HARDMAN & CO.

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ICG ENTERPRISE TRUST PLC

FY'26 results: look to future realisations

As expected, ICGT's results to end-January 2026 showed the benefit of its defensive growth strategy focusing on high-quality companies, which i) attracts through-cycle interest from buyers, ii) saw good operating company EBITDA and revenue growth, and iii) meant software exposure is modest in size and focused in areas that may benefit from AI adoption. Multiple market dynamics are structurally favourable to further exits, and while there may be quarterly noise around global uncertainties, medium-term realisations look good. The discount appears anomalous with its performance, a conservative NAV and the outlook.

- **Long-term performance:** ICGT operating companies have delivered superior long-term revenue and EBITDA growth, margin expansion and strong exit volumes and uplifts through varying market conditions. Short-term noise has driven another year of below-average portfolio growth and NAV total returns.
- **Capital allocations:** ICGT continues to invest to generate long-term returns and re-build the portfolio after an exceptional year of realisations. In addition, it has continued its progressive dividend policy (10-year 10% CAGR) and both of its long-term, discount-agnostic and opportunistic buyback programmes.
- **Valuation:** ICGT's NAV valuations are conservative (regular realisation uplifts), the ratings undemanding, and the ongoing carry value against cost is modest. The 32% discount to NAV is anomalous, we believe, with defensive, market-beating returns, and is above pre-COVID-19 levels. The 2026E yield is 2.8%.
- **Risks:** PE's post-expense, long-term returns are market-beating, but it is an above-average cost model. Sentiment may be adverse to the perceived interest rate risk, IPO market, and performance in economic slowdowns. We believe ICGT's permanent capital structure is right for illiquid assets.
- **Investment summary:** ICGT has consistently generated superior returns, by identifying managers and investments where value can be added, with a strategic focus on defensive growth and exploiting ICG synergies. Valuations appear conservative, and governance is strong. It seems anomalous, in our view, to have this record of outperformance and to trade at a discount to NAV.

Financial summary and valuation

Year-end Jan (£000)	2023	2024	2025	2026	2027E	2028E
Total income	2,271	2,874	1,113	2,565	2,406	2,406
Realised gains	9,311	(1,044)	1,530	(1,365)	-	-
Unrealised gains	175,890	40,413	132,626	14,949	157,068	167,578
Investment manager fees	(17,013)	(16,148)	(15,873)	(16,063)	(16,232)	(17,283)
Other expenses	(1,956)	(1,769)	(1,501)	(2,271)	(2,407)	(2,552)
Rtn. on ord. act. pre-tax	164,525	17,366	107,510	(8,429)	133,502	142,816
NAV per share (p)	1,903	1,909	2,073	2,045	2,242	2,468
NAV total return	15%	3%	12%	1%	13%	13%
S/P prem./disc. (-) to NAV *	-43%	-36%	-35%	-24%	-39%	-45%
Investments (£m)	1,349	1,296	1,470	1,309	1,396	1,484
Dividend per share (p)	30	33	36	39	42	45

*S/P discount to NAV 2023-26 actual NAV and share price on that date, 2027-28 forecast NAV to current share price. Source: Hardman & Co Research

Closed End Investments

Source: LSEG, 2026

Market data

EPIC/TKR	**ICGT**
Price (p)	**1,400**
12m high (p)	1,611
12m low (p)	1,288
Shares (m)	60.9
Mkt cap (£m)	852
NAV p/sh. (Jan'26, p)	2,045
Disc. to NAV (%)	-32
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 GPs directly and through funds. It strikes a balance between concentration and diversification, risk and reward.

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Diary

25 Jun	AGM

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Disclosure: the relevant analyst is a shareholder in ICG Enterprise Trust

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FY results to Jan'26 summary

Five-year NAV annualised total return 10%

The portfolio return (local-currency basis) in FY'26 was 4.8% (a marginal acceleration on the 1HFY'26 rate of 2.1%), still well below the five-year average return of 11.8%. The £ return was 1.2% (FY'25 10.6%). The FY'26 NAV total return per share was 0.5% (1HFY'26: -0.7%, FY'25 10.5%) after a negative forex effect (-3.6%), and again below the five-year CAGR NAV per share total return of 10.0%.

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

Total realisation proceeds in FY'26 rose to a record £382m, more than doubling on the prior year (FY'25 £151m, 1HFY'26 £222m). Realisation activity during the period included 49 full exits, generating proceeds of £196m. These were completed at a weighted average uplift to carrying value of 11.2% (five-year average ca.30%) and at a weighted average multiple to invested cost (MOIC) of 3.0x (long-run average of ca.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 today, and committing to tomorrow

£194m of total new investments were made (FY'25 £181m), of which £84.3m (43%, FY'25 64%) went into primary funds and £69.2m, 36% into direct investments (FY'25 32%). Secondary investments totalled £40.7m, 21% (FY'25 £8m). The key messages are i) ICGT continues to see attractive new opportunities, and ii) direct investments/secondaries as a proportion of total new investments reflect the flexibility in ICGT's model to control cash in an uncertain environment.

Accelerating new commitments

Undrawn commitments at the end of Jan'26 were £635m (£553m end-Jan'25); £165m (£134m Jan'25) of which were in funds outside their investment period and, therefore, unlikely to be drawn. £281m of new commitments were made in FY'26, more than double the prior year (including co-investments £80m and funds £201m), demonstrating ICGT's view of the positive opportunities currently available. £88m of the £201m fund commitments were to ICG managed funds.

Available liquidity nearly doubled

At end-Jan'26, ICGT had £227m (Jan'25 £125m) of available liquidity, including £34m of cash and a £193m undrawn revolving credit facility. Over-commitment at the end of Jan'26 was 32.1% (Jan'25 31.1% of NAV). If we exclude funds outside their investment period, the ratio falls by a quarter, to ca.23.8%. It is broadly consistent with a longer-run average. In previous notes (see Appendix 1), 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.

