Bridgepoint Group plc

Strong Performance in 2021 and Good Momentum Looking Ahead

Bridgepoint Group plc (the "Company" and together with its subsidiaries the "Group") announces its preliminary results for the year ended 31 December 2021.

2021 full year highlights:

- Strong trading performance in the year in which Bridgepoint listed on the London Stock Exchange: revenues increased by 41% and underlying EBITDA by 72% compared to the prior year period
- Total Assets Under Management (AUM) of €32.9 billion, an increase of 23.7% year on year
- Fee paying AUM of €18.3 billion, a 13.7% increase from December 2020
- Capital deployment in line with expectations: €5.4 billion invested in 2021 compared to €1.8 billion for the prior year period (which included disruption from start of COVID pandemic)
- Fund Portfolio performance exceeded expectations, benefitting from continued improvement in economies across Europe and delivered strong equity fund realisations with €4.7 billion of gross exits completed in the period
- Good progress in fundraising: Bridgepoint Europe VII (BE VII) and Bridgepoint Credit Direct Lending III (BDL III) making progress towards their targets despite crowded fundraising markets
- Fundraisings will continue during 2022 with Bridgepoint Credit already deploying capital from BDL III and BE VII expected to start deployment by end of H2 2022 in line with expectations

Commenting on this performance, William Jackson, Executive Chairman, said:

"I am pleased to be sharing our results for 2021 which are ahead of the expectations we set at the time of our IPO. Bridgepoint delivered strong growth in revenues and profits in 2021 with these results illustrating the strength and potential of Bridgepoint's alternative asset investment platform with its particular focus on European growth companies.

"Following the disruption caused by the COVID pandemic in 2020, capital deployment returned to normal levels across all our asset classes in 2021 and we capitalised upon market conditions to deliver very strong exits and valuation growth across our funds during the year which has driven fund performance ahead of our original expectations. Our capital raising plans for Bridgepoint Europe and Direct Lending remain unchanged despite congested fundraising markets and we remain well positioned to deliver 2022 financial performance in line with expectations.

"Looking forward, whilst we expect market volatility to continue, we are excited by the medium term strategic growth prospects for the Group with our business development plans continuing to evolve post IPO and we remain confident in Bridgepoint's ability to deliver strong returns for our fund investors and our shareholders alike."

Presentation and Q&A

Management will hold a webcast to answer questions from analysts and investors at 8.30am UK time on Thursday 24th March:

Join via weblink:
https://www.lsegissuerservices.com/spark/BRIDGEPOINTGROUP/events/b0c844d4-5f70-416a-903b-d6a2e3c36008

Register for conference call:
https://cossprereg.btci.com/prereg/key.process?key=PV87TY3BG

The slides from this presentation will be available on the company's website:
https://www.bridgepointgroupplc.com/results-reports-and-presentations

ENQUIRIES

Bridgepoint

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Abbreviated Income Statement

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Management fees	197.7	148.6	33.0%
Investment income	71.2	42.3	68.3%
Total operating income	**270.6**	**191.8**	**41.1%**
Total expenses	(185.3)	(133.1)	39.2%
Total expenses (excluding exceptional expenses)	(156.7)	(125.4)	25.0%
EBITDA	85.3	58.7	45.3%
Underlying EBITDA	113.9	66.4	71.5%
Underlying FRE	48.5	24.9	94.8%
Depreciation	(11.9)	(8.2)	45.1%
Underlying operating profit	**102.0**	**58.2**	**75.3%**
Reported operating profit	**70.3**	**49.9**	**40.9%**
Net finance expense (excluding exceptional net income)	(11.5)	(5.6)	105.4%
Net finance expense	(7.7)	(1.4)	450.0%
Underlying profit before tax	90.5	**52.6**	**72.1%**
Reported profit before tax	**62.6**	**48.5**	**29.1%**
Tax	(4.8)	(0.8)	500.0%
Reported profit after tax	**57.8**	**47.7**	**21.2%**

Consolidated balance sheet

Summarised consolidated balance sheet (statutory basis) £ million	As at 31 December 2021	As at 31 December 2020	Change (%)
Assets			
Non-current assets	567.9	438.0	29.7%
Current assets	712.2	607.0	17.3%
Total Assets	**1,280.1**	**1,045.0**	**22.5%**
Liabilities			
Non-current liabilities	432.3	346.8	24.7%
Current liabilities	131.5	307.7	(57.3)%
Total Liabilities	**563.8**	**654.5**	**(13.9)%**
Net Assets	**716.3**	**390.5**	**83.4%**
Equity			
Share capital and premium	289.9	241.4	20.1%
Other reserves	13.8	27.7	(50.2)%
Retained earnings	412.6	39.7	939.3%
Non-controlling interests	-	81.7	(100.0)%
Total Equity	**716.3**	**390.5**	**83.4%**

Key metrics

	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Total AUM (€bn)	32.9	26.6	23.7%
Fee paying AUM (€bn)	18.3	16.1	13.7%
Management fee margin on FPAUM (%)	1.23%	1.22%	+0.01ppt
Management fees (£m)	197.7	148.6	33.0%
Investment income (£m)	71.2	42.3	68.3%
Total expenses (excluding exceptional items)	(156.7)	(125.4)	25.0%
Underlying EBITDA (£m)	113.9	66.4	71.5%
Underlying EBITDA margin (%)	42.1%	34.6%	+7.5ppt
Underlying FRE (£m)	48.5	24.9	94.8%
Underlying FRE margin (%)	24.3%	16.7%	+7.6ppt
Underlying profit before tax (£m)	90.5	52.6	72.1%
Reported profit before tax (£m)	62.6	48.5	29.1%
Reported profit after tax (£m)	57.8	47.7	21.2%
Reported pro forma basic and diluted EPS (p)	7.02	5.79	21.2%
Adjusted pro forma basic and diluted EPS (p)	10.41	6.29	65.5%

Reconciliation between statutory and underlying income statements

	Year ended 31 December 2021			**Year ended 31 December 2020**		
£m	**Underlying**	**Excluded items**	**Reported**	**Underlying**	**Excluded items**	**Reported**
Management fees	197.7	-	197.7	148.6	-	148.6
Profits from fair value remeasurement of co-investments and carried interest	71.2	-	71.2	42.3	-	42.3
Other operating income	1.7	-	1.7	0.9	-	0.9
Total operating income	**270.6**	**-**	**270.6**	**191.8**	**-**	**191.8**
Personnel expenses	-121.4	-11.3	-132.7	-96.0	-0.3	-96.3
Other Expenses	-36.4	-17.3	-53.7	-29.2	-7.4	-36.6
Foreign exchange gains/(losses)	1.1	-	1.1	-0.2	-	-0.2
Total Expenses	**-156.7**	**-28.6**	**-185.3**	**-125.4**	**-7.7**	**-133.1**
EBITDA	**113.9**	**-28.6**	**85.3**	**66.4**	**-7.7**	**58.7**
EBITDA Margin	*42%*		*32%*	*35%*		*31%*
FRE	**48.5**	**-28.6**	**19.9**	**24.9**	**-7.7**	**17.2**
FRE Margin	*24%*		*10%*	*17%*		*12%*
Depreciation and amortisation expense	-11.9	-3.1	-15.0	-8.2	-0.6	-8.8
Net finance expense	-11.5	3.8	-7.7	-5.6	4.2	-1.4
Profit Before Tax	**90.5**	**-27.9**	**62.6**	**52.6**	**-4.1**	**48.5**
Tax	-4.8	-	-4.8	-0.8	-	-0.8
Profit After Tax	**85.7**	**-27.9**	**57.8**	**51.8**	**-4.1**	**47.7**

Overview of Bridgepoint funds at 31 December 2021

Fund	Fund size	Total AUM	FP AUM	Vintage	Invested (%)	Hurdle rate	Carried interest	Catch-up rate	Group share of carried interest
Equity funds									
BE IV	€4,835m	€1,638m	€1,168m	2008	93%	8%	20%	100%	9%
BE V	€4,000m	€4,850m	€3,164m	2015	93%	8%	20%	100%	2%
BE VI	€5,766m	€7,466m	€5,735m	2019	71%	8%	20%	100%	5%
BDC II	€353m	€25m	€0m	2012	96%	8%	20%	100%	3%
BDC III	£605m	€1,140m	€597m	2016	87%	8%	20%	100%	25%
BDC IV	£1,559m	€1,858m	€1,857m	2021	16%	8%	20%	100%	35%
Growth I	£105m	€137m	€125m	2017	82%	8%	20%	100%	35%
BEP IV	€728m	€883m	€823m	2019	115%	8%	10%	100%	25%
BDCP II	€222m	€205m	€187m	2021	84%	Variable	Variable	100%	20%
Credit funds									
Credit Opps II	€845m	€423m	€92m	2012	11%	8%	20%	100%	9%
Credit Opps III	€1,272m	€1,404m	€877m	2016	69%	8%	20%	100%	19%
Credit Opps IV	€225m	€225m	€130m	2021	59%	7%	20%	100%	tbc
BC I	€182m	€169m	€61m	2019	71%	5%	12.50%	100%	22%
BC II	€681m	€681m	€231m	2020	87%	5%	12.50%	100%	25%
BDL I	€525m	€422m	€217m	2015	43%	5% / 5%	10% / 20%	100% / 0%	26%
BDL II	€2,256m	€2,457m	€1,459m	2017	92%	5% / 6%	10% / 15%	50% / 50%	18%
BDL III	€1,054m	€1,167m	€398m	2021	41%	5% / 6%	10% / 15%	100%	tbc
CLOs	€1,064m	€1,064m	€0m	2020	100%	10%	20%	n/a	40%

EXECUTIVE CHAIR'S STATEMENT

Using the local insights we have in individual markets, along with the sector expertise and the deep industrial knowledge of our investment and credit teams, we identify, invest and support growth companies and work closely with management teams to build stronger, broader-based businesses with greatly enhanced long-term potential. This is what drives long-term returns for both our fund investors and consequently for shareholders in Bridgepoint itself. As I stated during our IPO, if Bridgepoint performs for its fund investors our shareholders will also do well.

Generating financial returns across our funds, however, is not the sum of our ambitions. We seek to create non-financial value too. Our duty to invest responsibly to achieve positive impacts on the environment and society lies at the heart of our ethos. It underscores everything we do. It is my longstanding view that financial and non-financial value endeavours are not mutually exclusive, instead, they are mutually reinforcing – businesses that adopt sustainable and inclusive practices across their operations and have diverse workforces are proven to perform better and, ultimately, deliver higher returns for shareholders. We work closely with our investee companies to achieve these outcomes and on occasions when we don't get things right we try again.

We are mindful, however, that, as a progressive investor, we must do as we say. In line with this, Bridgepoint is committed to a diverse and inclusive working environment both within the Group itself and its portfolio companies. We are a signatory to ILPA's 'Diversity in Action' initiative which aims to advance diversity, equality and inclusion, and we are actively involved in a range of other programmes including 'Level 20', which aims to promote gender diversity in the European private equity industry. Bridgepoint commits to initiatives such as the above because all of us are driven by a shared set of values and beliefs regarding how we should do business: performance driven, thoughtful, straightforward.

These are fundamental to our professional and personal conduct. They help us to try and maintain the highest levels of corporate governance and apply the highest standards of professionalism across the Group.

These shared values have come to the fore during the last 24 months during a period of greater uncertainty than many of us have ever known. How we worked and lived changed completely. Like many, Bridgepoint's priority was to ensure that our people were safe, that the companies in which we are invested were properly supported and that we, as a group, played our part in helping the communities in which we operate. I am proud of how our people rallied together during such a disruptive period – the strong set of financial results reported here speaks for itself.

Continued growth in a challenging environment

In our first results following IPO I'm pleased to report that Bridgepoint delivered strong performance in 2021 ahead of the expectations that we set when we sought to raise capital from new investors in July 2021. The Group performed consistently well over the course of the year as the economic recovery from Covid has gathered pace: increasing assets under management to €32.9 billion; deploying funds on new and follow-on investments; and returning €3.3 billion of capital to our equity and credit investors and the 30 million beneficiaries they represent.

Importantly the fund investment returns that we have generated across our funds in 2021 have also exceeded the expectations that we set at our Funds Annual meetings in 2020 by some measure. Indeed our most mature flagship fund, Bridgepoint Europe V, saw an exceptional 87% increase in the value of its underlying unrealised assets during the year.

Our strong overall financial performance has enabled us to declare our first dividend in our debut year as a quoted company. This excellent set of results shows that our decision to list Bridgepoint on the London Stock Exchange, our landmark corporate event in 2021, did not distract us from our day-to-day operations. We took the decision to list so that we can continue to build our business from a position of strength as we have done over the last 20 years and especially since 2018, when we raised our first external capital which saw Dyal Capital become a shareholder. Back then we used the funds to finance the successful acquisition of EQT Credit and open new Bridgepoint Europe offices. Similarly, whilst Bridgepoint remains "asset light" from a balance sheet perspective, the capital raised from the IPO strengthens our resources and provide us with a platform for future growth. This single event sets us further down the road to achieve our long-term ambitions of continuing to successfully build and develop our business.

We are delighted to welcome our new shareholders for this next stage in Bridgepoint's journey as we do our new plc Board. We've already begun to benefit from valuable insights from our new Board members and this contribution will be further strengthened during the year ahead with our intention to add two further directors to the Board following an on going recruitment process. Importantly these new appointments will also increase our diversity at Board level in line with best practice.

Delivering on our promises

Our focus over the last 12 months has been on driving returns for our fund investors and shareholders. The continued success of our funds and the resultant strong Group financial performance we are reporting today is testament to the full depth of business experience and professionalism of our team.

For the year ended 31 December 2021, Bridgepoint Group plc delivered underlying EBITDA and profits before tax of £113.9 million and £90.5 million respectively.

This translated into earnings per share of 7 pence, and reported profits of £62.6 million before tax and earnings per share of 10 pence (excluding exceptional items and amortisation of intangible assets). Assets under management also grew by 23.7% to €32.9 billion.

These results, which were in line or ahead of expectations, were driven by our two main strategies – private equity and private debt.

Private Equity

Over the course of the year under review, Bridgepoint's main private equity funds committed €1.9 billion to new investments, completed 71 add-on acquisitions, and returned €2.9 billion to our fund investors. This strong progress has continued during the first quarter of 2022.

During the year Bridgepoint Europe fund investments collectively generated 24% and 31% year-on-year average revenue and EBITDA growth – an indication of the underlying strength of our portfolio companies. Importantly, over 7,000 jobs were added by Bridgepoint portfolio companies during the year – an indication of the contribution middle market businesses make to both the economy and society.

Drilling down to the individual fund level, Bridgepoint Europe VI, our current flagship €5.8 billion buyout fund, committed €1.5 billion in 5 new investments and at the year-end had committed 88% of its primary capital, bringing the total number of investments to 16. By the end of 2021, Bridgepoint Europe V, a €4 billion fully invested fund, had completed or agreed the sale of 4 of its 16 investments at an average multiple of 19.0x, realising €4.4 billion from these assets. Bridgepoint Development Capital ('BDC'), our lower mid-market business, also had a very strong year: BDC III completed its final investment and the team successfully raised a successor fund – their largest to date – Bridgepoint Development Capital IV, a €1.6 billion fund, which completed 4 investments in the year.

Reflecting our continuing drive to invest responsibly, in 2021 we actively committed to aligning all our new private equity funds to Article 8 of the Sustainable Financial Disclosure Regulation ('SFDR'). As a result, our most recently launched funds (Bridgepoint Europe VII and Bridgepoint Growth II) will be SFDR Article 8 aligned. The official journal of the European Union defines an Article 8 Fund as one that 'promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.' During the year, we also became a signatory to Initiative Climat International (iCI), recognising that climate change is having an adverse effect on all of us.

Private Debt

Bridgepoint's second core strategy, our private debt business known as Bridgepoint Credit, also enjoyed a strong year across the board. Our Direct Lending and Credit Opportunities fund invested €3.5 billion across 46 companies whilst our CLOs ('collateralised loan obligations') fund invested €0.7 billion across 96 companies.

During the year, Bridgepoint Credit also announced the pricing of its second and third European CLO funds, the €355 million Bridgepoint CLO 2 DAC ("Bridgepoint CLO 2") and €408 million Bridgepoint CLO 3 DAC ("Bridgepoint CLO 3"). In line with Bridgepoint's continued commitment to responsible investing, Bridgepoint CLO 2 and CLO 3 contains specific ESG eligibility criteria as well as an enhanced level of reporting transparency with respect to the ESG profile of the portfolio.

Capital Raising

As already noted, Bridgepoint continued to grow its AUM during 2021 with its main Direct Lending fund, BDL III, being launched during the middle of the year and Bridgepoint Europe VII being launched towards the end of the year. Both fund raisings are making progress towards their targets despite busy capital raising markets and recent market volatility arising from the conflict in Ukraine. These fund raisings will continue during 2022 with Bridgepoint Credit now already committing capital from BDL III and our new flagship equity fund, BE VII, expected to start committing capital by the end of the first half of 2022 in line with previous expectations.

The right kind of returns

Bridgepoint provides capital to companies to help them to grow. To achieve this, we look to support growth businesses that have the potential to flourish, through international expansion, operational improvement or acquisitions.

But it is no longer good enough to focus solely on financial returns. The climate crisis and the Covid-19 pandemic underscore the need for all of us to act in order to protect our environment and have a positive impact on society and, for Bridgepoint specifically, to ensure our partner businesses are governed according to high standards in order to foster success. Bridgepoint's capacity and reach to support great businesses gives us both the means and responsibility to act.

Taking a proactive approach to societal and environmental issues is not just a social responsibility; it is also a matter of good guardianship. Businesses that do good, grow both faster and sustainably. Our ambition is to create lasting, sustainable and positive impacts so that our investors, shareholders and employees are proud of how we generate returns.

It is imperative that we set an example and this year Bridgepoint Group plc became a carbon-neutral company. Recognising the broader role we can play, we also became a founding member of the Private Equity Sustainable Markets Initiative Task Force launched by HRH The Prince of Wales at the World Economic Forum 2020 ahead of COP26.

Outlook

We have all been shocked and hugely concerned by the conflict in Ukraine. I can confirm that we have no material direct exposure. We have no material portfolio assets in either country, nor do we have any Russian investors in our funds.

Bridgepoint's market focus, the private equity and credit markets, nevertheless remain attractive investment arenas, which are capable of delivering excellent returns as these last 24 months have shown.

Bridgepoint's prime geographic focus, Europe, continues to be the home of multiple world-leading domestic and exporting enterprises (accounting for one third of global exports) and supports a high-quality spectrum of growth businesses operating within areas that exhibit compelling sector and geographic growth prospects.

Bridgepoint's business focus, the alternative investment market, has expanded rapidly in recent years, with assets under management having grown by more than 50 per cent from 2015 to 2020. Importantly, growth is forecast to continue with private equity and private credit markets AUM expected to grow at a compound annual growth rate (CAGR) of 15.9% and 17.4% respectively between 2021 and 2026.

We recognise the opportunity before us. As our performance in 2021 shows, Bridgepoint's operational model and people demonstrated a capacity to absorb new business, continue to grow funds under management and to increase profitability. As a team we are all committed to delivering strong returns for our fund investors and shareholders and continuing to build our business efficiently and effectively and having a positive influence on the environment and communities around us. Our people remain our greatest asset and I thank all our stakeholders for their support in 2021. Together with the platform we have gained following our IPO, I am confident in our ability to continue to build on our achievements to date.

William Jackson
Executive Chair

CHIEF FINANCIAL OFFICER'S STATEMENT

Group financial performance in 2021 benefited from a first full year's contribution from the EQT Credit business and also from increased investment profits as a result of strong fund returns. Primary capital raised in the IPO allowed the Group to pay down external borrowing, leaving the balance sheet with a net cash position at year end and well positioned to support the execution of the Group's strategy.

Group financial performance in 2021 was underpinned by 23.7 per cent growth in Total AUM to reach €32.9 billion at year end. The increase in Total AUM in turn drove an increase in management fee income and the operational leverage which is a feature of our business model was clearly demonstrated by 94.8 per cent growth in underlying FRE.

Underlying profit before tax of £90.5 million was £37.9 million or 72.1 per cent higher than the previous year, driven by a full year of contribution from the acquired EQT Credit business and increased investment profits.

Reported profit after tax of £57.8 million was £10.1 million or 21.2 per cent higher than the previous year due to increased underlying profits, partially offset by £27.9 million of exceptional items and amortisation of intangibles, which related predominantly to the IPO.

Proceeds from issuance of new shares in the IPO of £300 million, before costs, allowed the Group to pay down its borrowings under the Group's Revolving Credit Facility ("RCF"). Combined with the final instalment of the deferred cash consideration from Dyal of £114.3 million which was received in December 2021, the Group had a net cash position on its balance sheet (excluding consolidated CLO fund cash) at 31 December 2021 of £323.1 million.

Throughout the course of this section reference is made to adjusted measures which the Company considers to be alternative performance measures ("APMs") or key performance indicators ("KPIs"). These are not defined or recognised under IFRS but are used by the directors and management to analyse the business and financial performance, track the Group's progress and help develop long-term strategic plans. The section of this announcement titled 'Alternative Performance Measures' sets out definitions of each of the APMs used within the CFO review and how they can be reconciled back to the financial information.

Financial summary

	Year ended 31 December 2021	Year ended 31December 2020	Change (%)
Total AUM (€bn)	32.9	26.6	23.7%
Fee paying AUM (€bn)	18.3	16.1	13.7%
Management fee margin on fee paying AUM (%)	1.23%	1.22%	+0.01ppt
Management fees (£m)	197.7	148.6	33.0%
Investment income (£m)	71.2	42.3	68.3%
Total expenses (excluding exceptional items) (£m)	(156.7)	(125.4)	25.0%
Underlying EBITDA (£m)	113.9	66.4	71.5%
Underlying EBITDA margin (%)	42.1%	34.6%	+7.5ppt
Underlying FRE (£m)	48.5	24.9	94.8%
Underlying FRE margin (%)	24.3%	16.7%	+7.6ppt
Underlying profit before tax (£m)	90.5	52.6	72.1%
Reported profit before tax (£m)	62.6	48.5	29.1%
Reported profit after tax (£m)	57.8	47.7	21.2%
Reported pro forma basic and diluted EPS (pence)	7.02	5.79	21.2%
Adjusted pro forma basic and diluted EPS (pence)	10.41	6.29	65.5%

Fundraising

Bridgepoint Europe VII ("BE VII") was launched in late 2021 with a target size of €7.0 billion. Private equity AUM at 31 December 2021 amounted to €22.9 billion.

Bridgepoint Credit Opportunities IV ("BCO IV") held a first closing in October 2021, raising €0.2 billion and in November Bridgepoint Direct Lending III ("BDL III") held a first closing at €1.2 billion. Bridgepoint CLO 2 ("CLO 2") closed in July at €355 million and in November Bridgepoint CLO 3 ("CLO 3") closed, raising €408 million. As a result of these fundraisings, credit AUM ended the year at €10.0 billion.

Total AUM development during the last twelve months

EURbn	Private equity	Credit	Total
31 December 2020	19.2	7.4	26.6
Fundraising	1.3	2.8	4.1
Divestments	(2.9)	(0.6)	(3.5)
Revaluations	5.3	0.4	5.7
31 December 2021	22.9	10.0	32.9

Total AUM at 31 December 2021 was €32.9 billion compared to €26.6 billion at the end of the 2020. The 23.7 per cent increase is due to revaluations of fund investments and the impact of successful fundraises for our credit strategies.

Total Fee Paying AUM development during the last twelve months

EURbn	Private equity	Credit	Total
31 December 2020	11.9	4.2	16.1
Fundraising/invested	2.1	2.5	4.6
Divestments	(0.2)	(1.7)	(1.9)
Step down	(0.1)	(0.4)	(0.5)
31 December 2021	13.7	4.6	18.3

Fee paying AUM at 31 December 2021 was €18.3 billion compared to €16.1 billion at the end of 2020 with the 13.7 per cent increase primarily due to BDC IV becoming fee paying during the year as well as the increase in invested capital in our credit strategies.

Abbreviated Income Statement

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Management fees	197.7	148.6	33.0%
Investment income	71.2	42.3	68.3%
Total operating income	270.6	191.8	41.1%
Total expenses	(185.3)	(133.1)	39.2%
Total expenses (excluding exceptional expenses)	(156.7)	(125.4)	25.0%
EBITDA	85.3	58.7	45.3%
Underlying EBITDA	113.9	66.4	71.5%
Underlying FRE	48.5	24.9	94.8%
Depreciation	(11.9)	(8.2)	45.1%
Underlying operating profit	102.0	58.2	75.3%
Reported operating profit	70.3	49.9	40.9%
Net finance expense (excluding exceptional net income)	(11.5)	(5.6)	105.4%
Net finance expense	(7.7)	(1.4)	450.0%
Underlying profit before tax	90.5	52.6	72.1%
Reported profit before tax	62.6	48.5	29.1%
Tax	(4.8)	(0.8)	500.0%
Reported profit after tax	57.8	47.7	21.2%

The Group's consolidated income statement has two key components: the first is the income generated from management fees, which are from long term fund management contracts. The second component is the variable income from investments in funds and carried interest. Management fee income plus other operating income less costs is expressed as Fee Related Earnings ("FRE"). Underlying FRE excludes exceptional expenses and bonuses linked to investment returns from the calculation. Profits from co-investment and carried interest together with FRE form the EBITDA of the business.

In the year ended 31 December 2021, exceptional expenses were recorded relating the Company's IPO as well as further costs relating to the acquisition of the EQT Credit business. In the year ended 31 December 2020, exceptional expenses were recorded relating to the acquisition of the EQT Credit business. Exceptional items are items of income or expense that are material by size and/or nature, are not considered to be incurred in the normal course of business and are not expected to reoccur. Exceptional items are classified as "exceptional" within the Group's consolidated income statement and disclosed separately to give a clearer presentation of the Group's results.

Underlying operating profit excludes exceptional expenses within EBITDA and the amortisation of intangible assets arising from the acquisition of EQT Credit. Underlying profit before tax excludes the aforementioned expenses and also certain finance income and expenses which have also been classified as exceptional. These relate to the acquisition of EQT Credit and the investment by Dyal Capital Partners. Further explanation of these items is included within note 8 of the financial information.

