9 November 2023

3i Group plc announces results for the six months to 30 September 2023

Good performance against a challenging macroeconomic and geopolitical backdrop

- Total return of £1,669 million or 10% on opening shareholders' funds (September 2022: £1,765 million, 14%). NAV per share of 1,886 pence (31 March 2023: 1,745 pence), including an 11 pence per share loss (September 2022: 74 pence per share gain) on foreign exchange translation, and after the payment of the 29.75 pence per share second FY2023 dividend in July 2023.

- Our Private Equity business delivered a gross investment return of £1,826 million or 11% (September 2022: £1,970 million, 16%). Action continues to perform very well and a number of our portfolio companies operating in the value-for-money, private label and healthcare sectors are delivering good organic growth. We continue to see weaker performance in our portfolio companies exposed to discretionary consumer spending and more cyclical end-markets. 89% of our Private Equity portfolio companies by value grew earnings in the 12 months to 30 June 2023.

- Action's net sales in the nine months ending on 1 October 2023 ("P9") grew to €7.9 billion (nine months ended P9 2022: €6.1 billion) and like-for-like ("LFL") sales growth was very strong at 19.2%, driven primarily by higher customer footfall. Last 12 months' ("LTM") operating EBITDA to the end of P9 was €1,530 million (LTM P9 2022: €1,036 million), representing a 48% increase over the same period last year. Trading momentum has remained strong at Action, with LFL sales growth in P10 (2 October to 29 October 2023) of 13.4% (P10 2022: 12.0%). In the ten months ending 29 October 2023, net sales and operating EBITDA were 30% and 43% ahead of last year, and LFL sales growth over the same period was 18.5%.

- In October 2023, Action successfully completed its debut US dollar term loan issuance in the US leveraged loan market, raising $1.5 billion. The loan has been fully hedged back to the euro, with 70% of the debt fixed at an all-in cost of 6.3%. Action also completed a capital restructuring with a pro-rata redemption of shares. 3i used €524 million of the €877 million gross proceeds received to acquire further shares in Action, increasing our gross equity stake in Action from 52.9% to 54.8%. Action's cash balance was €1,030 million as at 3 November 2023.

- Our Infrastructure business generated a gross investment return of £31 million, or 2% (September 2022: £35 million, 3%). The return was impacted by a 2.7% decline in 3i Infrastructure plc's ("3iN") share price, despite the 6.3% total return on 3iN's opening NAV it achieved in the first half. 3iN agreed to sell its stake in Attero in the period for proceeds of c.€215 million, at a c.31% uplift on the valuation at 31 March 2023. We completed one new investment in our North American Infrastructure platform.

- We further strengthened our liquidity profile through the successful issue of a six year €500 million euro bond in June 2023. Our gearing at 30 September 2023 remained low at 6%. The first dividend of 26.50 pence per share for FY2024, set at 50% of the total dividend for FY2023, will be paid in January 2024.

Simon Borrows, 3i's Chief Executive, commented:
"Against a tough macroeconomic environment, we delivered another good result in the period for 3i. Action continues to perform very well. Its LFL sales growth, continued new store expansion and significant free cash flow from operations have once again underlined what an exceptional business it is. The strong performance of a number of our other investments in the value-for-money, private label and healthcare sectors underpins our confidence that a number of these investments will also become longer-term compounders over time.

We remain cautious about the investment and realisation market given the macroeconomic environment in general, the breadth of geopolitical risk and our belief that the full implications of the global recalibration of interest rates are still yet to work fully through the system. We will continue to look for opportunities to deploy capital into this uncertainty, but we will not change our patient and disciplined approach. We have a strong balance sheet and are under no pressure to sell companies if the price or terms do not properly reflect the prospects of the business."

Summary financial highlights under the Investment basis

3i prepares its statutory financial statements in accordance with UK adopted international accounting standards. However, we also report a non-GAAP "Investment basis" which we believe aids users of our report to assess the Group's underlying operating performance. The Investment basis (which is unaudited) is an alternative performance measure ("APM") and is described on page 18. Total return and net assets are the same under the Investment basis and IFRS and we provide a reconciliation of our Investment basis financial statements to the IFRS statements from page 20. Pages 1 to 17 are prepared on an Investment basis.

Investment basis	**Six months to/as at 30 September 2023**	Six months to/as at 30 September 2022	12 months to/as at 31 March 2023
Total return[1]	**£1,669m**	£1,765m	£4,585m
% return on opening shareholders' funds	**10%**	14%	36%
Dividend per ordinary share	**26.50p**	23.25p	53.00p
Gross investment return[2]	**£1,867m**	£2,016m	£5,104m
As a percentage of opening 3i portfolio value	**10%**	14%	36%
Cash investment[2]	**£84m**	£298m	£397m
Realisation proceeds	**£19m**	£193m	£857m
3i portfolio value	**£20,255m**	£16,417m	£18,388m
Gross debt	**£1,208m**	£1,129m	£775m
Net debt[2]	**£1,153m**	£1,074m	£363m
Gearing[2]	**6%**	8%	2%
Liquidity	**£955m**	£801m	£1,312m
Diluted net asset value per ordinary share ("NAV per share")	**1,886p**	1,477p	1,745p

1 Total return is defined as Total comprehensive income for the year, under both the Investment basis and the IFRS basis.
2 Financial measure defined as APM. Further information on page 18.

Disclaimer

Enquiries:

Silvia Santoro, Group Investor Relations Director 020 7975 3258

Kathryn van der Kroft, Communications Director 020 7975 3021

A PDF copy of this release can be downloaded from www.3i.com/investor-relations

For further information, including a live webcast of the results presentation at 10.00am on 9 November 2023, please visit www.3i.com/investor-relations

Chief Executive's review

The Group delivered a good result in the first half of its financial year, generating a total return of £1,669 million, or 10% on opening shareholders' funds (September 2022: £1,765 million, 14%). NAV per share at 30 September 2023 was 1,886 pence (31 March 2023: 1,745 pence), including an 11 pence per share loss (September 2022: 74 pence per share gain) on foreign exchange translation, and after the payment of the 29.75 pence per share second FY2023 dividend in July 2023.

The macroeconomic, geopolitical and market backdrop remains challenging. This has led to a drop in consumer demand and to a general reduction in transaction activity. Our longer-term approach, based on permanent capital and active asset management of our portfolio companies, puts us in a good position to navigate these market conditions, as does our continuing discipline and patience in capital deployment and realisations.

Action is again performing very strongly this year. We continue to see a real divergence in performance across our remaining Private Equity portfolio, with portfolio companies operating in the value-for-money, private label and healthcare sectors delivering good organic growth, offsetting weaker performance in our portfolio companies exposed to discretionary consumer spending and more cyclical end-markets.

Private Equity

The Private Equity portfolio delivered a gross investment return ("GIR") of £1,826 million, or 11% on opening value in the period, including a £127 million loss on foreign exchange translation, after the impact of foreign exchange hedging. Action generated a GIR of £1,700 million, or 15%, over its opening value. In the 12 months to the end of 30 June 2023, 89% of our portfolio companies by value grew earnings, with particularly good performance from a number of our portfolio companies that have strong market positions as well as high-performing business models. However, we are not immune to the persistent macroeconomic headwinds that have so far defined 2023, and this is reflected in the softer performance that has continued across our discretionary consumer businesses, as well as across a number of portfolio companies that are moving through a more challenging phase of their respective end-market cycles.

Action performance

Action continues to trade very strongly. In the nine months ending on 1 October 2023 ("P9"), Action generated net sales of €7,912 million (nine months ended P9 2022: €6,062 million) and operating EBITDA of €1,065 million (nine months ended P9 2022: €740 million), 31% and 44% ahead of the same period last year. Over the same period, like-for-like ("LFL") sales growth was 19.2%, driven primarily by higher customer footfall. The EBITDA margin of 13.5% reflects sales leverage and good cost control.

Action added 153 stores in the first nine months of the year (nine months ended P9 2022: 150 stores), including 11 stores in Slovakia, its eleventh country and a new expansion market. The store roll-out across its more recent expansion markets, Italy and Spain, continues at a fast pace with encouraging trading results. Action remains on track to add c.300 stores in 2023. The business opened two further distribution centres in the period, in France and Poland, growing its distribution centre network to 13 across Europe.

At 30 September 2023, Action was valued using the last 12 months ("LTM") run-rate earnings to 1 October 2023 of €1,634 million. This includes our normal run-rate adjustment to reflect stores opened in the year. Our valuation multiple remains unchanged at 18.5x net of the liquidity discount, resulting in a valuation of £12,862 million (31 March 2023: £11,188 million) for 3i's 52.9% equity stake at 30 September 2023.