Conservative valuations

We believe the NAV valuation is conservative, noting i) continued uplifts on exits, ii) modest valuation ratings – EV/EBITDA of 15.7x and a modest PEG of 1.2x (FY'25 1x covering enlarged portfolio disclosure), iii) 13% (FY'25 15%) EBITDA growth (same basis), iv) there is no incentive for GPs to inflate valuations, and v) the independent basis of valuations.

Defensive growth delivers consistent returns

"Defensive growth" is core to ICGT, and it has delivered the consistency of returns with associated compounding benefits and the driver to ICGT's performance over the long term. See "Key theme 1" overleaf and Appendix 3, respectively, for more details.

Progressive dividend policy

The FY'26 total dividend was 39p. This is the 13th consecutive year in which ordinary dividend per share increased (five-year CAGR 10%). FY'26 also saw buybacks of £13.9m in each of the opportunistic and long-term programmes, with NAV accretion of 1.1% due to the FY'26 activity (3.7% since inception in October 2022). The average discount of the FY'26 buybacks was 32.3% (close to the 35.8% since inception).

Key theme 1: long-term value creation

Summary

We detail below the evidence of ICGT's long-term outperformance. We believe this is driven by a model, which identifies partners and investments that can deliver superior EBITDA growth and margin expansion over the long term. The defensive growth strategy focuses on lower-risk subsectors of PE with incremental returns generated by manager and investment selection. Importantly, it also delivers consistent growth with the associated compounding benefits. ICGT continues to invest to ensure a balanced portfolio.

Strong track record…

Five- and 10-year double-digit NAV returns

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 and 10 years, NAV per share total return has averaged 10.0% and 12.9%, respectively. The table below reports ICGT's track record for FY'20-FY'26, which show that, in five of the past seven years, double-digit portfolio returns and NAV per share total returns have been generated.

Track record

Financial year-end January	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026
Fund performance							
Portfolio return (local currency)	16.6%	24.9%	29.4%	10.5%	5.9%	10.2%	4.8%
Portfolio return (sterling)	14.6%	26.4%	27.6%	17.0%	3.2%	10.6%	1.2%
NAV (£m)	794	952	1,158	1,301	1,283	1,332	1,273
NAV per share total return	11.2%	22.5%	24.4%	14.5%	2.1%	10.5%	0.5%
Investment activity							
New investments (£m)	159	139	304	287	137	181	194
As % opening portfolio	23%	17%	32%	24%	10%	13%	13%
Realisation proceeds (£m)	141	137	334	252	171	151	382
As % opening portfolio	20%	17%	35%	21%	12%	11%	25%
Shareholder experience							
Closing share price (p)	966	966	1,200	1,150	1,226	1,342	1,534
Total dividends per share (p)	23	24	27	30	33	36	39
Share price total return	20.5%	2.8%	27.1%	-2.3%	9.6%	12.5%	17.3%
Total shareholder distributions (£m)	18	17	21	22	35	59	51
As % realisation proceeds	12%	12%	6%	9%	20%	39%	13%
As % opening NAV	2.4%	2.1%	2.2%	1.9%	2.7%	4.5%	3.9%
Mix of distribution							
- dividends	83%	94%	86%	91%	63%	38%	46%
- buybacks	17%	6%	14%	9%	37%	62%	54%

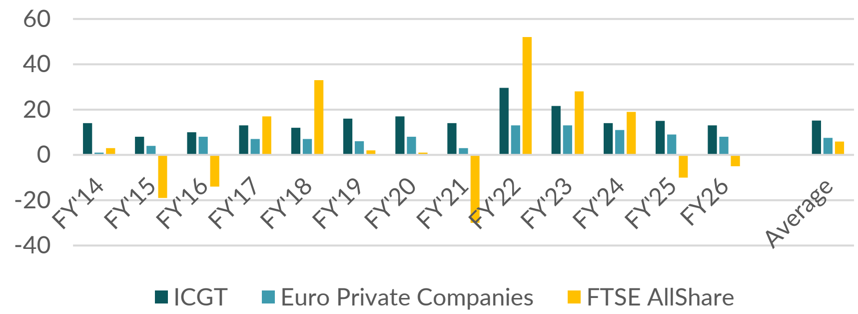
Source: ICGT Report and Accounts, Hardman & Co Research

… driven by superior EBITDA growth…

Delivered peer-beating mid-teens EBITDA growth over long term

We believe the key driver to long-term superior NAV returns is superior revenue and EBITDA growth. The chart below shows the top 30 average growth in FY'17-FY'26 was 13.4% and 16.3%, respectively. The chart also highlights that i) private companies have outperformed public markets (in our view, demonstrating the value added by PE backers), ii) ICGT has outperformed private companies generally (demonstrating the value added by ICGT's approach to PE), and iii) ICGT has delivered relatively consistent EBITDA growth with much less volatility than the FTSE All Share in particular.

EBITDA growth (%)



Source: ICGT Report and Accounts, Hardman & Co Research

FY'26 margins expanding by 3.6% (enlarged portfolio basis) in line with long-run average improvement

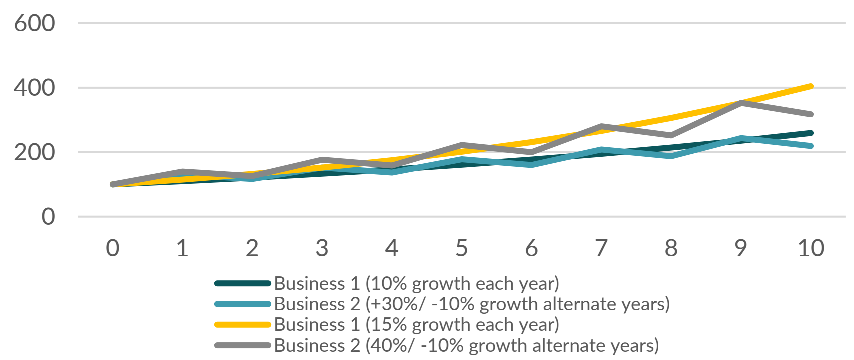
Margin expansion has continued with the portfolio (enlarged basis covering 70% of total in FY'26) delivering 3.6% faster EBITDA growth than revenue growth (13.1% and 9.5%, respectively). This margin expansion is in line with the long-term trends and reflects the operational improvements the PE backers bring to the investee companies. There has been a good dispersion of this margin expansion across the whole portfolio. For a more detailed disclosure, see the supplementary information of the *results announcement*.