Total operating income

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Management fees	197.7	148.6	33.0%
Carried interest	14.3	12.9	10.9%
Income from the fair value remeasurement of investments	56.9	29.4	93.5%
Other operating income	1.7	0.9	88.9%
Total operating income	270.6	191.8	41.1%

Total operating income grew strongly and increased by 41.1 per cent from £191.8 million in 2020 to £270.6 million in 2021 reflecting an increase in management fees, carried interest and income from the fair value remeasurement of investments.

Management fees increased by £49.1 million, or 33.0 per cent, from £148.6 million for the year ended 31 December 2020 to £197.7 million for the year ended 31 December 2021.

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Private equity	157.3	136.6	15.2%
Credit	37.9	10.2	271.6%
Central	2.5	1.8	38.9%
Total management fees	197.7	148.6	33.0%

This increase was primarily due to the full year impact of the enlarged Credit business following its acquisition in the fourth quarter of 2020. Private equity fees increased due to BDC IV, which started charging management fees on 1 January 2021, partially offset by reduced fees on older funds which are in their divestment phase, when fees are based upon the remaining invested capital.

Income from the Group’s share of carried interest income of £14.3 million in 2021 was driven by Bridgepoint Europe V (“BE V”) and Bridgepoint Development Capital III (“BDC III”) portfolios. Income recognised as a result of increases in the value of co-investments increased by 93.5 per cent from £29.4 million in 2020 to £56.9 million in 2021, reflecting the increase in valuation of assets across the private equity fund range, but particularly within the Bridgepoint Europe V and VI portfolios (“BE V” and “BE VI”).

Other operating income includes fees and commissions receivable by the Group’s procurement consulting business, PEPCO. Its income continued to be impacted by COVID through a reduction in the number of projects being undertaken.

Operating and other expenses

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Personnel expenses	(121.4)	(96.0)	26.2%
Other expenses	(36.4)	(29.2)	24.7%
Foreign exchange gains/(losses)	1.1	(0.2)	(650.0)%
Total expenses before exceptional expenses	(156.7)	(125.4)	25.0%
Exceptional expenses	(28.6)	(7.7)	271.4%
Total expenses	(185.3)	(133.1)	39.2%

Personnel expenses (excluding exceptional expenses) increased by 26.5 per cent, from £96.0 million in 2020 to £121.4 million in 2021. This increase was primarily due to the increase of the number of employees following the acquisition of EQT Credit, as well as continuing investment in the Group’s operating platform and bonuses linked to the BE V carried interest income recognised by the Group during 2021.

Other expenses (excluding exceptional expenses) increased by 24.7 per cent, from £29.2 million in 2020 to £36.4 million in 2021. The increase reflects predominantly the annualised impact of the acquisition of EQT Credit. Whilst the Group realised some COVID-related savings such as reduced travel, corporate hospitality and staff expenses, these were offset by higher legal and regulatory spend to support the growth of the Group and costs incurred relating to the Group’s exit from its current London premises.

Foreign exchange gains/(losses) changed by £1.3 million from a loss of £0.2 million in 2020 to a gain of £1.1 million in 2021. This change was primarily due to the strengthening of sterling versus the euro, and the corresponding remeasurement of the Group's euro borrowings up to the point at which they were repaid following the IPO.

Personnel expenses (excluding exceptional expenses) as a percentage of total operating income was 44.9 per cent for the year ended 31 December 2021, compared to 50.1 per cent for the year ended 31 December 2020 and would have been lower but for the £5.8 million of non-recurring BE V carried interest linked bonuses incurred in 2021. The percentage decrease in 2021 compared to 2020 was due to the increase in operating income being greater than the increase in personnel expenses. Other expenses (excluding exceptional expenses) as a percentage of total operating income reduced to 13.5 per cent for the year ended 31 December 2021, compared to 15.2 per cent for the year ended 31 December 2020 for the same reason.

EBITDA

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Underlying EBITDA	113.9	66.4	71.5%
Exceptional expenses	(28.6)	(7.7)	271.4%
EBITDA	85.3	58.7	45.3%

Underlying EBITDA increased strongly by 71.5 per cent from £66.4 million in 2020 to £113.9 million in 2021, excluding exceptional expenses associated with the IPO of the Group in 2021 and the acquisition of EQT Credit in 2020. This was largely driven by the operational leverage resulting from the growth in total operating income of 41.1 per cent representing a multiple of 1.65x the growth in total expenses, excluding exceptional expenses, of 25.0 per cent.

Exceptional expenses of £28.6 million in 2021 related to the costs associated with the Group's IPO of £27.1 million, costs of £1.0 million relating to the acquisition of EQT Credit and £0.5 million relating to potential M&A costs. A further £18.4 million of expenses relating to the Group's IPO have been recognised as issuance costs and are included within equity. The £7.7 million of exceptional expenses recorded in 2020 related only to expenses associated with the acquisition of EQT Credit.

EBITDA, including exceptional expenses, increased by 45.3 per cent as exceptional expenses recorded in 2021 offset the majority of the increase in total operating income.

Depreciation and amortisation expense

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Depreciation	(11.9)	(8.2)	45.1%
Amortisation of intangibles	(3.1)	(0.6)	416.7%
Total depreciation and amortisation expense	(15.0)	(8.8)	70.5%

Depreciation and amortisation expense increased by 70.5 per cent from £8.8 million in 2020 to £15.0 million in 2021. This increase was primarily due to two factors, firstly the start of the lease of the Group's new London headquarters, 5 Marble Arch, in July 2021 resulting in an increased depreciation charge from that date onwards and, secondly, the full year of amortisation of the intangible assets acquired with the EQT Credit business (fund customer relationships) which are being expensed over seven years. The amortisation of intangibles has been excluded from the adjusted profitability measures in order to enable a clearer analysis of underlying profitability.

Total operating profit

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Underlying operating profit	102.0	58.2	75.3%
Exceptional expenses	(28.6)	(7.7)	271.4%
Amortisation of intangibles	(3.1)	(0.6)	416.7%
Reported operating profit	70.3	49.9	40.9%
Underlying operating profit margin	37.7%	30.3%	+7.4ppt

Underlying operating profit increased by 75.3 per cent or £43.8 million from a profit of £58.2 million in 2020 to a profit of £102.0 million in 2021, reflecting the £47.5 million increase in underlying EBITDA, partially offset by the £2.5 million increase in depreciation and amortisation expenses.

Reported operating profit increased by 40.9 per cent from £49.9 million in 2020 to £70.3 million in 2021.

The underlying operating profit margin increased from 30.3 per cent for the year ended 31 December 2020 to 37.7 per cent for the year ended 31 December 2021. This increase was primarily due to increased total operating income which outpaced the growth in operating expenses

Finance income and expense

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Net finance expense, excluding exceptional items	(11.5)	(5.6)	105.4%
Exceptional net finance income	3.8	4.2	(9.5)%
Net finance expense, including exceptional items	(7.7)	(1.4)	450.0%

Net finance expenses, excluding exceptional items, increased by £5.9 million to £11.5 million, from a net expense of £5.6 million for the year ended 31 December 2020. This movement was primarily due to:

- an increase in amounts payable to investors who have a 15 per cent interest in the profits of the BE V co-investment vehicle;
- increased interest expense from borrowings under the Group's Revolving Credit Facility, which was used, in part, for financing the acquisition of the EQT Credit business. The borrowings were repaid in July 2021 following the IPO; and
- increased finance charge relating to the 5 Marble Arch lease.

Exceptional net finance income includes the unwind of the discount applied to amounts due following the investment by Dyal Capital Partners and the impact of the remeasurement, discount unwind and re-translation into Sterling of the deferred contingent consideration payable to EQT AB in relation to the acquisition of the EQT Credit business.

Profit before tax

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Underlying profit before tax	90.5	52.6	72.1%
Exceptional expenses	(28.6)	(7.7)	271.4%
Exceptional net finance income	3.8	4.2	(9.5)%
Amortisation of intangible assets	(3.1)	(0.6)	416.7%
Reported profit before tax	62.6	48.5	29.1%
Underlying profit before tax margin	33.4%	27.4%	+6.0ppt

Underlying profit before tax increased by 72.1 per cent from £52.6 million in 2020 to £90.5 million in 2021.

Reported profit before tax increased by 29.1 per cent from £48.5 million in 2020 to £62.6 million in 2021, reflecting increased underlying operating profits, partially offset by the IPO and other exceptional expenses and amortisation of intangibles of £27.9 million.

The underlying profit before tax margin increased from 27.4 per cent for the year ended 31 December 2020 to 33.4 per cent for the year ended 31 December 2021.

Tax

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Tax	(4.8)	(0.8)	500.0%

Tax increased from £0.8 million in 2020 to £4.8 million in 2021. This was primarily due to movements in deferred tax liabilities.

The effective tax rate for the year ended 31 December 2021 was 7.7 per cent compared to 1.6 per cent for the year ended 31 December 202. As detailed in note 11 to the financial information, the Group has a lower effective tax rate than the UK statutory rate. This is largely driven by timing differences on the taxation of management fee income and significant tax loss carry-forwards in the UK where certain forms of income are not subject to UK corporation tax.

Profit after tax

£ million	Year ended 31 December 2021	Year ended 31 December 2020	Change (%)
Profit after tax	57.8	47.7	21.2%

Profit after tax increased by 21.2 per cent from £47.7 million in 2020 to £57.8 million in 2021 which reflected the higher tax charge in 2021.

Earnings per share and dividend per share

£ pence	Year ended 31 December 2021	Year ended 31 December 2020[2]	Change
Reported Pro forma Earnings per share	7.02	5.79	1.23
Adjusted Pro forma Earnings per share	10.41	6.29	4.12
Dividend per share	3.64	0.79	2.85

2. 2020 earnings per share and dividend per share are presented on a pro forma basis using the number of shares in issue at 31 December 2021

Adjusted earnings per share grew by 4.12 pence per share, reflecting the increase in profit after income tax and the use of the number of shares in issue following the IPO at the end of 2021 to calculate proforma earnings per share for the comparative period.

A dividend of £30 million, or 3.64 pence per pro forma share, was paid prior to listing to shareholders on the register as of 20 July 2021.

The directors are proposing a final dividend of £30 million, or 3.64 pence per share, in respect of the second half of 2021, reflecting the period for which the Group was listed.

Consolidated balance sheet

Summarised consolidated balance sheet (statutory basis) £ million	As at 31 December 2021	As at 31 December 2020	Change (%)
Assets			
Non-current assets	567.9	438.0	29.7%
Current assets	712.2	607.0	17.3%
Total Assets	1,280.1	1,045.0	22.5%
Liabilities			
Non-current liabilities	432.3	346.8	24.7%
Current liabilities	131.5	307.7	(57.3)%
Total Liabilities	563.8	654.5	(13.9)%
Net Assets	716.3	390.5	83.4%
Equity			
Share capital and premium	289.9	241.4	20.1%
Other reserves	13.8	27.7	(50.2)%
Retained earnings	412.6	39.7	939.3%
Non-controlling interests	–	81.7	(100.0)%
Total Equity	716.3	390.5	83.4%

Net assets principally comprise cash, the fair value of investments and carried interest receivable from private equity and credit funds and goodwill arising from the acquisition of the EQT Credit business.

The Group's balance sheet, notably the structure of its liabilities and equity, changed in 2021 as a result of the IPO which saw additional equity raised and all bank borrowings subsequently repaid from the proceeds of the issuance of new shares.

The Group's total assets grew by 22.5 per cent from £1,045.0 million at 31 December 2020 to £1,280.1 million at 31 December 2021. Non-current assets increased by 29.7 per cent from £438.0 million at 31 December 2020 to £567.9 million at 31 December 2021 predominantly due to increases in the value and investment into the Bridgepoint funds. Current assets increased by 17.3 per cent from £607.0 million at 31 December 2020 to £712.2 million at 31 December 2021 primarily due to increased cash and cash equivalents.

The IPO provided the Group with £300 million of new primary proceeds, before costs, which were used to repay borrowings under the Group's RCF. As a result, total liabilities decreased by 13.9 per cent from £654.5 million at 31 December 2020 to £563.8 million at 31 December 2021. Within that total, current liabilities decreased by 57.3 per cent from £307.7 million at 31 December 2020 to £131.5 million at 31 December 2021 mostly due to the repayment of bank debt following the IPO and a reduction in the value of CLO purchases awaiting settlement, within consolidated CLO vehicles. Non-current liabilities increased from £346.8 million at 31 December 2020 to £432.3 million at 31 December 2021 primarily due to the recognition of the lease liability associated with the 5 Marble Arch property.

Total equity benefitted from the proceeds of the new issue of shares at IPO of £300 million, before costs, resulting in total equity of £390.5 million at 31 December 2020 increasing to total equity of £716.3 million at 31 December 2021.

The consolidated balance sheet includes the assets and liabilities of certain CLOs which are required under IFRS to be presented gross on the balance sheet. This could distort how a reader of the financial information interprets the balance sheet of the Group. The Group's maximum exposure to loss associated with its interest in the CLOs is limited to its investment in the relevant CLOs which at 31 December 2021 was £12.3 million (2020: £19.5 million).

Summarised consolidated balance sheet (excluding third party CLO assets and liabilities, non-statutory) £ million	As at 31 December 2021	As at 31December 2020	Change (%)
Total Assets (excluding third party CLO assets)	1,001.4	677.3	47.9%
Total Liabilities (excluding third party CLO liabilities)	(285.1)	(286.8)	(0.6)%
Net Assets	716.3	390.5	83.4%

Liquidity

The Group's liquidity requirements arise primarily in relation to the funding of operations and the Group's plans in connection with its expansion and diversification strategy. The Group funds its business using cash from its operations (retained profits), capital from shareholders and third-party debt.

Total financial debt and net cash position

£ million	As at 31 December 2021	As at 31December 2020	Change (%)
Bank borrowings	–	(99.7)	NM
Cash and cash equivalents (excluding CLO cash)	323.1	42.3	663.8%
Net cash/(debt)	323.1	(57.4)	662.9%

At 31 December 2021, the Group had net cash of £323.1 million compared with net debt of £57.4 million at 31 December 2020.

The increase in net cash of £380.5 million since 31 December 2020 resulted from the IPO which raised £300 million of gross primary capital, before costs, the receipt of £114.3 million of deferred investment proceeds from Dyal Capital Partners IV (C) LP and cash generated from operating activities and investment activities, offset by cash used in investing activities.

Cash from the IPO was also used to repay borrowings under the RCF, which had been used, in part, to finance the acquisition of the EQT Credit business. The borrowings were repaid in July 2021 following the IPO. At 31 December 2021, the Group had no debt, but still has in place the £125m revolving credit facility, which remains available for re-drawing until October 2023.

As at 31 December 2021, in addition to the liabilities shown on the balance sheet, the Group had approximately £113.7 million and £28.5 million of remaining undrawn capital commitments to the Bridgepoint funds in each of the private equity and private credit segments, respectively.

Consolidated cash flows

Summarised consolidated cash flow statement (statutory basis) £ million	Year ended 31 December 2021	Year ended 31December 2020	Change (%)
Net cash flows from operating activities	23.1	28.4	(18.7)%
Net cash flows from investing activities	(163.0)	(111.5)	46.2%
Net cash flows from financing activities	318.6	225.2	41.5%
Net increase in cash and cash equivalents	178.7	142.1	25.8%
Cash and cash equivalents at beginning of the year	157.1	12.1	1198.3%
Effect of exchange rate changes	(8.5)	2.9	(393.1)%
Cash and cash equivalents at the end of the year	327.3	157.1	108.3%
of which: cash and cash equivalents at the end of the year (for use within the Group)	323.1	42.3	663.8%
of which: CLO cash (restricted)	4.2	114.8	(96.3)%
Total cash at the end of the year	327.3	157.1	108.3%

Cash flows from operating activities for the year ended 31 December 2021 was £23.1 million. The decrease of £5.3 million in the cash flows from operating activities compared to the year ended 31

December 2020 was primarily due to the payment of IPO related costs and adverse movements in the Group's working capital.

Cash flows from investing activities primarily relates to investments in the Bridgepoint funds. The timing of investments and divestments in Bridgepoint funds, which impacts carried interest and investment income, depends on the investment activity of the Bridgepoint funds. For the year ended 31 December 2021 cash outflows from investing activities of £163.0 million primarily relate to investments by the consolidated Bridgepoint CLO vehicles with £281.2 million of cash outflows, partially offset by £113.3 million of receipts. Receipts from investments in the Bridgepoint funds broadly offset investment into the funds. Receipts from sale and repurchase agreements relating to the Group's holding in CLOs generated £28.1m.

Cash flows from financing activities for the year ended 31 December 2021 of £318.6 million primarily resulted from the £300m of gross primary capital from the IPO, the receipt of £114.3m of deferred investment proceeds from Dyal Capital Partners IV (C) LP, offset by the repayment of borrowings under the Group's RCF.

In addition, at 31 December 2021 the Group had £4.2 million recorded on the balance sheet as CLO cash which was held by the consolidated CLO vehicles, legally ringfenced and not available for use by the Group.

The consolidated cash flow statement includes the gross cash inflows and outflows for the period to and cash held at the 31 December 2021 for those CLOs which are required to be consolidated. This could distort how a reader of the financial information interprets the cash flows of the Group, therefore a cash flow statement without the consolidated CLO vehicles is presented below.

Summarised consolidated cash flow statement (excluding cash flows relating to consolidated CLOs, non-statutory) £ million	Year ended 31 December 2021	Year ended 31December 2020	Change (%)
Net cash flows from operating activities (excluding consolidated CLOs)	23.1	28.4	(18.7)%
Net cash flows from investing activities (excluding consolidated CLOs)	10.6	(109.3)	(109.7)%
Net cash flows from financing activities (excluding consolidated CLOs)	251.3	108.1	132.9%
Net increase in cash and cash equivalents (excluding consolidated CLOs)	285.0	27.2	947.8%
Cash and cash equivalents at beginning of the year (excluding consolidated CLOs)	42.3	12.1	249.6%
Effect of exchange rate changes on cash and cash equivalents (excluding consolidated CLOs)	(4.2)	3.0	(240.0)%
Cash and cash equivalents at the end of the year (excluding consolidated CLOs)	323.1	42.3	663.8%

Guidance

- Transition guidance for BE VI to BE VII: 30 June 2022
- Management fee rates expected to continue to remain stable across our businesses
- Investment income guidance unchanged
- Target of 2% to 3% co-investments in future funds
- Modest growth in headcount and personnel costs (relative to fee rate growth) over near term after 2022
- FRE margin expected to reach 45 to 50 per cent in the longer term.
- Effective tax rate guidance remains unchanged

PRINCIPAL RISKS AND UNCERTAINTIES

The Board monitors the principal risks and uncertainties which could have a material effect on the Group's results. The principal risks and uncertainties identified are listed below. Full disclosure of the risks including the factors which mitigate them will be set out within the 2021 Annual Report and Accounts.

Fundraising challenges
Category: Strategic and External

Challenges:
The current Bridgepoint funds have a finite life and a finite amount of commitments from fund investors. Once a fund nears the end of its investment period, the Group raises additional or successor funds in order to keep making investments and, over the long-term, earn management fees (although funds and investment vehicles continue to earn management fees after the expiration of their investment periods, they generally do so at a reduced rate). Fundraising activities can be affected by a number of factors, including competition for investments or investors (as described below) and general macroeconomic conditions.

The Group has a number of new fundraises continuing in 2022, however fundraising markets are more congested than they were earlier in 2021.

The inability to raise additional or successor funds (or raise successor funds of a comparable size to predecessor funds), or a change in the terms on which investors are willing to invest, could have a material adverse impact on the Group's business, revenue, net income, cash flows or the ability to retain employees.

Mitigation:
The Group's capital raising efforts are supported by an in-house global investor services team, which utilises the Group's data and technology capabilities.

The Group has made efforts to broaden its investor base, both in terms of the number of investors across the platform and the geographic spread of such investors.

Increased competition
Category: Strategic and External

Challenges:
The investment management industry is intensely competitive, with the Group competing with a number of other persons for investor funds, including sponsors of public and private investment funds, and fundraising markets are currently congested. If market conditions for competing investment products become more favourable and such products begin to offer rates of return superior to those achieved by the Bridgepoint funds, the attractiveness of Bridgepoint funds to investors could decrease. In order to remain attractive the Group may then need to offer fund terms that are less favourable to it than those previously offered.

The Group also competes for investment opportunities for the Bridgepoint funds, and such competition is based primarily on the ability to source such investment opportunities, the pricing, terms and structure of a proposed investment and certainty of execution.

An increase in competition for either investors or investments could adversely affect the Group's revenue.

Mitigation:
As the leader in middle market investing, the Group offers investors a differentiated approach arising from its global reach and ability to deploy capital across middle market strategies. This insulates the Group, to some extent, against the competitive pressures arising in respect of attracting fund investors.

In addition, as mentioned above, the Group has made efforts to broaden its investor base, both in terms of the number of investors across the platform and the geographic spread of such investors, helping to alleviate competitive pressures.

In respect of investments, the Group's deal flow is driven by its sector strategy which is continually refined to exploit market conditions, including changes in competitive pressures.

The Group's investment approach has evolved through different economic cycles, helping it to resist temporary competitive pressures caused by economic cycles.

Reputational damage
Category: Strategic and External

Challenges:
There is a risk that factors such as poor fund performance, negative press, insufficient sustainability procedures and overriding of ESG factors by any portfolio company of a Bridgepoint fund, or employees or affiliates thereof, the insolvency, liquidation or bankruptcy of a portfolio company or non-compliance with applicable laws and regulations could lead to fund investor dissatisfaction and a decreased ability or inability by the Group to raise capital for new funds, as well as impair its ability to attract and retain key talent.

Mitigation:
The Group's investment processes are designed to comply with accepted standards of investment management practice.

The Group has an ESG Committee, composed of a cross-section of senior and appropriately experienced professionals operating in various geographies. This committee ensures that senior management gives due consideration and attention to ESG matters.

Fund underperformance
Category: Investment

Challenges:
In the event that certain of the Bridgepoint funds were to perform unsatisfactorily, in particular if this were the case for a larger Bridgepoint fund (for example the current flagship fund, Bridgepoint Europe VI or its successors), this may adversely affect the Group's business, brand and reputation and lead to difficulties for the Group in attracting fund investors and raising capital for new funds in the future.

Mitigation:
The Group has in place a robust and disciplined investment process where investments are analysed and selected by the Group's Operating Committees and Investment Advisory Committees. The Portfolio Management Committees regularly monitor investment performance and delivery of investment objectives. Any 'at risk' investments are subject to a detailed review by a Portfolio Working Group.

Investment processes not only evaluate and mitigate the risks inherent in particular investments or divestments, but also ensure that all investment decisions are taken in accordance with the relevant fund’s investment strategy.

The Group limits the extent of market risk by diversifying portfolio assets held within the Bridgepoint funds in terms of sector, size and geography.

Decreased pace or size of investments made by Bridgepoint funds
Category: Investment

Challenges:
The Group’s revenue is driven in part by the pace at which the Bridgepoint funds make investments and the size of those investments, and a decline in the pace or the size of such investments may reduce the Group’s revenue. The market for private equity transactions, for example, has at times been characterised by relatively high prices, which can make the deployment of capital more difficult. In addition, many other factors could cause a decline in the pace of investment, including the inability of the Group’s investment professionals to identify attractive investment opportunities, competition for such opportunities among potential acquirers, decreased availability of capital on attractive terms and the failure to consummate identified investment opportunities because of business, regulatory or legal complexities, new regulations, guidance or other actions provided or taken by regulatory authorities or uncertainty and adverse developments in the global economy or financial markets.

A failure to deploy committed capital in a timely manner may also have a negative impact on investment performance and the ability to raise new funds.

Mitigation:
The rate of investment is kept under review by senior management to ensure that it is maintained at an acceptable level.

The Group has ongoing dialogue with its investors and is sensitive to their concerns regarding investment and realisation pace. These concerns are taken into consideration when setting the short and long-term strategy of a fund, and where necessary consent is sought to modify investment periods to align with the pace of investment that is reasonably and responsibly achievable.

Personnel and key people
Category: Operational

Challenges:
The Group’s personnel, including its investment professionals and specialist teams, are highly important to the Group’s business and its strategy implementation, and the market for such persons is highly competitive. The Group’s continued success is therefore dependent upon its ability to retain and motivate its personnel and to strategically recruit, retain and motivate new talented professionals.

In particular, the Group depends on the efforts, skill, reputations and business contacts of its executive management and other key senior team members and the information and deal flow they generate during the normal course of their activities.

Mitigation:
The Group has competitive reward schemes in place for all employees, with rewards weighted towards performance and long-term alignment with fund investors, driving value for the Group. For senior management, these include a blend of short and long-term incentives.

The Group performs ongoing succession planning and invests in leadership development.

Information technology and cyber security
Category: Operational

Challenges:
The Group relies on the secure processing, storage and transmission of confidential and other information in the Bridgepoint computer systems and networks. Cyber-security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The Group faces various cyber-security threats on a regular basis, including ongoing cyber-security threats to, and attacks on, information technology infrastructure that are intended to gain access to proprietary information, destroy data or disable or degrade or sabotage the Group's systems.

Cyber-security failures, technology failures or data security breaches could result in the confidentiality, integrity or availability of data being negatively affected, or cause disruption to the Group's business.

Mitigation:
The Group has in place an internal vulnerability management programme, as well as critical asset processes to patch critical vulnerabilities. Phishing testing is performed at least quarterly, and penetration testing is undertaken annually. The Group has a disaster recovery plan in place, and all key systems are hosted in the cloud, providing an inherent level of resilience.

Inadequate control systems
Category: Operational

Challenges:
The Group is dependent on an effective control system to mitigate operational risks. For example, the Group is dependent both on it and the Bridgepoint funds having sufficient processes in place to prevent money laundering and other regulatory requirements, and any failures in this regard may result in financial penalties, fund investor claims or rescission rights or loss of fund approvals.

Mitigation:
Senior management is actively engaged in maintaining an appropriate control environment. The effectiveness of the control framework for key business processes is subject to periodic review.

Third-party service providers
Category: Operational

Challenges:
Certain of the Group's funds and Group activities depend on the services of third-party service providers, including those providing banking and foreign exchange, information technology, insurance broking, depository and alternative investment management services. The Group is subject to the risk of errors and mistakes by such persons, which may be attributed to the Group and subject it or the Bridgepoint funds to reputational damage, penalties or losses.

Mitigation:
The Group ensures appropriate due diligence is undertaken in respect of third-party service providers prior to appointment, and appropriate monitoring and oversight of appointed third party service providers is undertaken on a periodic basis.