In October 2023, Action successfully completed its debut US dollar term loan issuance in the US leveraged loan market. The issue was significantly oversubscribed, enabling it to be upsized in syndication by $500 million to $1.5

billion and to be priced very attractively. The loan has been fully hedged back to euro, with 70% of the debt fixed at an all-in cost of 6.3%. This was an outstanding outcome for a debut issue by a European company in the US private debt markets and reflects significant enthusiasm amongst US investors for Action's impressive track record and growth prospects. As part of the transaction, S&P and Moody's upgraded Action's credit rating to BB Stable / Ba2 Stable. Action's total senior debt now stands at c.€4.5 billion. In October 2023, Action also completed a capital restructuring with a pro-rata redemption of shares. 3i used €524 million of the €877 million gross proceeds from the share redemption to acquire further shares in Action, increasing our gross equity stake from 52.9% to 54.8%.

Action's strong performance has continued through October 2023, with net sales increasing to €8,848 million and operating EBITDA to €1,212 million in the ten months to 29 October 2023 ("P10"). Action again delivered strong LFL sales growth at 13.4% for the month and added 32 stores to bring the year's total to P10 to 2,448 stores. After completing the debt issue and capital restructuring, Action's cash as at 3 November 2023 was €1,030 million, meaning Action's current net debt to P9 2023 LTM run-rate earnings ratio is c.2.1x.

Private Equity portfolio performance in the period

Royal Sanders continues to deliver strong organic growth from its key customers and is consistently outgrowing the overall market. It is an established buy-and-build platform, and its most recent self-funded acquisition of Lenhart, which completed in April 2023, further strengthened its position in the DACH market. In the period, we invested £38 million to support Dutch Bakery's combination with coolback, a German bakery group specialised in bake-off bread, creating the **European Bakery Group** ("EBG"). Panelto, an Irish bakery group specialised in bake-off artisan breads, joined EBG later in the period and established a UK and Ireland platform for the combined group. The newly established platform is performing ahead of our original investment case with significant scope for further consolidation in what remains a highly fragmented market.

AES continues to harness its unique position in the mechanical seal sector and delivered another period of strong financial, strategic and operational performance. Recent capital investment, including its new headquarters factory in Rotherham, will ensure that it remains at the forefront of precision engineering and reliability services on a sustainable basis.

Commercial momentum remains strong at **Cirtec Medical** with several new contracts ramping up in the year to date, and additional programmes set to launch in 2024. The integration of key work streams from the acquisition of Precision Components from Q Holding is largely complete, with competencies from each business being leveraged across the Cirtec Medical group. The remaining business of **Q Holding**, Q Medical Devices, performed well in the period, driven by increased sales to key customers across its vascular unit and new product launches. **ten23 health**, our biologics focused contract development and manufacturing organisation ("CDMO") located in Basel and Visp, Switzerland, has made good progress in 2023, significantly expanding its commercial pipeline since the start of the year and growing its manufacturing operations in Visp and its service offering at its Basel site. Following two consecutive years of outperformance, **SaniSure** has seen sales orders weaken in 2023 as a result of inventory destocking across the wider bioprocessing industry. The financial impact has been somewhat mitigated by a strong order book coming into 2023 and operational efficiencies implemented by management, ensuring that the business is well positioned as industry demand recovers. The company continues to launch new programmes and expand its sales and marketing footprint in new geographies.

MAIT's earnings continued to grow steadily, driven by a combination of organic top-line growth and value accretive bolt-on acquisitions, including the June 2023 acquisition of etagis, a provider of production planning software for ERP systems, MAIT's sixth acquisition since our initial investment. **MPM** generated good growth across its core regions in the period, as it continues to expand its operations in the US, which is now its largest market.

Following a sustained period of significant growth from the outset of the pandemic to well into 2022, Tato has faced challenging trading headwinds in 2023. Subdued DIY and construction end-markets, pressure on input costs driven by inflation and heightened pricing competition as a result of market consolidation, have resulted in reduced volumes and margins in Tato's core business. Importantly, there are some initial signs of trading conditions moderating in Tato's favour and, as one of the three leading global biocide businesses, Tato is well positioned for market recovery. Constraints on consumer discretionary spending have continued to impact performance in a small number of our portfolio companies. **Luqom**'s trading remains impacted by lower consumer demand and by discounting in the market due to overstocking, whilst YDEON continues to experience muted demand across its core geographies. Over the course of 2023, **WilsonHCG** has faced a weaker white-collar recruiting market environment, with existing clients reducing recruiter spend and potential new clients exhibiting longer sales cycles, given market uncertainty. Management have taken steps to manage the short-term softness whilst ensuring that the business can respond quickly and scale once positive recruitment sentiment returns. **Formel D**'s recovery remains challenging, which has been reflected in its performance in the period.

Infrastructure

The Infrastructure portfolio delivered a GIR of £31 million, or 2% on opening value in the period. **3i Infrastructure plc** ("3iN") generated a total return on its opening NAV of 6.3% in the six months to 30 September 2023, resulting in a NAV of 351.4 pence per share. Its underlying portfolio continues to perform ahead of the expectations set at the beginning of this financial year, with particularly strong performance from **Tampnet** and **TCR** offsetting softer performance in **DNS:NET**. Despite the continued robust returns generated by its underlying portfolio, 3iN's share price decreased to 304 pence at 30 September 2023 (31 March 2023: 313 pence), reflecting wider market sentiment and weaker demand for the shares of listed infrastructure investment companies. 3iN agreed to sell its stake in **Attero** in the period for proceeds of c.€215 million, a c.31% uplift on the valuation at 31 March 2023. This transaction is expected to complete by the end of 2023.

We continued to develop our North American Infrastructure platform with a new investment in **AmWaste**, a provider of non-hazardous solid waste disposal services in the south eastern region of the US. **Regional Rail** continues to scale its platform via bolt-on acquisitions, acquiring rail assets from the Clinton Terminal Railroad in North Carolina. Our proprietary capital investment in **Smarte Carte** continues to outperform expectations through positive contract economics, sustained US domestic travel and improved international traffic.

Scandlines

Scandlines performed steadily in the period. Leisure traffic volumes were ahead of last year after a strong summer. This offset the impact of a weaker freight market, as a result of the more challenging macroeconomic backdrop. Cash generation remains strong and we received a dividend of £10 million from Scandlines in the period.

Sustainability

We are making good progress on our sustainability agenda. In particular, our ESG Committee continues to meet frequently to oversee a number of climate-focused initiatives. We are formulating our near-term science-based targets to reduce our greenhouse gas ("GHG") emissions and enhancing our portfolio data collection capabilities, including the collection of portfolio GHG emissions data. We are also refining our assessment of climate-related risks and opportunities in our investment and portfolio management processes through further climate scenario analysis. We will report in alignment with the TCFD framework by the 2024 deadline set by the FCA for asset managers such as 3i.

Balance sheet, liquidity, foreign exchange and dividend

During the period, we further strengthened our liquidity profile through the successful issue of a six year €500 million euro bond at a coupon of 4.875%. We ended the period with cash of £55 million (31 March 2023: £412 million) following the payment of the second FY2023 dividend and crystallisation of a portion of carried interest payable related to Action, including the completion of the previously announced £200 million payment and a further £258 million payment that completed in August 2023.

Total liquidity at 30 September 2023 was £955 million (31 March 2023: £1,312 million), including an undrawn RCF of £900 million. Net debt was £1,153 million, with gearing of 6% (31 March 2023: £363 million, 2%).

As we move into the second half of our financial year we remain cautious on realisations but expect to receive good cash inflows from refinancing proceeds and dividends. Following Action's US debt issue in October 2023, we received gross proceeds of €877 million of which we retained €353 million.

We recorded a total foreign exchange translation loss of £107 million (September 2022: £711 million gain) in the period, including a gain on foreign exchange hedging.

In line with our dividend policy, we will pay a first FY2024 dividend of 26.50 pence per share, which is half of our FY2023 total dividend. This first FY2024 dividend will be paid to shareholders on 12 January 2024.

Valuation

We continue to take a long-term, through-the-cycle view on the multiples used to value our portfolio companies, consistent with how we drive value creation in our portfolio and governed by our robust valuation process, with independent challenge from our auditors and the Board's Valuations Committee. In our Private Equity portfolio, we have reflected instances of weaker trading performance and declines in the relevant valuation peer groups by reducing four valuation multiples in the period. These reductions are in addition to the eight reductions made in FY2023. We increased two valuation multiples in the period, reflecting the progress of each business against its investment case, including recent bolt-on activity. Our non-Action portfolio was valued at a weighted average of 12.9x EBITDA at 30 September 2023 (31 March 2023: 13.1x). The average valuation level is well supported by the investment cases which underpin our portfolio and by our aim to generate at least a 2.0x return on their invested cost.

We take the same long-term, through-the-cycle view on Action's multiple and its current LTM run-rate EBITDA post-discount multiple of 18.5x remains supported by its continued superior performance against its North American and

European value-for-money retail peers. Action's excellent growth meant its valuation at 30 September 2022 of 18.5x LTM run-rate EBITDA translated to 12.8x the run-rate EBITDA achieved one year later.

Outlook

Against a tough macroeconomic environment, we delivered another good result in the period for 3i. Action continues to perform very well. Its LFL sales growth, continued new store expansion and significant free cash flow from operations have once again underlined what an exceptional business it is. The strong performance of a number of our other investments in the value-for-money, private label and healthcare sectors underpins our confidence that a number of these investments will also become longer-term compounders over time.

