



NAV growth and
dividend progression

Financial review

Financial review



We delivered our target return and improved our liquidity position to fund new investments.

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The Company delivered NAV growth and increased its dividend per share.

Key financial measures (year to 31 March)	2026	2025
Total return ¹	£295m	£333m
NAV	£3,737m	£3,562m
NAV per share	405.2p	386.2p
Total income ²	£218m	£204m
Total income and non-income cash ³	£208m	£376m
Portfolio asset value	£4,285m	£3,790m
Net debt ⁴	£(531)m	£(256)m
Total liquidity ⁵	£669m	£644m

1. IFRS Total comprehensive income for the year.
2. Total income comprises Investment income and Interest receivable.
3. Total income and non-income cash comprises Total income, non-income cash of £6 million and an adjustment of £16 million relating to DNS:NET.
4. Net debt comprises cash balances of £4 million (2025: £4 million) less £535 million (2025: £260 million) drawn balance under the Company's £1.2 billion RCF (2025: £900 million).
5. Includes cash balances of £4 million (2025: £4 million) and £665 million (2025: £640 million) undrawn balances available under the Company's £1.2 billion RCF (2025: £900 million).

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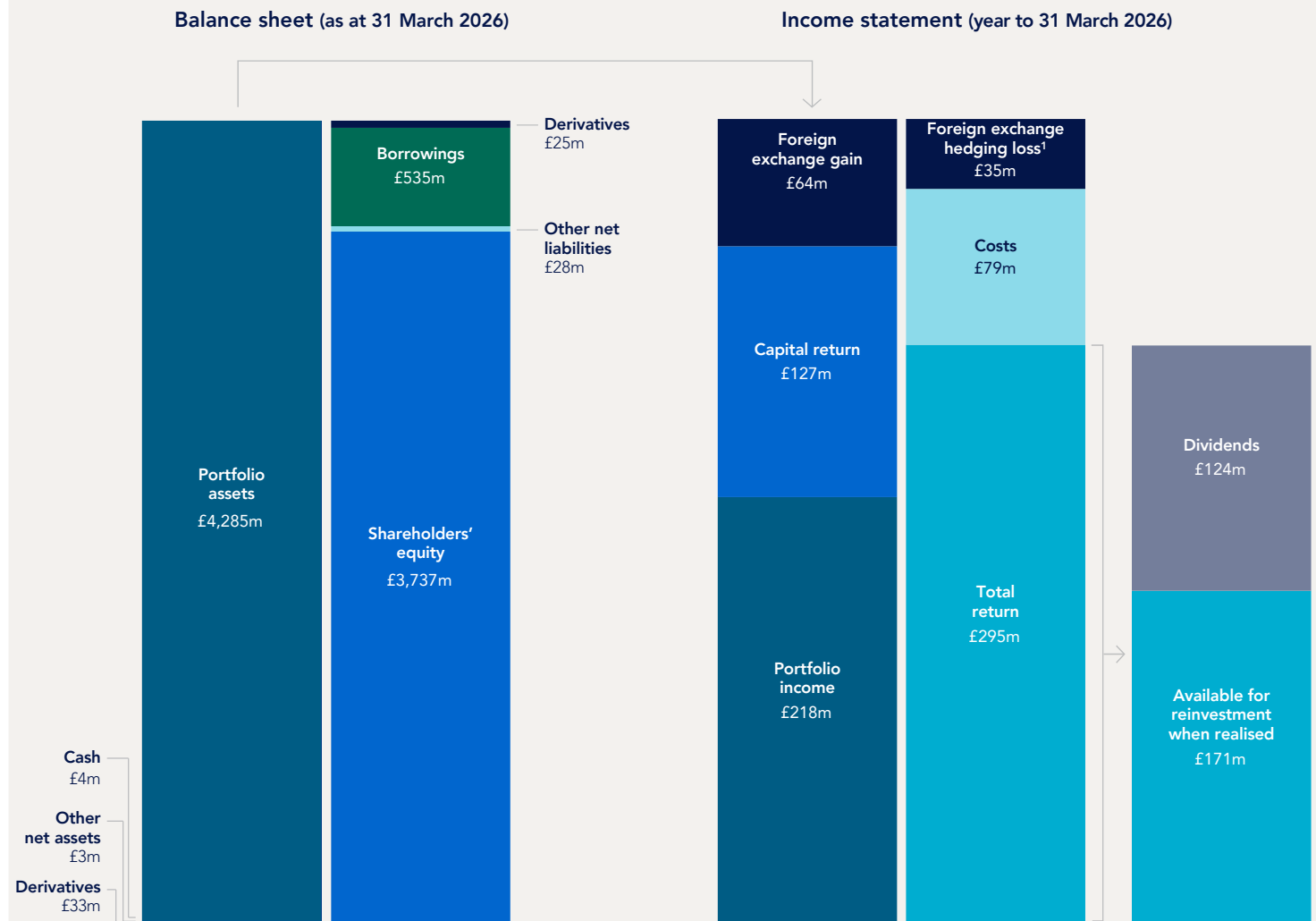
The Company delivered a resilient performance over the year, meeting its return target and generating encouraging capital growth across the majority of the portfolio. The proposed FY26 dividend of 13.45 pence per share was fully covered. The target dividend for FY27 of 14.30 pence per share is an increase of 6.3% over FY26.

