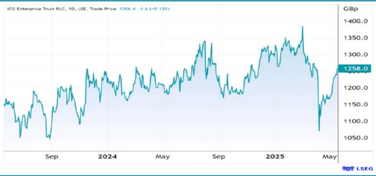
21 May 2025

HARDMAN&CO.

Closed End Investment Funds



Source: LSEG, 2025

Market data

EPIC/TKR	**ICGT**
Price (p)	**1,258**
12m high (p)	1,390
12m low (p)	1,064
Shares (m)	63.5
Mkt cap (£m)	799
NAV p/sh (Jan'25, p)	2,073
Disc. to NAV (%)	-39
Country/Ccy	UK/GBP
Market	Premium equity closed-ended investment funds

Description

ICG Enterprise Trust (ICGT) is a listed private equity (PE) investor, providing shareholders with access to a portfolio of European and US investments in profitable, cash-generative, unquoted companies. It invests in companies managed by ICG and other leading PE managers, directly and through funds. It strikes a balance between concentration and diversification, risk and reward.

Company information

Chair	Jane Tufnell
Aud. Cttee. Chr.	Alastair Bruce
NEDs	David Warnock (SID), Adiba Ighodaro, Janine Nicholls, Gerhard Fusenig
Inv. Mgrs.	Oliver Gardey, Colm Walsh
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Key shareholders

None above 3%

Diary

End-Jun'25	1Q results

Analyst

Mark Thomas mt@hardmanandco.com

Disclosure: the relevant analyst is a shareholder in ICGT Enterprise Trust.

ICG ENTERPRISE TRUST PLC

Investing in resilience, delivering growth

The key message from ICGT's FY'25 results (to January) is the continued strength of the operating companies, which delivered, on average, 15% LTM EBITDA growth. Margins have widened by ca.4% (average revenue growth 11%), which should help allay some concerns over the impact of the challenging environment. New investment is accelerating, and realisation activity continued with an average 19% uplift to carrying values on exit. A degree of short-term volatility is to be expected, and the five- and 10-year total annualised NAV per share return (14.5% and 13.8%, respectively) are a good reflection of what investors are getting from ICGT's defensive growth strategy. ICGT has a balanced capital return policy.

- **FY'25 numbers:** ICGT's constant-currency portfolio return was 10.2%, and the NAV per share total return 10.5%. A narrowing discount saw a share price return of 12.5%. Investee company saw EBITDA growth of 15.3% and their leverage fell. New investments totalled £181m and realisation proceeds were £151m.
- **Long term:** On a five-year view, ICGT's constant-currency CAGR portfolio return was 15.8%, and NAV p/sh total return 14.5%. The return consistency generates compounding benefits. The shareholder return is 9.6% (wider discount) and ICGT is one of ca.10% ITs that are "ISA-millionaire" investments.
- **Valuation:** ICGT's NAV valuations are conservative, demonstrated by continued realisations above reported book values. The ratings are undemanding. The 39% discount to NAV is anomalous, we believe, with defensive, market-beating returns, and twice the levels seen pre-COVID-19. The 2026E yield is 3.1%.
- **Risks:** PE is an above-average cost model, but post-expense returns have consistently beaten public markets. Actual experience has been of continued NAV outperformance in economic downturns, but sentiment may be adverse. ICGT's permanent capital structure is right for unquoted/illiquid assets.
- **Investment summary:** ICGT has consistently generated superior returns by adding value in an attractive market, having a strategic focus on defensive growth and leveraging synergies from being part of ICG since 2016. Valuations appear conservative, and governance is strong. ICGT focuses on delivering resilient, risk-adjusted returns, and balancing risk and reward. The risks are primarily sentiment-driven on costs, cyclicality and the underlying assets' liquidity. A 39% discount to NAV appears anomalous with ICGT's performance.

Financial summary and valuation

Year-end Jan (£000)	2023	2024	2025	2026E	2027E
Total income	2,271	2,874	1,113	1,160	1,160
Realised gains	9,311	(1,044)	1,530	-	-
Unrealised gains	175,890	40,413	132,626	176,346	196,809
Investment manager fees	(17,013)	(16,148)	(15,873)	(16,596)	(18,658)
Other expenses	(1,956)	(1,769)	(1,501)	(1,591)	(1,687)
Rtn. on ord. act. pre-tax	164,525	17,366	107,510	137,319	155,624
NAV per share (p)	1,903	1,909	2,073	2,301	2,513
NAV total return	15%	3%	12%	14%	13%
S/P prem./disc. (-) to NAV	-43%	-36%	-35%	-45%	-50%
Investments (£m)	1,349	1,296	1,470	1,640	1,791
Dividend per share (p)	30	33	36	39	42

Source: Hardman & Co Research

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- high-net-worth companies, unincorporated associations and partnerships and trustees of high-value trusts as described in Article 49(2) of the Order, provided that in each case the report and any materials in it are only directed at persons who are "qualified investors" as defined in article 2(1)(e) of Directive 2003/71/EC (as amended) (the "Prospectus Directive") ("Relevant Persons"). Accordingly, this report does not constitute, and does not contain the information required to be contained in, a prospectus as required under the Prospectus Directive.

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2025 results summary

Five-year NAV annualised total return 14.5%.

The portfolio return (local-currency basis) in FY'25 was 10.2% (£ return 10.6%; the 1H'25 returns were 3.8% and 2.6%, respectively). The five-year average portfolio return on a local-currency basis was 15.8%. The FY'25 NAV total return per share was 10.5% (1H'25 2.8%), below the five-year CAGR NAV per share total return of 14.5%.

Continuing to realise significant uplifts to carrying value, despite market conditions

Total realisation proceeds in FY'25 were £151m (FY'24 £171m, which also had £68m in proceeds from the secondary sale, 1H'25 £86m). There were 40 full exits with proceeds of £74m, at an average uplift to carrying value of 19% (FY'12-FY'24 average of 35%), with a 2.9x multiple to cost (well above the long-run average of 2.5x). The realisation uplift and returns profile indicate both the inherent conservatism in the portfolio valuations and the company's ability to identify attractive investments to generate strong returns.

