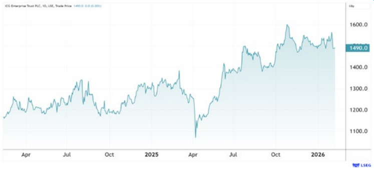
Closed End Investment Funds



Source: LSEG, 2026

Market data

EPIC/TKR	**ICGT**
Price (p)	**1,488**
12m high (p)	1,611
12m low (p)	1,064
Shares (m)	62.0
Mkt cap (£m)	923
NAV p/sh (Oct'25, p)	2,080
Disc. to NAV (%)	-28
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
Contact	Christopher Hunt +44 (0)203 545 2000 www.icg-enterprise.co.uk

Key shareholders

None above 3%

Diary

May'26	FY res to Jan'26

Analyst

Mark Thomas mt@hardmanandco.com

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

ICG ENTERPRISE TRUST PLC

Doubling realisations: sustainability and impact

The key message from ICGT's *3QFY'26 update* (to October 2025) is strong realisations, with the 9MFY'26 run-rate double that seen through FY'24-25. In this report, we explore why realisations have increased, noting diverse buyer and seller drivers and ICGT-specific factors. The breadth of these drivers indicates a continued positive outlook. Uplifts on exit are expected to continue, potentially at a slightly higher rate than the recent past, although not at the FY'20-21 peaks. Continued good operating company EBITDA growth and uplifts on exits should drive NAV growth closer to historical levels. The realisations allow new investment, capital returns to shareholders (buybacks and dividends) and support a strong balance sheet.

- **Key buyer drivers:** We see increased buyer appetite from i) the need to deploy near-record dry powder, much of it raised in 2022, ii) confidence inspired by record equity market levels, iii) a more favourable interest rate environment, iv) good access to financing, and v) AI opportunities for incremental value creation.
- **Key seller drivers include:** i) maturing portfolios with more businesses at an exit-able stage, ii) GPs wanting cash returns, iii) rising markets supporting higher valuations, iv) evolving exit options such as continuation funds, and v) operating companies growing to a point where new owners may add more value.
- **Valuation:** ICGT's NAV valuations are conservative, demonstrated by continued realisations above reported book values. The ratings are undemanding. The 28% discount to NAV is anomalous, we believe, with defensive, market-beating returns, and well above the pre-COVID-19 levels. The 2026E yield is 2.6%.
- **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 28% 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	58,000	168,203
Investment manager fees	(17,013)	(16,148)	(15,873)	(16,596)	(17,227)
Other expenses	(1,956)	(1,769)	(1,501)	(1,591)	(1,687)
Rtn. on ord. act. pre-tax	164,525	17,366	107,510	28,973	141,449
NAV per share (p)	1,903	1,909	2,073	2,102	2,315
NAV total return	15%	3%	12%	4%	13%
S/P prem./disc. (-) to NAV	-43%	-36%	-35%	-29%	-36%
Investments (£m)	1,349	1,296	1,470	1,402	1,484
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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Drivers to recent doubling of realisations, and the outlook

FY'26 run-rate of realisations ca.2x that of previous two years and above medium-term average

9MFY'26 realisations have been running at ca.£80m per quarter, and this has continued into 4Q. The run-rate is double that of the £40m per quarter seen in the previous two years. At 20% of opening portfolio in the first nine months, realisations are at above the five-year annualised average. In the section below, we explore market-wide buyer drivers, market-wide seller factors, and ICGT-specific issues as well as potential factors that could slow realisations down. The breadth of positive drivers bodes well for sustainability over the next 12-18 months.

