	13
Currency for Return	**4.3**	**6**	5.4	6	5.0	6
Multi-product	**4.2**	**5**	5.2	6	4.5	5
Cash and other	**0.1**	**—**	0.2	—	0.2	—
Total	**80.8**	**100**	84.1	100	83.1	100

Equity and other market performance
Record's AUME is affected by movements in equity and other markets because Passive and Dynamic Hedging mandates, and some of the Multi-product mandates, are linked to equity holdings or other asset types such as bonds or real estate.

Additional details on the composition of assets underlying the Hedging and Multi-product mandates are provided below to help illustrate more clearly the impact of equity and fixed income market movements on these mandate sizes.

Class of assets underlying mandates by product as at 30 September 2022

	Equity	Fixed income	Other
	%	%	%
Passive Hedging	21	29	50
Dynamic Hedging	90	—	10
Multi-product	—	—	100

Forex

Approximately 80% of the Group's AUME is non-US dollar denominated. Therefore, foreign exchange movements may have an impact on AUME when expressing non-US dollar AUME in US dollars, although this movement does not have an equivalent impact on the sterling value of fee income. Exchange rate movements decreased AUME by $6.1 billion in the period and changes to mandate underlying asset values decreased AUME by $4.8 billion.

Financial review

The financial benefits arising from the change in strategy at the start of FY-21 are now significantly more evident compared to the same period last year. Material increases in revenue linked to aggregate AUME net inflows of $11 billion over the last six quarters, plus the impact of the return of performance fees, have outweighed the rise in costs linked to the continued investment in technology and resources, plus increases due to inflationary pressures. Consequently, the Group is reporting material increases in revenue and operating profit for the first half year (H1-23) when compared to both the first and second halves of FY-22.

Overview

Total revenue for the period increased by 35% to £22.1 million, including £2.8 million of performance fees. The increase in operating profit to £7.5 million represents an increase of 46% over the prior year equivalent (H1-22: £5.2 million) and 32% over the second half of last year (H2-22: £5.6 million).

Operating expenses, excluding variable remuneration, increased by 36% to £10.8 million (H1-22: £7.9 million) representing an increase of 7% over the second half of last year (H2-22: £10.1 million). Variable remuneration increased by 36% to £3.8 million (H1-22: £2.8 million). The Group's operating profit margin increased to 34% (H1-22: 32% and FY-22: 31%) with profit before tax for the half year increasing by 46% to £7.5 million (H1-22: £5.2 million and H2-22: £5.7 million).

Revenue

Total revenue of £22.1 million represents a 35% increase from H1-22 (£16.3 million) and by 17% compared to the second half of last year (H2-22: £18.8 million), broadly reflecting both the full impact of higher AUME at the start of the period plus the net inflows over the period more than offsetting the impact of decreases in AUME related to market movements over the period.

Performance fees of £2.8 million were earned in the period compared to £0.5 million for FY-22, reflecting increased opportunities seen in our Passive Hedging mandates including tenor management, to take advantage of lower costs for our clients linked to continuing interest rate differentials.

Passive Hedging management fees of £6.3 million were £0.5 million higher than the equivalent period last year (H1-22: £5.8 million) and £0.3 million higher compared to the second half of last year (H2-22: £6.0 million), linked to the net inflows seen over the final quarter of FY-22 ($1.3 billion) and net inflows of $7.2 billion partially offset by negative market movements of $2.5 billion in the period.

Dynamic Hedging management fees increased by 21% to £5.8 million compared to the same period last year and by £0.6 million versus H2-22 (£5.2 million), predominantly driven by the full impact of net inflows of $1.4 billion in FY-22.

Currency for Return management fees of £3.6 million increased by 71% (£1.5 million) compared to H1-22 (H1-22: £2.1 million) and were £0.1 million higher than H2-22, predominantly due to the full impact of inflows of $1.2 billion in FY-22 into the EM Sustainable Finance Fund which attracts a higher marginal fee rate.

Management fees of £3.3 million from the Multi-product category are £0.1 million lower than the same period last year (H1-22: £3.4 million) and broadly in line with the second half of last year (H2-22: £3.4 million).