Investing in today, committing to tomorrow

£181m of total new investments were made (a sharp acceleration on £137m in FY'24; 1H'25 £104m), of which £116m (64%, FY'24 67%) went into primary funds and £58m into direct investments (32%, FY'24 24%). Secondary investments totalled £8m. The key messages are i) ICGT continues to see attractive new opportunities; new commitments totalled £149m (FY'24 £153m), of which £83m was to funds and £65m to direct investments, and ii) direct investments as a proportion of total new investments rose sharply in FY'25, reflecting the flexibility in ICGT's model to control cash in an uncertain environment.

Robust balance sheet

At end-January, ICGT had £125m (FY'24 £196m, 1H £126m) of available liquidity, including £4m of cash and a £121m undrawn revolving credit facility. Undrawn commitments at the end of January were £553m (£552m end-January 2024), £134m (£123m) of which were in funds outside their investment period and, therefore, unlikely to be drawn. Over-commitment at the end of January 2025 was thus 31.1% of NAV, up from 27.7% at end-January 2024. If we exclude funds outside their investment period, the FY'25 ratio falls by nearly 10% to ca.21%. It is still broadly consistent with a longer-run average. In previous notes, we have explained why commitments, some of which may not be drawn at all or not for several years, may be expected to exceed current liquidity, and why a degree of over-commitment is sensible balance sheet management.

Defensive growth delivers consistent returns

"Defensive growth" is core to ICGT, and it has delivered the consistency of returns evident in ICGT's performance over the long term. When the whole UK market saw falling EBITDA (e.g., in FY'16 and FY'21), ICGT's top 30 companies still delivered double-digit EBITDA growth. In FY'25, the top 30 companies delivered 15.5% EBITDA growth, with revenue growth up 9.0%, (larger portfolio disclosure covering 67% of portfolio, 15.3% EBITDA and 11.2% revenue growth, respectively) despite market pressures. In looking at an uncertain macro environment, we note i) that ICGT invests in mid-market, defensive sectors and that market statistics showing transactions slowing were biased by large technology deals, ii) realisations were continuing, iii) the lower-than-PE average leverage reflected a conservative choice of managers who did not rely on financial engineering (profitability and cash generation are attractive, "defensive growth" characteristics for ICGT), and iv) the opportunities in the secondary market, where the imbalance of buyers and sellers meant that high-quality portfolios could be bought at significant discounts to par, and where ICGT could conduct full due diligence on the underlying investments.

Valuations are conservative

We believe the NAV valuation is conservative, noting i) continued uplifts on exits (19% FY'25), ii) modest valuation ratings – EV/EBITDA of 15.2x and a low PEG of 0.99x (both covering 67% of the portfolio), iii) 15.3% EBITDA growth (same basis), iv) there is no incentive for GPs to inflate valuations, and v) the independent basis of valuations.

Key themes

1. Long-term value created from operating performance, driven by defensive growth strategy

Five-year track record

Financial year-end January	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025
Fund performance						
Portfolio return (local currency)	16.6%	24.9%	29.4%	10.5%	5.9%	10.2%
Portfolio return (sterling)	14.6%	26.4%	27.6%	17.0%	3.2%	10.6%
NAV (£m)	794	952	1,158	1,301	1,283	1,332
NAV per share total return	11.2%	22.5%	24.4%	14.5%	2.1%	10.5%
Investment activity						
New investments (£m)	159	139	304	287	137	181
As % opening portfolio	23%	17%	32%	24%	10%	13%
Realisation proceeds (£m)	141	137	334	252	171	151
As % opening portfolio	20%	17%	35%	21%	12%	11%
Shareholder experience						
Closing share price (p)	966	966	1,200	1,150	1,226	1,342
Total dividends per share (p)	23	24	27	30	33	36
Share price total return	20.5%	2.8%	27.1%	-2.3%	9.6%	12.5%
Total shareholder distributions (£m)	18	17	21	22	35	59
As % realisation proceeds	12%	12%	6%	9%	20%	39%
Mix of distribution						
- dividends	83%	94%	86%	91%	63%	38%
- buybacks	17%	6%	14%	9%	37%	62%

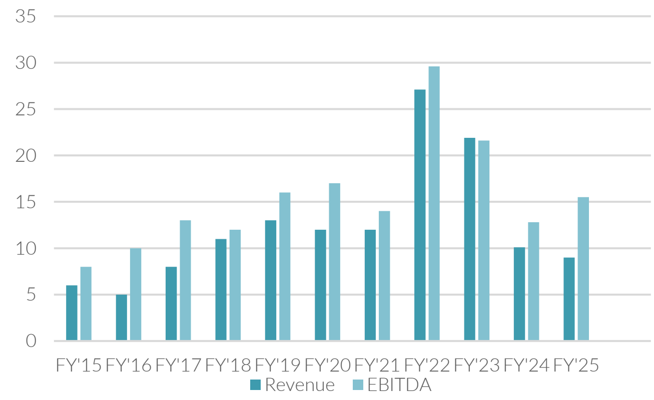
Source: ICGT Report and Accounts, Hardman & Co Research

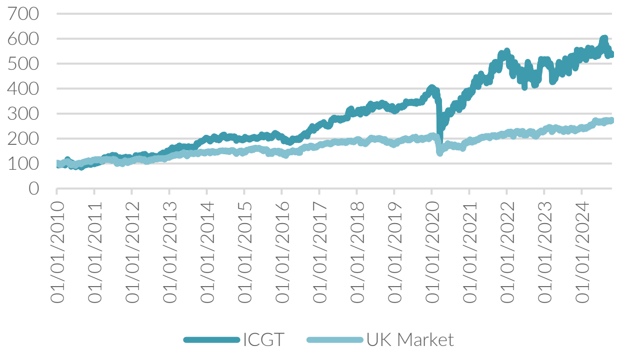
The table above shows ICGT's five-year track record for FY'20-FY'24 and FY'25. With PE being a long-term investment, we believe that considering the longer time scale is a reasonable reflection of the value added by the trust strategy and asset selection. Over the past five years, portfolio constant-currency returns have averaged 15.8%. FY'25 was below this average but is showing an improving trend on FY'24 and 2H'25 (6.2%) was better than 1H'25 and the whole of FY'24.