Consistent returns generate compounding benefits

Consistent growth can deliver 15%-20% uplift in medium-term performance over volatile growth

In our view, the benefit from compounding consistent growth is often underestimated. The chart below shows the theory: both businesses 1 and 2 have an average growth rate of 10% p.a., but business 1 achieves this rate of growth every year. Over 10 years, its indexed value rises from 100 to 259. Business 2, on the other hand, is more volatile and grows at 30% and -10% alternate years (so still an average of 10% p.a.). Over 10 years, it only grows to an index level of 219 and despite the same average annual growth, its total return is 15% lower than the consistent company. The compounding benefit accelerates further with faster growth – a 15% consistent annual increase every year delivers 21% more growth over 10 years compared with a business showing 40% growth and a 10% drop in earnings in alternate years over that period.[1]

Benefit from compounding steady annual growth (indexed to 100 in year 0)



Source: Hardman & Co Research

[1] This analysis is theoretical. ICGT's (and market-wide PE's) model will see investments sold before 10 years of compounding growth. Individual company EBITDA growth is optimised then sold to re-invest in new companies where EBITDA growth can be accelerated, usually faster than the original investment. The compounding will be seen portfolio-wide.

Delivered by the defensive growth strategy

Defensive growth strategy focuses on lower-risk subsectors of PE, with incremental returns generated by manager and investment selection

We have discussed in detail in previous notes how ICGT achieves this superior growth (see Appendix 1 for details of our reports and Appendix 3 for further illustration of what the strategy means in practice). In summary, the defensive growth approach reduces risk with its focus on buyouts over, say, venture; developed markets with experienced markets over emerging ones; and mid-market/larger companies with strong management teams over smaller ones. ICGT also generates incremental returns by focusing on top-tier managers and picking resilient companies with secular growth support. The dedicated team is exclusively focused on the trust, a differentiating feature among listed peers, and typically turns down 80% of co-investments it is offered even though most are from long-established GP relationships. In FY'26, when they made 11 new primary fund commitments, they also declined three new primary commitments from existing managers.

ICG managed funds (29% ICGT portfolio) outperformed average return by 2%

In previous notes, we have highlighted the benefits of having ICG plc as the manager. *Inter alia*, it has given increased access to ICG plc managed funds and co-investments, which, at the end of January 2026, accounted for 29.4% of the ICGT portfolio. ICG managed investments have outperformed the portfolio as a whole, delivering a 6.9% local currency return (portfolio total 4.8%).

Execution of strategy constantly evolving as is investor communication

The strategy is unchanged over many years, but its execution is dynamically managed to optimise risk/return. Examples include:

- changes to portfolio allocation with the 2023 adoption of a target 50%:50% split North America:Europe and increased target weightings in secondary and direct investments in 2025;
- capital allocation, which saw a progressive dividend policy adopted in 2017, the launch of the long-term buyback programme in 2022 and the 2024 launch of the opportunistic programme; and
- increased shareholder engagement including in 2023 enlarged portfolio disclosure, enhanced digital communication and a new advisor.

Ongoing new investments ensure a balanced portfolio

The table on p4 shows that ICGT has consistently been making new investments to ensure a balanced portfolio in terms of duration. The objective is to ensure that there will also be some companies ready for exit, thereby assisting returns and moderating liquidity risk. In FY'26, new investments were 13% of the opening portfolio, slightly below the five-year average (18%) but, at £194m, still the third highest nominal value in the past seven years. As we note, there were £281m of new commitments made in FY'26, more than double the prior year. Following above-average exits in FY'26, we expect new investments to give a more balanced portfolio in terms of the concentration in the top 30 as well moving towards the target primary/secondary/direct mix.

Key theme 2: why future NAV TR is likely to be more aligned with EBITDA growth

Despite strong EBITDA growth, NAV total return below long-run averages

For several reporting periods now, the strong operational performance (FY'26 EBITDA growth 13%) has not fed through to strong portfolio returns and NAV growth (FY'26 5% and 0.5%, respectively). We discussed the key drivers in detail in our FY'25 results note Investing in resilience, delivering growth (21 May 2025), which we have extracted as Appendix 2 below.

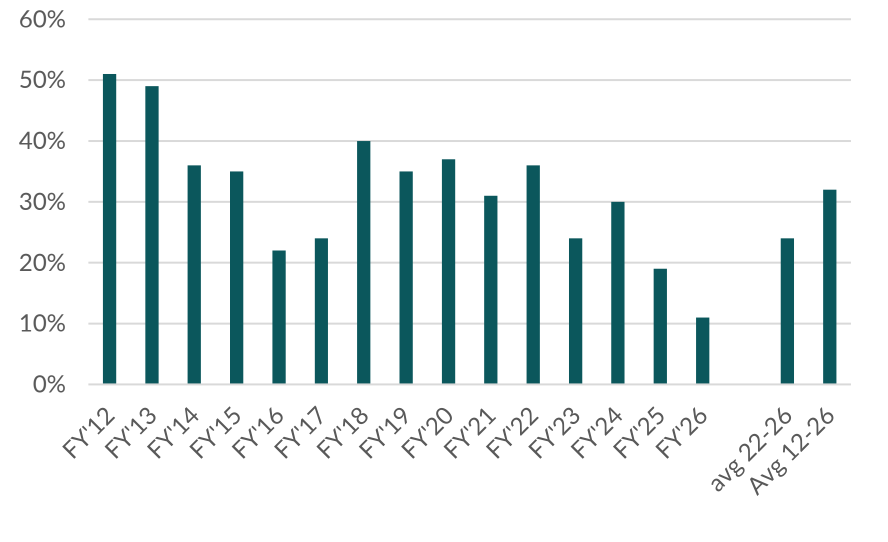
Lower-than-usual exit uplift

Business factors in FY'26

Historical levels of uplift on exit would have added ca.5% to returns

As the chart below shows, exit activity has generated well below long-run uplift benefits – 2026 average uplift of 11%, against the long-run average 30%+. If historical levels of uplift had been seen in FY'26, with 25% of the portfolio being realised, the NAV returns would have been ca.5% higher (25% x 20%). This factor alone would account for more than half the gap between NAV growth and EBITDA growth.