Increased law and regulation
Category: Operational

Challenges:
The international nature of the Group's business, with corporate and fund entities located in multiple jurisdictions and a diverse investor base, makes it subject to a wide range of laws and regulations. It is regulated by a number of regulators, including (among others) the Financial Conduct Authority in the UK, the Securities and Exchange Commission in the United States and the *Autorité des Marchés Financiers* in France. Failure to comply with these laws and regulations may put the Group at risk of fines, lawsuits or reputational damage.

Changes in laws and regulations can materially impact the Group or the market in which it operates.

Mitigation:
The Group conducts regular and ongoing compliance monitoring and is supported by an experienced legal and compliance team. The legal and compliance team has full access to management information and is represented on the Group's executive committee.

Employees of the Group are provided with periodic training on the laws and regulations relevant to the Group.

Horizon scanning for relevant regulatory and legislative change is a key part of the legal and compliance process and, where appropriate, external advisers are commissioned to support this.

Consolidated Income Statement

for the year ended 31 December	Note	2021 £ m	2020 £ m
Management fees	5	197.7	148.6
Carried interest	5	14.3	12.9
Fair value remeasurement of investments	5	56.9	29.4
Other operating income	5	1.7	0.9
Total operating income	5	270.6	191.8
Personnel expenses	6	(132.7)	(96.3)
Other expenses	7	(53.7)	(36.6)
Foreign exchange gains/(losses)		1.1	(0.2)
EBITDA*		85.3	58.7
Depreciation and amortisation expense	9	(15.0)	(8.8)
Total operating profit		70.3	49.9
Finance income	10	4.2	4.7
Finance expenses	10	(11.9)	(6.1)
Profit before tax*		62.6	48.5
Tax	11	(4.8)	(0.8)
Profit after tax		57.8	47.7
Attributable to:			
Equity holders of the parent		57.8	36.5
Non-controlling interests		–	11.2
		57.8	47.7
		£	£
Basic and diluted earnings per share	12	0.16	11.59

* Exceptional expenses of £28.6m (2020: £7.7m) are included in EBITDA. Profit before tax includes exceptional expenses of £28.6m (2020: £7.9m) and exceptional income of £3.8m (2020: £4.4m). Details of exceptional items are included in note 8.

Consolidated Statement of Comprehensive Income

for the year ended 31 December	Note	2021 £ m	2020 £ m
Profit after tax		57.8	47.7
Items that may be reclassified to income statement in subsequent years:			
Exchange differences on translation of foreign operations		(3.6)	2.8
Change in the fair value of hedging instrument		12.8	(4.8)
Reclassifications to income statement		(1.6)	(1.4)
Total tax on components of other comprehensive (expense)/income	11 (c)	(2.1)	0.9
		5.5	(2.5)
Total comprehensive income for the year, net of tax		63.3	45.2
Total comprehensive income attributable to:			
Equity holders of the parent		63.3	34.6
Non-controlling interests	23 (f)	–	10.6
		63.3	45.2

Consolidated Statement of Financial Position

as at 31 December	Note	2021 £ m	2020 £ m
Assets			
Non-current assets			
Property, plant and equipment	13	75.8	41.6
Goodwill and intangible assets	15	122.6	125.7
Carried interest receivable	16	38.9	27.9
Fair value of fund investments	17	313.7	235.9
Trade and other receivables	17	16.9	6.9
Total non-current assets		567.9	438.0
Current assets			
Fair value of CLO assets*	17	286.8	272.5
Trade and other receivables	17	88.2	176.7
Derivative financial instruments	17	9.9	0.7
Cash and cash equivalents	17	323.1	42.3
CLO cash*	17	4.2	114.8
Total current assets		712.2	607.0
Total assets		1,280.1	1,045.0
Liabilities			
Non-current liabilities			
Trade and other payables	18	43.5	32.2
Other financial liabilities	18	46.9	6.2
CLO liabilities*	18	241.4	256.6
Lease liabilities	19	80.8	35.9
Deferred tax liabilities	22	19.7	15.9
Total non-current liabilities		432.3	346.8
Current liabilities			
Trade and other payables	18	90.2	85.9
Borrowings	18	–	99.7
Lease liabilities	19	4.0	6.1
Derivative financial instruments	18	–	4.9
CLO liabilities*	18	1.5	17.9
CLO purchases awaiting settlement*	18	35.8	93.2
Total current liabilities		131.5	307.7
Total liabilities		563.8	654.5
Net assets		716.3	390.5
Equity			
Share capital	23	0.1	240.9
Share premium	23	289.8	0.5
Capital redemption reserve	23	–	24.6
Share-based payment reserve	23	3.2	–
Cash flow hedge reserve	23	7.5	(2.2)
Net exchange differences reserve	23	3.1	5.3
Retained earnings	23	412.6	39.7
Capital and reserves attributable to equity holders of the company		716.3	308.8
Non-controlling interests	23	–	81.7
Total equity		716.3	390.5

*Detail of the Group's interest in consolidated Collateralised Loan Obligations ("CLOs") are included in note 17 (c). The equity holders' exposure in the consolidated CLOs is £12.3m at 31 December 2021 (2020: £19.5m). The Group's investment in CLOs which are not consolidated is £38.0m (2020: nil) and are included within fair value of fund investments.

Consolidated Statement of Changes in Equity

for the year ended 31 December	Note	Share capital £ m	Share premium £ m	Capital redemption reserve £ m	Share-based payment reserve £ m	Cash flow hedge reserve £ m	Net exchange differences reserve £ m	Retained earnings £ m	Total £ m	Non-controlling interests £ m	Total equity £ m
At 1 January 2021		240.9	0.5	24.6	–	(2.2)	5.3	39.7	308.8	81.7	390.5
Profit for the year		–	–	–	–	–	–	57.8	57.8	–	57.8
Other comprehensive income		–	–	–	–	11.2	(3.6)	(2.1)	5.5	–	5.5
Total comprehensive income		–	–	–	–	11.2	(3.6)	55.7	63.3	–	63.3
Share capital issuance	23 (a)	–	289.3	–	3.2	–	–	–	292.5	–	292.5
Share capital reorganisation	23 (a)	(240.8)	–	(24.6)	–	–	–	265.4	–	–	–
Dividends	24	–	–	–	–	–	–	(30.0)	(30.0)	–	(30.0)
Movement in non-controlling interests	23 (f)	–	–	–	–	(1.5)	1.4	81.8	81.7	(81.7)	–
At 31 December 2021		0.1	289.8	–	3.2	7.5	3.1	412.6	716.3	–	716.3

for the year ended 31 December	Note	Share capital £ m	Share premium £ m	Capital redemption reserve £ m	Share-based payment reserve £ m	Cash flow hedge reserve £ m	Net exchange differences reserve £ m	Retained earnings £ m	Total £ m	Non-controlling interests £ m	Total equity £ m
At 1 January 2020		240.9	0.5	24.6	–	2.6	3.1	(6.2)	265.5	90.9	356.4
Profit for the year		–	–	–	–	–	–	36.5	36.5	11.2	47.7
Other comprehensive income		–	–	–	–	(4.8)	2.2	0.7	(1.9)	(0.6)	(2.5)
Total comprehensive income		–	–	–	–	(4.8)	2.2	37.2	34.6	10.6	45.2
Purchase of own shares	23 (b)	–	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Dividends	24	–	–	–	–	–	–	(6.6)	(6.6)	(4.4)	(11.0)
Movement in non-controlling interests	23 (f)	–	–	–	–	–	–	15.4	15.4	(15.4)	–
At 31 December 2020		240.9	0.5	24.6	–	(2.2)	5.3	39.7	308.8	81.7	390.5

Consolidated Statement of Cashflows

for the year ended 31 December	Note	2021 £ m	2020 £ m
Cash flows from operating activities			
Cash generated from operations	25 (a)	24.5	32.4
Tax paid		(1.4)	(4.0)
Net cash inflow from operating activities		23.1	28.4
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	14	–	(86.3)
Payments for property, plant and equipment	13	(6.3)	(3.2)
Receipts from investments (non-CLO)	16, 17 (b)	69.0	57.4
Purchase of investments (non-CLO)	16, 17 (b)	(86.9)	(77.3)
Interest received (non-CLO)		1.0	0.1
Receipts from investments (CLO)		113.3	2.1
Purchase of investments (CLO)		(281.2)	(6.2)
Cash acquired on acquisition of CLO (CLO)		–	1.9
Receipts from sale and repurchase of the Group's holding in CLOs	18 (d)	28.1	–
Net cash flows from investing activities		(163.0)	(111.5)
Cash flows from financing activities			
Receipt from non-controlling interest		114.3	71.4
Proceeds from issue of shares by subsidiary		4.7	–
Proceeds from issue of shares by the Company	23 (a)	305.1	–
IPO costs		(36.4)	–
Dividends paid to shareholders of the Company	24	(30.0)	(6.6)
Dividends paid to non-controlling interests		–	(4.4)
Drawings on banking facilities		49.2	130.3
Repayment of banking facilities		(146.9)	(73.5)
Drawings from related party investors in intermediate fund holding entities		4.0	1.7
Principal elements of lease payments		(6.8)	(5.9)
Drawn funding (CLO)		65.4	6.2
Repayment of CLO borrowings (CLO)		(1.4)	(124.2)
Cash from CLO investors (CLO)		3.3	235.1
Interest paid (non-CLO)		(5.9)	(4.9)
Net cash flows from financing activities		318.6	225.2
Net increase in cash and cash equivalents		178.7	142.1
Cash and cash equivalents at the beginning of the year		157.1	12.1
Effect of exchange rate changes on cash and cash equivalents		(8.5)	2.9
Cash and cash equivalents at the end of year		327.3	157.1
Cash and cash equivalents (for use within the Group)	17 (f)	323.1	42.3
CLO cash (restricted)	17 (f)	4.2	114.8
Total cash at the end of the year		327.3	157.1

Company Statement of Financial Position

as at 31 December	Note	2021 £ m	2020 £ m
Assets			
Non-current assets			
Investments in subsidiaries	28	451.2	448.0
Deferred tax asset	22	1.1	-
Total non-current assets		452.3	448.0
Current assets			
Trade and other receivables	17 (e)	106.5	–
Cash and cash equivalents	17 (f)	159.0	9.4
Total current assets		265.5	9.4
Total assets		717.8	457.4
Liabilities			
Current liabilities			
Trade and other payables	18 (b)	23.1	0.9
Total liabilities		23.1	0.9
Net assets		694.7	456.5
Equity			
Share capital	23	0.1	240.9
Share premium	23	289.8	0.5
Capital redemption reserve	23	–	24.6
Share-based payment reserve	23	3.2	–
Retained earnings	23	401.6	190.5
Total equity		694.7	456.5

Company Statement of Changes in Equity

for the year ended 31 December	Note	Share capital £ m	Share premium £ m	Capital redemption reserve £ m	Share-based payment reserve £ m	Retained earnings £ m	Total equity £ m
At 1 January 2021		240.9	0.5	24.6	–	190.5	456.5
Loss for the year		–	–	–	–	(24.3)	(24.3)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive expense		–	–	–	–	(24.3)	(24.3)
Share capital issuance	23 (a)	–	289.3	–	3.2	–	292.5
Share capital reorganisation	23 (a)	(240.8)	–	(24.6)	–	265.4	–
Dividends	24	–	–	–	–	(30.0)	(30.0)
At 31 December 2021		0.1	289.8	–	3.2	401.6	694.7

for the year ended 31 December	Note	Share capital £ m	Share premium £ m	Capital redemption reserve £ m	Share-based payment reserve £ m	Retained earnings £ m	Total equity £ m
At 1 January 2020		240.9	0.5	24.6	–	184.3	450.3
Profit for the year		–	–	–	–	12.9	12.9
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	12.9	12.9
Purchase of own shares	23 (b)	–	–	–	–	(0.1)	(0.1)
Dividends	24	–	–	–	–	(6.6)	(6.6)
At 31 December 2020		240.9	0.5	24.6	–	190.5	456.5

Company Statement of Cashflows

for the year ended 31 December	Note	2021 £ m	2020 £ m
Cash flows from operating activities			
Cash generated from operations	25	(89.5)	(2.5)
Net cash (outflow)/inflow from operating activities		(89.5)	(2.5)
Cash flows from investing activities			
Dividends received		–	15.5
Net cash flows from investing activities		–	15.5
Cash flows from financing activities			
Proceeds from issue of shares of the Company	23 (a)	305.1	–
IPO costs		(36.0)	–
Dividends paid to shareholders of the Company	24	(30.0)	(6.6)
Net cash flows from financing activities		239.1	(6.6)
Net increase in cash and cash equivalents		149.6	6.4
Cash and cash equivalents at the beginning of the year		9.4	3.0
Effect of exchange rate changes on cash and cash equivalents		–	–
Cash and cash equivalents at the end of year	17 (f)	159.0	9.4

Notes to the consolidated and company financial information

1. General information and basis of preparation

General information

Bridgepoint Group plc (the "Company") is a public company limited by shares and domiciled in the United Kingdom. The country of incorporation is England and Wales. The Company's registration number is 11443992 and the address of its registered office is 95 Wigmore Street, London, England, W1U 1FB.

The financial information set out in this preliminary announcement does not constitute the Company's statutory accounts for the years ended 31 December 2021 or 31 December 2020.

The financial information for 2020 is derived from the statutory accounts for that year which have been delivered to the Register of Companies, and adjusted for IFRS, as set out below within the Company's IPO prospectus. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

The audit of the statutory accounts for the year ended 31 December 2021 is substantially complete, with only a number of minor procedural matters outstanding. These accounts will be finalised on the basis of the financial information presented by the directors in this results announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

The principal activity of the Company and entities controlled by the Company (the "Group") is to act as a private equity and credit fund manager.

Basis of preparation

The financial information for the year ended 31 December 2021 comprises financial information of the Group and the Company.

The financial information has been prepared in accordance with UK-adopted international accounting standards, International Financial Reporting Standards ("IFRS") and the legal requirements of the Companies Act 2006 and have been prepared under the historical cost convention, except for financial instruments measured at fair value.

The principal accounting policies applied in the preparation of the financial information are set out within note 2. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of the financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Details of the critical judgements and key sources of estimation uncertainty are set out in note 3. Actual results may differ from these estimates.

The financial information is presented in pound sterling and all values are rounded to the nearest £0.1m except where otherwise indicated.

Transition to IFRS

The 2021 financial statements will be the first set of IFRS statutory financial information prepared by the Company and the Group.

The Group's prospectus for Admission to the London Stock Exchange included restated historical information for the years ended 31 December 2018, 2019 and 2020. A reconciliation of the adjustments from the statutory accounts for the Group, which had been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and IFRS is set out in the prospectus, which can be found in the shareholder section of the Bridgepoint website, within IPO documents.

The Company's financial information under IFRS were not included in the prospectus, however as there are no transition differences between the Company numbers under FRS 102 and IFRS, no reconciliations have been included within this financial information.

Changes to comparatives

A number of minor changes to the numbers included within the historical financial information within the prospectus have been made to the comparative period presented within this financial information to make them comparable with the current period, however there is no impact on the profit, net assets and cash flow of the Group.

Expenses of £0.3m relating to the acquisition of EQT AB's Credit business ("EQT Credit") are now treated as exceptional. Whilst these costs were not material in the comparative period, they are now more significant in the current year and therefore the comparative has been updated to include them.

Other changes can be summarised as:

- Investments in funds and other financial liabilities have been grossed up by £2.4m and cashflows from investing and financing activities have been grossed up by £1.7m, in relation to a number of limited partnerships that the Group consolidates, through which some of the Group's investment in funds are held, but where the Group's interest only constitutes a portion of the total of the investment;
- Derivative financial instrument assets of £0.7m have been presented gross rather than net of liabilities within the consolidated balance sheet;
- Interest receipt cash flows of £0.1m have been reclassified from financing activities to investing activities in the consolidated cash flow statement; and
- Other operating income of £1.8m, personnel expenses of £1.1m and other expenses of £0.5m have been reclassified to the Central segment within the operating segment disclosure note (note 4).

Adoption of new and revised standards

The Group has adopted all relevant amendments to existing standards and interpretations issued by the International Accounting Standards Board ("IASB") that are effective from 1 January 2021. Other amendments to IFRSs not adopted are not material. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group plans to adopt the "Amendments to IAS 1 'Presentation of Financial Statements' classification of liabilities" issued by IASB and IFRIC when it becomes effective on 1 January 2023. The impact of this standard on the Group's financial statements is currently being reviewed.

No other standards or interpretations issued are expected to have a material impact on the Group or Company's financial information.

Going concern

The financial information has been prepared on a going concern basis as the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future having assessed the business risks, financial position and resources of both the Group and Company.

Company result

As permitted by section 408 of the Companies Act 2006, the income statement and the statement of comprehensive income of the Company will not be presented as part of the financial statements. The Company's loss for the year amounted to £24.3m, which includes costs relating to the IPO (2020: profit of £12.9m).

2. Accounting policies

(a) Consolidation

The consolidated financial information include the comprehensive gains or losses, the financial position and the cash flows of the Company, its subsidiaries and the entities that the Group is deemed to control, drawn up to the end of the relevant period, which includes elimination of all intra-group transactions. Uniform accounting policies have been adopted across the Group.

Assessment of control

Control is achieved when the Group has power over the relevant activities, exposure to variable returns from the investee, and the ability to affect those returns through its power over the investee.

The Group controls an investee (entity) if, and only if, the Group has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group holds less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time when decisions need to be made, including voting patterns at previous shareholders meetings.

The assessment of control is based on all relevant facts and circumstances and the Group reassesses its conclusion if there is an indication that there are changes in facts and circumstances.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Transactions with non-controlling interests are recognised in equity.

(b) Foreign currencies

Presentation currency

The presentational currency of the Company and Group is pound sterling.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the opening spot exchange rate for the month in which the transaction occurs as an approximate for the actual rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity and recognised in other comprehensive income if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

The impact of the revaluation of investments and carried interest held in foreign currencies is presented together with the income from the fair value measurement of the income receivable.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the applicable foreign currency exchange rate on the date the fair value was determined.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as investments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency of the Group and Company as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit and loss period are translated using the opening spot rate for the month; and
- all resulting exchange differences are recognised in other comprehensive income

(c) Operating income

Operating income primarily comprises of management fees, carried interest income and investment profits from the management of investment in private equity and credit fund partnerships. The parties to agreements for fund management services comprise the Group and the investors of each fund as a body. Accordingly, the group of investors of each fund are identified as a customer for accounting purposes.

Income is measured based on the consideration specified in the contracts and exclude amounts collected on behalf of third parties, discounts and value added taxes.

Management fees

The Group earns management fees and carried interest from its provision of various investment management services to funds, which are treated as a single performance obligation.

Management fees are recognised over time over the life of each fund, generally 10 - 12 years, occasionally subject to an extension, if agreed with the investors of that fund.

Management fees are based on an agreed percentage of either committed or invested capital, depending on the fund and its life stage. Fees are billed in accordance with the Limited Partnership Agreement (“LPA”) and are either billed semi-annually or quarterly in advance or arrears.

Carried interest

The Group receives a share of fund profits through its holdings in Founder Partnerships as variable consideration dependent on the level of fund returns. The entitlement to carried interest and the amount is determined by the level of accumulated profits exceeding an agreed threshold (the "hurdle") over the life-time of each fund. The carried interest income is recognised when the performance obligations are expected to be met.

Income is only recognised to the extent it is highly probable that there would not be a significant reversal of any accumulated revenue recognised on the completion of a fund. The reversal risk due to uncertainty of future fund performance is managed through the application of discounts. This is explained further within note 3.

The carried interest receivable represents a contract asset under IFRS 15 "Revenue from contracts with customers". Amounts are typically presented as non-current assets unless they are expected to be received within the next 12 months.

The Group applies the simplified approach for measuring impairment of the contract asset and the practical expedient permitted by IFRS 9 "Financial instruments".

Investment income

Investment income consists primarily of fair value measurements of the Group's investments in private equity and credit funds. Details of the valuation of such investments is explained further within note 3.

Other operating income

Other operating income includes fees and commissions receivable by the Group's procurement consulting business, PEPCO Services LLP. Amounts payable to sub-contractors who contribute to the provision of services are presented net of other operating income. Amounts are recognised in the income statement on an accruals basis.

(d) Deferred acquisition costs

Professional costs, particularly legal and other advisor costs, are incurred when raising a new fund. The LPA of each fund dictates the aggregate expense that can be recharged to the fund investors on the close of a new fund. Costs in excess of the Cap and any/all fees paid to placement agents are capitalised as a non-current asset.

The benefit of the incurred costs for private equity funds is primarily considered to be attributable to the period when the primary fund investment activity is carried out. Therefore, the useful life of the asset is the commitment period for the fund. A useful life of three years is used for private equity funds, being the shortest likely commitment period, but is typically between three and five years.

For credit funds, the period of portfolio construction is typically longer, therefore a five year useful life is used, which correlates with the period over which the management fees build up to a maximum level.

(e) Personnel benefits

Short-term employee benefits

Short-term employee benefits, which include employee salaries and bonuses, are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Accumulated holiday balances are accrued at each period end, if an employee's entitlement is not used in full.

Long-term employee benefits

Long-term employee benefits, which are those that are not expected to be settled wholly before 12 months after the period end in which the employee renders the service that gives rise to the benefit, include certain long-term bonuses. An expense is recognised over the period in which the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution pensions

Amounts payable in respect of employers' contributions to the Group's defined contribution pension scheme are recognised as employee expenses as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on an estimate of the number of equity instruments that will eventually vest. A corresponding credit is made to the Share-based payment reserve within equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

(f) EBITDA

EBITDA means earnings before interest, taxes, depreciation and amortisation. It is used to provide an overview of the profitability of the Group's business and segments. Underlying EBITDA is calculated by deducting exceptional items within EBITDA.

EBITDA and Underlying EBITDA are alternative performance measures and non-IFRS measures.

The Group uses Underlying EBITDA as exceptional income or expenditure could distort an understanding of the performance of the Group. Details of exceptional expenses are set out in note 8.

(g) Operating profit

Operating profit means earnings before finance income, finance expenses and taxes. Operating profit is an alternative performance measure and non-IFRS measure.

(h) Leases

Leases for office premises

The Group has applied IFRS 16 "Leases" where the Group has the right-of-use of an asset under a lease contract for a period of more than 12 months. Such contracts represent leases of office premises where the Group is a tenant.

Assets are recorded initially at cost and depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life. Cost is defined as the lease liabilities recognised plus any initial costs and dilapidations provisions less any incentives received. The right-to-use assets are depreciated during the lease term, generally 5 to 10 years. Right-of-use assets are included within property, plant and equipment in the statement of financial position.

The lease liability is initially measured at the net present value of future lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate ("IBR"). Generally, the Group uses its IBR as the discount rate as the implicit rate is not readily determinable for the rented office premises. The lease liability is subsequently measured at amortised cost using the effective interest method.

The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment within similar terms, security and conditions.

Lease payments due within the next 12 months are recognised within current liabilities, payments due after 12 months are recognised within non-current payables.

Group as lessor

Where the Group acts as an intermediate lessor by entering into a subletting agreement and has transferred substantially all the risks and rewards incidental to ownership of the underlying asset, the Group accounts for these subleases as finance leases under IFRS 16 "Leases". Such contracts represent subleases of office premises.

At commencement of the lease term, the Group derecognises the right-of-use asset relating to the head lease and recognises the net investments in the sublease as a receivable. The difference between the right-of-use asset and the net investment is in the sublease is recognised in profit or loss. The Group uses the IBR used for the head lease to measure the net investment in the lease (adjusted for any initial direct costs associated with the sublease). During the term of the sublease, the Group recognises both finance income on the sublease and finance expense on the head lease.

The Group applies the simplified approach for measuring impairment of lease receivables and the practical expedient permitted by IFRS 9 "Financial instruments".

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term within operating expenses.

(i) Finance income and finance expenses

Finance income comprises of the net income from the remeasurement and revaluation of the deferred contingent consideration payable and associated unwind of the discount, and the unwind of the discount on the deferred proceeds receivable, in addition to interest earned on cash deposited with bank balances and finance income on sublease agreements. Finance expenses comprises of interest on interest-bearing liabilities and finance expenses on lease liabilities.

Recurring fees and charges levied on committed bank facilities are charged to the Income Statement as accrued. Credit facility arrangement fees are capitalised and amortised to the Income Statement using the effective interest method over the term of the facility.

Interest income and expense is recognised using the effective interest method. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums and discounts.

(j) Exceptional items

Items of income and expense that are material by size and/or nature and are not considered to be incurred in the normal course of business are classified as ‘exceptional’ within the income statement and disclosed separately to give a clearer presentation of the Group’s underlying financial performance.

(k) Taxation

Taxation expense for the period comprises of current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the period or prior period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from temporary differences at the reporting date between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction, other than a business combination, that affects neither the tax nor the accounting profit.

Deferred tax liabilities are recognised for all taxable temporary differences.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits will be available against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applied to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off, when they relate to income taxes levied by the same tax authority and the Group intends to settle on a net basis. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

Current or deferred taxation assets and liabilities are not discounted.

(l) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment.

The cost includes the purchase price as well as expenditure directly attributable to put the asset in place and order to be used in accordance with the purpose of the acquisition.

Assets are depreciated so as to write off their cost, on a straight-line basis, over their estimated useful lives as follows:

Asset class	**Depreciation rate**
Computers, Furniture and Other	3 to 5 years
Leasehold Improvements	Over the shorter of their useful economic life or the lease term

The loss to reduce the carrying amount of any assets that are impaired is recognised within the Income Statement and reversed if there are indications that the need for impairment is no longer present. The carrying amount of an item of property, plant and equipment is derecognised from the statement of financial position at disposal or when no future economic benefits are expected from the use or disposal of the asset. The depreciation is included within 'Depreciation and Amortisation' within the Income Statement.

(m) Intangible assets

Intangible assets, which constitute acquired customer relationship assets acquired from a business combination, are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are annually assessed for impairment when there are indicators of impairment.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives. The amortisation is included within ‘Depreciation and Amortisation’ within the Income Statement.

(n) Business combinations and goodwill

Business combinations of subsidiaries and businesses are accounted for by applying the acquisition method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued. Costs attributable to the business combination are expensed in the Income Statement. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Contingent consideration is recognised at the acquisition date. It is classified as a financial liability and subsequently remeasured to fair value, with changes in fair value recognised in the Income Statement.