Market-wide buyer drivers

Exceptional fund raising in 2022 led to near-record dry powder today, and increasingly approaching time when it has to be deployed or commitment expires

We note that the PE industry, especially the larger players, had an exceptional year of fund raising in 2022. In our view, many of these vehicles will be looking to deploy the capital over the next few years before they have to return it to shareholders/the commitments expire. ICGT's focus on buying and growing mid-sized businesses means selling to larger funds is a well-established exit route. Dry powder across the industry is $2.2bn, close to its peak of $2.3bn and more than 2x the 2015 level.[1]

Strong equity markets help confidence, valuations, IPO market and has seen increasing commentary about diversifying away from the Magnificent Seven

Strength of listed equity markets is likely to:

- Give confidence to both trade and financial buyers.
- Support a higher valuation when buyers and sellers may have a gap in their valuation expectations.
- Provide a potentially stronger IPO market as an exit route. The US saw 216 IPOs in 2025 (2024: 176) with proceeds of $47.4bn (2024: $33.0bn).[2] In the UK, in 2025, IPOs raised £2.1bn, up 170% on 2024.[3] We discuss below the increasing resilience of equity markets to certain news flows such as tariffs.
- A simple google search shows the increasing noise around the need to diversify away from the "Magnificent Seven" stocks. While they were the key, arguably nearly only, driver to US rising equity markets, the potential appetite for other stocks in IPOs was more limited. Growing interest outside this group increases potential demand for PE-backed IPOs.

Interest rate and financing markets more favourable

While the outlook remains uncertain, interest rates have been coming down, making debt financing easier. The feedback from multiple listed PE vehicles is that the availability of finance has also improved. The treasury expertise within PE managers means that they, and their investee companies, can access the whole debt financing market. When one element may have limited appetite to lend at any given time, others are usually open. We note private credit funds specifically targeted at the PE market and that over 80% of private credit funds' AUM are in firms with PE funds.[4]

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1 https://www.spglobal.com/market-intelligence/en/news-insights/articles/2025/12/private-equity-dry-powder-recedes-from-all-time-highs-amid-slow-fundraising-96015525
2 https://www.ey.com/en_us/insights/ipo/ipo-market-trends#:~:text=Larger%20IPOs%20drove%20IPO%20activity,dozen%20raised%20over%20%241%20billion.
3 https://www.ey.com/en_uk/newsroom/2026/01/ipo-eye-q4-2025-london-stock-exchange#:~:text=There%20were%2011%20IPOs%20in,the%20Alternative%20Investment%20Market%20(AIM).
4 https://www.greyspark.com/insights/private-markets-private-credit-is-private-equitys-other-half-but-is-the-relationship-souring/

AI opens up potential new efficiency gains, making previously unattractive deals appealing

We have highlighted in previous notes that new investment target returns are broadly unchanged over recent years, despite all the interest rate and socio-economic noise. How PE returns will be delivered has changed with a much higher expectation of operational value added rather than leverage/multiple gains. In our view, the effective implementation of AI efficiencies has created an option for value creation for buyers that was not available a few years ago.

Market-wide seller drivers

Stock of exit-able businesses has been rebuilt after exceptional exits in 2020-21

In our view, the strong equity and IPO markets in 2020-21 saw realisations brought forward from the subsequent few years. The stock of businesses that were ready for sale had to be rebuilt, and so, for several years, realisations were then below what may be regarded as a normal run-rate. This effect has now worked through, and the stock of exit-able businesses rebuilt.

GPs under pressure to generate cash

We believe that GPs are under pressure from their investors to see cash returns. Low levels of distributions saw some investors realise holdings in the secondary market to manage their portfolios and generate liquidity for new PE investments. This is clearly not an ideal position for the investors to be in.

Rising equity markets help valuations

The rising equity markets are also more likely to support sellers' rating expectations than lower them. The gap between buyer and seller valuations has narrowed.

Evolution of continuation vehicles as growing exit option

The PE market is continually evolving, creating a significant new exit route through GP-led secondary deals, including continuation vehicles. Such deals, in recent years, have accounted for half the value of secondary deals compared with just a quarter 10 years ago.[5] We discuss the depressing impact this has on exit uplifts in the section below, noting it assists realisation volumes and confidence in the market.

Longer hold periods mean investee companies growing to size where owners may add more value

In our view, the best GPs are those with focus; and, *inter alia*, this includes expertise in managing businesses to a certain scale. Other GPs may then have the expertise to take companies to a much larger scale. While hold periods are extending, we believe this expertise in managing the size of a business means that optimal returns are generated by then exiting the business. By way of example, it usually takes some different skills to create a national leader compared with taking a national champion into being a global business. A longer hold period with strong growth leads to more businesses being of a scale that other owners may be able to optimise returns on.