Average uplift to most recent valuation (%)[2]



Source: ICGT R&A, Hardman & Co Research

[2] Just as a reminder, investors should note ICGT reports the uplift on the last valuation date. This gives a lower uplift than peers who report uplifts on, say, previous reporting date in order to reduce any distortion from the most recent valuation, including an element of expected exit premium.

Business drivers include:
- Market uncertainty
- Continuation vehicles
- GPs wanting to generate liquidity
- Unusually high 2020-21 included in average
- Impact of interest rates
- Some rating compression

There have been multiple drivers to why the FY'26 uplift was below average, including:

- ► Ongoing market uncertainty has been unhelpful to exit valuations.
- ► The evolution of continuation vehicles, which typically see an exit around NAV. With no boost on exit, as these account for an increasing proportion of realisations, it reduces the average uplift across the portfolio. ICGT may or may not partake in the vehicle depending on its investment outlook.
- ► In part, the evolution of continuation vehicles reflects the balance of power shifting from PE sellers to PE buyers. GPs have been under pressure to generate liquidity for investors and have seen average holding periods trending closer to fund maturity dates when investments would have to be sold. In our view, GPs have been more willing to accept a certain exit rather than wait for a possibly higher price, at a later date. The 25% of opening portfolio realised in FY'26 is the highest in the past four years, which shows there was some volume offset to the lower average uplift.
- ► The medium-term averages included 2020-21 when very high valuations were achieved for technology companies on IPO exits. More recent periods have seen much more muted demand for this sector and lower IPO uplifts.
- ► While only 12% of the portfolio, software investments have seen a de-rating in their valuation multiples as listed comparables have fallen.

Technical factors in FY'26

Mix effects in calculations can distort single period numbers

In any year, the detailed technicalities of how the averages are calculated can create distortions. *Inter alia*, these effects include, notably, new investments and exits, valuation bases (not all valuations are based off EBITDA multiples, including, for example, listed holdings) and the delayed impact of higher rates on bottom line earnings but not EBITDA.

Uplift looking forward

Some of these effects are expected to reverse

In our view, the medium-term outlook is for exit uplifts to rise above the FY'26 levels, but probably not to the historical average, with a range of 20%-25% appearing reasonable. As we detail in the next section, a number of market-wide factors should re-balance PE sellers' and buyers' powers. If, market-wide, more realisations are seen, the need for GPs to generate liquidity may reduce, and with it the further expansion of zero-uplift continuation vehicles as an exit option.

In any given period, there will be macro uncertainty. While the timing of when this will change is unclear, in our view, the level of macro uncertainty is currently above what we expect over the long term. Any normalisation of uncertainty is likely to be helpful to sellers achieving better ratings.

Other factors

EBITDA growth and NAV returns may align further due to:

- maturing new investments
- delivery of secondary investment returns
- alignment of earnings with EBITDA growth

Appendix 2 details a number of other factors, which have driven NAV returns below EBITDA growth. We believe that, over time, the key to NAV returns is EBITDA growth. The chart in the Appendix confirms this has been the case historically. After a period when valuations have lagged EBITDA growth, it is not unreasonable to expect more alignment between the two, or even for NAV growth ahead of EBITDA growth.

- New investments should progress their journey of value creation. Typically, in the first years, there is often heavy investment, with payback, and so organic valuation uplift, coming a few years later.

- ICGT's growing investments in secondaries, which mean that ICGT is investing once the PE value-creation journey is well under way, and should be closer to realisation, should accelerate NAV growth compared with a primary-focused portfolio.

- In our view, listed investors focus on bottom-line earnings, not EBITDA, and listed comparables are driven by a different basis than the multiples reported across the PE industry. In particular, bottom-line earnings trends vary from EBITDA growth when interest rates change. In a rising rate environment, earnings growth will be slower and in a falling rate one, earnings will be higher, with PE-backed businesses, typically, having more gearing than non-PE-backed ones. The effect has been smoothed by treasury management, which meant the drag on earnings came later than the rise in rates and the benefit of the initial falls in rates also got smoothed.

Other themes

Strong FY'26 realisations despite market uncertainty

Drivers to FY'26 outperformance

ICGT strong 1H despite Liberation Day uncertainty, and accelerated into 2H

2Q'25 saw the early shoots of a market-wide realisation recovery snuffed out by uncertainty over tariffs and "Liberation Day". However, this was not ICGT's experience, which saw the highest FY realisation rate in the past four years (25% of opening portfolio). 1HFY'26 total realisations (£160m) exceeded the FY'25 full-year value (£151m) and this strong performance accelerated into 2HFY'26 (FY'26 total realisations £382m). At 25% of opening portfolio, annualised realisations were well above the five- and ten- year averages of 22% and 19%, respectively. ICGT attributes this strong performance to its defensive growth strategy identifying resilient, secular growth investments, which are attractive to multiple buyers through all economic conditions, with the strength in FY'26 realisations driven by a number of large exits. It also has exit-route optionality, not being overly dependent on any single route such as IPO.

Secondary sale of non-core assets at 5.5% discount. These assets slower growing than portfolio, which is currently at 32% discount to NAV

In FY'26, ICGT also saw realisation through the secondary market. 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.

FY'27 outlook

Strong market-wide structural support for further exits but may see quarterly volatility

The Iran war has again seen market-wide pressure on realisation volumes, with political and macroeconomic uncertainty rising. In our view, this creates noise, for the very least in the short term. Additionally, there have been concerns about some software company exposure to AI disruption, a key sector across the PE market although ICGT's exposure is below average. However, offsetting this near-term volatility, there are a number of market-wide factors supporting good realisations, including i) the maturity of PE portfolios, ii) exceptional fund raising in 2022 has led to near-record dry powder, and increasingly it is approaching the time when these funds have to be deployed or the commitment expires, iii) debt finance is readily available at reasonable pricing, iv) in our view, AI opens up new efficiency gains, potentially making previously unattractive deals appealing, v) GPs under pressure to generate cash, and vi) the evolution of continuation vehicles as growing exit option.