Goodwill recognised represents the excess of the fair value of the purchase consideration over the fair values to the Group’s interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is assessed for impairment annually or more frequently if events or changes in circumstances indicate potential impairment loss. Any identified impairment is charged to the income statement. No reversals of impairment are recognised. Intangible assets are annually assessed for impairment when there are indicators of impairment. Impairment triggers could include the loss of a fund management contract or a failure to raise a new fund.

(o) Financial instruments

Financial assets

The Group’s financial assets consist of investments in funds, investments made by Collateralised Loan Obligations (“CLOs”) consolidated by the Group, derivative financial instruments, accounts receivable and other receivables and cash and cash equivalents.

The Company’s financial assets consist of investments in subsidiaries, accounts receivable and other receivables and cash and cash equivalents.

Recognition

A financial asset is recognised when the Group or Company becomes party to the contractual provisions of the instrument.

Classification and measurement

A financial asset is initially classified into one of three measurement categories. The classification depends on how the asset is managed (business model) and the characteristics of the assets contractual cash flows. The measurement categories for financial assets are as follows:

- Fair value through profit or loss;
- Fair value through other comprehensive income; and
- Amortised cost.

Financial assets must be measured through profit of loss unless they are measured at amortised cost or through other comprehensive income. The Group's investments in funds and investments in CLOs are measured at fair value through profit of loss as such assets are held for investment returns.

Derivative instruments used for hedging foreign exchange, are measured at fair value through profit of loss. Where they qualify for hedge accounting the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income until the recognition of the hedged transaction affects profit or loss, at which point the amount recognised in other comprehensive income is recycled to the income statement.

Financial assets are measured at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's trade and other receivables are short-term receivables relating to non-financing transactions and are therefore subsequently measured at amortised cost using the effective interest method less loss allowance.

Receivables due in greater that one year are initially discounted to their present value using an equivalent rate of interest that would be due on borrowings. The discount is released over time to the Income Statement.

Cash and cash equivalents are measured at amortised cost.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the Group or Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairment

Expected credit losses are calculated on financial assets measured at amortised cost and are recognised within the income statement. For trade and other receivables, the Group and Company applies the simplified approach and the practical expedient permitted by IFRS 9 "Financial Instruments" to apply a provision matrix that is based on its historic default rates over the expected life of the short-term receivables.

Financial liabilities

Financial liabilities, with the exception of financial liabilities at or designated at fair value through profit or loss, are initially recognised at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derivative financial liabilities are initially measured at fair value and are subsequently measured at fair value at each reporting date.

Liabilities of CLOs consolidated by the Group are designated as financial liabilities measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss related to CLOs are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value recognised through the fair value remeasurements of investments line within the income statement along with interest paid on the CLO financial liabilities.

Amounts payable for purchases of CLO assets awaiting settlement are recognised at the point at which the CLO has a contractual obligation to exchange cash.

Deferred contingent consideration payable relating to business combinations is measured at fair value through profit or loss.

Borrowings are initially recognised at the amount of cash received from the bank, less separately incurred transaction costs. They are measured subsequently at amortised cost using the effective interest rate method.

Repurchase agreements are measured at fair value and fees associated with repurchase agreements are capitalised and amortised over the life of the agreement.

All of the Group's and Company's other financial liabilities are measured at amortised cost using the effective interest rate method.

The Group and Company derecognises financial liabilities when the Group's or Company's obligations are discharged, cancelled or expired.

Derivative instruments and hedge accounting

Derivative financial instruments are initially measured at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value at each reporting date.

For derivatives designated as cash flow hedges, prior to their settlement the fair value movements on the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and within the cash flow hedge reserve within equity, while any ineffective portion is recognised immediately in the Income Statement as gain/loss on cash flow hedge within operating expenses. Amounts recognised in the Statement of Comprehensive Income are transferred to the Income Statement when the hedged transaction affects profit or loss, such as when the hedged cash flow occurs.

For derivatives that are not designated as cash flow hedges, all fair value movements are recognised in the Income Statement. Where a derivative relates to a hedge of investments in foreign currencies, the profit or loss on the revaluation of the hedging instrument is recognised together with the investment returns in the Income Statement.

Prior to their settlement, derivatives are carried as assets when the fair value is positive and as a liability when fair value is negative. The fair value of unsettled forward currency contracts is calculated by reference to the market for forward contracts with similar maturities.

(p) Investment in subsidiaries

Investments in subsidiaries in the Statement of Financial Position of the Company are recorded at cost less provision for impairments. All transactions between the Company and its subsidiary undertakings are classified as related party transactions for the Company accounts and are eliminated on consolidation.

(q) Investments in associates

Associates are entities in which the Group has an investment and over which it has significant influence, but not control, through participation in the financial and operating policy decisions. Such entities are funds or carried interest partnerships where the Group holds more than a 20% interest in the entity. The Group initially records the investment at fair value through profit or loss as operating income within the Income Statement.

The investments are recorded as financial assets or carried interest receivable within the Group's Statement of Financial Position.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and call deposits, held at call with banks with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

CLO cash is cash held by CLO vehicles consolidated by the Group and is not available for the Group's other operating activities.

(s) Dividends

Dividends and other distributions to the Company's shareholders are recognised in the period in which the dividends and other distributions are paid to the shareholders. These amounts are recognised in the Statement of Changes in Equity.

(t) Own shares

Own shares are recorded by the Group when ordinary shares are purchased through special purpose vehicles, which have the purpose of purchasing and holding surplus shares of the Company from employees who have left the employment of the Group or from other means. The special purpose vehicles include Atlantic SAV Limited, Atlantic SAV 2 Limited and the Bridgepoint Group plc Employee Benefit Trust. These entities are aggregated together with the financial information of the Company and are consolidated within this financial information. Own shares are held at cost and their purchase reduces the Group’s net assets by the amount spent. They are recognised as a deduction to retained earnings. When shares are sold, they are transferred at their weighted average cost. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company’s own shares.

3. Critical judgements in the application of accounting policies and key sources of estimation uncertainty

The judgements and other key sources of estimation uncertainty at the reporting date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

(a) Judgements

Consolidation of fund investments

The directors have considered whether the Group should consolidate investments in funds into the results of the Group. Control is determined by the extent of decision-making authority, rights held by other parties, remuneration and exposure to returns.

The directors have assessed the legal nature of the relationships between the Group, the relevant fund and fund investors and have determined that as the manager, the Group has the power to influence the returns generated by the fund, but the Group’s interests typically represent only a small proportion of the total capital within each fund (c. 2% of commitments). The directors have therefore concluded that the Group acts as an agent, which is primarily engaged to act on behalf, and for the benefit, of the fund investors rather than act for its own benefit.

Where the Group holds an interest that is greater than 20% the Group is considered to have significant influence, but not control through participation in the financial and operating policy decisions. This includes the Group’s investment in Bridgepoint Credit “C” II LP, where the Group has a commitment of 27% in the fund. Details of the associate are set out within note 28 (d).

Returns from the Group’s investments in Bridgepoint funds, including those considered associates, are accordingly measured at fair value through profit or loss as operating income within the Income Statement.

Consolidation of CLOs

The Group holds investments in the senior and subordinated notes of CLOs that it manages, predominately driven by risk-retention regulations. As the Group has power, as the asset manager, to impact the returns of the vehicles, the level of exposure to variable returns from its involvement as an investor in the notes requires assessment to whether this indicates the Group has a principal or agent relationship and therefore whether the CLO should be consolidated under IFRS 10 "Consolidated Financial Statements".

The Group consolidates Bridgepoint CLO 1 DAC ("CLO 1") as the Group has exposure to variable returns as an investor in the subordinated notes. The subordinated notes are the tranche that is most exposed to the risk of portfolio assets failing to pay as they are the first to absorb any losses. The Group holds the majority of the subordinated notes in CLO 1. The Group's holding is 55% and the directors have therefore concluded that the Group is principal and should consolidate.

The assets and liabilities of the CLO are held within separate legal entities and, as a result, the liabilities of the CLO are non-recourse to the Group. The consolidation of the CLOs has a significant gross-up on the Group's assets and liabilities, which is shown gross on the face of the statement of financial position and cash flow statement as separate lines but has no net effect on the profit or loss, cash flows or net assets. Details of the assets and liabilities are included in note 17 and 18.

Bridgepoint CLO 2 DAC ("CLO 2") was consolidated in the financial information of the Group at 31 December 2020 during its warehousing and until its formal launch on 28 June 2021, as the Group held a majority interest in the warehouse equity. On its launch the Group's exposure to the variable returns reduced to 5% of all notes, therefore CLO 2 is not consolidated in the financial information as at 31 December 2021.

Bridgepoint CLO 3 DAC ("CLO 3") was consolidated from the start of its warehousing in June 2021 until its formal launch to external investors on 22 December 2021. On its launch, the Group's holding was 7% of all notes, with a 31% interest in the subordinated notes and a minority exposure to the variable returns, therefore CLO 3 is treated as an associate in the financial information as at 31 December 2021. Details of the associate are set out within note 28 (d).

Consolidation of Carried Interest Partnerships

As a fund manager to its Private Equity and Credit Funds, the Group participates in Carried Interest Partnerships ("CIPs"), the participants of which are the Group, certain of the Group's employees and others connected to the underlying fund. These vehicles have two purposes: 1) to facilitate payments of carried interest from the fund to carried interest participants, and 2) to facilitate individual co-investment into the funds.

The directors have undertaken a control assessment of each CIP in accordance with IFRS 10 "Consolidated Financial Statements" to consider whether they should consolidate the CIP.

The directors have considered the legal nature of the relationships between the relevant fund, the CIPs and the CIP participants and have determined that the power to control the CIPs (which are entitled to the carried interest from the funds) ultimately resides with the fund investors and that the Group is therefore an agent and not a principal.

This is because the purpose and design of the CIPs and the carry rights in the fund are determined at the outset by the fund's LPA which requires investor agreement and reflects investor expectations to incentivise individuals to enhance performance of the underlying fund. The Group does not primarily benefit as its principal revenue stream is management fees based on commitments or invested capital. While the Group has some power over the Adjudication Committees of the CIPs, these powers are limited and represent the best interests of all carried interest holders collectively and hence, these are assessed to be on behalf of the fund investors.

The directors have assessed the payments and the returns the carried interest holders make and receive from their investment in carried interest and have considered whether those carried interest holders who are also employees of the Group were providing a service for the benefit of the Group or the investors in the fund. The directors have concluded that the carried interest represents a separate relationship between the fund investors and the individual employees and that the carried interest represents an investment requiring the individuals to put their own capital at risk and that, after an initial vesting period, continued rights to returns from the investment is not dictated by continuation of employment.

In addition, the directors have also considered the variability of returns for all CIPs that currently have value under IFRS 15 “Revenue from contracts with customers” and in doing so have determined that the Group is exposed to limited variable returns in the range 5-26% with the main beneficiaries of the CIP variable returns being the other participants. The directors concluded that the CIPs are not controlled by the Group and therefore should not be consolidated.

Where the Group has a share of 20% or more of the rights to the carried interest, the Group is considered to have significant influence. Accordingly, the BDC III carry scheme, where the Group holds an interest of 26%, is considered an associate. Details of the associate are set out within note 28 (d).

Consolidation of employee share partnership

On listing, the founder employee shareholders created a separate ring-fenced vehicle, Burgundy Investments Holdings LP (the “Burgundy Partnership”). The Burgundy Partnership is a pool of assets, which will comprise the Company's shares and other investments. The shares were contributed by founder employee shareholders electing to donate a portion of their shares to the partnership. This pool is ring-fenced for allocating to future partners in the business, as a means of allowing them to build a meaningful long-term shareholding in Bridgepoint and other investments and reflect the opportunities that previous partners were offered. The existing employee shareholders prior to listing, and certain new employee partners, will wholly own the interest in the Burgundy Partnership.

The Group does not have any direct economic interest in the Burgundy Partnership, and awards of new points to existing and future employees will be made by the Advisory Committee of the Burgundy Partnership, which is made up of some of the largest founder employee shareholders.

The directors have considered the requirements of IFRS 10 “Consolidated Financial Statements” to determine whether they should consolidate the Burgundy Partnership. As the Group does not meet all three criteria: 1) power over the investee, 2) exposure, or rights, to variable returns from its involvement with the investee, and 3) the ability to use its power over the investee to affect its returns, they have concluded that the Burgundy Partnership should not be consolidated.

(b) Estimates

Recognition and measurement of carried interest revenue

Carried interest revenue is only recognised to the extent it is highly probable that there would not be a significant reversal of any accumulated revenue recognised on the completion of a fund.

In determining the amount of revenue to be recognised the Group is required to make assumptions and estimates when determining (i) whether or not revenue should be recognised and (ii) the timing and measurement of such amounts.

The Group base their assessment on the best available information pertaining to the funds and the activity of the underlying assets within that fund. This includes the current fund valuation and internal forecasts on the expected timing and disposal of fund assets.

For private equity funds, the reversal risk is managed through the application of discounts of 30 to 50 percent to the fair values of unrealised investments where the realised and unrealised valuation of a fund exceeds the relevant carried interest hurdle.

For credit funds, which are more sensitive to the performance of individual investments within the portfolio, only funds that have either reached their hurdle or are expected to do so imminently are modelled on the same basis.

The discount applied for each fund depends on the specific circumstances of each fund, taking into account diversity of assets, whether there has been a recent market correction (and whether this has been already factored into the valuation of the fund) and the expected average remaining holding period. The level of discounts applied are reassessed annually.

A sensitivity analysis on the impact of a change in the fair value of unrealised investments has been included in note 5.

Valuation of fund investments at fair value

Fund investments at fair value consist of investments in private equity and credit funds. The investments are fair valued using the net asset value of each fund, determined by the Manager. These funds are invested into direct and indirect equity and debt investments.

Portfolio assets within each fund are stated at fair value as determined in good faith by the Manager in accordance with the terms of the LPA of each fund and the International Private Equity and Venture Capital Valuation Guidelines ("IPEV") and are reviewed and approved by the relevant Bridgepoint Valuation Committee. The valuations provided by the Managers typically reflect the fair value of the Group's proportionate share of capital account balance of each investment as at the reporting date or the latest available date.

The market approach is typically used for the valuation of the assets. This comprises valuation techniques such as market comparable companies and multiple techniques. A market comparable approach uses quoted market prices or third-party quotes for similar instruments to determine the fair value of a financial asset. A multiple approach can be used in the valuation of less liquid securities, which typically form the majority of assets within a private equity or credit fund.

Comparable companies and multiple techniques assume that the valuation of unquoted direct investments can be assessed by comparing performance measure multiples of similar quoted assets for which observable market prices are readily available. Comparable public companies are selected based on factors such as industry, size, stage of development and strategy. The most appropriate performance measure for determining the valuation of the relevant investment is selected (which may include EBITDA, price/earning ratios for earnings or price/book ratios for book values). Trading multiples for each comparable company identified are calculated by dividing the value of the comparable company by the defined performance measure. The relevant trading multiples might be subject to adjustment for general qualitative differences such as liquidity, growth rate or quality of customer base between the valued direct investment and the group of comparable companies. The indicated fair value of the direct investment is determined by applying the relevant adjusted trading multiple to the identified performance measure of the valued company.

Where available, valuation techniques use market-observable assumptions and inputs. If such information is not available, inputs may be derived by reference to similar assets and active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Manager selects the non-market-observable inputs to be used in its valuation techniques based on a combination of historical experience, deviation of input levels based upon similar investments with observable price levels and knowledge of current market conditions and valuation approaches.

Within its valuation techniques the Manager typically uses different unobservable input factors. Significant unobservable inputs include EBITDA multiples (based on budget/forward-looking EBITDA or historical EBITDA of the issuer and EBITDA multiples of comparable listed companies for an equivalent period), discount rates, price/earnings ratios and enterprise value/sales multiples. The Manager also considers the original transaction prices, recent transactions in the same or similar instruments and completed third party transactions in comparable instruments and adjusts the model as deemed necessary.

Debt instruments may be valued using the market approach, independent loan pricing sources or at amortised cost, which requires the determination of the effective interest rate from a number of inputs, including an estimation of the expected maturity of each loan.

Due to the level of unobservable inputs within the determination of the valuation of individual assets within each fund, and no observable price for each investment in a fund, fund investments at fair value are classified as level 3 financial assets under IFRS 13 "Fair Value Measurement".

Further detail on the valuation methodologies, inputs and the number of fund investments valued using each technique, along with a sensitivity analysis of the impact of a change in the fair value of fund investments is included within note 20 (a).

Valuation of CLO assets and liabilities

The loan asset portfolios of the consolidated CLO vehicles are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and from independent loan pricing sources. To the extent that the significant inputs are observable, the Group categorises these investments as Level 2.

CLO investments in debt instruments are classified as level 2 financial assets under IFRS 13 "Fair Value Measurement" on the basis that the prices have been corroborated externally.

The liabilities of consolidated CLOs are also fair valued through profit or loss. They are valued, based upon broker prices, which use discounted cash flow analyses with observable market data inputs, such as constant annual default rates, prepayment rates, reinvestment rates, recovery rates and discount rates and therefore considered as level 3 financial liabilities under IFRS 13 "Fair Value Measurement". A sensitivity analysis has been included within note 20 (f).

Measurement of deferred contingent consideration payable
Under the sale and purchase agreement for EQT Credit the Group has an obligation to settle an amount of deferred contingent consideration on the completion of fundraising for Bridgepoint Direct Lending III and Bridgepoint Credit Opportunities IV. Both processes completed a first round of fundraising during 2021 and fundraising will continue during 2022 and is expected to complete in 2023. The amount payable has been based upon management's current best estimate of each fundraising, which is consistent with approved budgets.

A sensitivity analysis has been included within note 18 (b).

Measurement of intangible assets, useful lives and impairment

A customer relationship asset was recognised following the Group's acquisition in October 2020 of EQT Credit to reflect the value of current investor relationships to the Group in the future.

At the time of the acquisition, the cost of the acquired customer relationship was measured at fair value by discounting estimated contractual future cash flows over a period in which the customer was expected to remain invested within the Group's funds. Key assumptions in the model included forecast earnings for 2021 to 2025, a growth rate applied from 2025 onwards, which was based upon the long-term operating plan for the business, an investor reinvestment rate from one fund to another and a discount rate of 10.5%, which was calculated by using comparable company information.

The useful life of the intangible assets arising from this transaction have been determined as 7 years, which represents the period over which the net present value of cash flows from the acquired customer relationships reduce to nil.

The customer relationship asset is assessed for impairment when there are indicators of impairment. Such indicators would include fundraising lower than targets. No impairment has been identified.

Goodwill is assessed for impairment annually or more frequently if events or changes in circumstances indicate potential impairment loss. Goodwill arose from the acquisition of EQT Credit. It is the Group's judgement that the lowest level of cash generating unit ("CGU") used to determine impairment is the credit business segment. The Group has assessed that it consists of a single CGU for the purposes of monitoring and assessing goodwill for impairment. In performing the impairment test, management prepares a calculation of the recoverable amount of the goodwill, using the value-in-use approach and compares this to the carrying value. In order to validate this, a value-in-use forecast based on approved budgets has been prepared by management to compare the forecast of the Credit business segment to the carrying amount of the goodwill. Key assumptions in the forecast include forecast earnings for 2022 to 2026, including new fundraising, and a pre-tax discount rate of 10.7%, which was calculated by using comparable company information.

A sensitivity analysis of goodwill and the intangible asset has been included within note 15.

4. Operating segments

The key management of the Group for the period up to the Admission to the London Stock Exchange was considered to be the directors of Bridgepoint Advisers Group Limited, a subsidiary company, and from Admission onwards the executive directors are considered to represent the key management of the Group. The Group is divided into operating segments based on how key management reviews and evaluates the operation and performance of the business. The operating segments correspond to the internal reporting used to assess performance and to allocate resources.

The Group's operations are divided into two groups, the Core business, consisting of the Private Equity and Credit fund management and associated Central support, and Other. Other includes the Group's procurement consulting business, PEPCO Services LLP, and costs relating to strategic projects.

The Group's core operations are divided into two business segments: Private Equity and Credit. The operations of both business segments consist of providing investment management services to the respective funds and their investors. The investment management services comprise of identification and structuring of new investments, the monitoring of investments and the sale and exit from investments. The two business segments are supported by the Central support functions which include investor relations, head office, finance, human resources, IT and marketing. Together the Private Equity, Credit and Central segments form the Core business.

Segmental Income Statement analysis

The executive directors assess the operating segments based on the line items below, primarily on operating income and operating profit.

The EBITDA for each segment (the segment result), together with depreciation and amortisation and net finance expense forms Profit before Tax. Depreciation, net finance expense and exceptional expenses are not allocated to operating segments and are included in the Group total. Foreign exchange gains/losses are allocated to Central.

The comparative period has been amended from the numbers included within the historical financial information included within the prospectus to reclassify income and costs relating to the Group's Luxembourg fund administration platform to Central. There is no impact on EBITDA or profit before tax.

Group

Year ended 31 December 2021	Private Equity £ m	Credit £ m	Central £ m	Total Core £ m	Total Other £ m	Total Group £ m
Management fees	157.3	37.9	2.5	197.7	–	197.7
Carried interest	14.3	–	–	14.3	–	14.3
Fair value remeasurement of investments	54.5	2.4	–	56.9	–	56.9
Other operating income	0.8	–	–	0.8	0.9	1.7
Total operating income	226.9	40.3	2.5	269.7	0.9	270.6
Personnel expenses	(66.2)	(22.1)	(32.0)	(120.3)	(1.1)	(121.4)
Other expenses	(13.3)	(9.1)	(13.7)	(36.1)	(0.3)	(36.4)
Foreign exchange	–	–	1.1	1.1	–	1.1
EBITDA (excluding exceptional expenses)	147.4	9.1	(42.1)	114.4	(0.5)	113.9
Exceptional expenses						(28.6)
EBITDA (including exceptional expenses)						85.3
Depreciation and amortisation						(15.0)
Net finance expense						(7.7)
Profit before tax						62.6

Group

Year ended 31 December 2020	Private Equity £ m	Credit £ m	Central £ m	Total Core £ m	Total Other £ m	Total Group £ m
Management fees	136.6	10.2	1.8	148.6	–	148.6
Carried interest	12.9	–	–	12.9	–	12.9
Fair value remeasurement of investments	25.3	4.1	–	29.4	–	29.4
Other operating income	0.2	–	–	0.2	0.7	0.9
Total operating income	175.0	14.3	1.8	191.1	0.7	191.8
Personnel expenses	(54.5)	(11.6)	(28.7)	(94.8)	(1.2)	(96.0)
Other expenses	(10.6)	(2.5)	(15.7)	(28.8)	(0.4)	(29.2)
Foreign exchange	–	–	(0.2)	(0.2)	–	(0.2)
EBITDA (excluding exceptional expenses)	109.9	0.2	(42.8)	67.3	(0.9)	66.4
Exceptional expenses						(7.7)
EBITDA (including exceptional expenses)						58.7
Depreciation and amortisation						(8.8)
Net finance expense						(1.4)
Profit before tax						48.5

Geographical analysis and customer concentrations

The Group's income from funds is earned from funds entirely domiciled within Europe. The Group’s operating expenses are incurred in the locations where the Group has offices, to identify and support portfolio companies which is unconnected to the domicile of the fund or the location of the fund investors. Therefore, the Group's operating results cannot be analysed in a meaningful way by geography.

No single fund investor constitutes more than 10% of assets under management.

Assets and liabilities analysis

The Group’s statement of financial position is managed as a single unit rather than by segment. The only distinction for the business segments relates to the Group’s investments in funds and the carried interest receivable, which can be split between private equity and credit (split between attributable to the Group and third party investors).

	31 December	
	2021	2020
	£ m	£ m
Investments:		
Private equity	217.9	191.2
Credit (assets attributable to the Group)	108.1	64.2
Credit (CLO assets attributable to third party investors)	274.5	253.0
Total investments	600.5	508.4
Carried interest receivable:		
Private equity	36.4	24.9
Credit	2.5	3.0
Total carried interest receivable	38.9	27.9

5. Operating income

Operating income primarily comprises management fees, carried interest income and investment profits from the management of and investment in private equity and credit fund partnerships.

Management fees

Management fees are presented net of the profit or loss impact of the settlement of foreign exchange hedging used to limit the volatility of foreign exchange on fees earned in euros.

	Group	
	2021	2020
	£ m	£ m
Gross management fees	196.7	148.0
Settlement of FX hedges	1.0	0.6
Management fees, net	197.7	148.6

Carried interest

The amount of carried interest recognised in operating income and the carrying value of the related asset is sensitive to the fair value of unrealised investment within each fund. The reversal risk in carried interest income, which is accounted for under IFRS 15 “Revenue from contracts with customers”, is managed through the application of discounts of 30 to 50 percent to the fair value of the fund investments and the later recognition of carried interest relating to credit funds.

If the fair value of unrealised investments of each relevant fund had been higher/lower at each year end, the impact on carried interest income in each year is shown in the table below.

	Group	
	2021	2020
Carried interest income:	**£ m**	£ m
10% lower value of unrealised assets	(4.2)	(2.9)
10% higher value of unrealised assets	5.4	2.9

As at 31 December 2021, the unrecognised carried interest asset due to the discounts applied is £49.3m (2020: £28.6m).

Note 20 (a) includes a sensitivity analysis for co-investment valuations and the impact on profit or loss.

Investment income

Investment income consists of net changes in the fair value of the Group's investments in private equity and credit funds.

Investment income is presented net of the profit or loss impact of the remeasurement of foreign exchange hedging used to limit the volatility of foreign exchange on investment income earned in euros.

	Group	
	2021	2020
	£ m	£ m
Investment income	53.8	29.4
Remeasurement of FX hedges	3.1	–
Investment income, net	56.9	29.4

Investment income also includes the remeasurement of the fair value of investments in CLOs which are fully consolidated by the Group. The CLO investment expense is the amount of investment income due to third party note holders who have invested in the CLOs.

	Group	
	2021	2020
	£ m	£ m
CLO investment income	3.0	3.3
CLO investment expense	(1.3)	(2.8)
CLO investment income, net	1.7	0.5

Other operating income

Other income includes fees and commissions receivable by the Group's procurement consulting business, PEPCO Services LLP.