ICGT-specific drivers

ICGT's high-quality, sector diverse portfolio appears to be showing more realisations than peers…

The timing of reporting across the listed PE space makes exact comparisons challenging, but ICGT's 20% of opening portfolio realised in 9MFY'26 appears to be well ahead of the sector. We have been told by many participants that the realisation market for high-quality companies, in secular growth markets had been better than the market as a whole and, given this is ICGT's focus, it would support a better-than-average realisation rate. The sector breadth of the portfolio means it is able to tap into many different themes and trends to exit. Recent sales include: Minimax (fire protection); Froneri (ice cream); David Lloyd (health clubs); Datasite (data rooms).

…despite ICGT, historically, having had a lower proportion of secondary investments

ICGT's performance is especially encouraging, given that, historically, it has had a below-average proportion of the portfolio in secondary investments. On average, these have a shorter period to realisation than primary funds. We note this has been an increasing focus for ICGT and, in 3Q, it highlighted the $90m (£67m) commitment to ICG LP Secondaries.

[5] https://www.cvc.com/media/insights/2025/secondaries-in-the-spotlight/

Potential drivers that could slow down realisations

Major equity market fall

Major market fall would be unhelpful – although, if primarily driven by derating of Magnificent Seven, the effect may be less

A sudden, unexpected fall in equity markets is likely to create uncertainty and see less PE activity. In our view, this would be driven by both valuation issues (with buyers wanting the new lower prices and sellers holding out for historical ratings) and also whatever caused the market fall to lead to real uncertainty in the outlook for businesses being sold. We caveat this risk, though, that a sudden fall in equity markets driven by a rating adjustment exclusively in the "Magnificent Seven" technology names is likely to have less impact than a broad market fall.

Macro geopolitical risk

Macro uncertainties remain high, although there are upsides as well as risks

In our view, the outlook for geopolitical risk is highly uncertain. The established global infrastructure is being challenged in a way unseen for decades (with, for example, the UN at risk of "imminent financial collapse" due to member states not paying their fees[6] and the appearance of rising US isolationism). It is also uncertain what impact the US mid-term elections, and any policy announcements ahead of them, will have. The rise of populist parties across many jurisdictions carries the risk of further challenging establishment norms, driving polarisation, and nationalism. The Middle East carries increased risk from Iranian-related conflict but also some upside from reduced Israel/Gazan conflict. On the upside is the potential reduction in risk from a settlement of the Russian/Ukraine war.

Tariffs have a decreasing impact

Tariff announcements having decreasing impact on markets

The "liberation day" tariffs announced in early April 2025 saw the Dow Jones Index fall from 41,190 on 2 April to 37,646 on 7 April, a drop of 9.3%. In our view, the uncertainty created by them was a major factor in the slowing IPO market and less PE activity in 2Q'25. The shock impact of the first announcements appears to have been replaced by a much more sanguine response to more recent news flow. When President Trump announced the tariffs around Greenland, the Index moved from 49,360 on 16 January 2026 to 49,099 on the 23, a fall of just 0.5%. In our view, this reflects the more targeted nature of recent tariffs and experience of the earlier announcements leading to a perception of the "TACO" effect ("Trump always chickens out"); Bloomberg, for example, reported recently that only one in four tariff threats had been carried out.[7]

Secondary sales

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

Additionally, ICGT has seen realisation through the secondary market. Most recently, 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 commented that the return outlook from this portfolio was below the overall trust. This sale was the latest in a series (four out of the past five years have seen some exits this way) as ICGT is continually assessing whether to hold or sell, bearing in mind other uses of that capital to generate higher go-forward returns.