Delivered mid-teens' EBITDA growth over long term. Crucially, consistency of performance greatly enhanced compounding.

The left-hand chart below shows how this strategy feeds through to not only superior EBITDA growth (top 30 average FY'16-FY'25 16.2%) but also, crucially, consistently positive growth. The latter is important, as it has material compounding benefits. A theoretical ICGT company, held since 2010, would have ca.11x its starting EBITDA, well above the whole UK market average, which has slightly more than doubled over the period. The right-hand chart below shows the total return for ICGT shares and the UK whole market over the same period. Despite the discount being well above average, ICGT has seen a total return of 5.4x, against 2.9x for the whole UK market. It is one of ca.10% of investment trusts that would have made ISA investors over £1m (had they invested the full allowance and re-invested dividends) since ISAs were launched – see AIC February 2025 article here.

ICGT top 30 EBITDA and revenue growth (% LHS)	ICGT and whole market total return indexed to 1 Jan 2010 at 100





Source: ICGT Report and Accounts, LSEG accessed 8/5/2025, Hardman & Co Research

FY'25 results prove both resilient and well-diversified

In FY'25 continued strong revenue and EBITDA growth (top 67% of portfolio 11.2% and 15.3%, respectively) and wider margins are further evidence of defensive growth in action. The more detailed disclosure on pages 16-17 of the results announcement gives more in-depth insight into resilience. It is also interesting to note that performance is consistent across the portfolio and is not concentrated within just the largest investments. Indeed, the enlarged portfolio statistics show faster average revenue growth than the top 30.

Key portfolio metrics

	FY'25 Top 30 (40% portfolio)	FY'25 Enlarged (67% portfolio)	FY'24 Top 30 (39% portfolio)	FY'24 Enlarged (68% portfolio)
LTM revenue growth (%)				
Average	9.0	11.2	10.1	11.6
% negative	12*	14*	11	15
% >20%	13	16	13	18
LTM EBITDA growth (%)				
Average	15.5	15.3	12.8	14.2
% negative	16*	18*	18	22
% >20%	31	29	18	26
EV/EBITDA				
Average (x)	15.4	15.2	14.6	14.6
<10x (%)	9	10	10	12
>20x (%)	15	15	6	9
Net debt/EBITDA				
Average (x)	4.0	4.4	4.4	4.6
<2x (%)	27	17	22	15
>6x (%)	35	29	23	23

** We understand the vast majority have falls under 5%. It is not uncommon for new companies to see heavy investment before realising the benefits.*
Source: ICGT Report and Accounts, Hardman & Co Research

Continued, indeed accelerated, margin improvement

We also note that margin expansion, on average, accelerated with enlarged portfolio EBITDA growth 4.1pp ahead of revenue growth in FY'25, against 2.6pp superior growth in FY'24. On slightly slower revenue growth, EBITDA growth has been stable for the enlarged portfolio and accelerated for the top 30. In our view, mix changes, M&A deals and lower inflation-driven pricing have all been factors, but the key message is improving margins.

Defensive growth in practice limits recession risk

ICGT investing in well-established, profitable, medium to large businesses with proven resilience and with secular growth drivers.

The core to why ICGT is a through-cycle investment lies in its defensive growth strategy. In more detail, this is what it means in practice:

- Mature businesses that are profitable and cash-generative (unlike early-stage venture capital investments, which can see loss rates 6-7x those in buyouts).
- Established market positions, often with leading positions.
- Provider of mission-critical services.
- Pricing power, so that, for example, inflation pressures can be passed on.
- High margin business models.
- Focus on medium-larger deals/funds.
- Avoiding investments where valuations may be based on future revenue projections rather than on current EBITDA/cash generation.
- Scalable platforms.
- Sectors or subsectors where income streams are non-cyclical and show secular growth.
- Multiple growth levers, such as bolt-on M&A or operational improvements.
- Strong management, with a proven track record, usually through multiple downturns.
- With recent co-investments, ICGT has been leveraging ICG plc's expertise and building downside protection into the structure of its deals, taking a very cautionary approach to such investments.
- PE is a long-term investment. ICGT has, for some time, assumed that exit multiples would be lower than entry ones for its co-investments – thus building in a cushion in its deal assessments. Also, investments have had to justify themselves on earnings growth, not multiple expansion.

Manager selection is critical

Picking the right managers has been, and increasingly will be, a key factor driving both returns and downside risk. ICGT's long-term track-record is evidence of its manager selection. We note that ICGT's two new managers in 2024 were very different. One was a very well-established GP with a long track record, and which had been followed by ICGT for many years. While the other is a new GP, the managers themselves have a long track record (and were known to ICGT for many years) and the entry pricing was very attractive. With a challenging fund-raising environment for new GPs, ca.50% of the fund was already invested, so ICGT faces limited blind-pool risk. Additionally, it invested at cost whereas many of the assets were already being marked up, so ICGT was buying into the fund at a discount to carrying value.

GP target returns largely unchanged but mix of returns will change

Changing mix of returns to market conditions

PE is very dynamic, adapting to market conditions as they evolve. While total return targets are broadly unchanged, there has been a significant mix change in how they will be delivered. Specifically, we expect market wide:

- Increased proportion of returns from operational improvements and bolt-on M&A.
- Longer hold periods from initial investment.
- Minimal, if not negative, returns from multiple expansion and debt.
- Less uplift on exit compared with the frothy 2020-21 experience. ICGT management believe that a range of 20%-30% over the medium term is a reasonable expectation, against a long-run average of 35%.
- We also expect PE managers to limit their public holdings compared with 2020-21. The risk of falling valuations in following years is also expected to fall.
- We expect greater dispersion of manager performance and so the selection of GPs is of increasing importance to a fund like ICGT. As noted above, ICGT's track record shows a good selection of managers in the past.