	Group	
	2021	2020
	£ m	£ m
Other operating income	2.4	1.8
Commissions payable	(0.7)	(0.9)
Total other operating income	1.7	0.9

6. Personnel expenses

Aggregate personnel expenses (including directors' remuneration) in each year were as follows:

	Group	
	2021	2020
	£ m	£ m
Wages and bonuses	104.4	76.3
Social security costs	15.8	12.0
Pensions	1.9	1.6
Share-based payments	3.2	–
Other employee expenses	7.4	6.4
Total Personnel expenses	132.7	96.3

Total personnel expenses include £11.3m (2020: £0.3m) of exceptional expenses, and accordingly are excluded from the calculation of underlying profitability measures (see note 8 for further details).

a) Pensions

The Group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The scheme is a non-contributory scheme but does permit employee contributions.

b) Share-based payments

The total charge to the Income Statement for the year was £3.2m (2020: nil) and this was credited to the Share-based payments reserve in equity. Details of the different types of awards making up the charge are set out below.

In June 2021, the Company issued 612,000 A3 ordinary shares of £0.01 nominal value to certain employees for consideration of £1.50 per share. The A3 shares would vest on the fifth anniversary of their issue provided that the shareholder remains an employee throughout this period. As part of the Company's share reorganisation, the A3 shares were converted into ordinary shares. The fair value of the share issued was calculated as £3.96 per share. This was determined by a third party valuation.

In July 2021, as part of the Admission to the London Stock Exchange, the Company offered employees ordinary shares in the Company under the IPO Share Award. 870,090 ordinary shares were issued to employees as part of the IPO Share Award Plan with the nominal value of £0.00005 per share being fully paid up. A further 29,053 ordinary shares are held in the Bridgepoint Group plc Employee Benefit Trust. The shares had a fair value of £3.50 per share, being the Admission Offer Price. The shares are generally forfeited to the Bridgepoint Group plc Employee Benefit Trust in the event that the relevant employee ceases employment or is given notice to the same.

No other share-based payment awards were made during the year to 31 December 2021.

Group and Company

	Number		Fair value of award (£)	
	A3 Share Award	IPO Share Award	A3 Share Award	IPO Share Award
Opening	–	–	–	–
Share reorganisation/granted	612,000	870,090	3.96	3.50
Vested	–	–	3.96	3.50
Forfeited	(10,000)	(32,860)	3.96	3.50
Outstanding at 31 December 2021	602,000	837,230	3.96	3.50

c) Other employee expenses

Other employee expenses include insurance, healthcare, training and recruitment costs.

Staff numbers

The monthly average number of persons, including directors, employed by the Group during the year split by geography was as follows:

	Group	
	2021 No.	2020 No.
UK	207	165
Other	133	117
Total	340	282

The Company has 4 employees (2020: nil).

7. Other expenses

Other expenses include expenditure on IT, travel and legal and professional fees. Other expenses include fees paid to the auditors for the audit of the Group and relevant subsidiary financial statements and other fees for other services and expenditure relating to low-value asset leases are required to be disclosed separately and are set out below.

a) Auditor’s remuneration

PricewaterhouseCoopers LLP (“PwC”) resigned as auditor of the Company and the Group on the Company’s Admission to the London Stock Exchange. The table below sets out fees earned by PwC up until their resignation. Fees paid to PwC in the year ended 31 December 2020 included transaction related services relating to the acquisition of the EQT Credit business. Fees paid to PwC in the year ended 31 December 2021 included services relating to the IPO.

	Group	
Fees paid to PwC	**2021 £ m**	2020 £ m
Audit fees		
Fees payable to the external auditor for the audit of the Company and the consolidated financial statements	–	0.1
Fees payable to ’the external auditor for the audit of the accounts of the Company’s subsidiaries	–	0.3
Total audit fees	–	0.4
Non-audit fees		
Tax compliance	1.0	0.1
Other non-audit services	5.3	1.6
Total non-audit fees	6.3	1.7
Total auditor’s remuneration	6.3	2.1

Mazars LLP (“Mazars”) were appointed to replace PwC. The table below sets out fees earned by Mazars in relation to the year ended 31 December 2021.

	Group	
Fees paid to Mazars	**2021 £ m**	2020 £ m
Audit fees		
Fees payable to the external auditor for the audit of the Company and the consolidated financial statements	0.4	–
Fees payable to the external auditor for the audit of the Company's subsidiaries	0.8	–
Total audit fees	1.2	–
Non-audit fees		
Audit-related assurance services	0.1	–
Total non-audit fees	0.1	–
Total auditor's remuneration	1.3	–

b) Low-value asset leases

	Group	
	2021 £ m	2020 £ m
Expense relating to low-value assets leases		
– Low-value assets leases	0.2	0.2

8. Exceptional items

The amounts shown in the table below have been recognised separately as exceptional where the income or expenditure is material, is not considered to be incurred in the normal course of business and without disclosure could distort an understanding of the financial information. Accordingly, exceptional items are excluded from the calculation of underlying profitability measures.

Exceptional items in the year ended 31 December 2021 relate to costs associated with the Group’s Admission to the London Stock Exchange, further costs relating to the Group’s acquisition of EQT Credit and costs incurred in relation to potential acquisitions. Exceptional finance income relates to an unwind of a discount on deferred proceeds receivable. Further explanation is included below the table.

	Group	
	2021 £ m	2020 £ m
Personnel expenses	11.3	0.3
Other expenses	17.3	7.4
Total exceptional expenses within EBITDA	28.6	7.7
Finance expenses	–	0.2
Total exceptional expenses	28.6	7.9

	Group	
	2021 £ m	2020 £ m
Finance income	(3.8)	(4.4)
Total exceptional income	(3.8)	(4.4)

a) Exceptional personnel expenses

In 2021, exceptional personnel expenses arose from the IPO, including specific transaction related bonuses, share based payment expenses and associated social security costs, and from the acquisition of EQT Credit, including deferred transaction related bonuses and associated social security costs.

In the year ended 31 December 2020, exceptional personnel expenses represent deferred transaction related bonuses and associated social security costs relating to the EQT Credit acquisition.

b) Exceptional other expenses

In 2021, exceptional other expenses include professional costs relating to the IPO and costs incurred in relation to potential acquisitions. Separately, £18.4m of costs incurred during the IPO have been recognised within equity, which are considered to represent costs of issuing the related share capital on listing.

In the year ended 31 December 2020, exceptional other expenses represent transaction costs relating to the EQT Credit acquisition.

c) Exceptional finance income and expenses

In 2021, exceptional finance income of £3.8m (2020: £4.4m) relates to remeasurement and revaluation of the deferred contingent consideration payable to EQT AB and associated unwind of the discount and deferred proceeds receivable under the Investment Agreement with Dyal Capital Partners IV (C) LP. In the year ended 31 December 2020, exceptional finance expenses of £0.2m related to the unwind of the discount of the deferred contingent consideration payable to EQT AB.

9. Depreciation and amortisation

The following table summarises the depreciation and amortisation charge during the year.

	Group	
	2021 £ m	2020 £ m
Depreciation on property, plant and equipment	11.9	8.2
Amortisation of intangible assets	3.1	0.6
Total depreciation and amortisation	15.0	8.8

The amortisation of intangible assets is excluded from the calculation of underlying profitability measures in order to distinguish from underlying performance.

10. Finance income and expenses

	Group	
	2021	2020
	£ m	£ m
Other finance income	4.2	4.7
Total finance income	4.2	4.7
Interest expense on bank overdrafts and borrowings	(3.1)	(3.1)
Interest expense on lease liabilities	(2.8)	(1.8)
Other finance expenses	(0.4)	(0.2)
Finance expense on amounts payable to related party investors in Opal Investments LP	(5.6)	(1.0)
Total finance expenses	(11.9)	(6.1)

a) Other finance income

The other finance income primarily relates to the unwind of discounting on the deferred proceeds receivable from Dyal Partners IV (C) LP of £2.6m (2020: £4.4m) and the remeasurement and revaluation of the deferred contingent consideration payable and associated unwind of discount to EQT AB (see note 18 (b) for further details) of £1.2m (2020: expense £0.2m). Both are considered exceptional income, and accordingly are excluded from the calculation of underlying profitability measures. Also included is the finance income on sub-leases of £0.4m (2020: £0.2m).

b) Other finance expenses

The other finance expenses includes facility fees which are being amortised over the term of the facility of £0.4m (2020: nil). In the year ended 31 December 2020, finance expenses of £0.2m related to the unwind of discounting of the deferred contingent payable to EQT AB (see note 18 (b) for further details) and is considered an exceptional expense, and accordingly excluded from the calculation of underlying profitability measures.

c) Finance expense on amounts payable to related party investors in Opal Investments LP

Finance expense on other financial liabilities represent amounts due to related party investors in the Opal Investments LP partnership under the limited partnership agreement (see note 18 (d) for further detail).

11. Tax expense

(a) Tax expense

Tax charged in the Income Statement:

	Group	
	2021	2020
	£ m	£ m
Current taxation		
Current tax - current year	2.8	1.9
Current tax - prior year	0.3	–
Total current tax expense	3.1	1.9
Deferred taxation		
Deferred tax - current year	2.8	–
Deferred tax - prior year	(1.1)	(1.1)
Total deferred taxation	1.7	(1.1)
Tax expense	4.8	0.8

(b) Reconciliation of tax expense

The tax on profit before tax is different to the standard rate of corporation tax in the UK of 19% (2020: 19%) primarily due to timing differences on taxation of management fee income, losses carried forward, a proportion of which are not recognised, and other timing differences. The 2021 tax charge also includes the effect on deferred tax liabilities of the corporation tax rate increase from 19% to 25% effective from April 2023 and capital gains on cancellation of own shares.

	Group	
	2021	2020
	£ m	£ m
Profit before tax	62.6	48.5
Tax on profit before taxation at the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	11.9	9.2
Non-taxable and non-deductible items	(5.3)	(28.7)
Deferred tax adjustments regarding management fee income and investments	(13.9)	4.7
Capital gains transferred	3.1	–
Effect of tax rate changes	5.3	1.2
Effect of foreign tax rates	0.5	1.3
Deferred tax not recognised	4.0	14.2
Prior year adjustment	(0.8)	(1.1)
Total tax expense for the year	4.8	0.8

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the change has been substantively enacted at the balance sheet date, the deferred tax balances have been revalued during the year ended 31 December 2021.

(c) Tax on amounts recognised directly in other comprehensive income

Tax on amounts recognised in other comprehensive income relate to deferred tax timing differences on foreign exchange forward contracts used for hedging purposes.

	2021	2020
	£ m	£ m
Tax on amounts recognised in other comprehensive income	(2.1)	0.9

(d) Tax losses not recognised

The Group and Company have deferred tax assets of £113.0m (2020: £70.0m) and £1.1m (2020: nil) respectively as at 31 December 2021, relating to tax losses carried forward that have not been recognised due to the uncertainty of future taxable profits against which the asset can be utilised in the foreseeable future.

The Group has an asset of £25.0m (2020: £16.1m) and the Company an asset of £1.1m (2020: nil) that have been recognised where there is an expectation that the tax losses can be utilised against profits. See note 22 for further detail on deferred tax assets recognised.

12. Earnings per share

	Group	
	2021	2020
Profit attributable to equity holders of the Company (£m)	57.8	36.5
Weighted average number of ordinary shares for purposes of basic and diluted EPS (m)	356.0	3.1
Basic and diluted earnings per share (£)	0.16	11.59

The weighted average number of shares for the year ended 31 December 2021 reflects the number of shares both pre and post simplification of the share structure and issue of new shares in the IPO. Had the shares in issue at 31 December 2021 been in issue throughout 2021, the weighted average number of shares would have been 823.3m and the earnings per share would have been £0.07. The 2020 equivalent earnings per share for the number of shares in issue at 31 December 2021 would have been £0.04.

The adjusted earnings per share on underlying profit after tax of £85.7m based on the number of shares in issue at 31 December 2021 is £0.10 (2020: £0.06 on underlying profit after tax of £51.8m gross of non-controlling interests).

See note 23 for further details on the changes in the number of shares.

The number of ordinary shares included in the calculation of earnings per share excludes own shares held by the Group.

13. Property, plant and equipment

Group

Cost	Right-of-use assets £ m	Leasehold improvements £ m	Computers, furniture and other £ m	Total £ m
Balance at 1 January 2021	50.1	9.9	10.0	70.0
Foreign exchange	–	(0.2)	(0.1)	(0.3)
Additions	65.1	5.5	1.0	71.6
Disposals	(37.8)	–	(0.1)	(37.9)
Balance at 31 December 2021	77.4	15.2	10.8	103.4
Accumulated depreciation				
Balance at 1 January 2021	(17.5)	(4.3)	(6.6)	(28.4)
Foreign exchange	–	0.1	0.1	0.2
Depreciation	(9.0)	(1.4)	(1.5)	(11.9)
Disposals	12.3	–	0.2	12.5
Balance at 31 December 2021	(14.2)	(5.6)	(7.8)	(27.6)
Carrying value at 31 December 2021	63.2	9.6	3.0	75.8

Group

Cost	Right-of-use assets £ m	Leasehold improvements £ m	Computers, furniture and other £ m	Total £ m
Balance at 1 January 2020	50.4	8.7	7.8	66.9
Foreign exchange	–	0.1	0.1	0.2
Additions	–	1.1	2.1	3.2
Disposals	(0.3)	–	–	(0.3)
Balance at 31 December 2020	50.1	9.9	10.0	70.0
Accumulated depreciation				
Balance at 1 January 2020	(11.3)	(3.4)	(5.5)	(20.2)
Depreciation	(6.2)	(0.9)	(1.1)	(8.2)
Balance at 31 December 2020	(17.5)	(4.3)	(6.6)	(28.4)
Carrying value at 31 December 2020	32.6	5.6	3.4	41.6

The Company has no plant, property or equipment.

14. Business combinations

On 23 October 2020, the Group acquired 100% of the equity instruments in entities representing the EQT Credit fund management business and interests in certain funds and carried interest managed by EQT Credit, for initial cash consideration of £98.9m (including liabilities incurred) and a deferred element of up to €50.0m (£42.0m), which is payable to EQT AB based on the outcome of fundraising for certain funds. This excludes consideration paid in relation to the acquisition of the interests in funds and carried interest which has been detailed in note 16 and 17. The acquisition was undertaken to increase the scale of the Group's credit offering.

The amount of deferred consideration recorded of £30.3m (2020: £31.6m) is based on management's expectation of the fundraising at the acquisition date and adjusted thereafter for any change in expectation and at current exchange rates. The deferred consideration is expected to be paid in 2023. See note 18 (b) for further detail.

As part of the acquisition of the EQT Credit business, the Group also acquired an interest in CLO notes in CLO 1 and CLO 2 for cash consideration of £23.6m. On acquisition, as an investor in the subordinated notes, the Group has exposure to variable returns and was considered to have both power over the investee and the ability to use that power and so was required to consolidate the CLO vehicles. On CLO 2's formal launch on 28 June 2021, the Group's exposure to the variable returns was reduced to 5% of all notes, therefore CLO 2 is not consolidated in the financial information as at 31 December 2021.

The following table summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date. This excludes consideration paid in relation to the acquisition of the interests in funds and carried interest.

Group

Fair value of assets acquired	Total £ m
Intangible assets	21.2
Cash and cash equivalents	18.0
Trade debtors	8.4
Trade creditors	(19.1)
Total identifiable EQT Credit net assets acquired	28.5
CLO assets	173.6
CLO cash	1.9
CLO liabilities	(151.9)
Total identifiable CLO net assets acquired	23.6
Deferred tax liabilities	(4.0)
Goodwill	105.1
Total purchase consideration	153.2

Goodwill arising from the acquisition is attributable to the workforce and track record of the acquired business.

Adjustments to book values arising on acquisition were principally in relation to the recognition of acquired fund management contracts as intangible assets and deferred tax liabilities in relation to the amortisation of the intangible assets and goodwill. The useful life of intangible assets is estimated to be 7 years, which represents the period over which the net present value of cash flows from the acquired investor relationships reduce to nil.

The acquisition costs of the business combination were £7.4m and were recognised in the Income Statement as an exceptional expense.

15. Goodwill and intangible assets

Group

Cost	Goodwill £ m	Intangibles £ m	Total £ m
Balance at 1 January 2021	105.1	21.2	126.3
Balance at 31 December 2021	105.1	21.2	126.3
Accumulated depreciation and impairment			
Balance at 1 January 2021	–	(0.6)	(0.6)
Amortisation	–	(3.1)	(3.1)
Balance at 31 December 2021	–	(3.7)	(3.7)
Carrying value			
Balance at 1 January 2021	105.1	20.6	125.7
Balance at 31 December 2021	105.1	17.5	122.6

Group

Cost	Goodwill £ m	Intangibles £ m	Total £ m
Balance at 1 January 2020	–	–	–
Additions	105.1	21.2	126.3
Balance at 31 December 2020	105.1	21.2	126.3
Accumulated depreciation and impairment			
Balance at 1 January 2020	–	–	–
Amortisation	–	(0.6)	(0.6)
Balance at 31 December 2020	–	(0.6)	(0.6)
Carrying value			
Balance at 1 January 2020	–	–	–
Balance at 31 December 2020	105.1	20.6	125.7

The goodwill arose following the acquisition of EQT Credit in 2020. All goodwill is attributable to the Credit operating segment.

Goodwill is required to be assessed for impairment annually or more frequently if events or changes in circumstances indicate potential impairment loss. In performing the impairment test, management prepares a calculation of the recoverable amount of the goodwill, using the value-in-use approach and compares this to the carrying value. The value-in-use is determined by discounting the expected future cash flows generated from the continuing use of the Credit operating segment and is based on the following key assumptions:

- The cash flows are projected based on the actual operating results and a five-year estimate (2022-2026). Cash flows for the time thereafter are taken into account by calculating a terminal value based on the discount factor applied by the Group.
- Operating profits are based on Board approved income, future fundraising, deployment of capital and costs of the business, taking into account growth plans for the Credit business as well as past experience.
- A pre-tax discount rate of 10.7%, which is based on the Group's weighted average cost of capital, is applied in determining the recoverable amount.
- A long-term growth rate of 5.0%, which is based on an assessment of the private debt industry rates of growth, and management's experience, is applied to the terminal value.

As at 31 December 2021 a significant headroom is noted, and therefore no impairment is identified (2020: nil). The Credit business would need to fall short of its projected profit margins by over 76.0% over the period 2022 to 2026 for the goodwill to be impaired.

The intangible asset represents a customer relationship asset which arose as part of the acquisition of EQT Credit.

The intangible asset was valued based on a number of assumptions. These include profit margins, size of funds, level of reinvestment/attrition in new funds and the discount rate applied to the projections. The valuation is sensitive to any number of changes to one or a combination of these assumptions. As an illustration, a +/-20% change to the level of investor reinvestment has a £6m impact on the carrying value of the intangible assets.

The Company has no goodwill or intangibles.

16. Carried interest receivable

The carried interest receivable relates to revenue which has been recognised by the Group relating to its share of fund profits through its holdings in CIPs.

Revenue is only recognised to the extent it is highly probable that the revenue recognised would not result in significant revenue reversal of any accumulated revenue recognised on the completion of a fund. The reversal risk is mitigated through the application of discounts. If adjustments to the carried interest receivable recognised in previous periods are required, they are adjusted through revenue.

A sensitivity analysis of the impact of a change in the value of unrealised fund assets is included within note 5.

	Group	
	2021	2020
	£ m	£ m
Opening balance	27.9	13.0
Purchases	–	4.1
Income recognised in the year	15.2	12.2
Foreign exchange movements	(1.1)	0.7
Receipts of carried interest	(3.1)	(2.1)
Closing balance	38.9	27.9

The Company has no carried interest receivable.

17. Financial assets

(a) Classification of financial assets

The following tables analyse the Group and Company's assets in accordance with the categories of financial instruments in IFRS 9 "Financial Instruments". Assets which are not considered as financial assets, for example prepayments and lease receivables, under IFRS 9 are also shown in the table in a separate column in order to reconcile to the face of the Statement of Financial Position.

Group

As at 31 December 2021	**Fair value through profit or loss £ m**	**Hedging derivatives £ m**	**Financial assets at amortised cost £ m**	**Assets which are not financial assets £ m**	**Total £ m**
Fair value of fund investments	313.7	–	–	–	313.7
Fair value of CLO assets	286.8	–	–	–	286.8
Trade and other receivables	–	–	76.4	28.7	105.1
Derivative financial instruments	–	9.9	–	–	9.9
Cash and cash equivalents	–	–	323.1	–	323.1
CLO cash	–	–	4.2	–	4.2
Total	600.5	9.9	403.7	28.7	1,042.8

Group

As at 31 December 2020	Fair value through profit or loss £ m	Hedging derivatives £ m	Financial assets at amortised cost £ m	Assets which are not financial assets £ m	Total £ m
Fair value of fund investments	235.9	–	–	–	235.9
Fair value of CLO assets	272.5	–	–	–	272.5
Trade and other receivables	–	–	173.0	10.6	183.6
Derivative financial instruments	–	0.7	–	–	0.7
Cash and cash equivalents	–	–	42.3	–	42.3
CLO cash	–	–	114.8	–	114.8
Total	508.4	0.7	330.1	10.6	849.8

Company

As at 31 December 2021	Fair value through profit or loss £ m	Hedging derivatives £ m	Financial assets at amortised cost £ m	Assets which are not financial assets £ m	Total £ m
Trade and other receivables	–	–	106.5	–	106.5
Cash and cash equivalents	–	–	159.0	–	159.0
Total	–	–	265.5	–	265.5

Company

As at 31 December 2020	Fair value through profit or loss £ m	Hedging derivatives £ m	Financial assets at amortised cost £ m	Assets which are not financial assets £ m	Total £ m
Trade and other receivables	–	–	-	–	–
Cash and cash equivalents	–	–	9.4	–	9.4
Total	–	–	9.4	–	9.4

(b) Fair value of fund investments

Investments representing the Group's interests in private equity and credit funds are initially recognised at fair value and subsequently measured at fair value through the Income Statement within operating income.

The investments primarily consist of loans or commitments made in relation to the Bridgepoint VI, V and III private equity funds, the Bridgepoint Credit I, II, Direct Lending I, II and Credit Opportunities III funds.

The fund investments are measured at fair value through profit or loss as the business model of each vehicle is to manage the assets and to evaluate their performance on a fair value basis.

	Group 2021 £ m	Group 2020 £ m
Opening balance	235.9	206.1
Additions	92.7	49.6
Change in fair value	65.7	20.1
Foreign exchange movements	(14.7)	11.3
Receipts	(65.9)	(51.2)
Closing balance	313.7	235.9

The Company has no investment in funds at 31 December 2021 (2020: nil).

(c) Fair value of CLO assets

The balance shown includes the gross value of the assets held by CLO 1 (2020: CLO 1 and CLO 2), which is consolidated by the Group, but of which the Group only holds the right and liabilities in relation to a small portion. The CLO assets are measured at fair value through profit or loss as the business model of each vehicle is to manage the assets and to evaluate their performance on a fair value basis.

	Group 2021 £ m	Group 2020 £ m
Fair value of CLO assets consolidated by the Group	286.8	272.5
Fair value of CLO assets attributable to third party investors	(274.5)	(253.0)
Group's exposure to consolidated CLO assets	12.3	19.5

The Company has no investments in CLO assets at 31 December 2021 (2020: nil).

(d) Derivative financial assets

	Group	
	2021	2020
	£ m	£ m
Derivative financial assets:		
Forward contracts	9.9	0.7

The derivative financial assets relate to forward contracts that are used to hedge foreign exchange risk. Further detail on the hedging programme is set out in note 20 (b).

The Company has no derivative financial assets at 31 December 2021 (2020: nil).

€ Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	£ m	£ m	**£ m**	£ m
Non-current:				
Trade receivables	16.9	6.9	–	–
	16.9	6.9	-	-
Current:				
Trade receivables	16.0	13.1		–
Accrued income	2.8	1.0	–	–
Prepayments	11.4	3.5	–	–
Other receivables	58.0	47.4	106.5	–
Deferred proceeds receivable	–	111.7	–	–
	88.2	176.7	106.5	–
Total trade and other receivables	105.1	183.6	106.5	-

There are no material differences between the above amounts for trade and other receivables and their fair value.

i) Other receivables

Other receivables primarily relate to amounts to be invoiced to funds managed by the Group in relation to costs incurred on their behalf. Such costs include deal and fundraising expenditure. Amounts receivable from the funds at year end were £37.6m (2020: £27.7m). Amounts receivable from portfolio companies of the funds at the end of the year were £2.1m (2020: £1.6m).

ii) Deferred proceeds receivable

Deferred proceeds receivable relate to additional consideration payable under an Investment Agreement with a shareholder of the Group, Dyal Capital Partners IV (C) LP. The outstanding amount at 31 December 2020 was paid during 2021.

iii) Cost of acquisition

Current and non-current trade and other receivables also include the deferred cost of acquisition and consist of expenditure in excess of the cap within the LPA and fees paid to placement agents. Such costs are capitalised as a non-current asset and amortised between three and five years. The movement in the capitalised costs of acquisition is set out in the following table.

	Group	
	2021	2020
	£ m	£ m
Opening balance	1.1	2.0
Additions	–	0.6
Amortisation	(1.0)	(1.5)
Closing balance	0.1	1.1

iv) Lease receivables

Non-current and current trade and other receivables include lease receivables on sub-let office premises. Two of the sub-leases run until the end of the related head lease and expire on 31 December 2027. The third sub-lease runs for 10 years and expires on 16 August 2031. The undiscounted cashflows for these lease receivables during the year ended 31 December 2021 were £1.0m (2020: £1.0m). The finance income earned on the subleases during the year ended 31 December 2021 were £0.4m (2020: £0.2m).

The following table sets out the maturity analysis of lease receivables, showing undiscounted lease payments to be received after the reporting date.

	Group	
	2021	2020
	£ m	£ m
Due within 1 year	1.4	1.0
Due between 1-2 years	2.5	1.0
Due between 2-3 years	2.5	1.0
Due between 3-4 years	2.5	1.0
Due between 4-5 years	2.5	1.0
Due more than 5 years	7.9	2.1
Total undiscounted lease payments receivable	19.3	7.1
Unearned finance income	(3.1)	(0.9)
Net investment in leases	16.2	6.2
Current	0.8	0.8
Non-current	15.4	5.4
	16.2	6.2

The Company does not have any lease receivables.

(f) Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	£ m	£ m	**£ m**	£ m
Cash and cash equivalents	323.1	42.3	159.0	9.4
CLO cash	4.2	114.8	–	–
	327.3	157.1	159.0	9.4

CLO cash is cash held by CLO vehicles consolidated by the Group and is not available for the Group's other operating activities.

There are no material differences between cash and cash equivalents and CLO cash and their fair value.