We remain cautious about the investment and realisation market given the macroeconomic environment in general, the breadth of geopolitical risk and our belief that the full implications of the global recalibration of interest rates are still yet to work fully through the system. We will continue to look for opportunities to deploy capital into this uncertainty, but we will not change our patient and disciplined approach. We have a strong balance sheet and are under no pressure to sell companies if the price or terms do not properly reflect the prospects of the business.

Simon Borrows
Chief Executive
8 November 2023

Private Equity

Our Private Equity portfolio generated a GIR of £1,826 million (September 2022: £1,970 million), or 11% of the opening portfolio value (September 2022: 16%), including a loss on foreign exchange on investments, after the impact of foreign exchange hedging, of £127 million (September 2022: £685 million gain).

Table 1: Gross investment return for the six months to 30 September

Investment basis	2023 £m	2022 £m
Realised profits/(losses) over value on the disposal of investments	**1**	(4)
Unrealised profits on the revaluation of investments	**1,907**	1,244
Interest income from investment portfolio	**40**	39
Fees receivable	**5**	6
Foreign exchange on investments	**(146)**	685
Movement in fair value of derivatives	**19**	–
Gross investment return	**1,826**	1,970
Gross investment return as a % of opening portfolio value	**11%**	16%

Investment activity

Table 2: Private Equity cash investment in the six months to 30 September 2023

Portfolio company	Type	Business description/ bolt-on description	Date	£m
European Bakery Group	Further (bolt-on)	coolback: German bakery group specialised in bake-off bread	July 2023	38
ten23 health	Further	Biologics focused CDMO	Various	12
Total Private Equity cash investment				**50**

Table 3: Private Equity portfolio bolt-on acquisitions funded by the portfolio company in the six months to 30 September 2023

Portfolio company	Name of acquisition	Business description of bolt-on investment	Date
Royal Sanders	Lenhart	Manufacturer of private label products for the personal care industry	April 2023
MAIT	etagis	Provider of production planning software for ERP systems	June 2023
AES	Triseal	Engineering company specialising in design, manufacture and application of mechanical seals and associated rotating equipment	June 2023
European Bakery Group	Panelto	Manufacturer of bake-off artisan breads	August 2023

In the period, Dutch Bakery combined with coolback, a German bakery group specialised in bake-off bread, to create the **EBG**, a pan-European bakery platform. We supported this acquisition with a £38 million investment in July 2023. In August 2023, EBG combined with Panelto, a manufacturer of bake-off artisan breads, establishing a UK and Ireland platform within the group. This acquisition was self-funded. We continued to develop **ten23 health** with a further investment of £12 million in the period.

Within the portfolio we also completed self-funded bolt-on acquisitions for **Royal Sanders** with the acquisition of Lenhart, a manufacturer of private label products for the personal care industry, as well as for **MAIT** with the completion of its software acquisition in etagis, a provider of ERP solutions, software development and consulting services. **AES** completed the acquisition of Triseal, a company specialising in mechanical seals and rotating equipment.

Portfolio performance

Table 4: Unrealised profits/(losses) on the revaluation of Private Equity investments[1] in the six months to 30 September

Investment basis	2023 £m	2022 £m
Earnings based valuations		
Action performance	**1,810**	1,156
Performance increases (excluding Action)	**353**	347
Performance decreases (excluding Action)	**(219)**	(205)
Multiple movements	**(23)**	(180)
Other bases		
Discounted cash flow	**(5)**	4
Quoted portfolio	**(31)**	(31)
Other movements in unquoted investments	**22**	(1)
Imminent sale	**–**	154
Total	**1,907**	1,244

1 More information on our valuation methodology, including definitions and rationale, is included in our Annual report and accounts 2023 on page 229.

Action performance and valuation

As detailed in the Chief Executive's review, **Action** continues to perform very well. In the 12 months to the end of its P9 2023 (which ended 1 October 2023), Action generated run-rate EBITDA growth of 44% and very strong cash flow.

At 30 September 2023, Action was valued using its LTM run-rate earnings to the end of P9 2023 of €1,634 million. The LTM run-rate earnings used included our normal adjustment to reflect stores opened in the year. We continue to value Action at a multiple of 18.5x net of the liquidity discount (31 March 2023: 18.5x), supported by Action's superior performance against its peer group.

Action ended P9 2023 with cash of €941 million and a net debt to LTM run-rate earnings ratio of 1.3x. Further details on Action's capital restructuring in October 2023 are provided in the Chief Executive's review.

At 30 September 2023, the valuation of our 52.9% stake in Action was £12,862 million (31 March 2023: £11,188 million) and we recognised unrealised profits from Action of £1,810 million (September 2022: £1,156 million), as shown in Table 4.

Table 5: Action financial metrics as at P9

Financial metrics	Last nine months to P9 2023 (1 October 2023) €m	Last nine months to P9 2022 (2 October 2022) €m
Net sales	**7,912**	6,062
LFL sales growth	**19.2%**	15.8%
Operating EBITDA	**1,065**	740
Operating EBITDA margin	**13.5%**	12.2%
Net new stores added	**153**	150
	Last 12 months to P9 2023 (1 October 2023) €m	Last 12 months to P9 2022 (2 October 2022) €m
Net sales	**10,710**	8,121
Operating EBITDA	**1,530**	1,036
Operating EBITDA margin	**14.3%**	12.8%
Run-rate EBITDA	**1,634**	1,135

Performance (excluding Action)

Excluding Action, the private equity portfolio generated £353 million (September 2022: £347 million) of performance-driven unrealised value growth, which more than offset performance-driven unrealised value losses of £219 million (September 2022: £205 million).

As a best-in-class operator in private label and contract manufacturing of personal care products, **Royal Sanders** continues to benefit from operating in a non-cyclical defensive industry with increased volumes from its key customers delivering growth ahead of the overall market. Its recent bolt-on acquisitions, including the acquisition of Lenhart in April 2023, continue to perform ahead of our expectations, confirming Royal Sanders as a key consolidator in its market. The newly formed **EBG** (as detailed under investment activity on page 7) is performing ahead of our expectations, as Dutch Bakery's trading momentum continues, and coolback and Panelto are both showing good volume growth and integrating well within the overall group. **AES** delivered another period of outperformance, following a stronger than expected increase in sales volumes. AES's commitment to scaling and investment in the latest manufacturing technology and reliability services positions the business well for continued growth in its market. It completed the bolt-on acquisition of Triseal in the period.

Following steady performance in the first half of 2023, **Cirtec Medical** is positioned for a strong end to the year. The integration of Precision Components, which it acquired from our portfolio company Q Holding, is largely complete, enabling Cirtec Medical to penetrate new markets, and recent trading shows a good increase in orders from existing and new customers. The remaining business of **Q Holding**, Q Medical Devices, has seen higher demand from its vascular unit customers and has benefited from operational initiatives across its sites which have resulted in better productivity and improved margins. Since the start of 2023, **ten23 health** has seen a meaningful scale up of its manufacturing output across its sites in Basel and Visp, Switzerland. This scaling of output has helped support the business secure a strong order pipeline in 2023 from new and existing customers. We will continue to support the business as it builds on this momentum and expands its service capability and manufacturing output. An industry-wide destocking of single-use consumables has resulted in a softer order book for **SaniSure** in 2023. SaniSure has somewhat mitigated these near-term headwinds with a strong order book coming into 2023 and with the implementation of process improvements and efficiencies. The medium to long-term outlook for the industry remains very positive and SaniSure is very well positioned to excel upon the market recovery.

MAIT has seen good momentum in its performance through a combination of organic sales growth and strategic M&A, completing the bolt-on acquisition of etagis in the period. **MPM** delivered sales growth across all of its key geographies in the period. Its now largest market, the US, has seen accelerated growth, with particularly encouraging sales and profitability from its online offering.

A small number of our portfolio companies continue to face challenging trading conditions and weak end-markets. **Tato**'s underperformance in 2023 is being driven primarily by weak DIY and construction end-markets, inflationary cost pressures and heightened pricing competition from the consolidation of its competitors. Encouragingly, recent trading is showing some signs of improvement. **Luqom** and **YDEON** continue to face a challenging discretionary consumer market driven by muted customer demand and the discounting in the market of excess stock. **WilsonHCG** has been impacted by a weaker hiring environment across its core business functions, and **Formel D**'s recovery has slowed as its end-markets remain challenging.

Overall, 89%[1] of our Private Equity portfolio companies by value grew their earnings in the 12 months to 30 June 2023.

Table 6: Portfolio earnings growth of the top 20 Private Equity investments[2]

	Number of companies at 30 September 2023	3i carrying value at 30 September 2023 £m
<0%	**8**	**1,858**
0-9%	**2**	**894**
10-19%	**3**	**559**
20-29%	**3**	**1,027**
≥30%	**4**	**13,353**

2 Includes top 20 Private Equity companies by value excluding ten23 health. This represents 97% of the Private Equity portfolio by value (31 March 2023: 96%). LTM adjusted earnings to 30 June 2023 and Action based on LTM run-rate earnings to P9 2023. P9 2023 runs to 1 October 2023.