We expect ICGT to follow these trends supplemented by active management (see section 3 below). By way of example its greater proportion of secondary investment will offset some of the longer hold period from initial investment of many GPs.

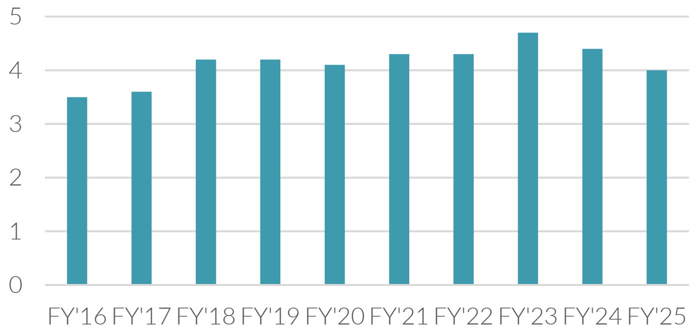
ICGT gearing modest at all levels

In considering macro-sensitivity to the downside, we believe that many investors are concerned by the level of gearing across the PE market. There are multiple layers of debt to consider.

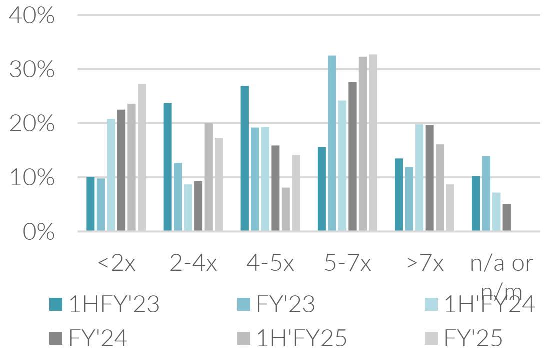
Investee companies' gearing stable with 37.2% having debt less than 4x EBITDA and, in our view, well below PE market averages

- The net debt of investee companies has remained stable for many years (see left-hand chart below) and the distribution of debt is wide, with 37.2% of the enlarged sample (covering nearly two-thirds of the portfolio) having debt below 4x EBITDA (see right-hand chart below). Typically, those with higher debt have faster growth/more resilient income streams. We believe this level of debt is well below the PE average.

Top 30 average net debt to LTM EBITDA, (x)



Distribution of top 30 net debt/EBITDA (%)



Source: ICGT Report and Accounts, Hardman & Co Research

Bridging facilities at fund level. ICGT has good visibility on its cashflows.

- The primary and secondary funds ICGT invests in typically have bridging facilities to manage the timing and frequency of calls on investors. This helps ICGT manage cashflows, as it gives good visibility on future calls.

Over-commitment rising but within long-term trends

- At the trust level, at end-January, ICGT had £125m (FY'24 £196m, 1H £126m) of available liquidity, including £4m of cash and a £121m undrawn revolving credit facility. Undrawn commitments at the end of January were £553m (£552m end-January 2024), £134m (£123m) of which were in funds outside their investment period and, therefore, unlikely to be drawn. Over-commitment at the end of January 2025 was thus 31.1% of NAV, up from 27.7% at end-January 2024. If we exclude funds outside their investment period, the FY'25 ratio falls by nearly 10% to ca.21%. Adjusting for recent disposals (see section 3), over-commitment falls further. The trust level gearing was 10% at the end of January but falls to ca.2% after the recent disposals.

2. Capital allocation policy

Growing dividends and accelerated buyback programmes

Shareholders saw 2025 dividends of 36p (2024 33p), resulting in a CAGR of 9% over five years. Since inception in October 2022 to 31 January 2025, the long-term programme has been active in the market on 183 days returning £33m, while the opportunistic programme has been active on 11 days and returned £18m (£25m authorised for FY'25). In total they have added 54p to the NAV per share. ICGT does not link buybacks to, say, realisations as the best time for buybacks may be when markets have risk-off appetite, the discount is high, and realisations are weak. More details of the policy were given on page 11 of our note FY'24: portfolio companies performing strongly. Total capital returned to shareholder in FY'25 was £59m against £35m in FY'24 and £22m in FY'23.

3. Active portfolio management

ICGT's approach to portfolio management is active. This can be seen in:

With coverage of the entire PE market, ICGT can switch new investment by type, location, nature of asset, manager

- New investments with a strategic shift into secondary and direct investments, which is expected to see the proportion of secondaries at 25%-30% of the portfolio (from 15% in January 2025) within the next 2-3 years. This will change the cashflow and commitment dynamics and was an area we explored in detail in our note Spotlight on secondaries (2 March 2022). Management's aspirations appear supported by the market dynamic of large PE investors' generating liquidity for new investment by selling non-core holdings.

Flexible buyback policy

- The capital allocation outlined above means that buybacks can be tailored to market conditions.

Secondary sale of non-core assets at 5.5% discount. These assets slower growing than portfolio, which is at 39% discount to NAV

- Realisation through the secondary market. By way of example on 2 April 2025 ICGT announced a secondary sale of eight mature primary fund investments, generating net cash proceeds of £62m. The sale was executed at a discount of 5.5% to the 30 September 2024 valuation, having received significant buyer interest. It realised a return of 1.6x invested cost (15% IRR) to ICGT and released undrawn commitments of £10m. Management comment that the return outlook from this portfolio was below the overall trust; we note the percentage of the portfolio originated prior to 2020 had fallen from 35% in January 2024 to 29% at end-January 2025.