As described on page 22, the Company's strategy is to seek to deliver an attractive mix of income yield and capital appreciation for shareholders, with a total return of 8% to 10% to be achieved over the medium term.

In this Financial review we provide a more detailed analysis of our progress across each of the key components that comprise our total return. The Company's total return of £295 million comprises both capital return and foreign exchange movements, which are detailed on page 43, alongside income and costs, discussed on page 44. These elements are illustrated in Chart 6 opposite.

The Company's objective is to fully cover the dividend to shareholders through income and non-income cash generated, net of costs. Further information on dividend cover is available on page 46.

Chart 6: Composition of balance sheet and income statement (year to 31 March 2026)



1. Movement in derivatives and exchange gains on EUR borrowings.

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Returns

Total return

The Company generated a total return for the year of £295 million, representing an 8.5% return on opening NAV net of the prior year final dividend (2025: £333 million, 10.1%). This performance is in line with the target return of 8% to 10% per annum, to be achieved over the medium term.

There was strong performance across the portfolio, particularly from Oystercatcher, Future Biogas, Tampnet, FLAG and the excellent return generated from the sale of TCR, partially offset by underperformance from SRL and the write-down in DNS:NET. Changes in the valuation of the Company's portfolio assets are described in the Movements in portfolio value section of the Portfolio review.

Our portfolio companies continue to generate discretionary growth opportunities that are accretive to our investment cases. Total net investment in the year was £116 million, comprising further investment in ESVAGT, Joulz and Ionisos.

An analysis of the elements of the total return for the year is shown in Table 3.

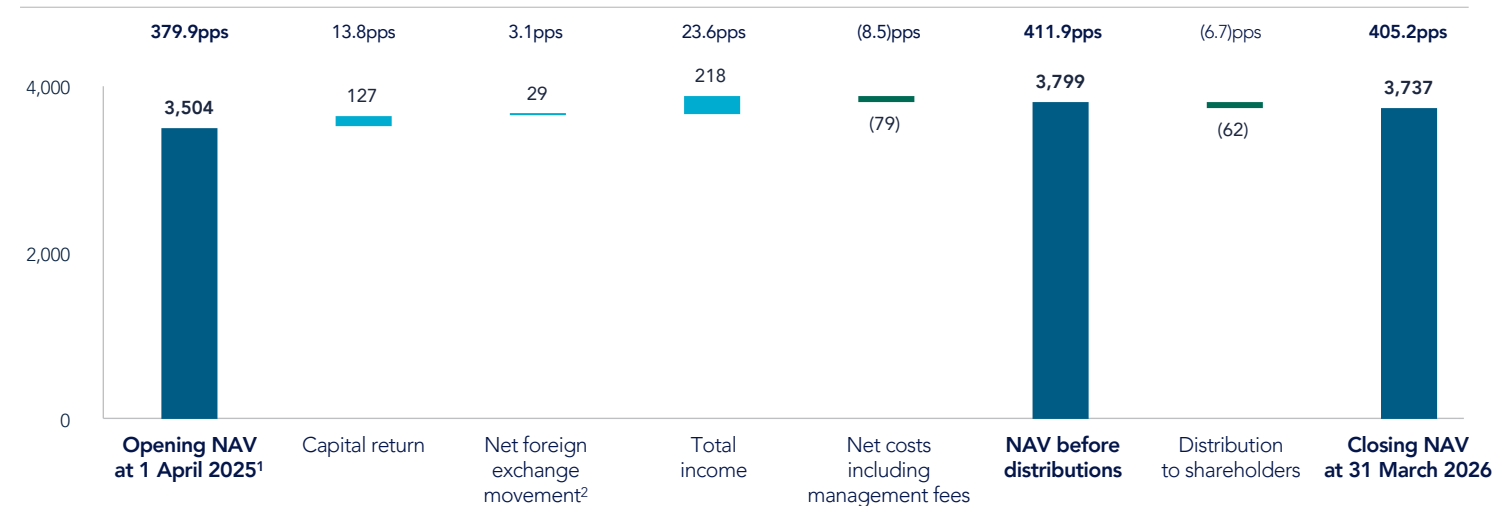
The Company maintained low levels of uninvested cash throughout the year and actively managed its liquidity position through drawing on its £1.2 billion RCF. Amounts drawn under the RCF at 31 March 2026 were £535 million (2025: £260 million).