18. Financial liabilities

(a) Classification of financial liabilities

The following tables analyse the Group and Company's financial liabilities in accordance with the categories of financial instruments in IFRS 9 "Financial Instruments". Liabilities such as deferred income, long-tern employee benefits, social security and other taxes are excluded as they do not constitute a financial liability under IFRS 9 are shown in the table in a separate column in order to reconcile to the face of the Statement of Financial Position.

Group

As at 31 December 2021	Fair value through profit or loss £ m	Hedging derivatives £ m	Financial liabilities at amortised cost £ m	Liabilities which are not financial liabilities £ m	Total £ m
Trade and other payables	30.3	–	39.0	64.4	133.7
Other financial liabilities	18.8	–	28.1	–	46.9
Lease liabilities	–	–	84.8	–	84.8
Fair value of CLO liabilities	242.9	–	–	–	242.9
CLO purchases awaiting settlement	–	–	35.8	–	35.8
Total	292.0	–	187.7	64.4	544.1

Group

As at 31 December 2020	Fair value through profit or loss £ m	Hedging derivatives £ m	Financial liabilities at amortised cost £ m	Liabilities which are not financial liabilities £ m	Total £ m
Trade and other payables	31.6	–	35.6	50.9	118.1
Borrowings	–	–	99.7	–	99.7
Other financial liabilities	6.2	–	–	–	6.2
Lease liabilities	–	–	42.0	–	42.0
Derivative financial instruments	–	4.9	–	–	4.9
Fair value of CLO liabilities	274.5	–	–	–	274.5
CLO purchases awaiting settlement	–	–	93.2	–	93.2
Total	312.3	4.9	270.5	50.9	638.6

Company

As at 31 December 2021	Fair value through profit or loss £ m	Hedging derivatives £ m	Financial liabilities at amortised cost £ m	Liabilities which are not financial liabilities £ m	Total £ m
Trade and other payables	–	–	23.1	–	23.1
Total	–	–	23.1	–	23.1

Company

As at 31 December 2020	Fair value through profit or loss £ m	Hedging derivatives £ m	Financial liabilities at amortised cost £ m	Liabilities which are not financial liabilities £ m	Total £ m
Trade and other payables	–	–	0.9	–	0.9
Total	–	–	0.9	–	0.9

(b) Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	£ m	£ m	**£ m**	£ m
Amounts due in more than one year:				
Deferred contingent consideration payable	30.3	31.6	–	–
Management incentive scheme	12.6	–	–	–
Accrued expenses	0.6	0.6	–	–
	43.5	32.2	–	–
Amounts due within one year:				
Trade payables	8.0	5.1	–	–
Accrued expenses	70.2	78.2	2.9	–
Amounts due to related parties	0.7	–	20.2	0.9
Social security and other taxes	2.7	2.4	–	–
Other payables	8.6	0.2	–	–
	90.2	85.9	23.1	0.9
Total trade and other payables	133.7	118.1	23.1	0.9

i) Deferred contingent consideration

The deferred contingent consideration is payable to EQT AB and relates to the outcome of fundraising for the Bridgepoint Direct Lending III and Bridgepoint Credit Opportunities IV funds. The maximum amount payable is €50.0m (£42.0m). Both funds completed a number of rounds of fundraising during 2021 and fundraising will continue during 2022 and is expected to complete in 2023. The amount payable has been based upon management's current best estimate of each fundraising. Were the eventual fund sizes over 40% lower than the estimate used within the financial information, no deferred contingent consideration would be payable. The fund sizes would need to be 15% higher than the estimate for the maximum deferred contingent consideration to be payable.

ii) Management incentive scheme

In April 2021, a subsidiary company, Bridgepoint Credit Holdings Limited, issued shares to certain employees of the Group as part of a management incentive scheme. The shares are subject to a put and call option, whereby the participating employees have the option to sell and the Group has the option to buy back the shares in the future based upon a pre-determined formula which considers the amount of funds raised and the resulting management fees over a five year-period. The scheme has been accounted for as a other long-term employment benefit under IAS 19 "Employment Benefits". As at 31 December 2021, the expense and corresponding liability has been based upon funds raised and expected management fees which exceed the targets at that date.

iii) Accruals and deferred income

Accruals and deferred income include amounts that have been incurred, but not yet invoiced, employee bonuses and amounts that have been received in relation to fund management activity for services that have not been provided, but are owed to the Bridgepoint funds

iv) Other payables

Other payables include costs due to be incurred on the assignment of a lease.

There are no material differences between the above amounts for trade and other payables and their fair value.

(c) Borrowings

	Group	
	2021	2020
	£ m	£ m
Liabilities held at amortised cost:		
Bank loans due in less than one year	–	99.7

On 19 October 2020, Bridgepoint Advisers Holdings, entered into a Revolving Facility Agreement for £125m for a period of three years. At 31 December 2021 there were no drawn amounts on the facility (2020: £90.7m drawn). Loan arrangement fees of £1.25m have been capitalised and are being amortised over the life of the facility. At 31 December 2021 the unamortised fees are £0.7m (2020: £1.2m).

On 17 October 2017, Opal Investments LP, a subsidiary, entered into a Revolving Credit Agreement for €40.0m for a period of 50 months. On 31 January 2020 the size of the facility was reduced to €25.0m and on 9 October 2020 was reduced to €15.0m. The facility was cancelled in October 2021 having been fully repaid in July 2021. At 31 December 2020, £10.1m had been drawn on the facility.

There are no material differences between the above amounts for borrowings held at amortised cost and their fair value.

The Company has no borrowings at 31 December 2021 (2020: nil).

(d) Other financial liabilities

	Group	
	2021	2020
	£ m	£ m
Liabilities held at amortised cost:		
CLO repurchase agreement	28.1	–
	28.1	–

The Group has entered into an arrangement to sell and repurchase an interest in CLO 2 and 3. For CLO 2, the repurchase liability is €14.9m (£12.5m) and will be repaid at face value as at the scheduled repurchase date of 15 April 2035, unless an earlier date is agreed as per the agreement. For CLO 3, the repurchase liability is €18.6m (£15.6m) and will be repaid at face value as at the scheduled repurchase date of 15 January 2036, unless an earlier date is agreed as per the agreement.

	Group	
	2021	2020
	£ m	£ m
Liabilities held at fair value through profit and loss:		
Amounts payable to related party investors in Opal Investments LP	9.5	3.8
Amounts payable to related party investors in intermediate holding entities	9.3	2.4
	18.8	6.2

(i) Amounts payable to related parties in Opal Investment LP

The Group has an investment in Opal Investments LP, which is an investor in the Bridgepoint Europe V Fund partnerships. Under the limited partnership agreement, related party investors had the right to receive up to 100% of the profits from the partnership unless the Group exercised an option to trigger up to 85% of the profits of the partnership from the date of the exercise of the option. Effective 31 December 2020, the option was exercised therefore 85% of the accumulated profits from the partnership were allocated to the equity shareholders of the Company from non-controlling interests. 15% of the residual profits are classified as a financial liability payable to related party investors.

(ii) Amounts payable to related party investors in intermediate fund holding entities

The Group consolidates a number of limited partnerships through which some of the Group's investment in funds is held. The Group's interest only constitutes a portion of the total and therefore other financial liabilities include the fair value of the amounts due to external parties, who are related party investors, under the limited partnership agreement.

The Company has no other financial liabilities at 31 December 2021 (2020: nil).

(e) CLO liabilities

	Group	
	2021	2020
	£ m	£ m
Liabilities held at fair value through profit and loss:		
Liabilities of CLOs consolidated by the Group (non-current)	241.4	256.6
Liabilities of CLOs consolidated by the Group (current)	1.5	17.9
	242.9	274.5

CLO liabilities are designated as financial liabilities at fair value through profit and loss.

Financial liabilities held at fair value through profit or loss represent notes and loans issued by CLOs which are consolidated by and have been originated by the Group. They are initially recognised and subsequently measured at fair value with gains or losses arising from changes in fair value and interest paid on financial instruments recognised through investment income in the Income Statement.

The notes and loans issued by CLOs have rights to the assets of the respective CLO and there is no recourse to the Group.

(f) CLO purchases awaiting settlement

	Group	
	2021	2020
	£ m	£ m
CLO purchases awaiting settlement	35.8	93.2
	35.8	93.2

(g) Derivative financial liabilities

	Group	
	2021	2020
	£ m	£ m
Derivative financial liabilities:		
Forward contracts	–	4.9

The derivative financial liabilities relate to forward contracts that are used to hedge foreign exchange risk. Further detail on the hedging programme is set out in note 20 (b).

The Company has no derivative financial liabilities (2020: nil).

(h) Commitments

The Group's undrawn capital commitments to the Bridgepoint funds at each year end is shown in the table below. Capital commitments are called over time, typically between one to five years following the subscription of the commitment. Capital commitments are a financial liability, but the Group does not have an obligation to pay cash until the capital is called. Commitments may increase where distributions made by the fund are recallable.

	Group	
	2021	2020
	£ m	£ m
Private equity funds	113.7	135.3
Credit funds	28.5	27.6
	142.2	162.9

19. Lease liabilities

	Group 2021 £ m	Group 2020 £ m
Lease liabilities		
Current	4.0	6.1
Non-current	80.8	35.9
	84.8	42.0

The lease liabilities relate to rental payments in respect of the Group's rented offices. The lease contracts range from 5 to 10 years.

The lease liability is initially measured at the net present value of future lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's IBR. Generally, the Group uses its IBR as the discount rate as the implicit rate is not readily determinable for the rented office premises.

The lease contracts include either inflationary increases to the rent payable or periodic review of the rent payable. The liability has been determined at each period end, based upon expected changes in the contractual rent payable, as well as any planned exercise of any break/early exit.

A number of leases have extension options which have not been incorporated into the lease liability on the basis that the Group does not currently expect to take them.

The lease liability is therefore sensitive to assumptions relating to the selection and application of the IBR and those relating to the exercise/non-exercise of lease break clauses.

The Group periodically reassesses the lease term and this assessment is based on all relevant facts and circumstances. Should a change occur, the Group modifies the lease liability and associated right of use asset to reflect the remaining expected cash flows.

The IBR has been determined by combining the relevant reference risk free rate for each currency, consideration of adjustments for country specific risks and applying a financing spread observable to comparable companies. In order to validate the reasonableness of the IBR, it has been compared to the margin payable on the Group's Revolving Credit Facility, and found to be comparable. If the IBR had been 1% higher/lower, the impact on the lease liability would be:

	Group 2021 £ m	Group 2020 £ m
Increase of 1%	(3.5)	(1.3)
Decrease of 1%	3.8	1.3

All lease liabilities have been modelled to the end of their non-cancellable lease term, or where expected to be exercised to the break date. Therefore, the lease exposure stated is the maximum exposure, ignoring any extension options.

The lease payments are allocated between principal and finance expense. The finance expense is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The Consolidated Income Statement includes the following amounts relating to the lease liabilities:

	Group 2021 £ m	Group 2020 £ m
Interest on lease liability	2.8	1.8

The lease liability excludes those leases which have not yet commenced, but to which the Group is committed.

Details of leases that the Group is committed to but have not yet commenced are:

Lease start date	Indicative IBR %	Right-of-use asset £ m	Lease liability £ m
1 April 2022	3.8	1.4	(1.4)
1 May 2022	3.3	0.9	(0.9)

The Company has no lease liabilities (2020: nil).

20. Financial risk management

In its activities, the Group is exposed to various financial risks: price/valuation risk, market risk (including exposure to interest rates and foreign currencies), liquidity risk and credit risk arising from financial instruments. The Group's senior management is responsible for the creation and control of an overall risk management policy in the Group.

The Group's balance sheet is made up predominately of investments into private equity and credit funds, consolidated CLO assets and cash and cash equivalents. The assets of a private equity fund are controlling or minority stakes, typically in private companies, and their debt. The assets of credit funds and the consolidated CLO vehicles are loans to private companies. The financial risks relating to such investment are inherently different, due to the nature of the investment as equity or debt and recovery and returns from capital invested will depend upon the financial health and prospects of each underlying investee entity. As part of their construction, each fund is constructed as a diversified portfolio of assets, diversified by the number of assets, their industry and geography.

Risk management policies are established to identify and analyse the risks faced by the Group and to set appropriate risk limits and controls. Policies are reviewed on a regular basis to reflect changes in the market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's balance sheet is made up predominantly of an investment in subsidiary and cash and cash equivalents.

(a) Price/valuation risk

Price/valuation risk is the uncertainty about the difference between the reported value and the price that could be obtained on exit or maturity. This relates to investments in funds, which hold portfolios of private equity and debt investments, and the investments held by consolidated CLOs.

This uncertainty arises due to the use of unobservable inputs, such as EBITDA, in the calculation of fair value, the performance and financial health of portfolio companies, and ultimately - as it relates to investments in private equity - what a third party may be willing to pay for the business. There is less uncertainty for investments in debt as the upside is capped to the maximum of the principal and interest receipts, whereas private equity investments have greater potential for larger changes in their valuation as the upside is not capped.

The Group monitors the performance of each investment closely. Portfolio monitoring is embedded and maintains focus throughout the investment life of each company. All investments are formally reviewed through dedicated Portfolio Monitoring Committees. The review process involves a rigorous assessment of the company financial performance, financial health (including covenant coverage) and exit prospects.

The Group values all investments in line with the IPEV Guidelines at least twice a year, and in most cases quarterly. Each investment undergoes the same detailed valuation process, in accordance with the Group's valuation policies. Completed valuations are presented and discussed at the relevant Bridgepoint valuation committee for approval.

The number of unique investments that the Group indirectly invests into through its investments in private equity and credit funds is numerous, it is not practical to provide a summary of the principal inputs into each investment. The table below summarises the valuation methodologies used to fair value investments in private equity and credit funds which are classified as level 3 financial assets. Due to the level of unobservable inputs within the determination of the valuation of individual assets within each fund, and no observable price for each investment in a fund, fund investments at fair value are classified as level 3. Whilst some assets held by the funds may be classified as level 2 instruments, the Group does not consolidate the funds and treats the unit of account as the fund rather than the individual asset.

Nature of investments	Fair value at 31 December 2021 (£m)	Number of unique investments	Valuation methodology	Description	Inputs
Private equity funds	217.9	69	Earnings	Where a portfolio company is profitable and for which a set of listed companies and precedent transactions are available. This is the most commonly used private equity valuation methodology.	Earnings multiples are applied to the earnings of each portfolio company to determine the enterprise value. The most common measure of earnings is EBITDA. Earnings are adjusted for non-recurring items and run-rate adjustments to arrive at maintainable earnings. Earnings are usually obtained from portfolio company management accounts or forecast / budgeted earnings, as considered appropriate. When selecting earning multiples consideration is given to: – The original transaction price/entry multiple; – Recent transactions in the same or similar instruments; – Relevant comparable listed company multiples; and – Exit expectations and other company specific factors. The resulting enterprise value is then adjusted to take into account the capital structure of the portfolio company, including any assets or liabilities such as cash or debt that should be included. The funds share of the value is calculated by calculating its holding. At 31 December 2021, 97% of private equity fund investments were valued using the earnings multiples approach.
			Listed price	Where a portfolio company has instruments traded on a recognised exchange the traded price is used to value the investment.	The traded price is applied to the number of shares held by the fund in the portfolio company. The value is then adjusted to take into account any assets or liabilities in holding entities outside of the listed company. As at 31 December 2021, there were two listed portfolio companies (3%) which were priced using the prevailing share price.

Nature of investments	Fair value at 31 December 2021 (£m)	Number of unique investments	Valuation methodology	Description	Inputs
Credit funds	382.6	194	Market price	Where a loan is traded in the market, market prices can be obtained for use in pricing.	Market prices can be obtained from third-party market price aggregation services or broker quotes where there is an active market. The extent to how active the market is, depends upon the 'depth' of the pricing, (being the number of distinct price quotations available from different sources). Before the use of market pricing, consideration is given to identify anomalies or other inaccuracies in market pricing or whether there are other factors that should be considered, for example, recent transactions. As at 31 December 2021, 8% of the Credit fund assets (excluding CLOs) were priced using market prices. 99% of the CLO fund assets were priced using market prices.
			Amortising to par method	Where a performing loan that has been originated is valued based upon its amortised cost.	Provided that there are no circumstances which indicate a material underperformance or inability of the borrower to pay interest or repay the principal, the valuation of loans that have been originated is determined by apportioning any arrangement fees, similar fees or discount on a linear basis over the anticipated holding period (which is typically three years). As at 31 December 2021, 82% of the Credit fund assets were priced using the amortising to par method.
			Earnings	Where a loan may be impaired an earnings basis is typically used to determine the enterprise value of the borrower, following which a waterfall approach is used to determine the value of the loan.	Where there are circumstances which indicate there is risk of non-performance of the borrower, the enterprise value of the borrower will typically be determined in accordance with an earnings methodology (as described above), following which a waterfall approach is used to determine the value of the loan. As at 31 December 2021, 4% of the Credit fund assets were priced using earnings basis.
			Other	Other valuation techniques may be utilised where the above methodologies are not deemed appropriate.	Considering the broad array of debt instruments that may be held by the funds, it may be deemed appropriate for other valuation techniques to be utilised in certain cases. As at 31 December 2021, 6% of the Credit fund assets were priced using other valuation techniques.

A reasonably possible change in the values of investments at fair value through profit or loss is shown in the table below. This is modelled as 10% of private equity fund investments and 1% of credit fund investments. As above, investments in private equity inherently have greater potential for larger changes in their valuation as the upside is not capped. The downside is limited to the amount invested in the funds. For credit investments, the upside is capped to the maximum of the principal and interest receipts, the downside is limited to the amount invested in the funds, but due to the investment strategy of the fund, losses are expected to be very small.

The sensitivity analysis considers only the net impact on the Group from changes in the consolidated CLO portfolio, as the Group's exposure to price risk is limited to only its interest within the CLO and not the gross assets and liabilities.

	Group	
	2021	2020
	£ m	£ m
	(+/-)	(+/-)
Fair value sensitivity:		
10% private equity fund investments	21.8	19.1
1% credit fund investments	1.1	0.6

The Company has no significant exposure to price/valuation risk.

(b) Foreign currency risk

Foreign currency ('FX') risk is the risk of losses or other adverse effects resulting from a change in a foreign exchange rate, or from other unfavourable changes in relation to a foreign currency. The Group is primarily exposed to two types of FX risk:

- Transaction risk: The adverse effect that foreign exchange rate fluctuations can have on a completed transaction prior to settlement. It is the exchange rate, or currency risk associated specifically with the time delay between entering into a trade or contract and then settling it. As the majority of the Group's income is denominated in euro, this means that its income when recognised in sterling is subject to exposure to FX rate movements over time.
- Translation risk: Is the risk that changes in the rates at which assets, liabilities, income or costs in foreign currencies are translated into the reporting currency. The Group holds assets denominated in currencies other than sterling, the measurement currency of the Group. Consequently, the Group is exposed to currency risk since the value of investments denominated in other currencies will fluctuate due to change in exchange rate.

Hedging of EUR management fees

In order to hedge EUR denominated management fee income, the Group has entered into a series of forward trades and swap agreements to sell EUR and buy GBP at various dates in the future to reduce the currency exposure of EUR denominated income to future spot rate volatility. The level of hedging is determined with reference to the amount of sterling denominated costs and dividends. The level of hedging provides for almost full coverage in 2022, and reducing in 2023 and 2024, which will be increased and extended as part of the ongoing hedging strategy over time.

The nominal value of open trades at the year end date to match certain expected future cash flows is shown in the table below, along with the aggregate mark-to market of the year end date.

	Group	
	2021	2020
	£ m	£ m
Nominal value of forward trades in GBP	266.4	197.4
Market-to-market value at year-end	6.8	(4.2)

These hedges are in place to match known future cash flows, and the Group has decided to use cash flow hedge accounting as allowed and determined under IFRS 9 "Financial instruments". The effective portion of the gain or loss on these hedging instruments are recognised in the other comprehensive income in cash flow hedge reserves while any ineffective portion is recognised immediately in the Income Statement as gain or loss on cash flow hedges within operating expenses. When the hedge is settled all gains or losses relating to the hedge are transferred to the Income Statement.

The change in value that has been recognised as ineffective in the Income Statement, the amount of the effective portion recognised within the cash flow hedge reserve and amounts released to the Income Statement during the year is shown in the table below. There was no hedge ineffectiveness.

	Group	
	2021	2020
	£ m	£ m
Ineffective portion recognised in the Income Statement	–	–
Effective portion recognised in the Other Comprehensive Income	12.8	(4.8)
Released to the Income Statement on settlement of hedges	(1.6)	(1.4)

Hedge ineffectiveness could occur if the amount of hedging is more than the amount of the EUR denominated income and timing differences between receipt of the income and settlement of the hedge.

Hedging of investments in EUR

The Group's primary exposure to assets and liabilities in foreign currencies is to investments in funds and carried interest receivable, which are predominately held in EUR. In order to remove the risk of volatility in the Group's earnings on the translation of assets at each year end, the Group has entered into a series of forward trades and swap agreements to sell EUR and buy GBP at various dates in the future that match the expected date of receipts from the underlying funds.

The Group's exposure to EUR investments and borrowings at each year end is summarised below, along with a sensitivity of the impact of a 5% change in the FX rate. This analysis excludes the CLO assets, which are attributable to third party investors.

	Group	
	2021	2020
	m	m
EUR denominated investments (EUR)	347.7	307.4
Borrowings (EUR)	–	(100.2)
Investment hedges (EUR)	(180.0)	–
EUR denominated investments, net (EUR)	167.7	207.2
+/- 5% sensitivity (GBP) impact on P&L and net assets	7.0	8.8

The nominal value of open trades at the year end date is shown in the table below, along with the aggregate mark-to-market.

	Group	
	2021	2020
	£ m	£ m
Nominal value of forward trades in GBP	159.7	–
Mark-to-market value at year-end	3.1	–

The profit or loss on the revaluation of the hedging instrument is recognised together with the investment returns in the Income Statement.

A change to FX rates will impact the fair value of derivative contracts, however an opposing movement will be seen in the hedged item.

The Company has no significant exposure to foreign currency risk.

(c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The amounts drawn under the Group's Revolving Credit Agreements, however, bear interest at a floating rate that could rise and increase the Group's interest cost and debt, although at 31 December 2021 the Group had no outstanding borrowings.

If interest rates were to change by 1%, the Group's finance expense applied on the borrowings at year-end would have increased/(decreased) by the amounts set out in the table below.

	Group	
	2021	2020
	£ m	£ m
Increase or decrease of 1%	–	0.5

(d) Credit risk

Credit risk is the risk that a counterparty is be unable to meet their contractual obligations in full, when due. Potential areas of credit risk consist of cash and cash equivalents, including deposits with banks and financial institutions, short-term receivables and derivative financial instruments. The Company and the Group have not experienced any significant defaults in prior periods.

Group exposure

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Expected credit losses are calculated on all of the Group's financial assets that are measured at amortised cost. Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay.

IFRS 9 "Financial instruments" requires a three-stage model to be used to calculate expected credit losses, which requires financial assets to be assessed as:

- Performing (stage 1) - Financial assets where there has been no significant increase in credit risk since original recognition
- Under-performing (stage 2) - Financial assets where there has been a significant increase in credit risk since initial recognition, but no default
- Non-performing (stage 3) - Financial assets that are in default

The maximum exposure to credit risk at the reporting date of these financial assets is their carrying amount. Expected credit losses are not expected to be material and there are no financial assets that are impaired.

Cash and cash equivalents

The Group limits its exposure in relation to cash balances and derivative financial instruments by only dealing with well-established financial institutions of high-quality credit standing. At each period end, the Group's cash was held with banks that were investment grade credit quality (BBB or higher).

Investments in CLOs

At 31 December 2021 the Group fully consolidated CLO 1, which was launched in November 2020. The Group's interest in CLO 1 comprises an interest in subordinated notes which incur the first loss if there is any default within the portfolio of assets by an individual borrower. Whilst the Group has entered into a sale and repurchase agreement for CLO 2 and 3, it remains contractually exposed to the performance of CLOs, however as the interest is held vertically across all notes of the CLO the holdings are more diversified than the Group's interest in CLO 1. Under the sale and repurchase agreement, the Group is subject to credit risk with the counterparty to £28.5m, however is holding cash collateral of £28.4m, reducing the risk.

The Group is required to hold a 5% interest in such vehicles after they are launched under risk retention rules. Each CLO portfolio typically invests in 70-100 individual loans issued by private equity borrowers. The portfolios are highly diversified by geography, industry and sponsor. The Group's maximum exposure to credit risk is the carrying amount of the consolidated assets. However, the Group's net exposure to loss associated with its interest in the CLOs is limited to the carrying amounts of the notes held by the Group, which at 31 December 2021 was £50.3m (2020: £19.5m).

Investments in private equity and credit funds

The Group's investments in private equity and credit funds indirectly expose it to credit risk via loans to investee entities. The maximum exposure to loss associated to funds is limited to the carrying value at 31 December 2021 which was £266.4m (2020: £233.5m).

The Group applies the simplified approach to calculate expected credit losses for trade and other receivables. Under this approach, instruments are not categorised into three stages and expected credit losses are calculated based on the life of the instrument.

Trade and other receivables

Trade and other receivables are primarily amounts due from funds or amounts due from portfolio companies, which are collected by the Group, for the benefit of the fund. The funds are managed by the Group on behalf of investors, who have made commitments to the funds. Therefore, trade and other receivables with the funds are collateralised against unfunded investor commitments. These commitments can be drawn at any time. The Group therefore considers the probability of default to be remote.

As a lessor the Group has exposure to payments by lessees. The Group considers there to be a low risk of default due to the quality of the counterparty.

Carried interest receivable

The Group's carried interest receivable represents income expected from CIPs. The Group considers there to be no risk of default on these receivables on the basis that these amounts are due from the funds for reasons set out above (e.g. investor commitments).

Company exposure

Potential areas of credit risk for the Company consist of cash and cash equivalents, including deposits with banks and financial institutions and short-term receivables. The maximum exposure to credit risk the year end of these financial assets is their carrying value. The Company limits its exposure to cash balances by only dealing with well established financial institutions of high quality credit standing.

(e) Liquidity risk

Liquidity risk is the risk that the Group or Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Liquidity outlook is monitored at least monthly by management and regularly reviewed by the board of directors.

The timing of the Group’s management fee receipts and operating expenditure are predictable. The timing, amount and profits from the Group’s investments into and divestments from the Funds are inherently less predictable, however a reasonable period of notice is given to all investors, including the Group, ahead of drawing of funds.