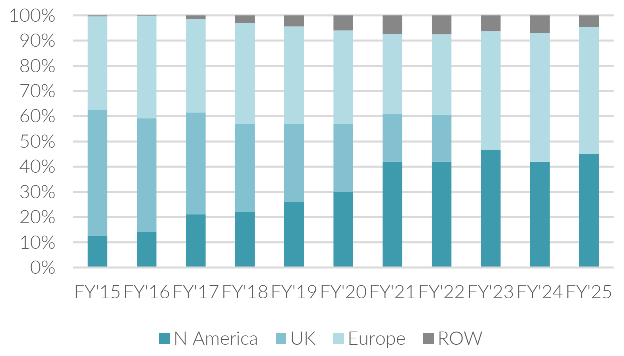
- The realisation of Minimax announced on 16 April 2025 means ICGT announced over £100m of total proceeds in April.

FY'25 portfolio overview

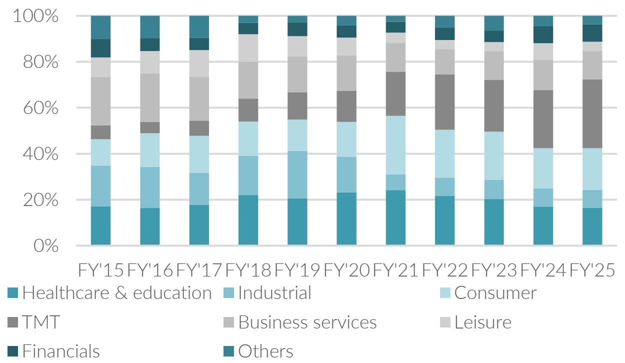
Top 30 companies account for 40% of portfolio

The top 30 companies account for 40% of the portfolio value. The portfolio is weighted towards the mid-market and large deals, which we view as more defensive than smaller deal sizes, as the former benefit from stronger management teams and, often, market-leading positions. The whole portfolio stats are given in the charts below:

Geographical distribution of portfolio, FY'15-FY'25 (%)

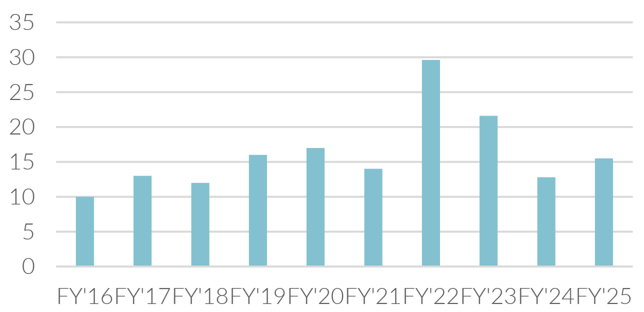


Sectoral distribution of portfolio, FY'15-FY'25 (%)

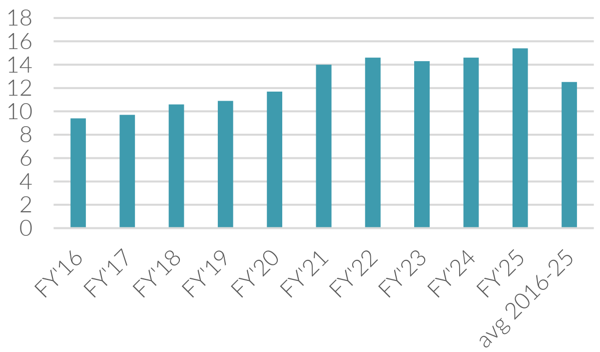


Note: UK now included in Europe; Source: ICGT Report and Accounts, Hardman & Co Research

Top 30 LTM revenue and EBITDA growth, FY'16-FY'25 (%)

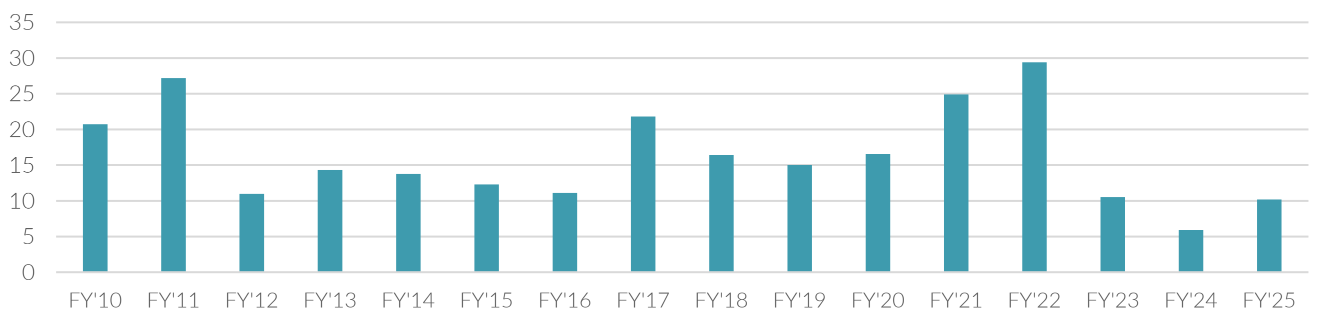


Top 30 EV/LTM EBITDA, FY'16-FY'25 (x)



Source: ICGT Report and Accounts, Hardman & Co Research

Underlying constant-currency portfolio growth, FY'10-FY'25 (%)