ICGT's portfolio proven attractive across range of conditions

ICGT, in FY'26, proved the resilience of demand for its defensive growth companies through both challenging quarters and good ones. At this stage, we have assumed £70m lower realisations FY'27 on FY'26. If this is achieved again, it would be ahead of the 10-year average rate as a proportion of the opening portfolio. We believe our forecasts are consistent with management's comments, which may be summarised as expecting a good year with levels close to FY'26 possible but not probable.

Software exposure modest

ICGT's software exposure:
- 12% of portfolio
- Held at below market valuation multiples
- Assumed rating contraction, post-acquisition
- Made after stress testing
- In companies less exposed to/beneficiaries from AI disruption

The potential disruption that AI may have on software companies has seen significant share price falls for many software companies, funds which invest in software companies and lenders to this sector. Unsurprisingly, ICGT detailed its software exposure on slide 9 of the *presentation*. The key points are:

- Software remains a relatively modest part of the portfolio (12% end-FY'26)
- The valuation multiple appears conservative. At end-January 2026, ICGT's investments were held at an average 21.6x EV/EBITDA multiple compared with the S&P 500 software industry index of 27x (end-2025). *HGT's investments* were held at 25.2x at the start of 2026 and 24.0x March 2026.
- ICGT being careful on the entry valuation (the biggest single reason for software opportunities being declined) and has assumed multiple contraction post-acquisition in its investment theses for several years.
- ICGT only invests after stress testing, capturing not only AI risk but any other shock events.
- Investments are in mission-critical industries, which are expected to be more resilient than software overall.
- Investments, typically, have high margins, recurring revenue, a low capex requirement and growth opportunities from digitalisation.
- Many of the investments will see operational improvements from AI. In our view, potential AI incremental efficiency gains could help exits as businesses that were previously unattractive now meet hurdle returns for buyers.

Iran war

No direct exposure

We have detailed the overall resilience from ICGT's defensive growth strategy over and above the resilient PE sector, in multiple previous reports (see Appendix 1). ICGT has no direct exposure to Iran, but the secondary effects of higher inflation, interest rates and market uncertainty are all likely to have an impact. For the reasons outlined in previous notes and summarised again in Appendix 3, we expect ICGT to be more resilient than the overall PE sector.

Capital allocation policy

Two distinct buyback programmes

ICGT has three strands to returning capital to shareholders.

- ICGT has two distinct buyback programmes. One is long-term and may operate at any discount level, while the other is more opportunistic and typically involves much larger transactions. 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*.
    - Since inception in October 2022 to 31 January 2026, the long-term programme, which is agnostic to the level of discount, has been active in the market on 264 days, returning £46.4m, including 82 days and £13.9m in FY'26 (49 days and £8.2m in 1HFY'26).

- The opportunistic programme has been active on 23 days and returned £32.2m (£13.9m FY'26).

Buyback programmes

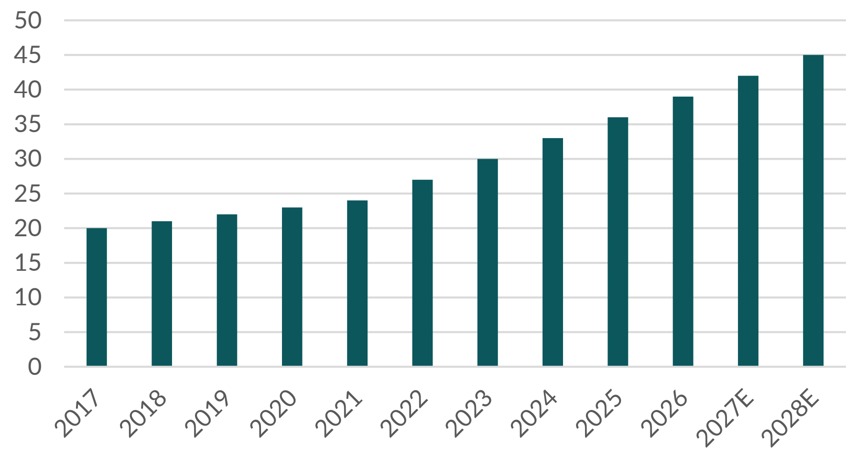
	Long-term FY'26	Opportunistic FY'26	Total FY'26	Long-term since inception	Opportunistic since inception	Total since inception
Number of shares purchased (000)	1,008	1,031	2,039	3,754	2,523	6.278
% of opening shares since start						9.2
Capital returned (£m)	13.9	13.9	27.8	46.4	32.2	78.6
Number of days shares acquired	82	12	94	264	23	287
Weighted average discount to last NAV (%)	31.7	32.8	32.3	36.5	34.8	35.8
NAV per share accretion (p)			21.5			72.6
NAV per share accretion (%)			1.1			3.7

Source: ICGT Report and Accounts, Hardman & Co Research

Growing dividends and accelerated buyback programmes

- Shareholders saw FY'26 dividends of 39p (2024: 36p), resulting in a five-year CAGR of 10%. As the table below shows, this growth has been consistent over the long term.