Currency services income of £0.3 million is £0.1 million higher than the same period last year (H1-22: £0.2 million) and in line with the second half of FY-22.

Revenue analysis (£m)

	Six months ended 30 Sep 22	Six months ended 30 Sep 21	Year ended 31 Mar 22
Management fees			
Passive Hedging	**6.3**	5.8	11.8

Dynamic Hedging	**5.8**	4.8	10.0
Currency for Return	**3.6**	2.1	5.5
Multi-product	**3.3**	3.4	6.8
Total management fees	**19.0**	16.1	34.1
Performance fees	**2.8**	—	0.5
Other investment services income	**0.3**	0.2	0.5
Total revenue	**22.1**	16.3	35.1

Other investment services income consists of fees from ancillary investment management services.

Expenditure

Expenditure analysis (£m)

	Six months ended 30 Sep 22	Six months ended 30 Sep 21	Year ended 31 Mar 22
Personnel costs	**6.3**	5.0	10.8
Non-personnel costs	**4.5**	2.9	7.2
Administrative expenditure excluding Group Bonus scheme	**10.8**	7.9	18.0
Group Bonus	**3.8**	2.8	5.7
Total administrative expenditure	**14.6**	10.7	23.7
Other income and expenditure	**—**	0.3	0.4
Total expenditure	**14.6**	11.0	24.1

Our strategy is focused on growth through modernisation and diversification and we continue to invest in technology and systems to enhance our offerings and operational efficiency, and to plan for succession.

Total administrative expenditure (excluding Group Bonus scheme) of £10.8 million for the period represents an increase of 36% (H1-22: £7.9 million) compared with the equivalent prior year period, and an increase of 7% versus the second half of last year (H2-22: £10.1 million).

Personnel costs of £6.3 million (excluding Bonus) increased by 26% versus the same period in the prior year (H1-22: £5.0 million) and increased by 9% compared to the second half of last year (H2-22: £5.8 million). The increases reflect further investment made in acquiring a more diversified range of skill sets required to manage new technology and products, plus internal promotions and reorganisations in line with our succession plans. Costs have also been impacted by a higher inflationary environment which we expect to continue into the second half of the current financial year (H2-23).

In line with our investment in additional resources explained above, as expected our non-personnel costs for the period have also increased. Total non-personnel costs of £4.5 million for the period represent an increase of 55% over the same period last year (H1-22: £2.9 million) and by 5% versus the second half of FY-22 (H2-22: £4.3 million). These reflect the increased investment in the provision of external technical expertise and consultancy linked to the modernisation of our systems and technology.

<u>Group Bonus Scheme</u>

The cost of the Bonus Scheme was £3.8 million for the period, increasing in line with operating profit. The cost is calculated as 33% (H1-22: 35% and FY-22: 34%) of operating profit, which is within the previously established range of 25% to 35% of pre-Bonus operating profit.

Cash flow

The Group generated £6.8 million of cash from operating activities before tax during the period (H1-22: £6.3 million). Taxation paid during the period increased to £1.0 million compared to £0.3 million for the same period last year.

During the period an investment of £1.7 million in impact bonds matured and £1.3 million was reinvested before the period end.

The Group paid dividends totalling £5.2 million in the period (H1-22: £3.1 million), more information for which is given in note 5 to the financial statements.

Dividends and capital
In line with the Board's capital and dividend policies targeted at sustained and progressive dividend growth, the Group will pay an interim dividend of 2.05 pence per share in respect of the six-month period, equating to a distribution of approximately £4.0 million, following which the business will retain cash and money market instruments on the balance sheet which are significantly in excess of financial resource requirements required for regulatory purposes.

The Group has no debt and is cash-generative with capital and dividend policies aimed at ensuring continued balance sheet strength to support future growth. Shareholders' funds were £28.0 million at 30 September 2022 (H1-22: £25.2 million).

Principal risks and uncertainties
The principal risks currently facing the Group and those that we anticipate the Group will be exposed to in the short term remain the same as those outlined in the Annual Report 2022.