Leverage

Our Private Equity portfolio is funded with all senior debt structures, with long-dated maturity profiles and, as at 30 September 2023, 80% is repayable from 2026 and beyond. Across our Private Equity portfolio, term debt is well protected against interest rate rises with over two thirds of total term debt hedged at a weighted average tenor of more than three years. The average all-in debt cost across two thirds of the portfolio is 6%. Average leverage was 2.1x at 30 September 2023 (31 March 2023: 2.5x). Excluding Action, leverage across the portfolio was 3.8x (31 March 2023: 4.0x). Table 7 shows the ratio of net debt to adjusted earnings by portfolio value at 30 September 2023.

1 Based on LTM adjusted earnings to June 2023. Includes 31 companies.

Table 7: Ratio of net debt to adjusted earnings[1]

	Number of companies at 30 September 2023	3i carrying value at 30 September 2023 £m
<1x	**1**	**94**
1-2x	**4**	**12,971**
2-3x	**4**	**998**
3-4x	**6**	**1,599**
4-5x	**1**	**88**
5-6x	**5**	**1,239**
>6x	**2**	**24**

1 This represents 93% of the Private Equity portfolio by value (31 March 2023: 92%). Quoted holdings and companies with net cash are excluded from the calculation. Net debt and adjusted earnings as at 30 June 2023. Action based on net debt at P9 2023 and LTM run-rate earnings to P9 2023.

Multiple movements

When selecting multiples to value our portfolio companies we take a long-term, through-the-cycle approach and consider a number of factors including recent performance, outlook and bolt-on activity, comparable recent transactions and exit plans, and the performance of quoted comparable companies. At each reporting date our valuation multiples are considered as part of a robust valuation process, which includes independent challenge throughout, including from our external auditors, culminating in the quarterly Valuation Committee of the Board. In the period, capital markets remained relatively volatile due to rising inflation and interest rates and geopolitical uncertainty. Taking into consideration our valuation approach and market developments, we adjusted four of our valuation multiples down and two up, resulting in a net multiple-driven unrealised value loss of £23 million in the period (September 2022: £180 million unrealised value loss).

Action's valuation multiple at 30 September 2023 remained unchanged at 18.5x net of the liquidity discount. Based on the valuation at that date, a 1.0x movement in Action's post-discount multiple would increase or decrease the valuation of 3i's investment by £749 million.

Quoted portfolio

Basic-Fit is the only quoted investment in our Private Equity portfolio. We recognised an unrealised value loss of £31 million from Basic-Fit in the period (September 2022: unrealised value loss of £31 million) as its share price decreased to €26.86 at 30 September 2023 (31 March 2023: €36.32). At 30 September 2023, our residual 5.7% shareholding was valued at £88 million (31 March 2023: £121 million).

Assets under management

The value of the Private Equity portfolio, including third-party capital, increased to £25.7 billion (31 March 2023: £22.9 billion) principally due to unrealised value movements in the period.

Table 8: Private Equity 3i proprietary capital

Vintages[1]	3i proprietary capital value[3] 30 September 2023 £m	Vintage money multiple[4] 30 September 2023	3i proprietary capital value[3] 31 March 2023 £m	Vintage money multiple[4] 31 March 2023
Buyouts 2010–2012	**2,216**	**15.6x**	2,968	15.1x
Growth 2010–2012	**24**	**2.1x**	23	2.1x
2013–2016	**824**	**2.5x**	814	2.5x
2016–2019	**1,954**	**1.8x**	1,872	1.8x
2019–2022	**1,653**	**1.5x**	1,524	1.5x
2022-2025	**219**	**1.0x**	228	1.0x
Others[2]	**11,385**	**n/a**	8,996	n/a
Total	**18,275**		16,425	

1 Assets included in these vintages are disclosed in the Glossary on page 47.
2 Includes Action value of £10,646 million (31 March 2023: £8,220 million) for 3i's direct share and including the stake held through the 2020 Co-investment vehicles. Overall, including the Buyouts 2010-12 vintage, 3i's share of Action value is £12,862 million (31 March 2023: £11,188 million).
3 3i carrying value is the unrealised value for the remaining investments in each vintage.
4 Vintage money multiple (GBP) includes realised and unrealised value as at the reporting date.

Table 9: Private Equity assets by geography

3i office location	Number of companies	3i carrying value at 30 September 2023 £m
Netherlands	10	14,391
France	1	315
Germany	7	704
UK	9	1,133
US	9	1,703
Other	3	29
Total	**39**	**18,275**

Table 10: Private Equity assets by sector

Sector	Number of companies	3i carrying value at 30 September 2023 £m
Action (Consumer)	1	12,862
Consumer	13	2,141
Industrial Technology	7	1,135
Healthcare	5	1,249
Services	10	724
Software	3	164
Total	**39**	**18,275**

Infrastructure

Our Infrastructure portfolio generated a GIR of £31 million in the period, or 2% on the opening portfolio value (September 2022: £35 million, 3%), including a gain on foreign exchange on investments of £8 million (September 2022: £58 million).

Table 11: Gross investment return for the six months to 30 September

Investment basis	2023 £m	2022 £m
Realised losses over value on the disposal of investments	**(3)**	–
Unrealised profits/(losses) on the revaluation of investments	**2**	(47)
Dividends	**18**	16
Interest income from investment portfolio	**6**	8
Foreign exchange on investments	**8**	58
Gross investment return	**31**	35
Gross investment return as a % of opening portfolio value	**2%**	3%

Fund management

3iN

In the six months to 30 September 2023, 3iN generated a total return on opening NAV of 6.3% (September 2022: 9.3%) and is on track to meet its dividend target for the year to 31 March 2024 of 11.90 pence per share, up 6.7% year-on-year.

3iN's underlying portfolio continues to deliver strong earnings growth and reinvestment opportunities. There was particularly strong performance from **Tampnet**, **TCR** and **Valorem**, offsetting softer performance from **DNS:NET** which is experiencing a more challenging fibre sector outlook in Germany, resulting in a delayed rollout of its network around Berlin. In the period, 3iN announced the sale of its c.25% stake in **Attero** for expected net proceeds of c.€215 million, a c.31% uplift from its valuation of €164 million at 31 March 2023.

As investment manager, 3i received a management fee from 3iN of £25 million in the period (September 2022: £23 million).

North American Infrastructure platform

We continue to develop our North American Infrastructure platform. In the period, we completed a new investment in **AmWaste**, a provider of non-hazardous solid waste disposal services in the south eastern region of the US and a further bolt-on acquisition for **Regional Rail**, with the acquisition of rail assets from Clinton Terminal Railroad, which further expanded its presence in North Carolina. Freight load traffic across Regional Rail's existing railroads outperformed our March 2023 expectations. **EC Waste** saw good performance from its residential collection contracts, landfill operations and through contract wins for debris clean ups, offsetting higher expenses. Regional Rail and EC Waste were valued on a DCF basis at 30 September 2023.

During the period, our North American Infrastructure platform received further external commitments. This resulted in a pro-rata rebalancing of existing platform holdings which resulted in proceeds to 3i of £18 million.

Other funds

3i EOPF and the **3i Managed Infrastructure Acquisitions LP** both performed in line with expectations in the period.

Assets under management

Infrastructure AUM was £6.6 billion at 30 September 2023 (31 March 2023: £6.4 billion) and we generated fee income of £34 million from our fund management activities in the period (September 2022: £30 million).

Table 12: Assets under management as at 30 September 2023

Fund/strategy	Close date	Fund size	3i commitment/ share	Remaining 3i commitment	% invested[2] at September 2023	AUM £m	Fee income earned in the period £m
3iN[1]	Mar-07	n/a	£818m	n/a	n/a	2,804	25
3i Managed Infrastructure Acquisitions LP	Jun-17	£698m	£35m	£5m	87%	1,317	2
3i managed accounts	various	n/a	n/a	n/a	n/a	850	3
3i North American Infrastructure platform	Mar-22[3]	US$495m	US$300m	US$85m	72%	518	1
BIIF	May-08	£680m	n/a	n/a	91%	452	2
3i European Operational Projects Fund	Apr-18	€456m	€40m	€5m	86%	362	1
Other	n/a	n/a	n/a	n/a	n/a	316	–
Total						**6,619**	**34**

1 AUM based on the share price at 30 September 2023.
2 % invested is the capital deployed into investments against the total Fund commitment.
3 First close completed in March 2022.

3i's proprietary capital infrastructure portfolio

The Group's proprietary capital infrastructure portfolio consists of its 29% stake in 3iN, its investment in Smarte Carte and direct stakes in other managed funds.

Quoted stake in 3iN

At 30 September 2023, our 29% stake in 3iN was valued at £818 million (31 March 2023: £841 million) as a result of a 2.7% decrease in 3iN's share price to 304 pence in the period (31 March 2023: 313 pence). We recognised an unrealised loss of £23 million (September 2022: unrealised loss of £117 million), offset by £15 million of dividend income (September 2022: £14 million).