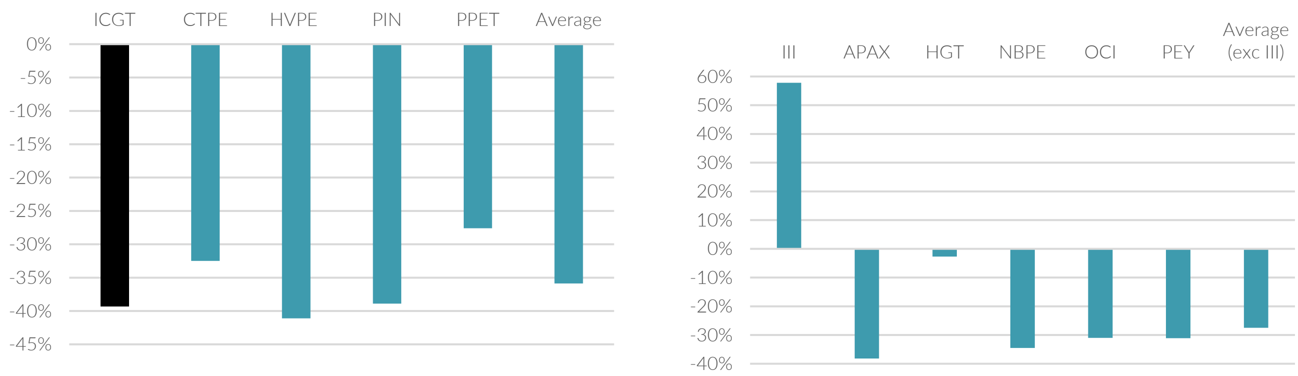


Source: ICGT Report and Accounts, Hardman & Co Research

Valuation

Despite its strong absolute performance and consistent uplift to carry value on exit, ICGT trades at a discount to NAV. This is not uncommon in the PE fund-of-fund space, but ICGT's discount is marginally above the average of its immediate peers, despite superior long-term performance. We note that NAVs for some peers are updated monthly, while for others the update is quarterly, but the relative rating appears anomalous.

Current share price discount to NAV for immediate peers (left chart) and wider peers (right chart)



Source: Company websites, factsheets and presentations, LSE, Hardman & Co Research; priced at 21 May 25

What could lead to a rerating?

We see two possible elements to a rerating, namely:

First element is sector rerating, which, arguably, has already started

The first element of a rerating would be a reversal of the 2022-1Q'23 increase in sector-wide discounts. This requires more confidence in NAV and economic resilience, driven by i) continued exit uplifts and returns, which could give investors this confidence, and ii) a risk-on rather than risk-off environment, which would help. This could coincide with further confidence that a US recession has been avoided or a market view that interest rates have peaked or less tariff uncertainty. In our view, when markets believe they have clarity on the interest rate environment, a significant drag on the share price could reduce rapidly.

Second element is final 15%-20% discount to par. ICGT's continued delivery of returns likely to be a key driver.

The second element to a rerating is the elimination of the company-specific discount. We would characterise the trust as having a sustained discount of around 15%-20% (average year-end January 2017-20 was 18%), with sector-driven noise on top. Given the market-beating returns and conservative approach to NAV (in our view, proven by uplifts on exits), this company-specific discount appears anomalous. The key drivers to its elimination are:

- continued delivery of superior performance; and
- market recognition of this – we note, in the past year, ICGT has revamped its website, started a monthly newsletter, clarified its portfolio metrics with a move away from the previous high-conviction definition, held its first-ever investor day, and enhanced portfolio disclosure. Given the number and breadth of these actions, we expect further communication enhancements going forward.

Financials

We have trimmed estimates, reflecting lower activity due to tariff-related uncertainties and the effect on deal activity. We continue to forecast further years of double-digit CAGR NAV growth.

Income statement (£000)

Year-end Jan	2025			2026E			2027E		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Overseas interest and dividends	1,060		1,060	1,060		1,060	1,060		1,060
Deposit interest & other	53		53	100		100	100		100
Realised gains on investments		1,530	1,530			-			-
Unrealised gains on investments		132,626	132,626		176,346	176,346		196,809	196,809
FX gains and losses	0	(729)	(729)	0	0	0	0	0	0
Investment managers' fees	(1,618)	(14,558)	(15,873)	(1,660)	(14,936)	(16,596)	(1,866)	(16,792)	(18,658)
Other expenses	(1,501)	-	(1,501)	(1,591)	-	(1,591)	(1,687)	-	(1,687)
Return before finance costs and taxation	**(2,006)**	**118,869**	**116,863**	**(2,091)**	**161,410**	**159,319**	**(2,392)**	**180,017**	**177,624**
Interest payable and similar expenses	(938)	(8,417)	(9,355)	(2,000)	(20,000)	(22,000)	(2,000)	(20,000)	(22,000)
Return on ordinary activities before taxation	(2,943)	110,453	107,510	(4,091)	141,410	137,319	(4,392)	160,017	155,624
Taxation	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	**(2,943)**	**110,453**	**107,510**	**(4,091)**	**141,410**	**137,319**	**(4,392)**	**160,017**	**155,624**

Source: ICGT Report and Accounts, Hardman & Co Research

Balance sheet (£000)

@ 31 Jan	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Non-current assets									
Unquoted investments	519,806	571,143	604,306	202,009	269,178	260,296	305,229	309,462	307,551
Quoted investments	1,655	1,231	35,702	0	0	0	0	0	0
Subsidiary investments	148,611	206,042	267,554	921,738	1,079,897	1,036,086	1,164,320	1,330,611	1,483,509
Total non-current assets	**670,072**	**778,416**	**907,562**	**1,123,747**	**1,349,075**	**1,296,382**	**1,469,549**	**1,640,073**	**1,791,060**
Current assets									
Cash & cash equiv.	60,626	14,470	45,143	41,328	20,694	9,722	3,927	2,413	4,931
Receivables	548	1,142	162	2,205	2,416	2,258	2,018	2,018	2,018
Total assets	**731,246**	**794,028**	**952,867**	**1,167,280**	**1,372,185**	**1,308,362**	**1,475,494**	**1,644,504**	**1,798,008**
Creditors	386	483	851	9,303	6,274	5,139	11,171	9,691	8,307
Gross debt					65,293	20,000	131,931	225,000	250,000
Net assets	**730,860**	**793,545**	**952,016**	**1,157,977**	**1,300,619**	**1,283,223**	**1,332,392**	**1,409,813**	**1,539,701**
NAV per share (p)	**1,056.51**	**1,152.12**	**1,384.3**	**1,690.1**	**1,903.0**	**1,909.4**	**2,072.9**	**2,300.7**	**2,512.7**

Source: ICGT Report and Accounts, Hardman & Co Research

Cashflow (£000)