These risks are:

- strategic – principally concentration risk and competitive threats, but also risk of failure to deliver strategy, regulatory trends and exogenous threats (the greatest of which being the global inflationary environment);
- operational and systems – primarily trade configuration and execution, as well as information security and cyber risks;
- investment risk – we naturally embrace the risk that our products underperform, while market liquidity is a risk we continually review; and
- people – key person and succession, and talent acquisition and retention.

Cautionary statement
This Interim Report contains certain forward-looking statements with respect to the financial condition, results, operations and business of Record. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied in this Interim Report. Nothing in this Interim Report should be construed as a profit forecast.

Statement of Directors' responsibilities

The interim financial report is the responsibility of the Directors, who confirm that to the best of their knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with UK-adopted IAS 34 – "Interim Financial Reporting"; and
- the Interim management review includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the Annual Report 2022 that could do so. Related party transactions are disclosed in note 10.

The Directors of Record plc are listed on the Record plc website at **https://recordfg.com/team-member-groups/record-plc-board/**

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

28 November 2022

Independent review report to Record plc

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies.

Basis for conclusion

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

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

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's responsibilities for the review of the financial information

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

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK

28 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income
Six months ended 30 September 2022

	Note	**Unaudited Six months ended 30 Sep 22 £'000 £'000**	Unaudited Six months ended 30 Sep 21 £'000 £'000	Audited Year ended 31 Mar 22 £'000
Revenue	3	**22,059**	16,333	35,152
Cost of sales		**(3)**	(206)	(219)
Gross profit		**22,056**	16,127	34,933
Administrative expenses		**(14,561)**	(10,713)	(23,726)
Other income or expense		**21**	(264)	(372)
Operating profit		**7,516**	5,150	10,835
Finance income		**61**	21	44
Finance expense		**(33)**	(17)	(23)
Profit before tax		**7,544**	5,154	10,856
Taxation		**(1,334)**	(1,156)	(2,225)
Profit after tax		**6,210**	3,998	8,631
Total comprehensive income for the period		**6,210**	3,998	8,631
Profit and total comprehensive income for the period attributable to				
Owners of the parent		**6,210**	3,998	8,631
		6,210	3,998	8,631
Earnings per share for the period (expressed in pence per share)				
Basic earnings per share	4	**3.27p**	2.08p	4.52p
Diluted earnings per share	4	**3.16p**	2.01p	4.37p

The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position
As at 30 September 2022

	Note	**Unaudited As at 30 Sep 22 £'000**	Unaudited As at 30 Sep 21 £'000	Audited As at 31 Mar 22 £'000
Non-current assets				
Intangible assets		**1,036**	318	562
Right-of-use assets		**1,155**	440	1,421
Property, plant and equipment		**380**	510	401
Investments	6	**3,606**	3,178	3,447
Deferred tax assets		**231**	508	253
Total non-current assets		**6,408**	4,954	6,084

Current assets				
Trade and other receivables		**12,207**	8,794	9,883
Derivative financial assets	8	**11**	—	—
Money market instruments with maturities > 3 months	7	**—**	5,875	13,913
Cash and cash equivalents	7	**17,714**	11,408	3,345
Total current assets		**29,932**	26,077	27,141
Total assets		**36,340**	31,031	33,225
Current liabilities				
Trade and other payables		**(5,512)**	(3,919)	(4,721)
Corporation tax liabilities		**(1,252)**	(959)	(924)
Provisions		**—**	(200)	(75)
Lease liabilities		**(279)**	(372)	(366)
Derivative financial liabilities	8	**(381)**	(270)	(124)
Total current liabilities		**(7,424)**	(5,720)	(6,210)
Non-current liabilities				
Deferred tax liabilities		**—**	(77)	—
Provisions		**(122)**	—	(125)
Lease liabilities		**(838)**	—	(960)
Total non-current liabilities		**(960)**	(77)	(1,085)
Total net assets		**27,956**	25,234	25,930
Equity				
Issued share capital	9	**50**	50	50
Share premium account		**1,809**	1,809	1,809
Capital redemption reserve		**26**	26	26
Retained earnings		**26,071**	23,349	24,045
Equity attributable to owners of the parent		**27,956**	25,234	25,930
Total equity		**27,956**	25,234	25,930

Approved by the Board on 28 November 2022 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
Six months ended 30 September 2022