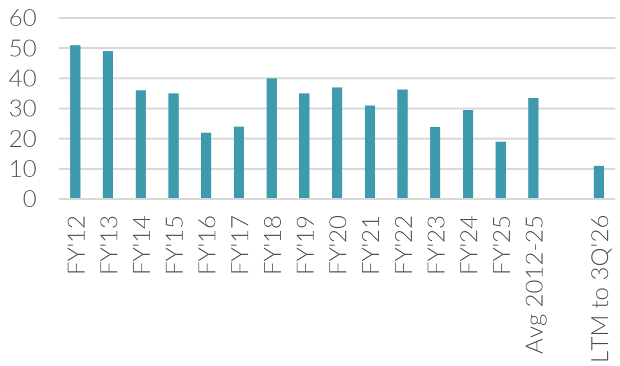
[6] https://www.bbc.co.uk/news/articles/cr579mdv4m7o#:~:text=The%20United%20Nations%20is%20at,could%20run%20out%20by%20July
[7] https://www.bloomberg.com/news/articles/2026-01-27/bluffing-or-not-counting-trump-s-tariff-threats-versus-actions

Outlook for uplifts on exit

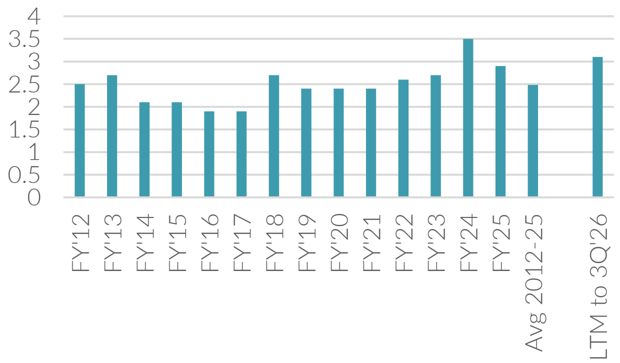
Recent experience been above-average MOIC but lower exit uplifts

The charts below show the uplift on exit and money on invested capital (MOIC; i.e., exit value vs. cost). The most recent experience has been for an above-average MOIC, so that, even with an extended average hold period, IRRs have been good. However, the uplift on exit is around a third of the long-term average. More value has been created through management of the business and less through the icing on the cake of the exit rating. The impact on NAV growth is significant; had 9MFY'26 seen the historical level of exit uplift, the NAV growth would have been ca.4% higher (22% more uplift on YTD proceeds, accounting for 20% of opening portfolio).

Uplift on exit, FY'12-3QFY'26 (%)



MOIC FY'12-3QFY'26 (%)



Uplift on exit is the aggregate uplift on full exits from the portfolio in the period comparing realisation proceeds to the most recent valuation prior to the announcements of the disposal. This measure excludes publicly listed companies that were exited via sell downs of their shares; Source: ICGT Report and Accounts, Hardman & Co Research

There are several factors driving the lower uplift on exit, including:

Historical average impacted by bubbles

- We outlined above how realisations had been accelerated into 2020-21 because of the high ratings available at the time. These ratings saw 30%+ exit uplifts across much of the market as well as strong volumes, especially in technology names. We do not predict such a bubble recurring.

Balance of power been with buyers in slower PE market, but this should normalise

- Exit prices reflect the overall weaker PE market-wide activity with a cyclical shift in favour of buyers. Looking forward, we expect that the drivers outlined on pp3-4 will result in a more equal balance of power between buyers and sellers, suggesting some upside to the 11% uplifts seen in the LTM to 3QFY'26.

Growth on exit-around-NAV continuation vehicles depressing uplifts, but may moderate

- An increasing proportion of exits have been to continuation vehicles where the exit is typically around NAV. Market-wide estimates suggest they could have accounted forca.20% of PE exits in 2025 compared with 12%-13% in 2024.[8] This factor alone would account for a 3%+ reduction in average uplift. In our view, a material factor in the growth of continuation vehicles has been GPs looking to generate liquidity for their investors. Greater market-wide realisations will reduce this pressure.

ICGT no control over timing of exits or price

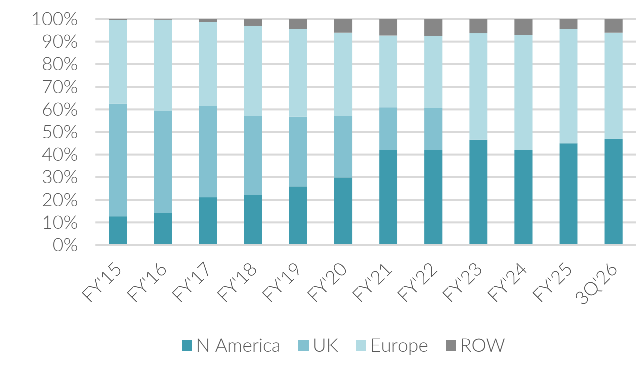
It is worth noting that ICGT has no control on the timing or pricing of exits. This is driven by its GP partners. Assessing the GP's competency on managing exits is part of the overall assessment of GPs, and we believe manager selection will be an increasingly important determinant of overall returns.