Annual dividend since FY'17 (p)



Source: ICGT R&A, Hardman & Co Research

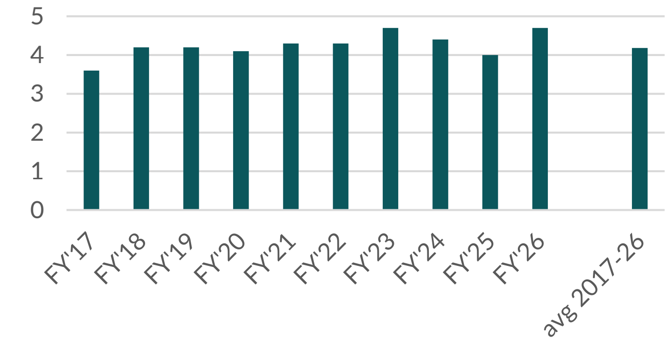
ICGT gearing modest at all levels

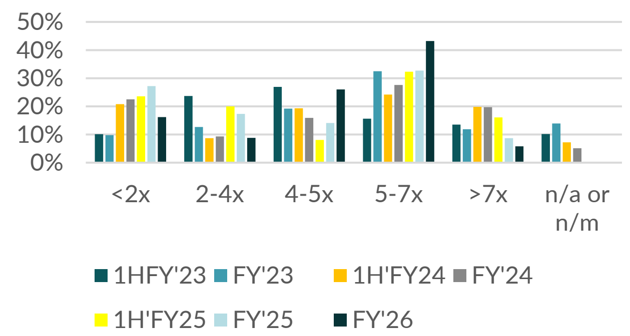
In considering macro sensitivity to the downside, we believe that many investors are concerned by the level of gearing across the PE market. There are multiple layers of debt to consider.

Investee companies' reported gearing rose in FY'26 due to mix changes and exit of lower geared businesses. Underlying broadly stable.

- The net debt of the top 30 investee companies had remained stable for many years (see left-hand chart below) but rose in FY'26. This was primarily driven by mix effects with several of the top 30 exiting in FY'26 (and, typically, they had lower levels of gearing). The distribution of debt is wide, with 26.3% of the enlarged sample (covering 70% 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 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 that 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

- As noted above, at the trust level, at end-Jan'26, ICGT had £227m (Jan'25 £125m) of available liquidity, including £34m of cash and a £193m undrawn revolving credit facility. The trust level gross gearing was 10% at the end of Jan'25 but fell to ca.5% after the recent disposals.

Forex exposure

Forex small negative in FY'26 but evens out over long-term and very expensive to hedge

In any given period, forex can have an impact on total returns. In FY'26 this was a modest negative. Over time, the effect balances out with the impact on long-term returns minimal. To hedge the exposure would be expensive in cash/margin-call related liquidity requirements relative to this long-term minimal impact. Additionally, it would be very complex given i) part of overall returns is generated on exit, the timing of which is uncertain, and ii) while the geographical location of investee companies' HQs is known, it does not reflect the exposure those businesses have in different currencies. Many are international/global businesses with revenue and profit streams in multiple currencies.

FY'26 portfolio overview

Top 30 companies account for 37% of portfolio

The top 30 companies account for 37% of the portfolio value due to exit activity. The enlarged portfolio rose to 70%. The table below gives some of the key performance, valuation and gearing metrics across both disclosures.

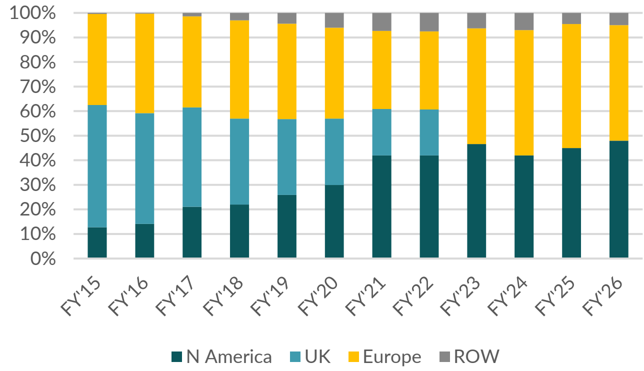
Key portfolio metrics

	FY'25 Top 30 (40% portfolio)	FY'25 Enlarged (67% portfolio)	FY'26 Top 30 (37% portfolio)	FY'26 Enlarged (70% portfolio)
LTM revenue growth (%)				
Average	9.0	11.2	10.2	9.5
% negative	12*	14*	10.5	16.7
% >20%	13	16	14.4	14.1
LTM EBITDA growth (%)				
Average	15.5	15.3	13.9	13.1
% negative*	16	18	11.6	15.6
% >20%	31	29	34.5	17.6
EV/EBITDA				
Average (x)	15.4	15.2	15.9	15.7
<10x (%)	9	10	7.8	9.1
>20x (%)	15	15	21.2	19.7
Net debt/EBITDA				
Average (x)	4.0	4.4	4.7	4.8
<2x (%)	27	17	16.2	12.5
>6x (%)	35	29	29.0	26.8

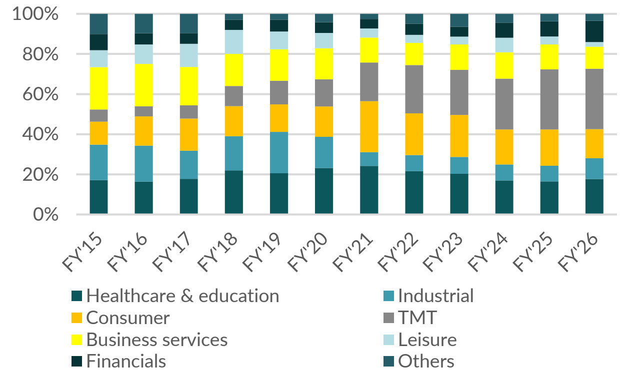
** We understand the vast majority have falls under 5%. It is not uncommon for new companies to see heavy investment before realising the benefits.*

Source: ICGT Report and Accounts, Hardman & Co Research

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

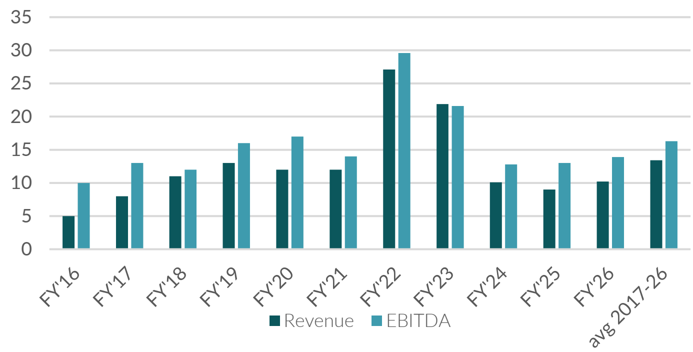


Sectoral distribution of portfolio, FY'15-FY'26 (%)