Unaudited	Note	Called-up share capital £’000	Share premium account £’000	Capital redemption reserve £’000	Retained earnings £’000	Total equity £’000
As at 1 April 2021		50	2,418	26	24,305	26,799
Restatement of release of shares held by EBT	12	—	(609)	—	609	—
Restated balance as at 1 April 2021		50	1,809	26	24,914	26,799
Profit and total comprehensive income for the period		—	—	—	3,998	3,998
Dividends paid	5	—	—	—	(3,089)	(3,089)
Own shares acquired by EBT		—	—	—	(3,828)	(3,828)
Release of shares held by EBT		—	—	—	1,251	1,251
Share-based payment reserve movement		—	—	—	103	103

	Note					
Transactions with shareholders		—	—	—	(5,563)	(5,563)
As at 30 September 2021		50	1,809	26	23,349	25,234
Profit and total comprehensive income for the period		—	—	—	4,633	4,633
Dividends paid	5	—	—	—	(3,423)	(3,423)
Own shares acquired by EBT		—	—	—	(1,979)	(1,979)
Release of shares held by EBT		—	—	—	1,827	1,827
Share-based payment reserve movement		—	—	—	(362)	(362)
Transactions with shareholders		—	—	—	(3,937)	(3,937)
As at 31 March 2022		50	1,809	26	24,045	25,930
Profit and total comprehensive income for the period		**—**	**—**	**—**	**6,210**	**6,210**
Dividends paid	5	**—**	**—**	**—**	**(5,169)**	**(5,169)**
Own shares acquired by EBT		**—**	**—**	**—**	**—**	**—**
Release of shares held by EBT		**—**	**—**	**—**	**456**	**456**
Share-based payment reserve movement		**—**	**—**	**—**	**529**	**529**
Transactions with shareholders		**—**	**—**	**—**	**(4,184)**	**(4,184)**
As at 30 September 2022		**50**	**1,809**	**26**	**26,071**	**27,956**

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
Six months ended 30 September 2022

	Note	**Unaudited Six months ended 30 Sep 22 £'000**	Unaudited Six months ended 30 Sep 21 £'000	Audited Year ended 31 Mar 22 £'000
Profit after tax		**6,210**	3,998	8,631
Adjustments for non-cash movements				
Depreciation of right-of-use assets		**230**	245	489
Depreciation of property, plant and equipment		**170**	175	357
Amortisation of intangible assets		**75**	102	192
Loss on asset disposals		**12**	—	—
Share-based payments		**360**	155	559
Decrease in other non-cash movements		**98**	806	877
Finance income		**(61)**	(21)	(44)
Finance expense		**33**	17	23
Tax expense		**1,334**	1,156	2,225
Change in working capital				
(Increase) in receivables		**(2,324)**	(788)	(1,877)
Increase on payables		**752**	494	1,296
(Decrease) in provisions		**(78)**	—	—
Net cash inflow from operating activities		**6,811**	6,339	12,728
Corporation tax paid		**(984)**	(303)	(1,373)
Net cash inflow from operating activities		**5,827**	6,036	11,355
Purchase of intangible software		**(550)**	—	(334)
Purchase of property, plant and equipment		**(160)**	(2)	(75)
Purchase of investments		**(1,276)**	(782)	(1,773)
Payment to seed fund holders		**—**	(1,808)	—
Sale of investments		**881**	—	—
Sale/(purchase) of money market instruments with maturity > 3 months		**13,914**	7,056	(983)
Redemption of bonds		**859**	724	1,462
Interest received		**61**	21	44

Net cash inflow/(outflow) from investing activities		**13,729**	5,209	(3,467)
Cash flow from financing activities				
Lease repayments		**(174)**	(267)	(540)
Lease interest payments		**(34)**	(11)	(17)
Purchase of own shares		**—**	(3,355)	(4,462)
Dividends paid to equity shareholders	5	**(5,169)**	(3,089)	(6,512)
Cash outflow from financing activities		**(5,377)**	(6,722)	(11,531)
Net increase/(decrease) in cash and cash equivalents in the period		**14,179**	4,523	(3,643)
Effect of exchange rate changes		**190**	38	141
Cash and cash equivalents at the beginning of the period		**3,345**	6,847	6,847
Cash and cash equivalents at the end of the period		**17,714**	11,408	3,345
Closing cash and cash equivalents consists of:				
Cash	7	**17,714**	4,576	3,345
Cash equivalents	7	**—**	6,832	—
Cash and cash equivalents	7	**17,714**	11,408	3,345

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the six months ended 30 September 2022

These consolidated financial statements exclude disclosures that are immaterial and judged to be unnecessary to understand our results and financial position.