Table 3: Summary total return (year to 31 March, £m)

	2026	2025
Capital return (excluding exchange)	127	219
Foreign exchange movement in portfolio	64	(37)
Capital return (including exchange)	191	182
Movement in fair value of derivatives and exchange on EUR borrowings	(35)	47
Net capital return	156	229
Total income	218	204
Costs ¹	(79)	(100)
Total return	295	333

1. Includes no non-portfolio related exchange (2025: gain of £2 million).

Chart 7: Reconciliation of the movement in NAV (year to 31 March 2026, £m and pence per share)



1. Opening NAV of £3,562 million net of final dividend of £58 million for the prior year.

2. Net foreign exchange movement comprises the gain on the foreign exchange in the portfolio of £64 million less the loss on the fair value of derivatives and exchange on EUR borrowings of £35 million.

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Capital return

The portfolio generated a value gain of £127 million in the year to 31 March 2026 (2025: £219 million), as shown in Chart 7. There was a positive contribution across the majority of the portfolio with the largest increases from TCR (£300 million), Tampnet (£40 million), Infinis (£34 million) and Oystercatcher (£32 million). There was a negative contribution from DNS:NET (£220 million) and SRL (£72 million). These value movements are described in the Portfolio review section.

Sensitivities

The sensitivity of the portfolio to key inputs to our valuations is shown in Chart 8 and described in more detail in Note 7 to the Financial statements. The portfolio valuations are positively correlated to inflation. The longer-term inflation assumptions beyond two years remain consistent with central bank targets, e.g. UK and European CPI at 2%.

The sensitivities shown in Chart 8 are indicative and are considered in isolation, holding all other assumptions constant. Timing and quantum of price increases will vary across the portfolio and the sensitivity may differ from that modelled.

Changing the inflation rate assumption may necessitate consequential changes to other assumptions used in the valuation of each asset.

Discount rates used are consistent with longer-term inflation of 2%. For comparison, we show a sensitivity to inflation over the first two years of the cashflows which retains the longer-term inflation assumption at 2% as well as a sensitivity where inflation is changed over all periods in the cashflow models. The impact of changes to the discount rates used is of a similar magnitude, but offsets the impact of changes to inflation over all periods of the models.

Foreign exchange impact

The portfolio is diversified by currency as shown in Chart 9. We aim to deliver steady NAV growth for shareholders, and the foreign exchange hedging programme helps us to do this by reducing our exposure to fluctuations in the foreign exchange markets.

Portfolio foreign exchange movements, after accounting for the hedging programme, increased the net capital return by £29 million (2025: £10 million).

The reported foreign exchange gain on investments was £64 million (2025: loss of £37 million). This was partially offset by a £35 million loss on the hedging programme (2025: gain of £47 million). The positive hedge benefit resulted from favourable interest rate differentials on the hedging programme.