[8] https://www.privateequitywire.co.uk/continuation-vehicles-to-account-for-one-fifth-of-pe-exits-in-2025/

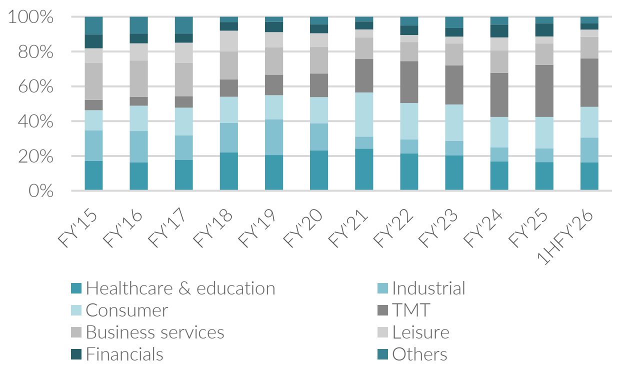
Latest portfolio overview

Disclosure in the 1Q/3Q update is less than at the 1H/FY stage, so the charts below show the latest data available. 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 stats for the whole portfolio are given in the charts below:

Geographical distribution of portfolio, FY'15-3QFY'26 (%)

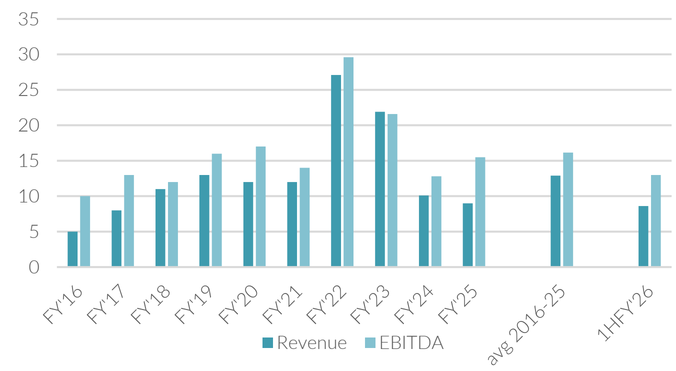


Sectoral distribution of portfolio, FY'15-1HFY'26 (%)

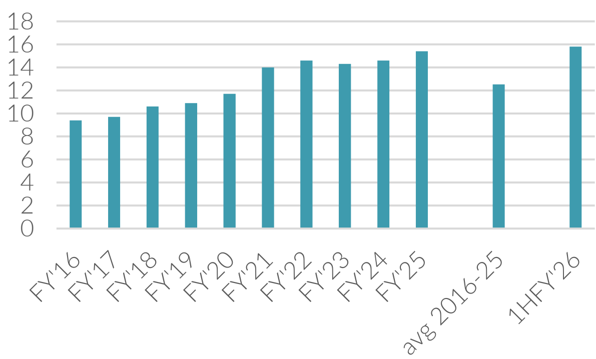


Note: UK now included in Europe; Source: ICGT Report and Accounts, Hardman & Co Research

Top 30 LTM revenue and EBITDA growth, FY'16-1HFY'26 (%)