1. Basis of preparation

The condensed set of consolidated financial statements included in this interim financial report has been prepared in accordance with UK-adopted International Accounting Standard 34 – “Interim Financial Reporting”. The financial information set out in this Interim Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 31 March 2022 were prepared in accordance with UK-adopted IFRS and have been delivered to the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006.

The accounting policies for recognition, measurement, consolidation and presentation as set out in the Group’s Annual Report for the year ended 31 March 2022 have been applied in the preparation of the condensed consolidated half-year financial information.

Application of new standards

There have been no new or amended standards adopted in the financial year beginning 1 April 2022 which have a material impact on the Group or any company within the Group.

Impact of the global macro environment during the period

The Market and Operating review sections of this Interim Report provide information as to the broader effects seen during the period from the Russia/Ukraine conflict. The current global macroeconomic environment continues to provide both challenge and opportunity for the Group: challenge in the form of managing the risk of the increased cost of doing business linked to a high inflationary environment (in the form of employee, energy and supply-chain costs), and opportunity, for example in the form of increases in interest rate differentials and clients seeking yield-enhancing strategies. Our focus continues on making the most of such opportunities whilst managing the balance between careful cost control whilst ensuring the availability of sufficient and liquid resources to support the growth trajectory of the Group.

Going concern

As part of the Directors’ consideration of the appropriateness of adopting the going concern basis for the preparation of the interim financial statements, the Directors have assessed whether the Group can meet its obligations as they fall due and can continue to meet its solvency requirements over a period of at least twelve months from the approval of this report. The Board has considered financial projections which demonstrate the ability of the Group to withstand market shocks in a range of scenarios, including very severe ones. In assessing the appropriateness of the going concern basis, the Board considered base case liquidity and solvency projections that incorporated an estimated view of potential macroeconomic volatility, rising inflation and recession. Severe scenarios considered by the Board included the impact of inflation rising to 20% and market movements leading to a reduction in asset values by 20%.

The projections demonstrated that excess capital would remain in the Group under the scenarios, and there is cash to run the business in the going concern period. As a result of the above assessment, the Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. In arriving at this conclusion, the Directors have considered in detail the impact of the war in Ukraine and the current high inflationary environment on the Group, the market it operates in and its stakeholders. For this reason the financial statements have been prepared on the going concern basis.

Consolidation

The accounting policies adopted in these interim financial statements are identical to those adopted in the Group's most recent annual financial statements for the year ended 31 March 2022.

The consolidated financial information contained within the financial statements incorporates financial statements of the Group and entities controlled by the Group (its subsidiaries) drawn up to 30 September 2022. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Company controls an entity, but does not own all the share capital of that entity, the interests of the other shareholders are stated within equity as non-controlling interests or within current liabilities as financial liabilities depending on the characteristic of the investment, being the proportionate share of the fair value of identifiable net assets on the date of acquisition plus the share of changes in equity since the date of consolidation.

An Employee Benefit Trust ("EBT") has been established for the purposes of satisfying certain share-based awards. The Group has "de facto" control over this entity. This trust is fully consolidated within the financial statements (see note 10 for further details).

2. Critical accounting estimates and judgements

The estimates and judgements applied in the interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2022.

3. Revenue

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of currency management services. Our revenue typically arises from charging management fees or performance fees and both are accounted for in accordance with IFRS 15 – "Revenue from Contracts with Customers".

Management fees are recorded on a monthly basis as the underlying currency management service occurs. There are no other performance obligations. Management fees are calculated as an agreed percentage of the Assets Under Management Equivalents ("AUME") denominated in the client's chosen base currency. The percentage varies depending on the nature of services and the level of AUME. Management fees are typically invoiced to the customer quarterly with receivables recognised for unpaid invoices.