Chart 8: Portfolio sensitivities
(year to 31 March 2026)

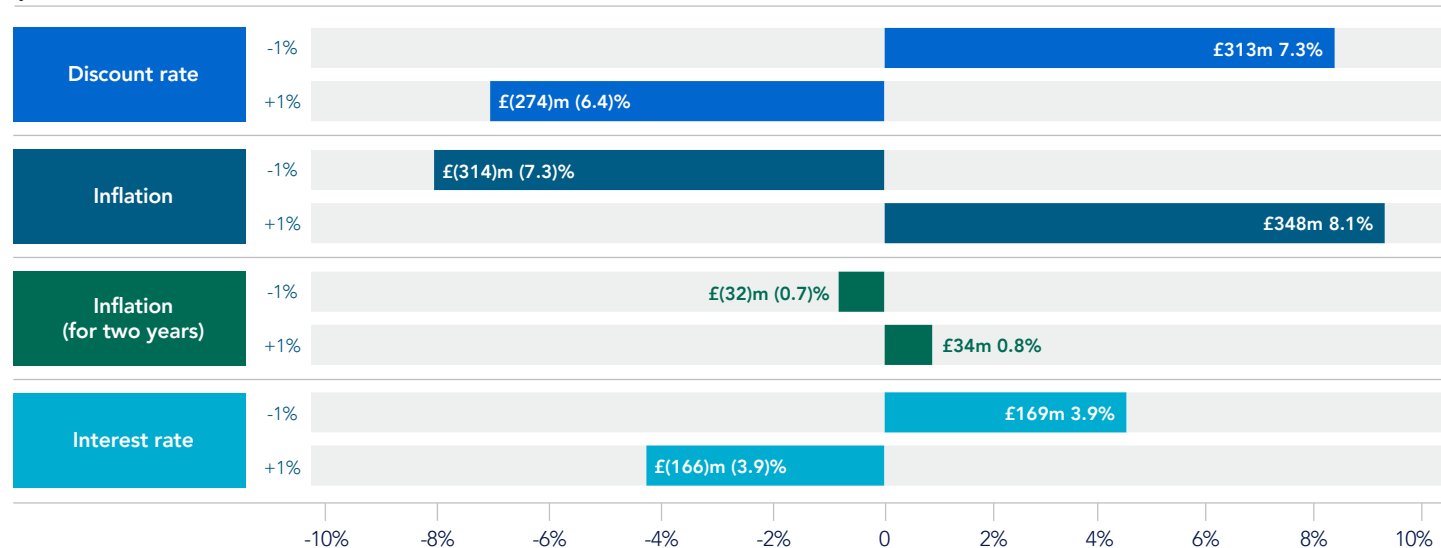
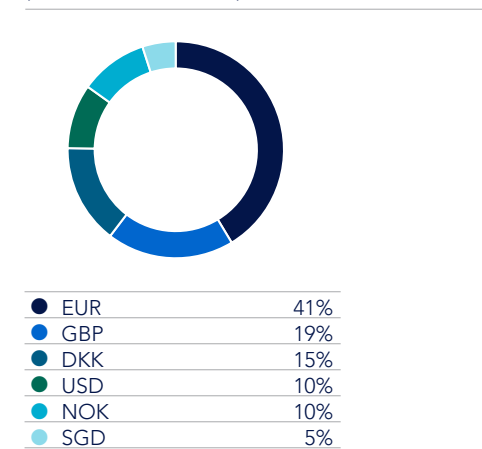


Chart 9: Portfolio value by currency
(as at 31 March 2026)



Financial review continued

Income

The portfolio generated income of £218 million in the year (2025: £203 million). Of this amount, £13 million was through dividends (2025: £7 million) and £205 million through interest on shareholder loans (2025: £196 million). In addition, the Company earned less than £1 million of interest receivable on deposits (2025: £1 million).

Total income and non-income cash is shown in Table 4.

Total income and non-income cash of £208 million in the year was lower than last year, due to strong non-income cash from TCR and Oystercatcher following refinancings in the prior year (2025: £376 million).

The write-down of interest accrued from DNS:NET during the year has been deducted from Total income and non-income cash.

Table 4: Total income and non-income cash (year to 31 March, £m)

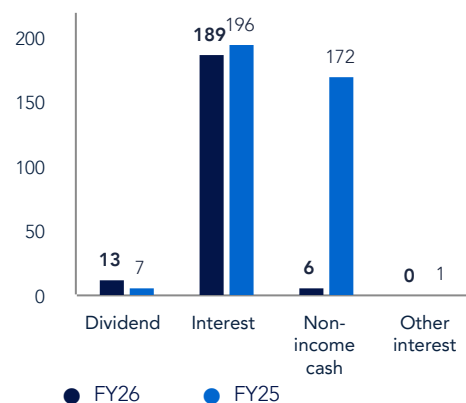
	2026	2025
Total income	218	204
DNS:NET interest write-down	(16)	–
Non-income cash	6	172
Total	208	376

Non-income cash receipts reflect distributions from underlying portfolio companies, which would usually be income to the Company, but which are distributed as a repayment of investment for a variety of reasons. While non-income cash does not form part of the total return shown in Table 3, it is included when considering dividend coverage as shown on page 46.