The Group’s policy is to maintain sufficient amounts of cash and cash equivalents to meet its commitments at a given date. The Group has the use of a Revolving Credit Facility to assist in managing liquidity. Due to the long-term nature of the Group’s assets, the Group seeks to ensure that the maturity of its debt instruments is matched to fee cash generated from the business.

The Company has sufficient cash reserves to assist in managing liquidity. The risk is not considered to be material as the majority of the balances are held with the Group companies.

The tables below summarise the Group and Company's financial liabilities by the time frame they are contractually due to be settled, undiscounted and including interest payable. This also excludes liabilities which are not financial liabilities (for example, deferred income).

Group

As at 31 December 2021	Due within 1 year £ m	Due between 1 and 2 years £ m	Due within 2 and 5 years £ m	Due more than 5 years £ m	Total £ m
Borrowings	–	–	–	–	–
Other financial liabilities	18.8	–	–	28.1	46.9
Derivative financial instruments	–	–	–	–	–
Trade and other payables	39.0	–	–	–	39.0
Deferred contingent consideration	–	33.2	–	–	33.2
Lease liabilities	7.2	8.9	38.8	47.1	102.0
CLO liabilities	1.5	–	–	241.2	242.9
CLO purchases awaiting settlement	35.8	–	–	–	35.8
	102.3	42.1	38.8	316.6	499.8

Group

As at 31 December 2020	Due within 1 year £ m	Due between 1 and 2 years £ m	Due within 2 and 5 years £ m	Due more than 5 years £ m	Total £ m
Borrowings	99.7	–	–	–	99.7
Other financial liabilities	6.2	–	–	–	6.2
Derivative financial instruments	1.8	1.6	1.5	–	4.9
Trade and other payables	35.6	–	–	–	35.6
Deferred contingent consideration	–	33.2	–	–	33.2
Lease liabilities	7.7	7.4	20.0	13.1	48.2
CLO liabilities	17.9	–	–	256.6	274.5
CLO purchases awaiting settlement	93.2	–	–	–	93.2
	262.1	42.2	21.5	269.7	595.5

Company

As at 31 December 2021	Due within 1 year £ m	Due between 1 and 2 years £ m	Due within 2 and 5 years £ m	Due more than 5 years £ m	Total £ m
Trade and other payables	23.1	–	–	–	23.1
	23.1	-	-	-	23.1

Company

As at 31 December 2020	Due within 1 year £ m	Due between 1 and 2 years £ m	Due within 2 and 5 years £ m	Due more than 5 years £ m	Total £ m
Trade and other payables	0.9	–	–	–	0.9
	0.9	–	–	–	0.9

(f) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access to at that date. The fair value of a liability reflects its non-performance risk.

The Group discloses fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted prices (unadjusted) in active markets (level 1);
- Inputs – other than quoted prices included within level 1 - that are observable for assets or liabilities, either directly (as prices) or indirectly (derived from prices) (level 2);
- Inputs for assets or liabilities that are not based on observable market data (level 3).

Financial assets presented in the statement of financial position as investments in funds through profit or loss use inputs based on unobservable market data and therefore classified as level 3 in the fair value hierarchy. Further details of the approach to the valuation of investments are set out within note 3. There have not been any transfers between levels in the fair value hierarchy during the year.

Derivatives used for hedging, which are fair valued, are classified as Level 1 fair values as the inputs are observable.

	Group	
	2021 £ m	2020 £ m
Financial assets at fair value through profit or loss:		
Level 1	–	–
Level 2	286.8	272.5
Level 3	313.7	235.9
Total	600.5	508.4

The assets of the CLO vehicles, which are fully consolidated by the Group, are classified as level 2 fair values as they are priced using independent loan pricing sources. These sources consolidate broker quotes where depth represents the number of quotes supporting the price provided.

A reconciliation of level 3 fair values for financial assets which represent the Group's interest in private equity and credit funds, including the Group’s investment in CLOs which are not consolidated, is set out in the table below:

	Group	
	2021 £ m	2020 £ m
Level 3 financial assets at fair value through profit or loss:		
Opening balance	235.9	206.1
Additions	92.7	49.6
Change in fair value	65.7	20.1
Foreign exchange movements	(14.7)	11.3
Receipts	(65.9)	(51.2)
Transfers (to)/from Level 1 or 2	–	–
Closing balance	313.7	235.9

The underlying assets in each fund consist of portfolios of investments in controlling or minority stakes, typically in private companies, and their debt. Due to the level of unobservable inputs within the determination of the valuation of individual assets within each fund, and no observable price for each investment, such investments are classified as level 3 financial assets under IFRS 13 “Fair Value Measurement”.

A sensitivity analysis of a change in the value of investments at fair value through profit or loss is set out in note 20 (a).

	Group	
	2021 **£ m**	2020 £ m
Financial liabilities at fair value through profit or loss:		
Level 1	–	–
Level 2	213.2	236.7
Level 3	78.8	75.6
Total	292.0	312.3

The investment grade debt liabilities of consolidated CLOs are marked using broker quotes based on market-related discount spreads and are therefore classified as level 2 financial liabilities under IFRS 13.

Non-investment grade and subordinated debt liabilities of the consolidated CLOs are valued based upon broker prices, which use discounted cash flow analyses with unobservable market data inputs, such as constant annual default rates, prepayment rates, reinvestment rates, recovery rates and discount rates and are therefore considered level 3 financial liabilities.

Financial liabilities classified as level 3 under the fair value hierarchy consist of the deferred contingent consideration, liabilities of CLOs consolidated by the Group and other financial liabilities, which represent a payable to related party investors in Opal Investments LP and amounts payable to related party investors in intermediate fund holding entities. The valuation of these liabilities is based on unobservable market data and therefore classified as level 3. There have been no transfers between levels in the fair value hierarchy during the year (2020: nil).

	Group	
	2021 **£ m**	2020 £ m
Level 3 financial liabilities at fair value through profit or loss:		
Deferred contingent consideration	30.3	31.6
CLO liabilities	29.7	37.8
Other financial liabilities	18.8	6.2
Total	78.8	75.6

A reconciliation of level 3 fair values for CLO liabilities at fair value through profit or loss is set out in the table below. A reconciliation is not provided for the deferred contingent consideration on the basis that the movement between 31 December 2021 and 31 December 2020 relates to foreign exchange movements and for other financial liabilities refer to note 18 (d).

	Group	
	2021 **£ m**	2020 £ m
Movement in CLO liabilities at fair value through profit or loss which are level 3:		
Opening balance	37.8	–
On acquisition	–	24.5
Repayment	(5.5)	(18.7)
Drawn	–	31.8
Foreign exchange movements	(2.2)	(0.2)
Change in fair value	(0.4)	0.4
Transfers (to)/from Level 1 or 2	–	–
Closing balance	29.7	37.8

A change in the value of the CLO liabilities is included in the table below. A sensitivity analysis for the deferred contingent consideration is included within note 18 (b).

	Group	
	2021 £ m	2020 £ m
Increase or decrease of 1%	0.3	0.4

The Company does not hold any liabilities at fair value.

21. Capital management

The primary objective of the Group's capital management is to ensure that the Group and its subsidiaries have sufficient capital both now and, in the future, having considered risks in the business and mitigants to those risks, while managing returns to the Group's shareholders. The Group also manages its capital position to ensure compliance with capital requirements imposed by the Financial Conduct Authority ("FCA") and other regulatory authorities on individual regulated entities.

The Investment Firms Prudential Regime ("IFPR") for MiFID investment firms came into effect from 1 January 2022. This regime applies to MiFID investment firms, Collective Portfolio Management Investment Firms and regulated and unregulated holding companies of groups that contain one or more of the aforementioned firms. From 2022, the Group and certain regulated subsidiaries will be required to report to the FCA on own funds, the own funds requirement and a basic liquid asset requirement.

The capital structure comprises cash and cash equivalents, borrowings and the capital and reserves of the Company, comprising share capital, share premium, capital contributions, other reserves and retained earnings as set out below.

	2021 £ m	2020 £ m
Cash and cash equivalents (for use within the Group)	323.1	42.3
Loans and borrowings	–	(99.7)
Net cash	323.1	(57.4)
Share capital	0.1	240.9
Share premium	289.8	0.5
Capital redemption reserve	–	24.6
Share-based payment reserve	3.2	–
Cash flow hedge reserve	7.5	(2.2)
Net exchange differences reserve	3.1	5.3
Retained earnings	412.6	39.7
Equity attributable to equity holders	716.3	308.8

The Group's banking facilities are subject to financial covenants. The Bridgepoint Advisers Holdings Revolving Credit Agreement is subject to a ratio of adjusted EBITDA to net finance charges and ratio of total net debt to adjusted EBITDA on a rolling 12 month period.
During the year the Group was fully compliant with regulatory capital requirements and banking covenants.

22. Deferred tax

	Group	
	2021 £ m	2020 £ m
Deferred tax assets	47.8	26.0
Deferred tax liabilities	(67.5)	(41.9)
Total	(19.7)	(15.9)

	Group	
	2021 **£ m**	2020 £ m
Deferred tax assets		
Opening balance	26.0	24.4
(Charge)/credit to other comprehensive income	(0.8)	0.8
Credit to income statement	22.6	0.8
Closing balance	47.8	26.0
Analysed as:		
Other timing differences	22.8	9.1
Management fee hedges		0.8
Losses carried forward	25.0	16.1
	47.8	26.0

	Group	
	2021 **£ m**	2020 £ m
Deferred tax liabilities		
Opening balance	(41.9)	(38.3)
(Charge)/credit to other comprehensive income	(1.3)	0.1
Charge to income statement	(24.3)	(3.7)
Closing balance	(67.5)	(41.9)
Analysed as:		
Management fee income and investments	(42.8)	(31.3)
Capital allowance	(2.5)	–
Other timing differences	(20.9)	(10.6)
Management fee hedges	(1.3)	-
	(67.5)	(41.9)

Deferred tax liabilities primarily represent a future tax on the Group's fee income and a timing difference arising on the remeasurement of the fair value of investments. They unwind as fees become taxable and investments are realised.

Deferred tax assets primarily relate to tax losses carried forward, to the extent that they can be utilised under relevant tax legislation.

The deferred tax asset and liabilities also include deferred tax on right-of-use assets and lease liabilities which will unwind over the period of the lease.

The Company had a deferred tax asset of £1.1m (2020: nil) which relates to tax losses carried forward. The deferred tax has been measured using the applicable tax rate expected at the point at which the income or cost will become taxable.

23. Equity

(a) Share capital and premium

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No	£
Ordinary of £0.00005 each	823,268,774	41,163	–	–
Deferred of £81 each	500	40,500	–	–
Deferred of £1 each	1	1	–	–
Deferred of £0.01 each	1	0.01	–	–
A1 of £81 each	–	–	2,280,000	184,680,000
A2 of £0.01 each	–	–	552,000	5,520
A4 of £0.01 each	–	–	235,540	2,335
C1 of £170 each	–	–	59,460	10,108,200
C2 of £70 each	–	–	105,000	7,350,000
C3 of £85 each	–	–	95,000	8,075,000
C4 of £165 each	–	–	60,000	9,900,000
C5 of £150 each	–	–	65,000	9,750,000
C6 of £275 each	–	–	40,000	11,000,000
YY of £1 each	–	–	1	1
	823,269,276	81,664.01	3,492,001	240,871,076

The shares included for 2020 in the table above were in issue for the full year with no new shares issued or shares cancelled in the period.

In June 2021, the Company cancelled 201,499 A1 shares held by Atlantic SAV Limited, cancelled the capital redemption reserve of the Company, reduce the nominal value of the A1, C1, C2, C3, C4, C5 and C6 shares to £0.01 per share, redesignate 500 A1 shares held by Atlantic SAV 2 Limited as deferred shares, redesignate all outstanding A4, C1, C2, C3, C4, C5 and C6 shares as A1 shares, and cancelled 98,000 A1 shares and 72,500 A2 shares held by Atlantic SAV 2 Limited.

In June 2021, the Company issued 612,000 A3 ordinary shares of £0.01 nominal value for consideration of £1.50 per share.

In July 2021, the Company issued 18,500 A3 shares of £0.01 each to the EBT for consideration of £0.01 per share, redesignated the YY share into a deferred share of £1.00 and sub-divided the classes of ordinary shares into A1, A2 and A3 ordinary shares and deferred shares. The resulting A1, A2 and A3 ordinary shares were redesignated as ordinary shares. In addition, following the redesignation, an amount of £8,571 within the share premium account was capitalised and appropriated as capital to the holdings of ordinary shares as part of a bonus share issue of 171,428,571 fully paid-up ordinary shares at a rate of three shares for every seven existing ordinary shares held. The deferred shares were resolved to be gifted to the Company for no consideration and cancelled through the capital redemption reserve.

In July 2021, as part of the Admission to the London Stock Exchange, the Company issued 85,714,286 new shares with a nominal value of £0.00005 for consideration of £3.50 each.

At the same time, Dyal Capital Partners IV (C) LP exchanged shares in Bridgepoint Group Holdings Limited (formerly Bridgepoint Group Limited) for 163,263,206 shares in the Company. The transaction qualified for merger relief under s.612 of the Companies Act 2006 and therefore the shares issued were recognised at the nominal value of £0.00005 per share.

In addition, 1,963,571 ordinary shares were issued to certain executives in leadership positions and non-executive directors with a nominal value of £0.00005 for consideration of £3.50 each and 870,090 ordinary shares were awarded to employees as part of the IPO Share Award Plan for consideration equal to the nominal value of £0.00005 per share and a further 29,053 held in the Bridgepoint Group plc Employee Benefit Trust.

The holders of the ordinary shares have the right to receive notice of and to attend and vote at any general meeting of the Company. The shares have one vote per share on a resolution.

Each ordinary share is eligible for ordinary course dividends and distributions on a liquidation, and is generally entitled to participate in a return of capital, in each case subject to the provisions set out in the Articles of the Company.

(b) Own shares

The Company held 853,624 ordinary shares and 501 deferred shares (2020: 326,500 A1 shares; 55,000 A2 shares) within retained earnings as at 31 December 2021 at a cost of £nil (2020: £0.3m).

(c) Cash flow hedge reserve

Other reserves consist of the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on foreign exchange forward contracts that are designated and qualify as cash flow hedges, as described in note 20 (b) amounts are subsequently either transferred to deferred income or reclassified to the Income Statement as appropriate.

(d) Net exchange differences reserve

Other comprehensive income reported in the net exchange differences reserve comprises the net foreign exchange gain/(loss) on the translation of foreign operations.

(e) Share-based payment reserve

The Share-based payment reserve relates to the accumulated expense from the recognition of equity-settled share-based payments to employees.

(f) Non-controlling interests

At 31 December 2020, non-controlling interests included Dyal Capital Partners IV (C) LP's interest in Bridgepoint Group Holdings Limited, a majority owned direct subsidiary of the Company. As part of the Company's Admission to the London Stock Exchange, its interest was novated to an interest in the shares of the Company, as set out above. As a result, the non-controlling interest previously recognised has been reassigned to equity holders.

	2021 **£ m**	2020 £ m
Non-controlling interest in Bridgepoint Group Holdings Limited	–	81.7
Total	–	81.7

24. Dividends

A dividend of £30m was paid to eligible A1 and A2 ordinary shareholders on the day immediately before Admission to the London Stock Exchange, which equates to £9.61 per share.

The Company paid a dividend of £3.3m in July 2020 and £3.3m in December 2020 to qualifying shareholders, which equates to £2.50 per share.

	2021		2020	
Ordinary dividends paid:	**£m**	**Pence per share**	£m	Pence per share
Interim	30.0	961.00	6.6	2.50
Proposed final dividend	30.0	3.64	–	–

25. Cash flow information

(a) Cash generated from operations

	Group		Company	
	2021	2020	**2021**	2020
	£ m	£ m	**£ m**	£ m
Profit/(loss) before tax	62.6	48.5	(25.8)	12.9
Adjustments for:				
Exceptional expenses	21.6	7.4	21.2	–
Share-based payments	2.9	–	-	–
Profit on disposal of right-of-use asset	(0.6)	–	–	–
Depreciation and amortisation expense	15.0	8.8	–	–
Net finance expense	7.7	1.4	–	(15.5)
Carried interest	(14.3)	(12.9)	–	–
Fair value remeasurement of investments	(56.9)	(29.4)	–	–
Net exchange gains	(1.1)	(0.6)	–	–
Increase in trade and other receivables	(10.3)	(14.2)	(108.5)	–
(Decrease)/increase in trade and other payables	(2.1)	23.4	23.6	0.1
Cash generated from operations	24.5	32.4	(89.5)	(2.5)

(b) Cash outflows from leases

	Group	
	2021 **£ m**	2020 £ m
Financing	9.6	7.7
Operating	0.2	0.2
Cash generated from leases	9.8	7.9

The Company has no leases (2020: nil).

(c) Reconciliation of liabilities arising from financial activities

			Group			
			Non-cash changes			
	1 January 2021 £ m	**Cash flows £ m**	**Additions £ m**	**Disposals £ m**	**Foreign exchange movements £ m**	**31 December 2021 £ m**
Borrowings	99.7	(97.7)	–	–	(2.0)	–
Lease liabilities	42.0	(9.6)	67.9	(15.5)	–	84.8
Total	141.7	(107.3)	67.9	(15.5)	(2.0)	84.8

			Group			
			Non-cash changes			
	1 January 2020 £ m	Cash flows £ m	Additions £ m	Disposals £ m	Foreign exchange movements £ m	31 December 2020 £ m
Borrowings	42.3	56.8	–	–	0.6	99.7
Lease liabilities	48.2	(7.7)	1.8	(0.3)	–	42.0
Total	90.5	49.1	1.8	(0.3)	0.6	141.7

The Company has no borrowings or lease liabilities (2020: nil).

26. Related party transactions

(a) Key management compensation

The key management of the Group for the period up to the Admission to the London Stock Exchange was considered to be the directors of Bridgepoint Advisers Group Limited, a subsidiary company, from admission onwards, the executive directors are considered to represent the key management of the Group. The compensation paid or payable to the key management is set out in the table below and is presented pro rata for 2021.

	2021 **£ m**	2020 £ m
Salary, bonus and other benefits	5.0	8.0
Total	5.0	8.0

Further information on the remuneration of the directors can be found in the Remuneration Report.

(b) Directors remuneration

The directors of the Company since their appointment or the point of their resignation were remunerated as set out below. The aggregate value of remuneration expenses in relation to pensions and share based payments are less than £0.1m.

	2021 **£ m**	2020 £ m
Salary, bonus and other benefits	6.6	3.9
Total	6.6	3.9

(c) Transactions with directors

On the Company's Admission to the London Stock Exchange, 275,000 shares were issued to Archie Norman, 94,286 shares to Angeles Garcia-Poveda, and 75,714 shares to each of Carolyn McCall and Tim Score for consideration of £3.50 per share.

On 7 June 2021, the directors of the Company, Adam Jones and William Jackson, were granted 10,000 and 25,000 A3 shares respectively for consideration of £1.50 per share.

Jonathan Raoul Hughes, a director of the Company until 25 June 2021, received a loan from a subsidiary company that totalled £0.6m at 31 December 2019. The loan was made on arms' length terms. It was repaid in April 2020.

(d) Carried interest

Fund investors expect certain members of the Group's senior executive management to invest in carried interest and co-investment in the Group's third-party funds to demonstrate alignment of interest, and as such the directors of the Company have made significant personal commitments from their own resources to some of these third-party funds. The funds and CIPs (which are entitled to the carry) are not consolidated by the Group but are related parties. The returns (in the form of investment income and capital appreciation) are fully dependent on the performance of the relevant fund and its underlying investments.

The directors of the Company at 31 December 2021 have committed amounts from their personal resources across multiple funds totalling £11.8m (the directors at 31 December 2020: £18.9m).

(e) Transactions with funds

The Bridgepoint funds are related parties of the Group. Amounts received as fees from and reimbursement of expenses paid on behalf of the funds during the year are shown in the table below, along with the amounts receivable at year end.

	Group	
	2021 £ m	2020 £ m
Amounts received from funds	216.0	167.3
Amounts receivable from funds	39.6	27.7

27. Parent and ultimate controlling party

The Company is owned by a number of individual shareholders and companies, none of whom own more than 20% of the issued share capital of the Company. Accordingly, there is no parent entity nor ultimate controlling party.

28. Subsidiaries

The Group consists of the Company and entities controlled by the Company. This note sets out those subsidiary entities owned by the Company and that are consolidated, those which are not, and those structured entities which are consolidated in the financial information.

	Company	
	2021 £ m	2020 £ m
Balance as at 1 January	448.0	448.0
Increase in investment in subsidiary	3.2	–
At 31 December	451.2	448.0

As part of the Company's Admission to the London Stock Exchange, the non-controlling interests in Bridgepoint Group Holdings Limited novated to an interest in the shares of the Company, increasing the Company’s holding.

The Group holds a direct interest in Bridgepoint Group Holdings Limited as at 31 December 2021 representing 100% (2020: 77.8%). Its registered office is referenced in the table below the list of subsidiaries.

(a) List of subsidiaries

Name of subsidiary	Ref	Country of incorporation	Principal activity	Share class	Company's proportion of ownership interest
Bridgepoint Group Holdings Limited	1	UK	Holding company	Ordinary shares	100%

The table below shows details of subsidiaries owned directly or indirectly by Bridgepoint Group Holdings Limited as at 31 December 2021 and its ownership interest in each entity. The registered office of each subsidiary is referenced to a table below the list of subsidiaries.

Name of subsidiary	Ref	Country of incorporation	Principal activity	Share class	Company's proportion of ownership interest
101 Investments (GP) Limited	1	UK	General Partner	Ordinary shares	100%
101 Investments Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
Atlantic GP 1 Limited	1	UK	General Partner	Ordinary shares	100%
Atlantic GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
Atlantic GP LLP	2	UK	General Partner	N/A	–
BBTPS (GP) Limited	1	UK	General Partner	Ordinary shares	100%
BBTPS FP GP Limited	2	UK	General Partner	Ordinary shares	100%
BBTPS Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
BC II FP Limited	1	UK	Dormant entity	Ordinary shares	100%
BC II FP SGP Limited	2	UK	Dormant entity	Ordinary shares	100%

Name of subsidiary	Ref	Country of incorporation	Principal activity	Share class	Company's proportion of ownership interest
BC GP 1 Limited	1	UK	General Partner	Ordinary shares	100%
BC GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
BC II GP LLP	2	UK	General Partner	N/A	–
BC II GP LP	2	UK	General Partner	N/A	–
BC II MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
BC MLP UK Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
BC SMA Carry GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
BC SMA II Carry GP LLP	2	UK	General Partner	N/A	–
BC SMA II FP Limited	2	UK	Founder Partner	Ordinary shares	100%
BCLO Credit Investments I S.à r.l.	3	Luxembourg	CLO management company	Ordinary shares	100%
BCO II Carry GP LLP	2	UK	General Partner	N/A	–
BCO III Carry GP LLP	2	UK	General Partner	N/A	–
BCO IV Carry GP LLP	2	UK	General Partner	N/A	–
BCO IV FP Limited	1	UK	Founder Partner	Ordinary shares	100%
BDC GP LP	2	UK	General Partner	N/A	–
BDC II (SGP) Limited	2	UK	General Partner	Ordinary shares	100%
BDC II FP GP Limited	2	UK	General Partner	Ordinary shares	100%
BDC II GP LP	2	UK	General Partner	N/A	–
BDC II Limited	1	UK	Investment holding company	Ordinary shares	100%
BDC II Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
BDC III GP 1 Limited	1	UK	General Partner	Ordinary shares	100%
BDC III GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
BDC III GP LLP	1	UK	General Partner	N/A	–
BDC III Limited	1	UK	Dormant entity	Ordinary shares	100%
BDC III Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
BDC III SFP GP Limited	2	UK	General Partner	Ordinary shares	100%
BDC IV Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
BDC IV Limited	1	UK	Dormant entity	Ordinary shares	100%
BDC IV GP 1 Limited	1	UK	General Partner	Ordinary shares	100%
BDC IV GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
BDC IV MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
BDC IV GP LLP	2	UK	General Partner	N/A	–
BDC IV GP LP	2	UK	General Partner	N/A	–
BDC IV SFP GP Limited	2	UK	General Partner	Ordinary shares	100%
BDC Special 1 Limited	2	UK	Dormant entity	Ordinary shares	100%
BDC Special 2 Limited	2	UK	Dormant entity	Ordinary shares	100%
BDC Special GP LLP	2	UK	Dormant entity	N/A	–
BDCP II (Nominees) Limited	1	UK	Nominee company	Ordinary shares	100%
BDCP II GP 1 Limited	1	UK	General Partner	Ordinary shares	100%
BDCP II GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
BDCP II GP LLP	2	UK	General Partner	N/A	–
BDCP II GP LP	2	UK	General Partner	N/A	–
BDCP II Limited	1	UK	Investment holding company	Ordinary shares	100%
BDCP II MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
BDCP II SFP GP Limited	2	UK	General Partner	Ordinary shares	100%
BDL I Carry GP LLP	2	UK	General Partner	N/A	–
BDL II Carry GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
BDL III Carry GP LLP	2	UK	General Partner	N/A	–
BDL III FP Limited	1	UK	Founder Partner	Ordinary shares	100%