North America Infrastructure proprietary capital

Smarte Carte performed well in the period. Strong US domestic leisure travel demand and further improvements in international travel volumes drove better than expected performance across all lines of business. At 30 September 2023, the business was valued on a DCF basis.

Table 13: Unrealised profits/(losses) on the revaluation of Infrastructure investments[1] in the six months to 30 September

	2023 £m	2022 £m
Quoted	**(23)**	(117)
DCF	**22**	63
Fund/other	**3**	7
Total	**2**	(47)

1 More information on our valuation methodology, including definitions and rationale, is included in our Annual report and accounts 2023 on page 229.

Scandlines

Scandlines generated a GIR of £10 million (September 2022: £11 million) or 2% of opening portfolio value in the period (September 2022: 2%).

Table 14: Gross investment return for the six months to 30 September

Investment basis	2023 £m	2022 £m
Dividends	**10**	12
Foreign exchange on investments	**(7)**	21
Movement in fair value of derivatives	**7**	(22)
Gross investment return	**10**	11
Gross investment return as a % of opening portfolio value	**2%**	2%

Performance

Scandlines performed steadily in the period, with leisure volumes ahead of a strong prior year and of pre-pandemic levels. After back-to-back record years, freight volumes have been impacted by a more challenging macroeconomic backdrop. Cash generation in the business remains good and we received a dividend of £10 million in the period. At 30 September 2023, Scandlines was valued at £547 million (31 March 2023: £554 million) on a DCF basis.

Foreign exchange

We hedge the balance sheet value of our investment in Scandlines for foreign exchange translation risk. We recognised a loss of £7 million on foreign exchange translation (September 2022: £21 million gain) offset by a fair value gain of £7 million (September 2022: £22 million loss) from derivatives in our hedging programme.

Overview of financial performance

We generated a total return of £1,669 million, or a profit on opening shareholders' funds of 10%, in the six months to 30 September 2023 (September 2022: £1,765 million, or 14%). The diluted NAV per share at 30 September 2023 increased to 1,886 pence (31 March 2023: 1,745 pence) including the 11 pence per share loss on foreign exchange translation in the period (September 2022: 74 pence per share gain), and after the payment of the second FY2023 dividend of £286 million, or 29.75 pence per share in July 2023 (September 2022: £262 million, 27.25 pence per share).

Table 15: Gross investment return for the six months to 30 September

Investment basis	2023 £m	2022 £m
Private Equity	**1,826**	1,970
Infrastructure	**31**	35
Scandlines	**10**	11
Gross investment return	**1,867**	2,016
Gross investment return as a % of opening portfolio	**10%**	14%

The GIR was £1,867 million in the period (September 2022: £2,016 million), driven by the very strong performance of Action and good contributions from a number of our portfolio companies operating in the value-for-money, private label and healthcare sectors, offset by weaker performance in our portfolio companies exposed to discretionary consumer spending and more cyclical end-markets. The GIR also includes a £119 million foreign exchange loss on translation of our investments, including the impact of foreign exchange hedging in the period (September 2022: £742 million gain). Further information on the Private Equity, Infrastructure and Scandlines valuations is included in the business reviews.

Table 16: Operating cash profit /(loss) for the six months to 30 September

Investment basis	2023 £m	2022 £m
Cash fees from external funds	**38**	33
Cash portfolio fees	**6**	1
Cash portfolio dividends and interest	**44**	33
Cash income	**88**	67
Cash operating expenses[1]	**(82)**	(84)
Operating cash profit/(loss)	**6**	(17)

1 Cash operating expenses include operating expenses paid and lease payments.

We generated an operating cash profit of £6 million in the period (September 2022: £17 million loss). Cash income increased to £88 million (September 2022: £67 million) principally due to an increase in dividend income and interest received compared to the same period last year. Cash operating expenses incurred during the period remained broadly in line with the prior period at £82 million (September 2022: £84 million).

Net foreign exchange movements

The Group recorded a total foreign exchange translation loss of £107 million, including the impact of foreign exchange hedging in the period, (September 2022: £711 million gain) as a result of sterling strengthening by 1% against the euro, which was partially offset by sterling weakening by 1% against the US dollar.

At 30 September 2023, the notional value of the Group's forward foreign exchange contracts was €2.6 billion and $1.2 billion. The €2.6 billion includes the €600 million notional value of the forward foreign exchange contracts related to the Scandlines hedging programme.

Table 17 sets out the sensitivity of net assets to foreign exchange movements at 30 September 2023 and sensitivity after the hedging programme.

Table 17: Net assets and sensitivity by currency at 30 September 2023

	FX rate	Net assets £m	%	1% sensitivity £m
Sterling	n/a	**4,634**	25%	n/a
Euro[1]	1.1529	**12,104**	67%	121
US dollar[1]	1.2206	**1,258**	7%	12
Danish krone	8.5973	**218**	1%	2
Other	n/a	**31**	–%	n/a
Total		**18,245**		

1 The sensitivity impact calculated on the net assets position includes the impact from foreign exchange hedging.

Carried interest and performance fees

We receive carried interest and performance fees from third-party funds and 3iN. We also pay carried interest and performance fees to participants in plans relating to returns from investments. In Private Equity (excluding Action) we typically accrue net carried interest payable of c.12% of GIR, based on the assumption that all investments are realised at their balance sheet value.

In total, we accrued carried interest payable of £147 million (September 2022: £157 million) for Private Equity in the period. This was driven by the continued strong performance of the 2010-12 vintage, which holds Action, as well as by the return generated by other Private Equity carry vintages.

In Infrastructure, following the agreed sale of Attero by 3iN, we recognised £21 million of performance fees receivable, of which £16 million was recognised as carried interest payable.

Carried interest is paid to participants when cash proceeds have actually been received following a realisation, refinancing event or other cash distribution and performance hurdles are passed in cash terms. Due to the length of time between investment and realisation, the schemes are usually active for a number of years and their participants include both current and previous employees of 3i.

In the period, we completed the previously announced £200 million carried interest payment to participants in the Buyouts 2010-12 carry scheme and, in August 2023, we crystallised a further portion of the carried interest liability related to Action, resulting in a further payment of £258 million to participants in the same scheme. In total, carried interest and performance fee cash paid in the period was £510 million (September 2022: £39 million). The total performance fee cash received in the period was £37 million (September 2022: £51 million).

Overall, the effect of the income statement charge, the cash payments, as well as the currency translation meant that the balance sheet carried interest and performance fees payable decreased to £985 million at 30 September 2023 (31 March 2023: £1,351 million).

Following Action's capital restructuring in October 2023, as detailed in the Chief Executive's review, 3i's gross investment in Action increased from 52.9% to 54.8% and 3i's investment in Action, net of carry, increased from 50% to 52%. In Private Equity, in relation to Action, we will accrue net carried interest payable of c.5% of Action GIR.

Table 18: Carried interest and performance fees for the six months to 30 September

Investment basis Statement of comprehensive income	**2023 £m**	2022 £m
Carried interest and performance fees receivable		
Private Equity	**–**	2
Infrastructure	**21**	–
Total	**21**	2
Carried interest and performance fees payable		
Private Equity	**(147)**	(157)
Infrastructure	**(29)**	(5)
Total	**(176)**	(162)
Net carried interest payable	**(155)**	(160)

Table 19: Carried interest and performance fees

Investment basis Statement of financial position	30 September 2023 £m	31 March 2023 £m
Carried interest and performance fees receivable		
Private Equity	**5**	6
Infrastructure	**21**	37
Total	**26**	43
Carried interest and performance fees payable		
Private Equity	**(962)**	(1,325)
Infrastructure	**(23)**	(26)
Total	**(985)**	(1,351)

Balance sheet and liquidity

During the period, we successfully issued a six year €500 million euro bond at a coupon of 4.875%, further strengthening our liquidity profile. At 30 September 2023, the Group had net debt of £1,153 million (31 March 2023: £363 million) and gearing of 6% (31 March 2023: 2%) following the payment of carried interest and performance fees payable of £510 million and the second FY2023 dividend of £286 million.

The Group had liquidity of £955 million at 30 September 2023 (31 March 2023: £1,312 million) comprising cash and deposits of £55 million (31 March 2023: £412 million) and an undrawn RCF of £900 million (31 March 2023: £900 million). Following Action's US debt issue in October 2023, we have received gross proceeds of €877 million of which we have retained €353 million.

The investment portfolio value increased to £20,255 million at 30 September 2023 (31 March 2023: £18,388 million) mainly driven by unrealised profits of £1,909 million in the period.

Table 20: Simplified consolidated balance sheet

Investment basis Statement of financial position	30 September 2023 £m	31 March 2023 £m
Investment portfolio	**20,255**	18,388
Gross debt	**(1,208)**	(775)
Cash and deposits	**55**	412
Net debt	**(1,153)**	(363)
Carried interest and performance fees receivable	**26**	43
Carried interest and performance fees payable	**(985)**	(1,351)
Other net assets	**102**	127
Net assets	**18,245**	16,844
Gearing[1]	**6%**	2%

1 Gearing is net debt as a percentage of net assets.

Going concern

The Half-year consolidated financial statements are prepared on a going concern basis following the assessment by the Directors, taking into account the Group's current performance and outlook.