Interest income from the portfolio was lower than prior year, reflecting the write-down of DNS:NET, partly offset by increased income following further investment in Joulz and ESVAGT. Dividend income was above the prior year due to dividends received from Oystercatcher.

A breakdown of income and non-income cash compared with the prior year is provided in Chart 10.

Chart 10: Breakdown of Total income and non-income cash (year to 31 March, £m)



Costs

Management and performance fees

During the year to 31 March 2026, the Company incurred management fees of £53 million (2025: £49 million), including transaction fees of £4 million (2025: less than £1 million). The fees, payable to 3i plc, consist of a tiered management fee, and a one-off transaction fee of 1.2% payable in respect of new investments. The management fee tiers range from 1.4%, reducing to 1.2% for any proportion of gross investment value above £2.25 billion.

An annual performance fee is also payable by the Company, amounting to 20% of returns above a hurdle of 8% of the total return. This performance fee is payable in three equal annual instalments, with the second and third instalments only payable if certain future performance conditions are met. This hurdle was exceeded for the year ended 31 March 2026, resulting in a performance fee payable to 3i plc in respect of the year ended 31 March 2026 of £4 million (2025: £18 million).

The first instalment of £1 million will be paid in May 2026, along with the second instalment of £6 million relating to the FY25 performance fee, and the third instalment of £8 million relating to the FY24 performance fee.

For a more detailed explanation of how management and performance fees are calculated, please refer to Note 18 of the Financial statements.

Other operating and finance costs

Operating expenses, comprising Directors' fees, service provider costs and other professional fees, totalled £4 million in the year (2025: £4 million).

Finance costs of £18 million (2025: £31 million) in the year comprised arrangement and commitment fees for the Company's £1.2 billion RCF and interest on drawings. Finance costs were lower than in FY25 due to lower average monthly drawings and a decrease in interest rates.

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Balance sheet

The NAV at 31 March 2026 was £3,737 million (2025: £3,562 million). The principal components of the NAV are the portfolio assets, cash holdings, the fair value of derivative financial instruments, borrowings under the RCF and other net assets and liabilities. A summary balance sheet is shown in Table 5.

At 31 March 2026, the Company's net assets after the deduction of the proposed final dividend would be £3,675 million (2025: £3,504 million).

Cash and other assets

Cash balances at 31 March 2026 totalled £4 million (2025: £4 million).

Cash on deposit was actively managed by the Investment Manager and there are regular reviews of counterparties and their limits. Cash is principally held in AAA-rated money market funds.

Other net liabilities predominantly comprise a performance fee accrual of £24 million (2025: £50 million), including amounts relating to prior year fees.

The movement from March 2025 is due to the accrual of the FY26 performance fee of £4 million and £29 million of prior year performance fees were paid during the year.

Borrowings

The Company exercised its RCF accordion of £300 million in the year as a bridge to proceeds from the sale of TCR for up to 12 months. As at 31 March 2026, drawings on the Company's £1.2 billion multi-currency RCF were £535 million (2025: £260 million). The base RCF of £900 million, excluding the £300 million commitments under the accordion feature, was extended by one year to June 2029.

During the year, the Company drew on the RCF in euros, which reduced the cost of finance compared to borrowing in sterling and acted as a natural currency hedge against our euro investments, reducing the size of the FX hedging programme. Over the year, the average cost of RCF debt drawn was 3.4% (2025: 4.9%), considerably below the expected return from the portfolio indicated by the weighted average discount rate of 11.1% at 31 March 2026 (2025: 11.3%). The current cost of drawings based on the latest Euribor and margin on the RCF at 11 May 2026 is 3.4%.

Following the receipt of the TCR sale proceeds and the investment in LMD, we expect the proforma cash position to be £201 million, which materially strengthens the Company's balance sheet and available liquidity.

NAV per share

The total NAV per share at 31 March 2026 was 405.2 pence (2025: 386.2 pence). This reduces to 398.4 pence (2025: 379.9 pence) after the payment of the final dividend of 6.725 pence (2025: 6.325 pence). There are no dilutive securities in issue.