Year-end Jan	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Sale of portfolio invests.	135,461	107,179	147,545	100,982	32,143	40,611	19,966	19,966	19,966
Purch. of portfolio invests.	(101,790)	(95,417)	(86,134)	(75,125)	(62,245)	(25,162)	(34,144)	(34,144)	(34,144)
Cash flow to sub. inv.						(116,084)	(152,174)	(150,000)	(160,000)
Cash flows from sub. inv.						195,300	125,769	170,000	220,000
Net cash flows to sub. inv.	(32,427)	(34,446)	(6,486)	(2,524)	(10,162)	79,216	(26,405)	20,000	60,000
Interest income	3,994	5,832	1,231	3,647	1,829	1,695	494	494	494
Dividend income	1,883	1,290	5,445	1,854	394	779	547	547	547
Other income	216	381	71	2	46	509	53	1,060	1,060
Invest. mgr. charges paid	(7,956)	(9,499)	(10,334)	(6,207)	(21,218)	(15,647)	(16,021)	(16,596)	(18,658)
Other expenses	(1,749)	(1,227)	(1,419)	(1,570)	(1,567)	(2,596)	(1,881)	(2,000)	(2,000)
Net cash inflow/(outflow) from op. activities	**(2,368)**	**(25,907)**	**49,919**	**21,059**	**(60,780)**	**79,405**	**(57,391)**	**(10,673)**	**27,265**
Bank facility fee	(1,081)	(2,576)	(1,410)	(3,318)	(1,728)	(3,970)	(2,011)	(2,011)	(2,011)
Interest paid		(61)	(440)	(50)	(1,963)	(5,571)	(545)	(22,000)	(22,000)
Proceeds from borrowing			-	-	65,293	(46,845)	111,931	93,069	25,000
Purchase of shares into treas.	(709)	(2,628)	(775)	(2,679)	(2,016)	(13,068)	(35,851)	(36,000)	-
Dividends	(14,543)	(15,192)	(15,822)	(17,849)	(19,866)	(21,694)	(22,308)	(23,898)	(25,736)
Net cash infl. from fin. activs.	**(16,333)**	**(20,457)**	**(18,447)**	**(23,896)**	**39,719**	**(91,148)**	**51,215**	**9,160**	**(24,747)**
Net inc. in cash & cash equiv.	(18,701)	(46,364)	31,472	(2,837)	(21,058)	(11,743)	(6,176)	(1,513)	2,518
Opening cash & cash equiv.	78,389	60,626	14,470	45,143	41,328	20,694	9,722	3,927	2,413
FX effects	938	208	(799)	(978)	424	771	381	-	-
Closing cash & cash equiv.	**60,626**	**14,470**	**45,142**	**41,328**	**20,694**	**9,722**	**3,927**	**2,413**	**4,931**

Source: ICGT Report and Accounts, Hardman & Co Research

Appendix 1: Previous Hardman & Co ICGT research

Given the regulatory restrictions on distributing research on this company, the monthly book entry for ICGT can be accessed through our website, Hardman & Co Research. Our detailed thematic reports are listed below. Each link below contains a click-through to our five-minute *Directors Talk* audio interviews. ICGT reported its FY results to January 2025 on 8 May 2025. Other company announcements, such as buybacks, can be found on its LSE news page.

- 2020: Our initiation report, *Outperformance through every stage of cycle* (6 July 2020) and *Defensive growth: explaining downside resilience* (8 September 2020).
- 2021: *ICGT's steps to value-adding portfolio construction* (22 February), *FY'21 results: blew the roof off, not just the doors* (20 May), *ICGT in personal pensions: do as the professionals do* (14 September) and *Intermediate Capital Group/ICGT: friends with benefits* (2 December).
- 2022: *Spotlight on secondaries* (2 March), *FY'22: you couldn't ask for more* (7 June) and *1H'23 and beyond: safe harbour in the storm* (10 November).
- *3Q'23: continued growth and resilience* (9 February 2023).
- *FY results: proving the market-beating model again* (1 June 2023).
- *Investor Day – defensive growth in practice* (10 July 2023).
- *1HFY'24: defensive growth/disciplined approach* (16 October 2023).
- *Putting the discount into perspective* (8 January 2024).
- *FY'24: portfolio companies performing strongly* (16 May 2024).
- *CM day 2024: defensive growth value creation* (28 June 2024).
- Portfolio: 14% EBITDA growth + widening margins (23 October 2024).
- Unique approach to capital allocation (28 January 2025).

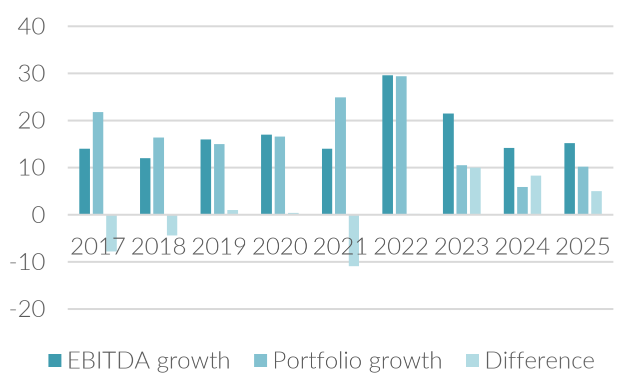
See ICGT's 18 June 2024 Capital Markets Day presentations and webcast *here*.

Appendix 2: Why strong EBITDA growth, buyback and exit uplifts generated below-trend portfolio/NAV growth

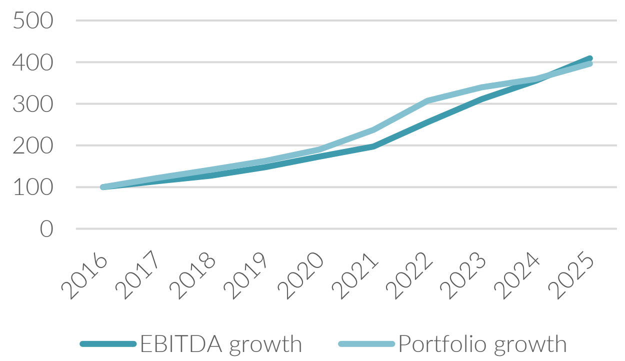
Operational outperformance leads to strong, correlated valuation gains over long term, with short-term noise

We have updated the following section, initially included in our interim results report Portfolio: 14% EBITDA growth + widening margins (23 October 2024) for the latest results. Like many across the industry, ICGT has reported, for several periods, EBITDA growth ahead of NAV growth. We believe investors should put this into an appropriate context and not be alarmed. As the charts below show, there are periods when this happened before (2019, 2023, 2024 and 2025) and there are also periods when NAV growth exceeds EBITDA growth (2017, 2018, and 2021). As a long-term investment, we believe the long-term correlation is strong (see right-hand chart) – supporting the view that operational outperformance leads to strong valuation gains.