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. Our Investment basis is itself an APM.

The explanation of and rationale for the Investment basis and its reconciliation to IFRS is provided from page 20. The table below defines our additional APMs and should be read in conjunction with our Annual report and accounts 2023.

Gross investment return as a percentage of opening portfolio value

Purpose	Calculation	Reconciliation to IFRS
A measure of the performance of our investment portfolio. For further information, see the Group KPIs in our Annual report and accounts 2023.	It is calculated as the gross investment return, as shown in the Investment basis Consolidated statement of comprehensive income, as a % of the opening portfolio value.	The equivalent balances under IFRS and the reconciliation to the Investment basis are shown in the Reconciliation of consolidated statement of comprehensive income and the Reconciliation of consolidated statement of financial position respectively.

Cash realisation

Purpose	Calculation	Reconciliation to IFRS
Cash proceeds from our investments support our returns to shareholders, as well as our ability to invest in new opportunities. For further information, see the Group KPIs in our Annual report and accounts 2023.	The cash received from the disposal of investments in the period as shown in the Investment basis Consolidated cash flow statement.	The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of consolidated cash flow statement.

Cash investment

Purpose	Calculation	Reconciliation to IFRS
Identifying new opportunities in which to invest proprietary capital is the primary driver of the Group's ability to deliver attractive returns. For further information, see the Group KPIs in our Annual report and accounts 2023.	The cash paid to acquire investments and recognising syndications in the period as shown on the Investment basis Consolidated cash flow statement.	The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of consolidated cash flow statement.

Operating cash profit/(loss)

Purpose	Calculation	Reconciliation to IFRS
By covering the cash cost of running the business with cash income, we reduce the potential dilution of capital returns. For further information, see the Group KPIs in our Annual report and accounts 2023.	The cash income from the portfolio (interest, dividends and fees) together with fees received from external funds less cash operating expenses and leases payments as shown on the Investment basis Consolidated cash flow statement. The calculation is shown in Table 16 of the Overview of financial performance.	The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of consolidated cash flow statement.

Net cash/(net debt)

Purpose	Calculation	Reconciliation to IFRS
A measure of the available cash to invest in the business and an indicator of the financial risk in the Group's balance sheet.	Cash and cash equivalents plus deposits less loans and borrowings as shown on the Investment basis Consolidated statement of financial position.	The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of consolidated statement of financial position.

Gearing

Purpose	Calculation	Reconciliation to IFRS
A measure of the financial risk in the Group's balance sheet.	Net debt (as defined above) as a % of the Group's net assets under the Investment basis. It cannot be less than zero.	The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of consolidated statement of financial position.

Principal risks and uncertainties

3i's risk appetite statement, approach to risk management and governance structure are set out in the Risk section of the Annual report and accounts 2023, which can be accessed on the Group's website at www.3i.com.

Notwithstanding the continued global economic uncertainties and increased geopolitical tensions in the period, the principal risks to the achievement of the Group's strategic objectives are unchanged from those reported on pages 87 to 91 of the Annual report and accounts 2023 and remain broadly stable in terms of impact and likelihood. The Group's principal risks continue to be closely monitored and may be subject to change.

Principal risks

External – Risks arising from external factors including political, legal, regulatory, economic and competitor changes, which affect the Group's investment portfolio and operations.

Most of the external risk factors are continuations of themes outlined at the time of the Annual report and accounts 2023. These include the increased cost of living, higher interest rates and lower forecast economic growth. These combined headwinds have the potential to affect trading performance, liquidity and valuations in varying degrees across 3i's investment portfolio. As outlined below, 3i has a well-funded balance sheet and carefully constructed portfolio of international companies operating in a range of different sectors, which has performed well overall in a challenging environment.

The Group and our portfolios have no material direct exposure to the Middle East, although we continue to closely monitor the impact of the ongoing situation in the region.

Investment – Risks in respect of specific asset investment decisions, the subsequent performance of an investment or exposure concentrations across business line portfolios.

The portfolio continues to perform resiliently in the current market and economic conditions; notably those operating in the value-for-money, private label and healthcare sectors. However, some of our portfolio companies are more exposed to the impact of cost pressures and lower consumer discretionary spend and more cyclical end-markets, and are being closely monitored. In addition, an extended period of higher interest rates could impact debt markets and, in turn, potentially affect investment activity levels or refinancing plans.

Operational – Risks arising from inadequate or failed processes, people and systems or from external factors affecting these.

The Group's day-to-day operations are largely unchanged in the period. This includes the continued resilience and security of the Group's IT systems and maintenance of robust processes and internal controls. Staff turnover rates have been stable.

Capital management – Risks in relation to the management of capital resources including liquidity risk, currency exposures and leverage risk.

3i's approach to capital management remains conservative, with a well-funded balance sheet. The Group issued a six year €500 million bond at a coupon of 4.875% in June 2023 providing additional liquidity and euro hedging. The investment and divestment pipeline and balance of investment and realisation flows are subject to regular reviews.

The Half-year report provides an update on 3i's strategy and business performance, as well as on market conditions, which is relevant to the Group's overall risk profile and should be viewed in the context of the Group's risk management framework and principal risks as disclosed in the Annual report and accounts 2023.

Reconciliation of the Investment basis to IFRS

Background to Investment basis numbers used in the Half-year report

The Group makes investments in portfolio companies directly, held by 3i Group plc, and indirectly, held through intermediate holding company and partnership structures (“investment entity subsidiaries”). It also has other operational subsidiaries which provide services and other activities such as employment, regulatory activities, management and advice (“trading subsidiaries”). The application of IFRS 10 requires us to fair value a number of investment entity subsidiaries that were previously consolidated line by line. This fair value approach, applied at the investment entity subsidiary level, effectively obscures the performance of our proprietary capital investments and associated transactions occurring in the investment entity subsidiaries.

The financial effect of the underlying portfolio companies and fee income, operating expenses and carried interest transactions occurring in investment entity subsidiaries are aggregated into a single value. Other items which were previously eliminated on consolidation are now included separately.

To maintain transparency and aid understanding of our results, we include a separate non-GAAP “Investment basis” consolidated statement of comprehensive income, financial position and cash flow. The Investment basis is an APM and the Chief Executive’s review and the Business and financial review are prepared using the Investment basis, as we believe it provides a more understandable view of our performance. Total return and net assets are equal under the Investment basis and IFRS; the Investment basis is simply a “look through” of IFRS 10 to present the underlying performance.

A more detailed explanation of the effect of IFRS 10 is provided in the Annual report and accounts 2023 on page 73.

Reconciliation between Investment basis and IFRS

A detailed reconciliation from the Investment basis to IFRS basis of the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated cash flow statement is shown on pages 21 to 24.

Reconciliation of consolidated statement of comprehensive income

		Six months to 30 September 2023			Six months to 30 September 2022		
	Notes	Investment basis (unaudited) £m	IFRS adjustments (unaudited) £m	IFRS basis (unaudited) £m	Investment basis (unaudited) £m	IFRS adjustments (unaudited) £m	IFRS basis (unaudited) £m
Realised profits/(losses) over value on the disposal of investments	1,2	**(2)**	**3**	**1**	(4)	2	(2)
Unrealised profits on the revaluation of investments	1,2	**1,909**	**(715)**	**1,194**	1,197	(657)	540
Fair value movements on investment entity subsidiaries	1	**–**	**524**	**524**	–	962	962
Portfolio income							
Dividends	1,2	**28**	**(11)**	**17**	28	(12)	16
Interest income from investment portfolio	1,2	**46**	**(32)**	**14**	47	(32)	15
Fees receivable	1,2	**5**	**1**	**6**	6	–	6
Foreign exchange on investments	1,4	**(145)**	**74**	**(71)**	764	(502)	262
Movement in the fair value of derivatives		**26**	**–**	**26**	(22)	–	(22)
Gross investment return		**1,867**	**(156)**	**1,711**	2,016	(239)	1,777
Fees receivable from external funds		**36**	**–**	**36**	33	–	33
Operating expenses	1,3	**(68)**	**–**	**(68)**	(67)	1	(66)
Interest receivable	1	**6**	**(2)**	**4**	1	–	1
Interest payable	1	**(28)**	**–**	**(28)**	(27)	–	(27)
Exchange movements	1,4	**12**	**8**	**20**	(31)	51	20
Income from investment entity subsidiaries	1	**–**	**11**	**11**	–	28	28
Other income		**–**	**–**	**–**	1	–	1
Operating profit before carried interest		**1,825**	**(139)**	**1,686**	1,926	(159)	1,767
Carried interest							
Carried interest and performance fees receivable	1,3	**21**	**–**	**21**	2	–	2
Carried interest and performance fees payable	1,3	**(176)**	**142**	**(34)**	(162)	153	(9)
Operating profit before tax		**1,670**	**3**	**1,673**	1,766	(6)	1,760
Tax charge	1,3	**(1)**	**–**	**(1)**	(1)	–	(1)
Profit for the period		**1,669**	**3**	**1,672**	1,765	(6)	1,759
Other comprehensive income that may be reclassified to the income statement							
Exchange differences on translation of foreign operations	1,4	**–**	**(3)**	**(3)**	–	6	6
Other comprehensive expense that will not be reclassified to the income statement							
Re-measurements of defined benefit plans		**–**	**–**	**–**	–	–	–
Other comprehensive (expense)/ income for the period		**–**	**(3)**	**(3)**	–	6	6
Total comprehensive income for the period ("Total return")		**1,669**	**–**	**1,669**	1,765	–	1,765