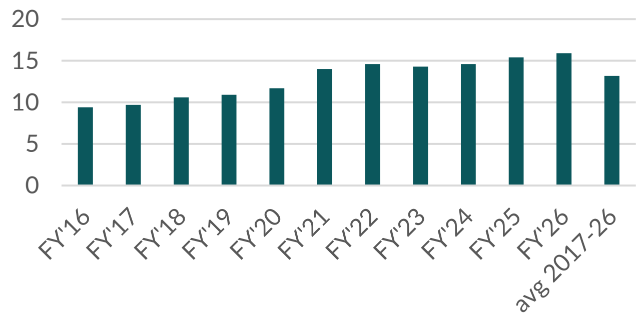


Note: UK now included in Europe; Source: ICGT Report and Accounts, Hardman & Co Research

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

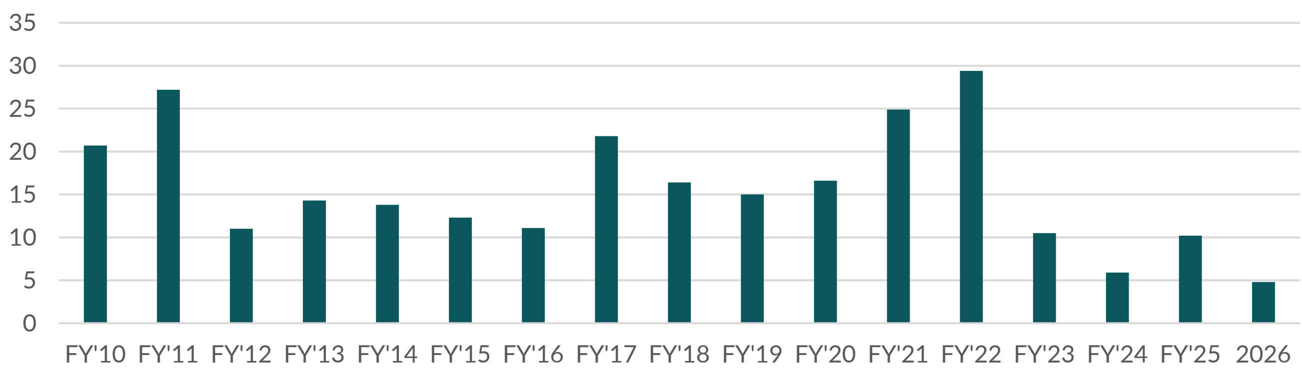


Top 30 EV/LTM EBITDA, FY'16-FY'26 (x)



Source: ICGT Report and Accounts, Hardman & Co Research

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

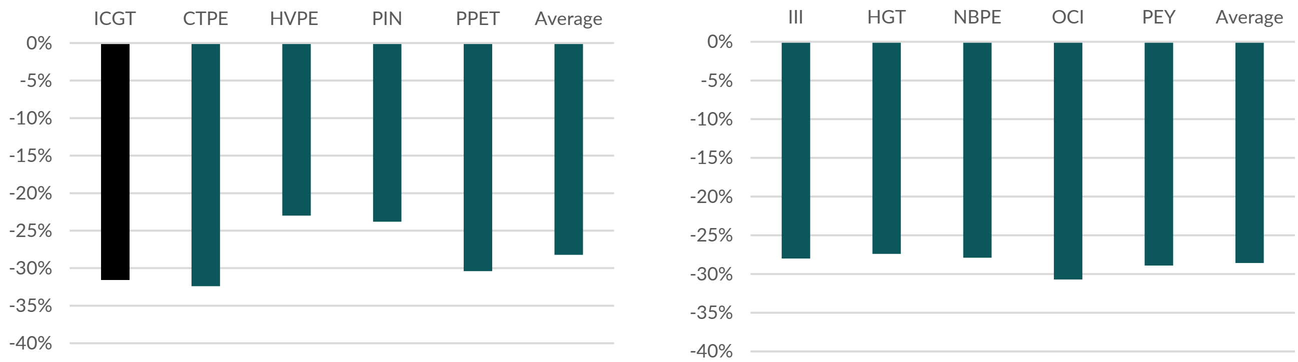


Source: ICGT Report and Accounts, Hardman & Co Research

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 market, and ICGT's discount is slightly above the average of its immediate peers. We note that NAVs for some peers are updated monthly.

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 9 June 2026

What could lead to a rerating?

We see two possible elements to a rerating.

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. 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.
- 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 the trusts.

Financials

FY'26 NAV was slightly below our forecast. We have carried forward this shortfall into the following years.

Income statement (£000)

Year-end Jan	2026			2027E			2028E		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Overseas interest and dividends	2,306		2,306	2,306		2,306	2,306		2,306
Deposit interest & other	259		259	100		100	100		100
Realised gains on investments		(1,365)	(1,365)			-			-
Unrealised gains on investments		14,949	14,949		157,068	157,068		167,578	167,578
FX gains and losses	0	3,533	3,533	0	0	0	0	0	0
Investment managers' fees	(1,606)	(14,457)	(16,063)	(1,623)	(14,609)	(16,232)	(1,728)	(15,555)	(17,283)
Other expenses	(2,271)	-	(2,271)	(2,407)	-	(2,407)	(2,552)	-	(2,552)
Return before finance costs and taxation	(1,312)	2,660	1,348	(1,624)	142,459	140,834	(1,874)	152,023	150,149
Interest payable and similar expenses	(927)	(8,850)	(9,777)	(695)	(6,638)	(7,333)	(695)	(6,638)	(7,333)
Return on ordinary activities before taxation	(2,239)	(6,190)	(8,429)	(2,320)	135,821	133,502	(2,569)	145,385	142,816
Taxation	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	(2,239)	(6,190)	(8,429)	(2,320)	135,821	133,502	(2,569)	145,385	142,816

Source: ICGT Report and Accounts, Hardman & Co Research

Balance sheet (£000)