Table 5: Summary balance sheet (as at 31 March, £m)

	2026	2025
Portfolio assets	4,285	3,790
Cash balances	4	4
Derivative financial instruments	8	77
Borrowings	(535)	(260)
Other net liabilities	(25)	(49)
NAV	3,737	3,562

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Dividend and dividend cover

The Board has proposed a dividend for the year of 13.45 pence per share, or £124 million in aggregate (2025: 12.65 pence; £116 million). This is in line with the Company's target announced in May last year.

When considering the coverage of the proposed dividend, the Board assesses the income earned from the portfolio, interest received on cash balances and any additional non-income cash distributions from portfolio assets which do not follow from a disposal of the underlying assets, as well as the level of ongoing operational costs incurred in the year. The Board also takes into account any surpluses retained from previous years, and net capital profits generated through asset realisations, which it considers available as dividend reserves for distribution.

Table 6 shows the calculation of dividend coverage and dividend reserves. The dividend was fully covered for the year with a surplus of £9 million (2025: £175 million).

The retained amount available for distribution, following the payment of the final dividend and the performance fee, will be £1,220 million (2025: £1,215 million). This is a substantial surplus, which is available to support the Company's progressive dividend policy, particularly should dividends not be fully covered by income in a future year.

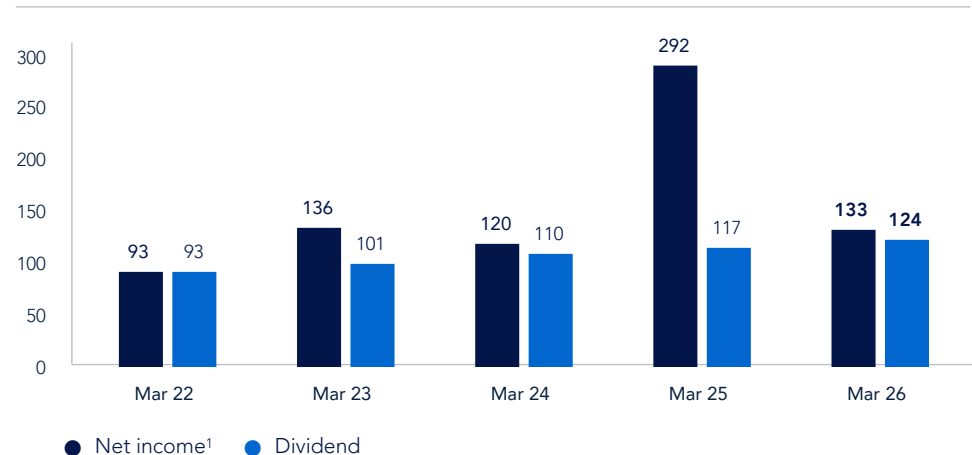
Chart 11 shows that the Company has consistently covered the dividend over the last five years.

Table 6: Dividend cover (year to 31 March, £m)

	2026	2025
Total income and non-income cash	208	376
Operating costs, including management fees	(75)	(84)
Dividends paid and proposed	(124)	(117)
Dividend surplus for the year	9	175
Dividend reserves brought forward from prior year	1,215	880
Realised gain over cost on disposed assets ¹	–	178
Performance fees	(4)	(18)
Dividend reserves carried forward	1,220	1,215

1. Realised gain on the sale of TCR will be reflected at completion in FY27.

Chart 11: Dividend cover (five years to 31 March 2026, £m)



1. Net income is Total income and non-income cash less operating costs.

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Ongoing charges ratio

The ongoing charges ratio measures annual operating costs, as disclosed in Table 7 below, against the average NAV over the reporting period.

The Company's ongoing charges ratio is calculated in accordance with the Association of Investment Companies ('AIC') recommended methodology and was 1.43% for the year to 31 March 2026 (2025: 1.53%). The cost items that contributed to the ongoing charges ratio are shown below.

The AIC methodology does not include transaction fees, performance fees or finance costs. However, the AIC recommends that the impact of performance fees on the ongoing charges ratio is noted, where performance fees are payable. The ratio including the performance fee was 1.54% (2025: 2.04%). The total return of 8.5% for the year, presented elsewhere in this report, is after deducting this performance fee and ongoing charges.

Alternative Performance Measures ('APMs')

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies. These APMs provide additional information on how the Company has performed over the year, and are all financial measures of historical performance.