Notes:
1 Applying IFRS 10 to the Consolidated statement of comprehensive income consolidates the line items of a number of previously consolidated subsidiaries into a single line item “Fair value movements on investment entity subsidiaries”. In the Investment basis accounts we have disaggregated these line items to analyse our total return as if these investment entity subsidiaries were fully consolidated, consistent with prior periods. The adjustments simply reclassify the Consolidated statement of comprehensive income of the Group, and the total return is equal under the Investment basis and the IFRS basis.
2 Realised profits, unrealised profits and portfolio income shown in the IFRS accounts only relate to portfolio companies that are held directly by 3i Group plc and not those portfolio companies held through investment entity subsidiaries. Realised profits, unrealised profits and portfolio income in relation to portfolio companies held through investment entity subsidiaries are aggregated into the single “Fair value movement on investment entity subsidiaries” line. This is the most significant reduction of information in our IFRS accounts.
3 Other items also aggregated into the “Fair value movements on investment entity subsidiaries” line include operating expenses, carried interest and performance fees receivable, carried interest and performance fees payable and tax. Operating expenses, carried interest and performance fees receivable and tax do not impact fair value movements on investment entity subsidiaries for the six months to 30 September 2023.
4 Foreign exchange movements have been reclassified under the Investment basis as foreign currency asset and liability movements. Movements within the investment entity subsidiaries are included within “Fair value movements on investment entity subsidiaries”.

Reconciliation of consolidated statement of financial position

	Notes	Investment basis (unaudited) £m	IFRS adjustments (unaudited) £m	IFRS basis (unaudited) £m	Investment basis (unaudited) £m	IFRS adjustments (unaudited) £m	IFRS basis (audited) £m
		As at 30 September 2023			As at 31 March 2023		
Assets							
Non-current assets							
Investments							
Quoted investments	1	**906**	**(88)**	**818**	962	(121)	841
Unquoted investments	1	**19,349**	**(8,588)**	**10,761**	17,426	(8,749)	8,677
Investments in investment entity subsidiaries	1,2	**–**	**7,735**	**7,735**	–	7,844	7,844
Investment portfolio		**20,255**	**(941)**	**19,314**	18,388	(1,026)	17,362
Carried interest and performance fees receivable	1	**2**	**1**	**3**	3	–	3
Other non-current assets	1	**43**	**(8)**	**35**	33	(3)	30
Intangible assets		**4**	**–**	**4**	5	–	5
Retirement benefit surplus		**54**	**–**	**54**	53	–	53
Property, plant and equipment		**3**	**–**	**3**	3	–	3
Right of use asset		**20**	**–**	**20**	9	–	9
Derivative financial instruments		**60**	**–**	**60**	73	–	73
Total non-current assets		**20,441**	**(948)**	**19,493**	18,567	(1,029)	17,538
Current assets							
Carried interest and performance fees receivable	1	**24**	**–**	**24**	40	–	40
Other current assets	1	**53**	**(6)**	**47**	41	(11)	30
Current income taxes		**1**	**–**	**1**	1	–	1
Derivative financial instruments		**42**	**–**	**42**	48	–	48
Cash and cash equivalents	1	**55**	**(14)**	**41**	412	(250)	162
Total current assets		**175**	**(20)**	**155**	542	(261)	281
Total assets		**20,616**	**(968)**	**19,648**	19,109	(1,290)	17,819
Liabilities							
Non-current liabilities							
Trade and other payables	1	**(54)**	**50**	**(4)**	(11)	7	(4)
Carried interest and performance fees payable	1	**(825)**	**779**	**(46)**	(1,049)	1,006	(43)
Loans and borrowings		**(1,208)**	**–**	**(1,208)**	(775)	–	(775)
Retirement benefit deficit		**(20)**	**–**	**(20)**	(20)	–	(20)
Lease liability		**(12)**	**–**	**(12)**	(5)	–	(5)
Derivative financial instruments		**(3)**	**–**	**(3)**	(3)	–	(3)
Deferred income taxes		**(1)**	**–**	**(1)**	(1)	–	(1)
Provisions		**(4)**	**–**	**(4)**	(4)	–	(4)
Total non-current liabilities		**(2,127)**	**829**	**(1,298)**	(1,868)	1,013	(855)
Current liabilities							
Trade and other payables	1	**(71)**	**1**	**(70)**	(85)	9	(76)
Carried interest and performance fees payable	1	**(160)**	**138**	**(22)**	(302)	268	(34)
Lease liability		**(9)**	**–**	**(9)**	(5)	–	(5)
Derivative financial instruments		**–**	**–**	**–**	(1)	–	(1)
Current income taxes		**(4)**	**–**	**(4)**	(4)	–	(4)
Total current liabilities		**(244)**	**139**	**(105)**	(397)	277	(120)
Total liabilities		**(2,371)**	**968**	**(1,403)**	(2,265)	1,290	(975)
Net assets		**18,245**	**–**	**18,245**	16,844	–	16,844
Equity							
Issued capital		**719**	**–**	**719**	719	–	719
Share premium		**791**	**–**	**791**	790	–	790
Other reserves	3	**16,827**	**–**	**16,827**	15,443	–	15,443
Own shares		**(92)**	**–**	**(92)**	(108)	–	(108)
Total equity		**18,245**	**–**	**18,245**	16,844	–	16,844

The notes relating to the table above are on the next page.

Statement of consolidated statement of financial position continued

Notes:

1 Applying IFRS 10 to the Consolidated statement of financial position aggregates the line items of investment entity subsidiaries into the single line item "Investments in investment entity subsidiaries". In the Investment basis, we have disaggregated these items to analyse our net assets as if the investment entity subsidiaries were consolidated. The adjustment reclassifies items in the Consolidated statement of financial position. There is no change to the net assets, although for reasons explained below, gross assets and gross liabilities are different. The disclosure relating to portfolio companies is significantly reduced by the aggregation, as the fair value of all investments held by investment entity subsidiaries is aggregated into the "Investments in investment entity subsidiaries" line. We have disaggregated this fair value and disclosed the underlying portfolio holding in the relevant line item, ie quoted investments or unquoted investments. Other items which may be aggregated include carried interest, other assets and other payables, and the Investment basis presentation again disaggregates these items.

2 Intercompany balances between investment entity subsidiaries and trading subsidiaries also impact the transparency of our results under the IFRS basis. If an investment entity subsidiary has an intercompany balance with a consolidated trading subsidiary of the Group, then the asset or liability of the investment entity subsidiary will be aggregated into its fair value, while the asset or liability of the consolidated trading subsidiary will be disclosed as an asset or liability in the Consolidated statement of financial position of the Group.

3 Investment basis financial statements are prepared for performance measurement and therefore reserves are not analysed separately under this basis.

Reconciliation of consolidated cash flow statement

	Notes	Six months to 30 September 2023 Investment basis (unaudited) £m	Six months to 30 September 2023 IFRS adjustments (unaudited) £m	Six months to 30 September 2023 IFRS basis (unaudited) £m	Six months to 30 September 2022 Investment basis (unaudited) £m	Six months to 30 September 2022 IFRS adjustments (unaudited) £m	Six months to 30 September 2022 IFRS basis (unaudited) £m
Cash flow from operating activities							
Purchase of investments	1	**(99)**	**83**	**(16)**	(241)	209	(32)
Proceeds from investments	1	**1**	**–**	**1**	228	(194)	34
Amounts paid to investment entity subsidiaries	1	**–**	**(430)**	**(430)**	–	(233)	(233)
Amounts received from investment entity subsidiaries	1	**–**	**157**	**157**	–	220	220
Net cash flow from derivatives		**45**	**–**	**45**	4	–	4
Portfolio interest received	1	**6**	**(1)**	**5**	2	(2)	–
Portfolio dividends received	1	**38**	**(11)**	**27**	31	(12)	19
Portfolio fees received	1	**6**	**–**	**6**	1	–	1
Fees received from external funds		**38**	**–**	**38**	33	–	33
Carried interest and performance fees received	1	**37**	**–**	**37**	51	–	51
Carried interest and performance fees paid	1	**(510)**	**481**	**(29)**	(39)	11	(28)
Operating expenses paid		**(80)**	**–**	**(80)**	(81)	–	(81)
Co-investment loans received	1	**1**	**2**	**3**	–	1	1
Other cash income	1	**43**	**(43)**	**–**	–	–	–
Interest received	1	**6**	**(2)**	**4**	1	–	1
Net cash flow from operating activities		**(468)**	**236**	**(232)**	(10)	–	(10)
Cash flow from financing activities							
Issue of shares		**1**	**–**	**1**	1	–	1
Purchase of own shares		**–**	**–**	**–**	(30)	–	(30)
Dividends paid		**(286)**	**–**	**(286)**	(262)	–	(262)
Proceeds from long-term borrowing		**422**	**–**	**422**	–	–	–
Lease payments		**(2)**	**–**	**(2)**	(3)	–	(3)
Interest paid		**(21)**	**–**	**(21)**	(20)	–	(20)
Drawdown of revolving credit facility		**–**	**–**	**–**	145	–	145
Net cash flow from financing activities		**114**	**–**	**114**	(169)	–	(169)
Cash flow from investing activities							
Purchase of property, plant and equipment		**(1)**	**–**	**(1)**	–	–	–
Net cash flow from investing activities		**(1)**	**–**	**(1)**	–	–	–
Change in cash and cash equivalents	**2**	**(355)**	**236**	**(119)**	(179)	–	(179)
Cash and cash equivalents at the start of period	2	**412**	**(250)**	**162**	229	(17)	212
Effect of exchange rate fluctuations	1	**(2)**	**–**	**(2)**	5	–	5
Cash and cash equivalents at the end of period	**2**	**55**	**(14)**	**41**	55	(17)	38