BE Advisers S.à r.L	3	Luxembourg	Dormant entity	Ordinary shares	100%
BE II Investments (GP) Limited	1	UK	General Partner	Ordinary shares	100%
BEP IV (Nominees) Limited	1	UK	Nominee company	Ordinary shares	100%
BEP IV FP Limited	1	UK	Founder Partner	Ordinary shares	100%
BEP IV FP SGP Limited	2	UK	General Partner	Ordinary shares	100%
BEP IV GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
BEP IV GP LLP	2	UK	General Partner	N/A	–
BEP IV GP LP	2	UK	General Partner	N/A	–
BEP IV MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
BE V Germany GP Co Limited	4	Guernsey	General Partner	Ordinary shares	100%
BEV FP Limited	1	UK	Founder Partner	Ordinary shares	100%
BEV GP LLP	1	UK	General Partner	N/A	–
BEV FP SGP Limited	2	UK	General Partner	Ordinary shares	100%
BEV GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
BEV GPC Limited	1	UK	General Partner	Ordinary shares	100%
BEV MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
BEV Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
BEV Nominees II Limited	1	UK	Nominee company	Ordinary shares	100%
BE VI FP Limited	1	UK	Dormant entity	Ordinary shares	100%
BE VI FP SGP Limited	2	UK	Dormant entity	Ordinary shares	100%
BE VI GP 2 Limited	1	UK	Dormant entity	Ordinary shares	100%
BE VI GP LLP	2	UK	Dormant entity	N/A	–
BE VI GP LP	2	UK	Dormant entity	N/A	–
BE VI Limited	4	Guernsey	Dormant entity	Ordinary shares	100%
BE VI MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
BE VI Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
BG Holdco 1 Limited	4	Guernsey	Dormant entity	Ordinary shares	100%
BG II GP LLP	1	UK	General Partner	N/A	–
Bridgepoint AB	5	Sweden	Private equity advisory company	Ordinary shares	100%
Bridgepoint Advantage Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Advantage MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
Bridgepoint Advantage FP Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Advantage FP SGP Limited	2	UK	General Partner	Ordinary shares	100%
Bridgepoint Advantage GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
Bridgepoint Advantage GP LLP	2	UK	General Partner	N/A	–
Bridgepoint Advantage GP LP	2	UK	General Partner	N/A	–
Bridgepoint Advantage Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
Bridgepoint Advisers Europe Limited	1	UK	Private equity advisory company	Ordinary shares	100%
Bridgepoint Advisers Group Limited	1	UK	Investment holding company	Ordinary shares	100%
Bridgepoint Advisers Holdings	1	UK	Investment holding company	Ordinary shares	100%
Bridgepoint Advisers II Limited	1	UK	Private equity management company	Ordinary shares	100%
Bridgepoint Advisers Limited	1	UK	Private equity management company	Ordinary shares	100%
Bridgepoint Advisers UK Limited	1	UK	Private equity management company	Ordinary shares	100%
Bridgepoint Capital (Doolittle) Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Capital (GP) Limited	1	UK	General Partner	Ordinary shares	100%
Bridgepoint Capital (Nominees) Limited	1	UK	Nominee company	Ordinary shares	100%

Bridgepoint Capital (Nominees) 2 Limited	1	UK	Nominee company	Ordinary shares	100%
Bridgepoint Capital Delaware GP LP	6	United States of America	General Partner	N/A	–
Bridgepoint Capital Directorships Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Capital General Partner LP	2	UK	General Partner	N/A	–
Bridgepoint Capital General Partner II LP	2	UK	General Partner	N/A	–
Bridgepoint Capital Group Limited Employee Benefit Trust	1	UK	Employee Benefit Trust	N/A	–
Bridgepoint Capital Scottish GP Limited	2	UK	General Partner	Ordinary shares	100%
Bridgepoint Capital Scottish GP II Limited	2	UK	General Partner	Ordinary shares	100%
Bridgepoint Capital Partners Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Capital Trustee Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Capital Verwaltungs Gmbh	7	Germany	General Partner	Ordinary shares	100%
Bridgepoint Credit AD GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit Advisers Limited	1	UK	Credit fund advisory company	Ordinary shares	100%
Bridgepoint Credit Advisers UK Limited	1	UK	Credit fund advisory company	Ordinary shares	100%
Bridgepoint Credit BOCPIF GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit Carry LP	2	UK	Investment holding company	N/A	–
Bridgepoint Credit Carry GP LLP	2	UK	General Partner	N/A	–
Bridgepoint Credit Co-Invest GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit Empire GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit Europe Limited	1	UK	Credit fund advisory company	Ordinary shares	100%
Bridgepoint Credit France SAS	8	France	Credit fund management company	Ordinary shares	100%
Bridgepoint Credit GP Verwaltungs GmbH	7	Germany	General Partner	Ordinary shares	100%
Bridgepoint Credit Holdings Limited	1	UK	Investment holding company	Ordinary shares	100%
Bridgepoint Credit Limited	1	UK	Credit fund management company	Ordinary shares	100%
Bridgepoint Credit Management Limited*	1	UK	Credit fund management company	Ordinary shares	49%
Bridgepoint Credit MSPD GP S.à r.l	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit MPD GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
Bridgepoint Credit Opportunities II GP GmbH & Co. KG	7	Germany	General Partner	Ordinary shares	100%
Bridgepoint Credit Opportunities II GP Limited	1	UK	General Partner	Ordinary shares	100%
Bridgepoint Credit Opportunities II GP LP	2	UK	General Partner	N/A	–
Bridgepoint Credit Opportunities III GP Limited	1	UK	General Partner	Ordinary shares	100%
Bridgepoint Credit Opportunities III GP LP	2	UK	General Partner	N/A	–
Bridgepoint Credit Opportunities IV GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%

Bridgepoint Credit Opportunities SICAV GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit Partners Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Credit PPF GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Credit Services S.à r.l.	3	Luxembourg	Credit fund advisory company	Ordinary shares	100%
Bridgepoint Credit UK Limited	1	UK	Credit fund advisory company	Ordinary shares	100%
Bridgepoint Debt Funding Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Debt Management Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Debt Managers Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Development Capital Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Direct Lending II GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Direct Lending III GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Europe (SGP) Limited	2	UK	General Partner	Ordinary shares	100%
Bridgepoint Europe III FP (GP) Limited	2	UK	General Partner	Ordinary shares	100%
Bridgepoint Europe III (GP) Limited	2	UK	General Partner	Ordinary shares	100%
Bridgepoint Europe III GP LP	2	UK	General Partner	N/A	–
Bridgepoint Europe IV (Nominees) 1 Limited	1	UK	Nominee entity	Ordinary shares	100%
Bridgepoint Europe IV (Nominees) Limited	1	UK	Nominee entity	Ordinary shares	100%
Bridgepoint Europe IV FP (GP) Limited	2	UK	General Partner	Ordinary shares	100%
Bridgepoint Europe IV General Partner LP	2	UK	General Partner	N/A	–
Bridgepoint Europe IV General Partner 'F' LP	2	UK	General Partner	N/A	–
Bridgepoint Europe Limited	1	UK	Limited Partner	Ordinary shares	100%
Bridgepoint Europe Managerial LLP	1	UK	Limited Partner	N/A	–
Bridgepoint Europe VII (GP) S.à r.l.	3	Luxemburg	General Partner	Ordinary shares	100%
Bridgepoint Europe VII FP Limited	1	UK	Founder Partner	Ordinary shares	100%
Bridgepoint Europe VII GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
Bridgepoint Europe VII GP LLP	1	UK	General Partner	N/A	–
Bridgepoint Europe VII Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
Bridgepoint Europe VII MLP Limited	1	UK	Managing Limited Partner	Ordinary shares	100%
Bridgepoint Finance Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint GmbH	7	Germany	Private equity advisory company	Ordinary shares	100%
Bridgepoint GP2 LLP	2	UK	General Partner	N/A	–
Bridgepoint Growth I GP LLP	1	UK	General Partner	N/A	–
Bridgepoint Growth Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Growth Nominees Limited	1	UK	Nominee company	Ordinary shares	100%
Bridgepoint Holdco 1 Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Holdings Group Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Holdings Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Infrastructure Advisers Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Infrastructure Development Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Infrastructure Limited	1	UK	Dormant entity	Ordinary shares	100%

Bridgepoint International Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Investment Consultants (Shanghai) Co Ltd	9	China	Private equity advisory company	Ordinary shares	100%
Bridgepoint Loan Fund GP GmbH & Co. KG	7	Germany	General Partner	Ordinary shares	100%
Bridgepoint Loan Fund GP S.à r.l.	3	Luxembourg	General Partner	Ordinary shares	100%
Bridgepoint Netherlands BV	10	Luxembourg	Private equity advisory company	Ordinary shares	100%
Bridgepoint Partners Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint SAS	8	France	Private equity advisory company	Ordinary shares	100%
Bridgepoint Portfolio Services SAS	8	France	Private equity advisory company	Ordinary shares	100%
Bridgepoint Private Equity Group Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Private Equity Growth Fund Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Private Equity Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Property Advisers Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Property Development Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Real Estate Advisers Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Real Estate Development Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Real Estate Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Real Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint SA	11	Spain	Private equity advisory company	Ordinary shares	100%
Bridgepoint Services S.à r.l.	3	Luxembourg	Private equity advisory company	Ordinary shares	100%
Bridgepoint Sp Zoo	12	Poland	Private equity advisory company	Ordinary shares	100%
Bridgepoint Sp Zoo sp.k	12	Poland	Private equity advisory company	N/A	–
Bridgepoint Structured Credit Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Team Paris S.à r.l.	14	Luxembourg	Dormant entity	Ordinary shares	100%
Bridgepoint US Holdco Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint Ventures Limited	1	UK	Dormant entity	Ordinary shares	100%
Bridgepoint, LLC	15	United States of	Private equity advisory company	Ordinary shares	100%
Burgundy GP LLP	1	UK	General Partner	N/A	–
Burgundy GP 2 Limited	1	UK	General Partner	Ordinary shares	100%
George Town (Nominees) Limited	1	UK	Dormant entity	Ordinary shares	100%
Horninghaven Limited	1	UK	Dormant entity	Ordinary shares	100%
Horningway Limited	1	UK	General Partner	Ordinary shares	100%
HPE II GP LP	2	UK	General Partner	N/A	–
HPE SGP Limited	2	UK	General Partner	Ordinary shares	100%
LORAC 5 Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC 6 Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BC Co-Investment Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BC II Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BDC III Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BDC IV Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BDC Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BDCP Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BEP IV Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BE VI Co-investment Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC BG I Limited	1	UK	Investment holding company	Ordinary shares	100%
LORAC Eagle Limited	1	UK	Investment holding company	Ordinary shares	100%

LORAC KITE Limited	1	UK	Investment holding company	Ordinary shares	100%
New HPE II GP LP	2	UK	Investment holding company	Ordinary shares	100%
Opal Investments LP	2	UK	Investment holding company	N/A	–
PEPCO Services LLP	1	UK	Collective purchasing negotiator	N/A	–
Ruby Germany GP Limited	4	Guernsey	General Partner	Ordinary shares	100%
Ruby Investments (UK) Limited	1	UK	Investment holding company	Ordinary shares	100%
Sapphire Investments (Guernsey) Limited	4	Guernsey	Investment holding company	Ordinary shares	100%
Throttle Nominees Limited	1	UK	Nominee entity	Ordinary shares	100%
Vigny Advisory S.à r.l.	13	France	Dormant entity	Ordinary shares	100%
Vigny Participation S.à r.l.	13	France	Dormant entity	Ordinary shares	100%
Vigny Holding S.à r.l.	13	France	Dormant entity	Ordinary shares	100%

* The Group holds 49% of A Shares and 100% of B shares

Ref	Registered office
1	95 Wigmore Street, London, W1U 1FB, UK
2	50 Lothian Road, Edinburgh, EH3 9WJ, UK
3	2 Avenue Charles de Gaulle, L-1653, Luxembourg
4	1 Royal Plaza, St. Peter Port, Guernsey, GY1 2HL
5	Mäster Samuelsgatan 1, 111 44 Stockholm, Sweden
6	One Rodney Square, 10th Floor, Tenth and King Streets, Wilmington, New Castle County, Delaware 19801, USA
7	Neue Mainzer Strasse 28, 60311 Frankfurt am Main, Germany
8	21 Avenue Kléber, 75116 Paris, France
9	Shanghai One ICC, 999 Huaihai Road (Middle), 20031 Shanghai, China
10	Honthorststraat 16H, 1071 DE Amsterdam, The Netherlands
11	Calle Rafael Calvo 39A-4 , 28010 Madrid, Spain
12	Marsalkowska 126/134, 00-008 Warsaw, Poland
13	21 rue La Perouse, 75116 Paris, France
14	153-155, rue du Kien, L-8030 Strassen, Luxembourg
15	10 East 53rd St. 28th Floor, New York, NY 10022, USA

(b) Entities not consolidated

The table below shows entities that are indirect subsidiaries of the Company, but the Group does not have the power to direct activities or rights to variable returns from the entity and are therefore not consolidated in the financial information.

Name of subsidiary	Ref	Country of incorporation	Principal activity	Share class	Proportion of ownership interest
Bridgepoint PE CI Limited	1	UK	Investment holding company	Ordinary shares	52.53%
Sapphire Fund II South Limited	4	Guernsey	Investment holding company	Ordinary shares	25%
Sapphire Sub II A Limited	4	Guernsey	Investment holding company	Ordinary shares	100%
Sapphire Sub II B Limited	4	Guernsey	Investment holding company	Ordinary shares	100%
Sapphire Sub III A Limited	4	Guernsey	Investment holding company	Ordinary shares	100%
Sapphire Sub III B Limited	4	Guernsey	Investment holding company	Ordinary shares	100%
Sapphire Sub III C Limited	4	Guernsey	Investment holding company	Ordinary shares	100%
Sapphire Sub South Limited	4	Guernsey	Investment holding company	Ordinary shares	25%

The profit and loss for the above entities are not material.

(c) Consolidated structured entities

The table below shows details of structured entities that the Group has deemed to control and are consolidated within the financial information for the periods referenced.

	Country of incorporation	Company's proportion of ownership interest	Nature of interest	Periods consolidated
Name of subsidiary:				
Bridgepoint CLO 1 DAC	Ireland	55%	Subordinated note in the residual class	All periods
Bridgepoint CLO 2 DAC	Ireland	50%	Subordinated note in the residual class	YE 2020
Opal Investments LP	United Kingdom	85%	Limited partner	All periods
BE VI (French) Co-Invest LP	United Kingdom	92%	Limited partner	All periods
BE VI Co-Investment (Feeder) Partnership LP	United Kingdom	53%	Limited partner	All periods

(d) Associates

Where the Group hold investments in funds or CIPs that give the Group significant influence, but not control, through participation in the financial and operating policy decisions, the Group measures investments in associates at fair value through profit or loss. Information about the Group's associates measured at fair value is shown below. The investments are recorded as financial assets or carried interest receivable within the Group's statement of financial position.

Bridgepoint Credit II "C" LP

Within investments in funds, the Group has an investment that represents 27% of the total committed capital of Bridgepoint Credit II (C) LP, a fund that lends to private companies. Where the Group holds an interest that is greater than 20% the Group is considered to have significant influence, but not control. Accordingly, Bridgepoint Credit II is considered to be an associate of the Group. Key financial information about the fund is set out in the table below.

	31 December	
	2021 **£ m**	2020 £ m
Investments at fair value	399.6	251.2
Other assets	22.4	10.6
Total liabilities	(234.9)	(156.6)
Total	187.1	105.2
Profit for the year	15.9	6.9
Country of domicile	UK	UK
Group's interest in the associate	27.2%	27.2%

The Partnership's registered address is 95 Wigmore Street, London, W1U 1FB, UK.

BDC III SFP LP

The Group has an interest in a CIP which has a share of 26% of the rights to the carried interest from the BDC III fund partnerships and is therefore considered to have significant influence. Where the Group holds an interest that is greater than 20% the Group is considered to have significant influence, but not control. Accordingly, the BDC III carry scheme is considered an associate of the Group. Key financial information is set out in the table below.

	31 December	
	2021 £ m	2020 £ m
Carried interest receivable	65.8	43.9
Country of domicile	UK	UK
Group's interest in the associate	25.9%	25.0%

The Partnership's registered address is 50 Lothian Road, Edinburgh, EH3 9WJ, UK.

BEP IV SFP LP

Within investments in funds, the Group has an investment that has an entitlement of 49.7% of the limited partner commitments of BEP IV SFP LP, a partnership that is a co-investor into the BEP IV fund partnerships. The Group also has a 31.8% of the entitlement to the founder partner commitments of the entity, which currently has no value. Where the Group holds an interest that is greater than 20% the Group is considered to have significant influence, but not control. Accordingly, BEP IV SFP LP is considered to be an associate of the Group. Key financial information is set out in the table below.

	31 December	
	2021 £ m	2020 £ m
Investments at fair value	46.6	51.4
Other assets	1.7	1.3
Total liabilities	(0.5)	(2.9)
Total	47.8	49.8
Profit for the year	5.8	9.7
Country of domicile	UK	UK
Group's interest in the associate	49.7%	49.7%

Bridgepoint CLO 3 DAC

Within investment in funds, the Group has an interest that includes 31% of the subordinated notes of CLO 3. Where the Group holds an interest that is greater than 20% the Group is considered to have significant influence, but not control. Accordingly, CLO 3 is considered an associate of the Group. Key financial information about CLO 3 is set out in the table below.

	31 December 2021 £ m
CLO assets	337.4
CLO liabilities	(339.0)
Total	(1.6)
Loss for the period	(5.3)
Country of domicile	Ireland
Group's interest in the associate	31.0%

The CLO's registered address is 5th Floor, The Exchange, George's Dock, IFSC, Dublin 1, D01 W3P9, Ireland.

Other associates

In addition to the associates listed above, there are four other entities where the Group considers itself to have significant influence with ownership above 20%. These are immaterial individually and in aggregate and have no balances or transactions associated with them for the years presented.

(e) Subsidiaries not audited

For the year ending 31 December 2021 the following UK subsidiaries were expected to be entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

- BBTPS FP GP Limited
- BC II FP SGP Limited
- BDC II Limited
- BDC II FP GP Limited
- BDC III Limited
- BDC III SFP GP Limited
- BDC IV Limited
- BDC Special 1 Limited
- BDC Special 2 Limited
- BDC Special GP LLP
- BDCP II SFP GP Limited
- BDCP II Limited
- BEV FP SGP Limited
- Bridgepoint Advantage FP SGP Limited
- Bridgepoint Europe III FP (GP) Limited
- Bridgepoint Europe IV FP (GP) Limited

29. Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group has determined that where the Group holds an investment, loan, fee receivable, commitment with an investment fund, CIP with a right to carried interest, that this represents an interest in a structured entity. Where the Group does not hold an investment in the structured entity, the Group has determined that the characteristics of control are not met. As set out in note 3 (a), CIPs that currently have value are those where the Group is exposed to variable returns in the range of 5-26% with the main beneficiaries of the CIP being the other participants.

The disclosure below includes CLO 2 and 3 for the year ended 31 December 2021, which are not consolidated, as explained in note 3 (a) (2020: CLO 1 and 2 were consolidated).

The Group acts in accordance within pre-determined parameters set out in various agreements and the decision-making authority is well defined, including third-party rights in respect of the investment manager. The agreements include management fees that are commensurate with the services provided and performance fee arrangements that are industry standard. As such the Group is acting as agent on behalf of these investors and therefore these entities are not consolidated into the Group's financial information.

The Group's interest in and exposure to unconsolidated structured entities including outstanding management fees is detailed in the table below and recognised within trade and other receivables in the statement of financial position. The carried interest receivable is included within the statement of financial position.

	Value of the Group's co-investments at year-end £m	Typical Group commitment to the fund as %	Total investor commitments £bn	Net asset value of the funds at year-end £bn	Management fees received by the Group £m	Typical management fee range %	Carried interest rate %	Group share of carried interest %	Group accrued carried interest receivable at year-end £m	Group maximum exposure to loss at year-end £m
31 December 2021										
Private equity funds	217.9	<2%	23.0	13.8	157.3	0.75 – 2.00%	Generally up to 20% of profits over threshold	Up to 35%	36.4	254.3
Credit funds	108.1	<2%	5.9	3.8	37.9	1.00 – 1.75%	Generally up to 20% of profits over threshold	Up to 35%	2.5	110.6
	326.0		28.9	17.6	195.2				38.9	364.9
31 December 2020										
Private equity funds	191.2	<2%	23.9	11.4	136.6	0.75 – 2.00%	Generally up to 20% of profits over threshold	Up to 35%	24.9	216.1
Credit funds	64.2	<2%	4.9	2.8	10.2	1.00 – 1.75%	Generally up to 20% of profits over threshold	Up to 35%	3.0	67.2
	255.4		28.8	14.2	146.8				27.9	283.3

ALTERNATIVE PERFORMANCE MEASURES

These full-year results include several measures which are not defined or recognised under IFRS (International Financial Reporting Standards), including financial and operating measures relating to the Group such as EBITDA, Underlying EBITDA, Underlying EBITDA Margin, Underlying FRE, Underlying FRE Margin, Total AUM and AUM, all of which the Group considers to be alternative performance measures ("APMs"). These are reconciled to the statutory results in the table below.

These APMs and KPIs are used by the Board and management to analyse the business and financial performance, track the Group's progress and help develop long-term strategic plans. These APMs are presented to provide additional information to investors and enhance their understanding of the Group's results and operations. Furthermore, the Board believes that these APMs are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. However, as these measures are not determined in accordance with IFRS or any generally accepted accounting standards, and are thus susceptible to varying calculations, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools. In particular, there are no generally accepted principles governing the calculation of these measures and the criteria on which these measures are based can vary from company to company, which means that other companies may define and calculate such measures differently from the Group.

APMs should not be considered in isolation and investors should not consider such information as alternatives to total operating income, profit/(loss) before tax or cash flows from operating activities calculated in accordance with IFRS, as indications of operating performance or as measures of the Group's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS.

EBITDA

Earnings before interest, taxes, depreciation and amortisation. It is calculated by reference to total operating income and deducting from it, or adding to it, as applicable, personnel expenses and other expenses as well as foreign exchange gains/(losses).

Underlying EBITDA

Calculated by excluding exceptional items from EBITDA. Exceptional items are items of income or expense that are material by size and/or nature, are not considered to be incurred in the normal course of business and are not expected to reoccur. Examples include costs directly resulting from substantial corporate business acquisitions or capital raising for the Group. A breakdown is included within note 8 of the financial information. Underlying EBITDA for 2020 has been updated from the numbers included within the Company's prospectus to exclude additional cost items of £0.3m, as explained in note 1 of the financial information under the heading, 'Changes to comparatives'.

Underlying EBITDA	2021 £m	2020 £m
EBITDA	85.3	58.7
Add back: exceptional items	28.6	7.7
Underlying EBITDA	113.9	66.4

Underlying EBITDA Margin

Underlying EBITDA as a percentage of total operating income.

Underlying FRE

Underlying EBITDA less carried interest and income from the fair value remeasurement of investments and adding back the cost of bonuses linked to investment profits. Underlying FRE for 2020 has been updated from the numbers included within the Company's prospectus to exclude investment linked bonuses of £0.8m, in line with the revised definition of the APM.

Underlying FRE	2021 £m	2020 £m
Underlying EBITDA	113.9	66.4
Less: carried interest and income from fair value investments	(71.2)	(42.3)
Add back: investment linked bonuses	5.9	0.8
Underlying FRE	48.5	24.9

Underlying FRE Margin

Underlying FRE as a percentage of total operating income, excluding carried interest and income from the fair value remeasurement of investments and adding back the cost of bonuses linked to investment profits.

Underlying operating profit

Calculated by excluding exceptional items and the amortisation of intangible assets from within operating profit.

Underlying operating profit	2021 £m	2020 £m
Operating profit	70.3	49.9
Add back: exceptional items within EBITDA	28.6	7.7
Add back: amortisation of intangible assets	3.1	0.6
Total underlying operating profit	102.0	58.2

Underlying operating profit margin

Calculated by excluding exceptional items and the amortisation of intangible assets from within operating profit.

Underlying profit before tax

Calculated by excluding exceptional items and the amortisation of intangible assets from within profit before income tax

Underlying profit before tax	2021 £m	2020 £m
Profit before tax	62.6	48.5
Add back: exceptional items within EBITDA	28.6	7.7
Add back: amortisation of intangible assets	3.1	0.6
Less: exceptional net finance income	(3.8)	(4.2)
Total underlying profit before tax	90.5	52.6

Underlying profit before tax margin

Underlying profit before tax as a percentage of total operating income.

Underlying profit after tax

Calculated by excluding exceptional items and the amortisation of intangible assets from within profit after tax

Underlying profit after tax margin

Underlying profit after tax as a percentage of total operating income.

Underlying pro forma basic and diluted earnings per share

Calculated by dividing underlying profit after tax gross of non-controlling interests by the number of shares in issue after the IPO.

Underlying pro forma basic and diluted EPS	2021 £m	2020 £m
Profit after tax	57.8	47.7
Add back: exceptional items within EBITDA	28.6	7.7
Add back: amortisation of intangible assets	3.1	0.6
Less: exceptional net finance income	(3.8)	(4.2)
Tax adjusted	0.0	0.0
Total underlying profit after tax	85.7	51.8
Pro forma number of shares	823.3	823.3
Underlying pro forma basic and diluted EPS (£)	0.10	0.06

Fee Paying AUM

Assets under management, excluding CLOs, upon which management fees are charged by the Group. For all funds with private equity strategies and the Bridgepoint Credit Opportunities funds I to III, Fee Paying AUM is either based on total commitments (during the commitment period) or on Net Invested Capital (normally during the post-commitment period). For the Bridgepoint Direct Lending funds and Bridgepoint Syndicated Debt funds as well as expected future Bridgepoint Credit Opportunities funds, Fee Paying AUM is based on Net Invested Capital throughout the life of the fund.

Total AUM

The total value of unrealised assets as of the relevant date (as determined pursuant to the latest quarterly or semi-annual valuation for each Bridgepoint Fund conducted by the Group) plus undrawn commitments managed by the Group. The valuations for Total AUM come from the Group's valuations of the investments of the Bridgepoint funds. The Group values all investments of the Bridgepoint funds at least twice a year, but in most cases four times a year. Each investment undergoes the same detailed valuation process, in accordance with the Group's valuation policies and in line with fund requirements. Completed valuations are presented and discussed at the relevant Bridgepoint valuation committee and are audited at year end by the relevant fund auditor.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “plans”, “targets”, “aims”, “believes”, “expects”, “anticipates”, “intends”, “estimates”, “will”, “may”, “continues”, “should” and similar expressions. These forward-looking statements reflect, at the time made, the beliefs, intentions and current targets/aims of the Company. Forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The forward-looking statements in this announcement are based upon various assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Forward-looking statements are not guarantees of future performance and such risks, uncertainties, contingencies and other important factors could cause the actual outcomes and the results of operations, financial condition and liquidity of the Company, its subsidiary undertakings or the industry to differ materially from those results expressed or implied in this announcement by such forward-looking statements. No representation or warranty, express or implied, is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved. Undue influence should not be given to, and no reliance should be placed on, any forward-looking statement. No statement in this announcement is intended to be nor may be construed as a profit forecast. Neither the Company, nor any of its subsidiaries nor any of their affiliates, nor any of its or their officers, employees, agents or advisers, undertake to publicly update or revise any such forward-looking statement, except to the extent required by applicable law.

Issued by Bridgepoint Group plc
LEI: 213800KFNMVI8PDZX472
Registered in England and Wales no. 11443992.
Registered office: 95 Wigmore Street, London, W1U 1FB