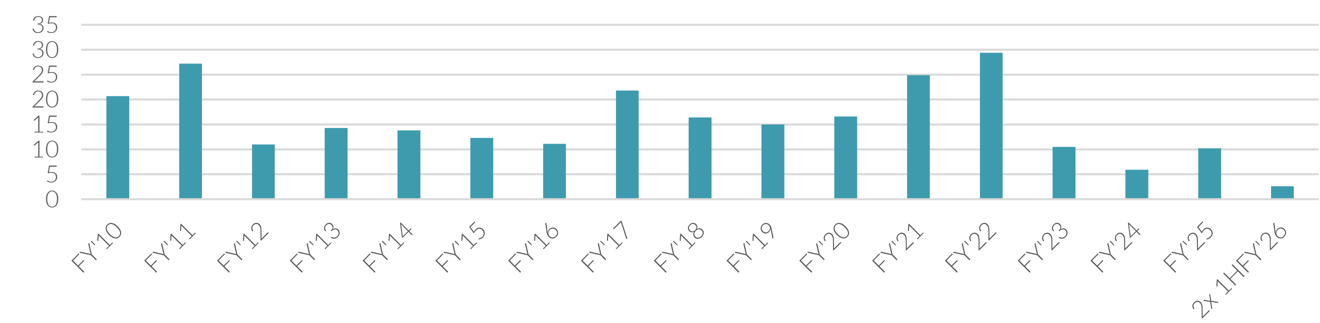


Top 30 EV/LTM EBITDA, FY'16-1HFY'26 (x)



Source: ICGT Report and Accounts, Hardman & Co Research

Underlying constant-currency portfolio growth, FY'10-1HFY'26 (%)

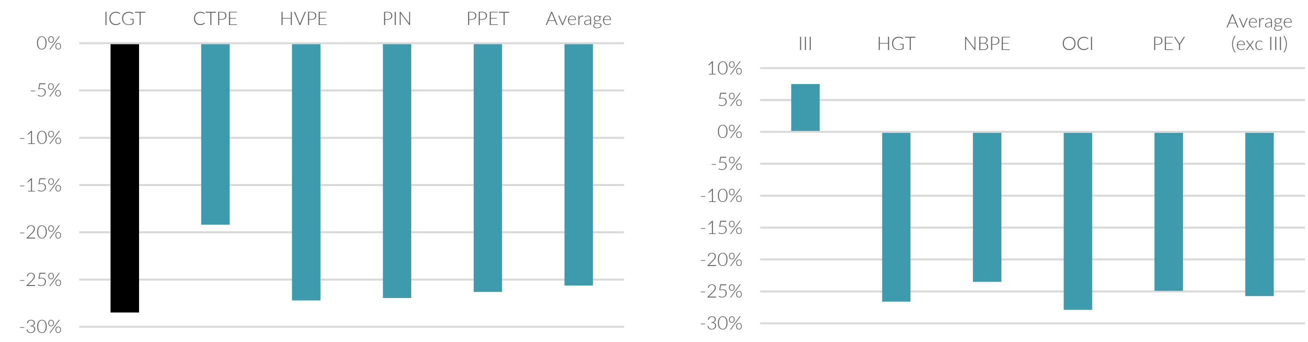


Source: ICGT Report and Accounts, Hardman & Co Research

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, and ICGT's discount is slightly above the average of its immediate peers. We note that NAVs for some peers are updated monthly. Interestingly. the gap between fund of funds and direct investment PE vehicles is now negligible.

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 6 February 2026

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 further closing of the 2022-1Q'23 increase in sector-wide discounts. For this to happen would require 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.
- 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.
- Further sales in the secondary market of non-core holdings at a discount well below that of the trust.

Financials

Our NAV forecasts are largely unchanged, but we have increased realisations, investment and buybacks.

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		58,000	58,000		168,203	168,203
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)	(1,723)	(15,505)	(17,227)
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)**	**43,064**	**40,973**	**(2,249)**	**152,698**	**150,449**
Interest payable and similar expenses	(938)	(8,417)	(9,355)	(2,000)	(10,000)	(12,000)	(1,500)	(7,500)	(9,000)
Return on ordinary activities before taxation	(2,943)	110,453	107,510	(4,091)	33,064	28,973	(3,749)	145,198	141,449
Taxation	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	**(2,943)**	**110,453**	**107,510**	**(4,091)**	**33,064**	**28,973**	**(3,749)**	**145,198**	**141,449**

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	279,373	287,042
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	1,122,320	1,196,998
Total non-current assets	**670,072**	**778,416**	**907,562**	**1,123,747**	**1,349,075**	**1,296,382**	**1,469,549**	**1,401,693**	**1,484,040**
Current assets									
Cash & cash equiv.	60,626	14,470	45,143	41,328	20,694	9,722	3,927	12,551	14,968
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**	**1,416,262**	**1,501,026**
Creditors	386	483	851	9,303	6,274	5,139	11,171	7,691	6,307
Gross debt					65,293	20,000	131,931	100,000	100,000
Net assets	**730,860**	**793,545**	**952,016**	**1,157,977**	**1,300,619**	**1,283,223**	**1,332,392**	**1,308,571**	**1,394,719**
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**	**2,102.5**	**2,315.3**