The Group is entitled to earn performance fees from some clients where the performance of the clients' mandates exceeds defined benchmarks over a set time period, and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal.

Performance fee revenues are not considered to be highly probable until the end of a contractual performance period and therefore are not recognised until they crystallise, at which time they are payable by the client and are not subject to any clawback provisions. There are no other performance obligations or services provided which suggest these have been earned either before or after crystallisation date.

a) Revenue from contracts with customers

The following table provides a breakdown of revenue from contracts with customers, with management fees analysed by product. Other investment services income includes fees from signal hedging and fiduciary execution.

	Six months ended	Six months ended	Year ended

Revenue by product type	**30 Sep 22 £'000**	30 Sep 21 £'000	31 Mar 22 £'000
Management fees			
Passive Hedging	**6,328**	5,802	11,768
Dynamic Hedging	**5,780**	4,783	10,020
Currency for Return	**3,544**	2,077	5,513
Multi-product	**3,308**	3,446	6,782
Total management fee income	**18,960**	16,108	34,083
Performance fee income	**2,833**	—	499
Other investment services income	**266**	225	570
Total revenue	**22,059**	16,333	35,152

b) Geographical analysis

The geographical analysis of revenue is based on the destination i.e. the location of the client to whom the services are provided.

Revenue by geographical region	**Six months ended 30 Sep 22 £'000**	Six months ended 30 Sep 21 £'000	Year ended 31 Mar 22 £'000
UK	**1,237**	1,158	2,775
Europe (excluding UK and Switzerland)	**4,764**	4,740	6,926
US	**7,070**	5,437	13,049
Switzerland	**8,127**	4,401	10,877
Other	**861**	597	1,525
Total revenue	**22,059**	16,333	35,152

4. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated as for the basic earnings per share with a further adjustment to the weighted average number of ordinary shares to reflect the effects of all potential dilution.

There is no difference between the profit for the financial period used in the basic and diluted earnings per share calculations.

	Six months ended 30 Sep 22 £'000	Six months ended 30 Sep 21 £'000	Year ended 31 Mar 22 £'000
Weighted average number of shares used in calculation	**189,813,531**	192,250,212	191,068,307
Effect of potential dilutive ordinary shares – share options	**6,615,565**	7,075,489	6,230,794
Weighted average number of shares used in calculation	**196,429,096**	199,325,701	197,299,101
Basic earnings per share	**3.27p**	2.08p	4.52p
Diluted earnings per share	**3.16p**	2.01p	4.37p

The potential dilutive shares relate to the share options, Joint Share Ownership Plan ("JSOP") and Long Term Incentive Plan ("LTIP") awards granted in respect of the Group's Share Scheme. At the beginning of the period there were 13,513,045 Group Share Scheme share awards outstanding. During the six-month period 2,985,000 share options and 2,890,000 LTIP awards were granted. During the period 1,586,586 share options were exercised and 601,875 JSOP awards vested. No JSOP or LTIP awards lapsed in the period. 330,832 share options lapsed in the period.

As at 30 September 2022, there were 12,673,127 share options in place, 1,305,625 JSOP and 2,890,000 LTIP awards.

5. Dividends

The dividends paid during the six months ended 30 September 2022 totalled £5,169,285. The total dividend paid was 2.72 pence per share, being a final ordinary dividend in respect of the year ended 31 March 2022 of 1.80 pence per share and a special dividend of 0.92 pence per share. An interim dividend of 1.80 pence per share was paid in the six months ended 31 March 2022, thus the full ordinary dividend in respect of the year ended 31 March 2022 was 3.60 pence per share.

The dividends paid during the six months ended 30 September 2021 totalled £3,089,258 (1.60 pence per share), being a final ordinary dividend in respect of the year ended 31 March 2021 of 1.15 pence per share and a special dividend of 0.45 pence per share. An interim dividend of £2,222,171 (1.15 pence per share) was paid in the six months ended 31 March 2021, thus the full ordinary dividend in respect of the year ended 31 March 2021 was 2.75 pence per share.

The interim dividend declared in respect of the six months ended 30 September 2022 is 2.05 pence per share.