@ 31 Jan	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Non-current assets									
Unquoted investments	571,143	604,306	202,009	269,178	260,296	305,229	314,939	343,247	364,441
Quoted investments	1,231	35,702	0	0	0	0	0	0	0
Subsidiary investments	206,042	267,554	921,738	1,079,897	1,036,086	1,164,320	993,961	1,053,236	1,119,625
Total non-current assets	778,416	907,562	1,123,747	1,349,075	1,296,382	1,469,549	1,308,900	1,396,483	1,484,066
Current assets									
Cash & cash equiv.	14,470	45,143	41,328	20,694	9,722	3,927	33,837	24,349	12,904
Receivables	1,142	162	2,205	2,416	2,258	2,018	1,486	1,486	11,982
Total assets	794,028	952,867	1,167,280	1,372,185	1,308,362	1,475,494	1,344,223	1,422,318	1,508,952
Creditors	483	851	9,303	6,274	5,139	11,171	5,081	4,975	5,000
Gross debt				65,293	20,000	131,931	66,570	66,570	66,570
Net assets	793,545	952,016	1,157,977	1,300,619	1,283,223	1,332,392	1,272,572	1,350,773	1,437,382
NAV per share (p)	1,152.12	1,384.3	1,690.1	1,903.0	1,909.4	2,072.9	2,044.6	2,242.3	2,468.1

Source: ICGT Report and Accounts, Hardman & Co Research

Cashflow (£000)

Year-end Jan	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Sale of portfolio invests.	107,179	147,545	100,982	32,143	40,611	19,966	60,090	60,090	60,090
Purch. of portfolio invests.	(95,417)	(86,134)	(75,125)	(62,245)	(25,162)	(34,144)	(50,605)	(50,605)	(50,605)
Cashflow to sub. inv.					(116,084)	(152,174)	(154,775)	(190,000)	(190,000)
Cashflows from sub. inv.					195,300	125,769	320,137	250,000	250,000
Net cashflows to sub. inv.	(34,446)	(6,486)	(2,524)	(10,162)	79,216	(26,405)	165,362	60,000	60,000
Interest income	5,832	1,231	3,647	1,829	1,695	494	708	708	708
Dividend income	1,290	5,445	1,854	394	779	547	1,452	1,452	1,452
Other income	381	71	2	46	509	53	259	2,306	2,306
Invest. mgr. charges paid	(9,499)	(10,334)	(6,207)	(21,218)	(15,647)	(16,021)	(16,240)	(16,232)	(17,283)
Other expenses	(1,227)	(1,419)	(1,570)	(1,567)	(2,596)	(1,881)	(1,998)	(2,000)	(2,000)
Net cash inflow/(outflow) from op. activities	**(25,907)**	**49,919**	**21,059**	**(60,780)**	**79,405**	**(57,391)**	**159,028**	**55,719**	**54,668**
Bank facility fee	(2,576)	(1,410)	(3,318)	(1,728)	(3,970)	(2,011)	(2,572)	(2,572)	(2,572)
Interest paid	(61)	(440)	(50)	(1,963)	(5,571)	(545)	(6,492)	(7,333)	(7,333)
Proceeds from borrowing		-	-	65,293	(46,845)	111,931	(70,267)	-	-
Purchase of shares into treas.	(2,628)	(775)	(2,679)	(2,016)	(13,068)	(35,851)	(27,987)	(30,000)	(30,000)
Dividends	(15,192)	(15,822)	(17,849)	(19,866)	(21,694)	(22,308)	(23,404)	(25,301)	(26,208)
Net cash infl. from fin. activs.	**(20,457)**	**(18,447)**	**(23,896)**	**39,719**	**(91,148)**	**51,215**	**(130,722)**	**(65,205)**	**(66,113)**
Net inc. in cash & cash equiv.	**(46,364)**	**31,472**	**(2,837)**	**(21,058)**	**(11,743)**	**(6,176)**	**28,306**	**(9,487)**	**(11,445)**
Opening cash & cash equiv.	60,626	14,470	45,143	41,328	20,694	9,722	3,927	33,837	24,349
FX effects	208	(799)	(978)	424	771	381	1,604	-	-
Closing cash & cash equiv.	14,470	45,142	41,328	20,694	9,722	3,927	33,837	24,349	12,904

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 2026* on 7 May 2026. 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).
- *Doubling realisations: sustainability and impact* (9 February 2026).
- *Shareholder seminar 2026: resilience and growth* (13 March 2026).

See ICGT's 10 March 2026 and previous Capital Markets Day presentations and webcast *here*.

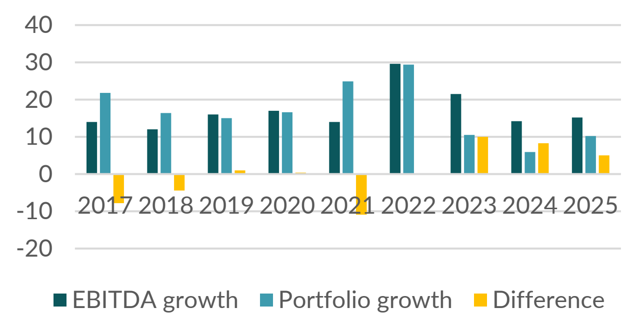
Appendix 2: Extract from our note Investing in resilience, delivering growth (all data as available at 21 May 2025 publication date).

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

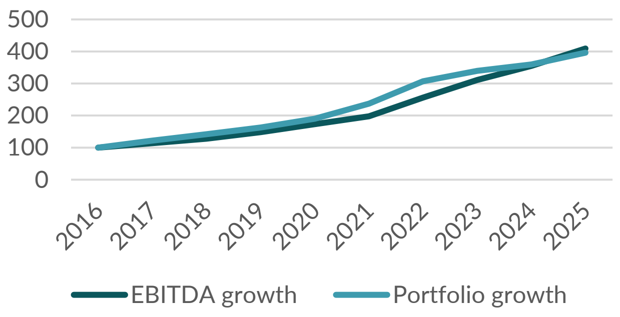
Operational outperformance leads to strong, correlated valuation gains over long term, with short-term noise

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 a 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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