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	60,000	60,000
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)	(190,000)
Cash flows from sub. inv.						195,300	125,769	250,000	250,000
Net cash flows to sub. inv.	(32,427)	(34,446)	(6,486)	(2,524)	(10,162)	79,216	(26,405)	100,000	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)	(17,227)
Other expenses	(1,749)	(1,227)	(1,419)	(1,570)	(1,567)	(2,596)	(1,881)	(4,000)	(2,000)
Net cash inflow/(outflow) from op. activities	**(2,368)**	**(25,907)**	**49,919**	**21,059**	**(60,780)**	**79,405**	**(57,391)**	**107,361**	**68,730**
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)	(12,000)	(9,000)
Proceeds from borrowing			-	-	65,293	(46,845)	111,931	(31,931)	-
Purchase of shares into treas.	(709)	(2,628)	(775)	(2,679)	(2,016)	(13,068)	(35,851)	(28,521)	(30,000)
Dividends	(14,543)	(15,192)	(15,822)	(17,849)	(19,866)	(21,694)	(22,308)	(24,273)	(25,301)
Net cash infl. from fin. activs.	**(16,333)**	**(20,457)**	**(18,447)**	**(23,896)**	**39,719**	**(91,148)**	**51,215**	**(98,737)**	**(66,312)**
Net inc. in cash & cash equiv.	(18,701)	(46,364)	31,472	(2,837)	(21,058)	(11,743)	(6,176)	8,625	2,418
Opening cash & cash equiv.	78,389	60,626	14,470	45,143	41,328	20,694	9,722	3,927	12,551
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**	**12,551**	**14,968**

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).
- Investing in resilience, delivering growth (21 May 2025).
- Investor seminar 2025: resilience and growth (2 July 2025).
- Mid-teens EBITDA growth and long-term returns (21 October 2025).

See ICGT's 18 June 2025 Capital Markets Day presentations and webcast *here*.

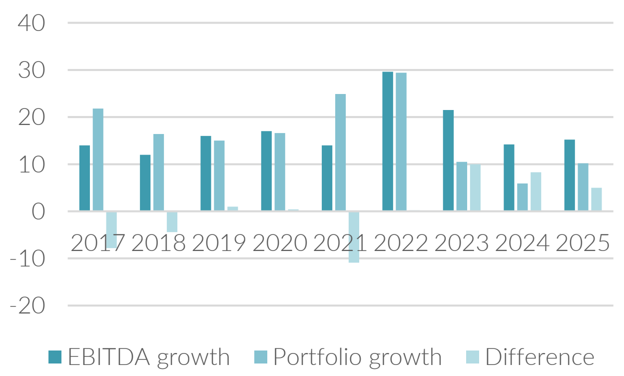
Appendix 2: Extract from our note Investing in resilience, delivering growth (21 May 2025).

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

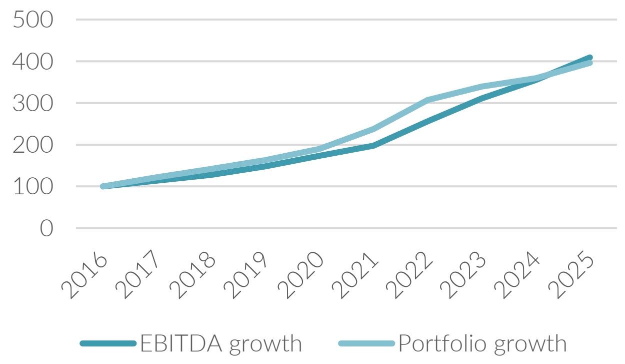
Operational outperformance leads to strong, correlated valuation gains over long term, with short-term noise

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 thus average EBITDA growth, constantly changes, with new companies entering and others being exited.
- New companies, typically, are 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 more than 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). 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%.

Appendix 3: Defensive growth in practice

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 6x-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.

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