EBITDA growth and portfolio growth since 2017 (%)



EBITDA and portfolio indexed to 2016 (100)



Source: ICGT, Hardman & Co Research

The reason for short-term variances can include:

Portfolio mix factors include companies captured by sampling, proportion of new companies, funds in catch-up phase

Portfolio mix changes:

- The portfolio composition, and so average EBITDA growth, constantly changes with new companies entering and others being exited.
- New companies are typically valued by GPs at cost for the first year and so generate no NAV accretion, but their EBITDA growth is caught in the average growth numbers.
- Funds in a "catch-up" period again will see no NAV growth, but investee company performance will show in EBITDA average growth. PE funds are structured so that investors get their target return first, and they accrue 100% of initial returns earned by the fund. Once the fund has achieved the investor target return, the allocation changes; the manager then gets all the returns until their carried interest is fully accrued. After that, returns are then split between the investor and manager (typically 80/20). The period when managers accrue all the return is called "catch-up" because they are catching up for prior performance when they had accrued nothing. As different funds move into a catch-up period, NAV growth will vary from EBITDA growth but typically only for a relatively short period. Diversification by vintage and fund also helps moderate the impact.

- The average numbers are taken from a sample that is generally representative of the whole portfolio; however, in any given reporting period there may be some variance. ICGT believes this effect is minor.

Exit uplifts important to portfolio and NAV growth, accounting for about half of returns over medium term

- The impact of exit activity is material. Exit uplifts are a core part of PE returns and, where accounting has been conservative, it could be argued they represent some of the ongoing value added by the PE manager, not just the exit option taken. ICGT has consistently seen exit uplifts. From FY'20-FY'24, on average, proceeds were 21% of the closing portfolio at an average annual uplift of 31.6%; they consequently added an annual average of ca.6% to the portfolio, or broadly half the return.

FY'25 uplift benefit approximately third of usual rate

- In FY'25, proceeds were 11% of the opening portfolio value, at an average uplift of 19%, i.e. adding just 2% to portfolio value. This is around a third of the long-run average, which has seen realisations at 19% and an uplift of 35%, adding over 6.6% to annual NAV growth. As noted above, management expects future uplifts to be in the 20%-30% range and, with a more normal realisation rate, the long-run outlook is for uplifts on exits to add 4-6% p.a., more than double the FY'25 rate.

Limited exits extend catch-up periods

- A period with limited exits means that the catch-up period when returns accrue to the manager, not investors, is extended.

After above-average exits and need to establish credible track records post COVID-19, the stock of exit-able businesses is growing at time when there are more buyers in market

- In our view, in calendar years 2020-21 there was an above-normal number of exits across the industry as GPs took advantage of the high valuations available at the time (ICGT's experience was that proceeds were 35% of opening portfolio valuation in the year ended January 2022). In essence, this accelerated returns and meant that in calendar years 2022-23 there were fewer businesses that were ready for sale and so there was a below-normal number of exits. Additionally, those businesses that had been adversely affected by COVID-19 needed to rebuild financial track records for a couple of years before they could reasonably be sold. Overall, we believe these factors are now significantly worked through, and so the number of exit-able businesses is growing at a time when exit options have been increasing.

Can see difference between underlying company valuation and overall GP fund valuations

- Average EBITDA is driven by the underlying investee companies. Where ICGT has invested via funds (portfolio mix January 2025: 52% primary and 15% secondary funds and 33% direct company holdings), it is valuing the funds, not the investee companies. Some fund effects are hard to allocate to specific companies, most notably carry (see above).

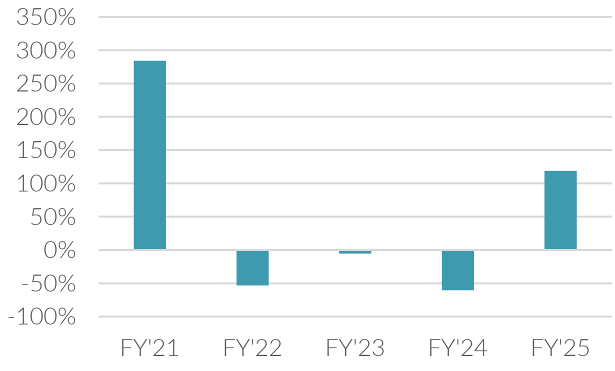
Valuation geared relative to EBITDA

- The relationship between EBITDA and value is affected by investee company leverage. All other things being equal, 10% EBITDA growth for a 50%-geared company would see equity-holder value increase by 20%. Higher interest costs from a higher-rate environment would adversely affect discounted cashflow valuations but not be seen in EBITDA. Similarly, lower interest costs in a falling rate environment would be disproportionately beneficial.

Not all companies valued on EBITDA metric – e.g. listed

- The valuation approach is not always driven by EBITDA multiples – most obviously for listed holdings where quoted prices are used (4.8% end-January 2025 portfolio). The chart below shows the share price of Chewy and its change in the last five financial years. Having been a material boost to NAV shortly after the IPO, the share price had fallen 82% at end-January 2024 from end-January 2021. This was a material drag on NAV growth for those years, before a 119% share price rise in FY'25 saw it alone adding 0.8% to the portfolio return. Since the end of January 2025, Chewy's share price has risen by a further 13%.

Chewy share price ($)	Change in share price in financial year (%)



Source LSEG, Hardman & Co Research

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