6. Accounting for investments

All investments are measured at fair value through profit or loss.

Investments

	As at 30 Sep 22 £'000	As at 30 Sep 21 £'000	As at 31 Mar 22 £'000
Impact bonds	**1,614**	2,234	2,177
Investment in funds	**1,782**	944	1,070
Other investments	**210**	—	200
Investments	**3,606**	3,178	3,447

7. Cash management

The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills with maturities of up to one year. We note that not all of these instruments are classified as cash or cash equivalents under IFRS.

IFRS defines cash and cash equivalents as cash in hand, on demand and collateral deposits held with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Moreover, instruments can only generally be classified as cash and cash equivalents where they are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In the Group's judgement, bank deposits and treasury bills with maturities in excess of three months do not meet the definition of short-term or highly liquid and are held for purposes other than meeting short-term commitments. In accordance with IFRS, these instruments are not categorised as cash or cash equivalents and are disclosed as money market instruments with maturities greater than three months.

The table below summarises the instruments managed by the Group as cash, and their IFRS classification:

Assets managed as cash	**As at 30 Sep 22 £'000**	As at 30 Sep 21 £'000	As at 31 Mar 22 £'000
Bank deposits with maturities > 3 months	**—**	5,875	13,913
Money market instruments with maturities > 3 months	**—**	5,875	13,913
Cash	**8,214**	4,576	3,345
Bank deposits with maturities <= 3 months	**9,500**	6,832	—
Cash and cash equivalents	**17,714**	11,408	3,345
Total assets managed as cash	**17,714**	17,283	17,258

8. Fair value measurement

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy based on the significance of inputs used in measuring their fair value. The hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

As at 30 September 2022	**Total £'000**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
Financial assets at fair value through profit or loss				
Impact bonds	**1,614**	**1,614**	**—**	**—**
Investment in funds	**1,782**	**1,146**	**—**	**636**
Other securities	**210**	**—**	**—**	**210**
Foreign exchange contracts to hedge non-sterling assets	**11**	**—**	**11**	**—**
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts held to hedge non-sterling-based assets	**(297)**	**—**	**(297)**	**—**
Forward foreign exchange contracts used for hedging	**(84)**	**—**	**(84)**	**—**
Total	**3,236**	**2,760**	**(370)**	**846**

As at 30 September 2021	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	2,234	2,234	—	—
Other securities	944	888	—	56
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(270)	—	(270)	—
Total	2,908	3,122	(270)	56

As at 31 March 2022	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	2,177	2,177	—	—
Investment in funds	1,070	944	—	126
Other investments	200	—	—	200
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts held to hedge non-sterling assets	(15)	—	(15)	—
Other investments	(110)	—	(110)	—
Total	3,322	3,121	(125)	326

There have been no transfers between levels in any of the reported periods.

Basis for classification of financial instruments within the fair value hierarchy
Forward foreign exchange contracts are classified as Level 2. The fair value of forward foreign exchange contracts is established using interpolation of observable market data rather than a quoted price.

Options are classified as Level 3. The fair value of an option and JSOP is established using a Black-Scholes model. LTIP options are valued using a bi-nominal model.

9. Called-up share capital
The share capital of Record plc consists only of fully paid ordinary shares with a par value of 0.025 pence. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

	Unaudited as at 30 Sep 22		Unaudited as at 30 Sep 21		Audited as at 31 Mar 22	
	£'000	**Number**	£'000	Number	£'000	Number
Authorised						
Ordinary shares of 0.025 pence each	**100**	**400,000,000**	100	400,000,000	100	400,000,000
Called up, allotted and fully paid						
Ordinary shares of 0.025 pence each	**50**	**199,054,325**	50	199,054,325	50	199,054,325

Movement in Record plc shares held by the Record plc Employee Benefit Trust ("EBT")

The EBT was formed to hold shares acquired under the Record plc share-based compensation plans. Under IFRS the EBT is considered to be under de facto control of the Group, and has therefore been consolidated into the Group financial statements.

Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group statement of comprehensive income. Any such gains or losses are recognised directly in equity.