The APMs are consistent with those disclosed in prior years.

- Total return on opening NAV reflects the performance of the capital deployed by the Company during the year. This measure is not influenced by movements in share price or ordinary dividends to shareholders. This is a common APM used by investment companies
- The NAV per share is a measure of the underlying asset base attributable to each ordinary share of the Company and is a useful comparator to the share price. This is a common APM used by investment companies
- Total income and non-income cash is used to assess dividend coverage based on distributions received and accrued from the investment portfolio
- Investment value including commitments measures the total value of shareholders' capital deployed by the Company
- Total portfolio return percentage reflects the performance of the portfolio assets during the year
- Net debt and Total liquidity are measures of the Company's ability to make further investments and meet its short-term obligations
- Portfolio debt to enterprise value is a measure of underlying indebtedness of the portfolio companies

Table 7: Ongoing charges (year to 31 March, £m)

	2026	2025
Investment Manager's fee	49.2	49.3
Auditor's fee	0.8	0.8
Directors' fees and expenses	0.6	0.6
Other ongoing costs	2.3	2.1
Total ongoing charges	52.9	52.8
Ongoing charges ratio	1.43%	1.53%

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The definition and reconciliation to IFRS of the APMs are shown below.

APM	Purpose	Calculation	Reconciliation to IFRS
Total return on opening NAV	A measure of the overall financial performance of the Company. For further information see the KPI section.	It is calculated as the total return of £295 million, as shown in the Statement of comprehensive income, as a percentage of the opening NAV of £3,562 million net of the final dividend for the previous year of £58 million. There was no equity issued or capital returned during the year.	The calculation uses IFRS measures.
NAV per share	A measure of the NAV per share in the Company.	It is calculated as the NAV divided by the total number of shares in issue at the balance sheet date.	The calculation uses IFRS measures and is set out in Note 14 to the accounts.
Total income and non-income cash	A measure of the income and other cash receipts by the Company which support the payment of expenses and dividends.	It is calculated as the total income from the underlying portfolio and other assets plus non-income cash, being the repayment of investment not resulting from the disposal of an underlying portfolio asset. Income accrued during the year from DNS:NET has been deducted from this measure following the write-down of the investment. This is used as one of the components for assessing the dividend coverage as discussed on page 46.	Total income uses the IFRS measures; Investment income and Interest receivable. The non-income cash, being the proceeds from partial realisations of investments, is shown in the Cash flow statement. The realisation proceeds which result from a partial sale of an underlying portfolio asset are not included within non-income cash. Investment income accrued during the year relating to DNS:NET has been deducted from this measure following the write-down of the investment.
Investment value including commitments	A measure of the size of the investment portfolio including the value of further contracted future investments and divestments committed by the Company.	It is calculated as the portfolio asset value of £4,285 million plus the value of the contracted commitments. As at 31 March 2026, this included the agreed sale of TCR, reflected within the portfolio asset value at £969 million, and a new investment in LMD of £262 million.	The portfolio asset value is the Investments at fair value through profit or loss reported under IFRS. The value of future commitments is set out in Note 16 to the accounts.
Total portfolio return percentage	A measure of the financial performance of the portfolio.	It is calculated as the total portfolio return in the year of £374 million, as shown in Table 1, as a percentage of the sum of the opening value of the portfolio and follow-on investments (excluding capitalised interest) of £3,906 million.	The calculation uses capital return (including exchange), movement in fair value of derivatives, underlying portfolio income, opening portfolio value and investment in the year. The reconciliation of all these items to IFRS is shown in Table 1, including in the footnotes.
i) Net debt ii) Total liquidity	A measure of the Company's ability to make further investments and meet its short-term obligations.	i) Net debt is calculated as the cash balance of £4 million less the drawn balance under the Company's RCF of £535 million. ii) Total liquidity is calculated as the cash balance of £4 million plus the undrawn balance available under the Company's RCF of £665 million.	The calculation uses the cash balance, which is an IFRS measure, and drawn and undrawn balances available under the Company's RCF as described in Note 11 to the accounts.
Portfolio debt to enterprise value	A measure of underlying indebtedness of the portfolio companies.	It is calculated as total debt, as a percentage of the enterprise value of the portfolio companies, and does not include indebtedness of the Company.	The calculation is a portfolio company measure and therefore cannot be reconciled to the Company's accounts under IFRS.