	Number
Record plc shares held by EBT as at 31 March 2021	**6,296,657**
Net change in holding of own shares by EBT in period	3,105,777
Record plc shares held by EBT as at 30 September 2021	**9,402,434**
Net change in holding of own shares by EBT in period	229,597
Record plc shares held by EBT as at 31 March 2022	**9,632,031**
Net change in holding of own shares by EBT in period	(1,495,441)
Record plc shares held by EBT as at 30 September 2022	**8,136,590**

The EBT holds shares in Record plc which are used to meet the Group's obligations to employees under the Group Bonus Scheme and the Record plc Share Scheme. Own shares are recorded at cost and are deducted from retained earnings.

10. Related parties

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries and the EBT. There has been no change in related parties from those disclosed in the Annual Report 2022.

Transactions or balances between Group entities have been eliminated on consolidation and, in accordance with IAS 24, are not disclosed in this note.

Key management personnel

The compensation given to key management personnel is as follows:

	Six months ended 30 Sep 22 £'000	Six months ended 30 Sep 21 £'000	Year ended 31 Mar 22 £'000
Short-term employee benefits	**5,061**	3,825	8,457
Post-employment benefits	**189**	156	330
Share-based payments	**1,632**	926	2,467
	6,882	4,907	11,254

Compensation to key management personnel has increased in line with the profitability of the Group. It includes variable remuneration paid through the Group Bonus Scheme as well as inflationary increases and promotions. More detail of the Group's financial performance is provided in the Financial review section.

The dividends paid to key management personnel in the six months ended 30 September 2022 totalled £2,278,904 (six months ended 30 September 2021: £1,434,256; year ended 31 March 2022: £3,056,662).

11. Post reporting date events
No adjusting or significant non-adjusting events have occurred between the reporting date and the date of approval.

12. Restatement of the share premium account and retained earnings
Gains prior to 31 March 2022 on the release of shares from the Employee Benefit Trust have been reclassified from share premium to retained earnings as there was no issue of new shares. The prior cumulative movements to 31 March 2021 of £609,000 have been reclassified to retained earnings. Movements for the six months ended 30 September 2021 and 31 March 2022, of £590,000 and £230,000 respectively, have also been reclassified as retained earnings. The restatement does not impact the current or previous years' profit or loss.

Information for shareholders
Record plc
Record plc is a public limited company incorporated in the UK.
Registered in England and Wales
Company No. 1927640

Registered office
Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP
United Kingdom

Tel: +44 (0)1753 852 222
Fax: +44 (0)1753 852 224

Principal UK trading subsidiaries
Record Currency Management Limited
Registered in England and Wales
Company No. 1710736

Record Group Services Limited
Registered in England and Wales
Company No. 1927639

Both principal UK trading subsidiaries are based in Windsor.

Further information on Record plc can be found on the Group's website: **www.recordfg.com**

Dates for 2022 interim dividend

Ex-dividend date	8 December 2022
Record date	9 December 2022
Interim dividend payment date	30 December 2022

Registrar
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Further information about the Registrar is available on their website: **www.linkgroup.eu**

AUME definition

The basis for measuring AUME differs for each product and is detailed below:

- Passive Hedging mandates – the aggregate nominal amount of passive hedges actually outstanding in respect of each client;
- Dynamic Hedging mandates – total amount of clients' investment portfolios denominated in liquid foreign currencies, and hence capable (under the terms of the relevant mandate) of being hedged;
- Currency for Return mandates – the maximum aggregate nominal amount of outstanding forward contracts for segregated clients, or the Net Asset Value where Record acts as Investment Manager to a Fund;
- Multi-product mandates – the chargeable mandate size for each client; and
- Cash – the total set aside by clients and managed by Record.

Notes to Editors

This announcement includes information with respect to Record's financial condition, its results of operations and business, strategy, plans and objectives. All statements in this document, other than statements of historical fact, including words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, are forward-looking statements.

These forward-looking statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and assumptions that could cause the actual future results, performance or achievements of the Company to differ materially from those expressed in or implied by such forward-looking statements.

The forward-looking statements contained in this document are based on numerous assumptions regarding Record's present and future business and strategy and speak only as at the date of this announcement.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement whether as a result of new information, future events or otherwise.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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