Notes:

1 The Consolidated cash flow statement is impacted by the application of IFRS 10 as cash flows to and from investment entity subsidiaries are disclosed, rather than the cash flows to and from the underlying portfolio. Therefore, in our Investment basis financial statements, we have disclosed our consolidated cash flow statement on a "look through" basis, in order to reflect the underlying sources and uses of cash flows and disclose the underlying investment activity.

2 There is a difference between the change in cash and cash equivalents of the Investment basis financial statements and the IFRS financial statements because there are cash balances held in investment entity subsidiaries. Cash held within investment entity subsidiaries will not be shown in the IFRS statements but will be seen in the Investment basis statements.

IFRS Financial statements

Condensed consolidated statement of comprehensive income

	Notes	**Six months to 30 September 2023 (unaudited) £m**	Six months to 30 September 2022 (unaudited) £m
Realised profits/(losses) over value on the disposal of investments	2	**1**	(2)
Unrealised profits on the revaluation of investments	3	**1,194**	540
Fair value movements on investment entity subsidiaries	8	**524**	962
Portfolio income			
Dividends		**17**	16
Interest income from investment portfolio		**14**	15
Fees receivable	4	**6**	6
Foreign exchange on investments		**(71)**	262
Movement in the fair value of derivatives		**26**	(22)
Gross investment return		**1,711**	1,777
Fees receivable from external funds	4	**36**	33
Operating expenses		**(68)**	(66)
Interest received		**4**	1
Interest paid		**(28)**	(27)
Exchange movements		**20**	20
Income from investment entity subsidiaries		**11**	28
Other income		**–**	1
Operating profit before carried interest		**1,686**	1,767
Carried interest			
Carried interest and performance fees receivable	4	**21**	2
Carried interest and performance fees payable		**(34)**	(9)
Operating profit before tax		**1,673**	1,760
Tax charge		**(1)**	(1)
Profit for the period		**1,672**	1,759
Other comprehensive income that may be reclassified to the income statement			
Exchange differences on translation of foreign operations		**(3)**	6
Other comprehensive expense that will not be reclassified to the income statement			
Re-measurements of defined benefit plans		**–**	–
Other comprehensive income for the period		**(3)**	6
Total comprehensive income for the period (“Total return”)		**1,669**	1,765

Earnings per share			
Basic (pence)	5	**173.5**	182.7
Diluted (pence)	5	**173.0**	182.5

The Notes to the accounts section forms an integral part of these financial statements.

Condensed consolidated statement of financial position

	Notes	30 September 2023 (unaudited) £m	31 March 2023 (audited) £m
Assets			
Non-current assets			
Investments			
Quoted investments	7	**818**	841
Unquoted investments	7	**10,761**	8,677
Investments in investment entity subsidiaries	8	**7,735**	7,844
Investment portfolio		**19,314**	17,362
Carried interest and performance fees receivable		**3**	3
Other non-current assets		**35**	30
Intangible assets		**4**	5
Retirement benefit surplus		**54**	53
Property, plant and equipment		**3**	3
Right of use asset		**20**	9
Derivative financial instruments		**60**	73
Total non-current assets		**19,493**	17,538
Current assets			
Carried interest and performance fees receivable		**24**	40
Other current assets		**47**	30
Current income taxes		**1**	1
Derivative financial instruments		**42**	48
Cash and cash equivalents		**41**	162
Total current assets		**155**	281
Total assets		**19,648**	17,819
Liabilities			
Non-current liabilities			
Trade and other payables		**(4)**	(4)
Carried interest and performance fees payable		**(46)**	(43)
Loans and borrowings		**(1,208)**	(775)
Retirement benefit deficit		**(20)**	(20)
Lease liability		**(12)**	(5)
Derivative financial instruments		**(3)**	(3)
Deferred income taxes		**(1)**	(1)
Provisions		**(4)**	(4)
Total non-current liabilities		**(1,298)**	(855)
Current liabilities			
Trade and other payables		**(70)**	(76)
Carried interest and performance fees payable		**(22)**	(34)
Lease liability		**(9)**	(5)
Derivative financial instruments		**–**	(1)
Current income taxes		**(4)**	(4)
Total current liabilities		**(105)**	(120)
Total liabilities		**(1,403)**	(975)
Net assets		**18,245**	16,844
Equity			
Issued capital		**719**	719
Share premium		**791**	790
Capital redemption reserve		**43**	43
Share-based payment reserve		**32**	31
Translation reserve		**(5)**	(2)
Capital reserve		**15,420**	14,044
Revenue reserve		**1,337**	1,327
Own shares		**(92)**	(108)
Total equity		**18,245**	16,844

The Notes to the accounts section forms an integral part of these financial statements.

Condensed consolidated statement of changes in equity

For the six months to 30 September 2023 (unaudited)	**Share capital £m**	**Share premium £m**	**Capital redemption reserve £m**	**Share-based payment reserve £m**	**Translation reserve £m**	**Capital reserve[1] £m**	**Revenue reserve[1] £m**	**Own shares £m**	**Total equity £m**
Total equity at the start of the period	**719**	**790**	**43**	**31**	**(2)**	**14,044**	**1,327**	**(108)**	**16,844**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**1,582**	**90**	**–**	**1,672**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(3)**	**–**	**–**	**–**	**(3)**
Re-measurements of defined benefit plans	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(3)**	**1,582**	**90**	**–**	**1,669**
Share-based payments	**–**	**–**	**–**	**17**	**–**	**–**	**–**	**–**	**17**
Release on exercise/forfeiture of share awards	**–**	**–**	**–**	**(16)**	**–**	**–**	**16**	**–**	**–**
Exercise of share awards	**–**	**–**	**–**	**–**	**–**	**(16)**	**–**	**16**	**–**
Ordinary dividends	**–**	**–**	**–**	**–**	**–**	**(190)**	**(96)**	**–**	**(286)**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of ordinary shares	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**1**
Total equity at the end of the period	**719**	**791**	**43**	**32**	**(5)**	**15,420**	**1,337**	**(92)**	**18,245**

1 Refer to the Glossary on pages 47 to 49 for the nature of the capital and revenue reserves.

For the six months to 30 September 2022 (unaudited)	Share capital £m	Share premium £m	Capital redemption reserve £m	Share-based payment reserve £m	Translation reserve £m	Capital reserve[1] £m	Revenue reserve[1] £m	Own shares £m	Total equity £m
Total equity at the start of the period	719	789	43	33	(6)	10,151	1,125	(100)	12,754
Profit for the period	–	–	–	–	–	1,686	73	–	1,759
Exchange differences on translation of foreign operations	–	–	–	–	6	–	–	–	6
Re-measurements of defined benefit plans	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	6	1,686	73	–	1,765
Share-based payments	–	–	–	12	–	–	–	–	12
Release on exercise/forfeiture of share awards	–	–	–	(18)	–	–	18	–	–
Exercise of share awards	–	–	–	–	–	(22)	–	22	–
Ordinary dividends	–	–	–	–	–	(158)	(104)	–	(262)
Purchase of own shares	–	–	–	–	–	–	–	(30)	(30)
Issue of ordinary shares	–	1	–	–	–	–	–	–	1
Total equity at the end of the period	719	790	43	27	–	11,657	1,112	(108)	14,240

1 Refer to the Glossary on pages 47 to 49 for the nature of the capital and revenue reserves.

The Notes to the accounts section forms an integral part of these financial statements.

Condensed consolidated cash flow statement

	Notes	Six months to 30 September 2023 (unaudited) £m	Six months to 30 September 2022 (unaudited) £m
Cash flow from operating activities			
Purchase of investments		**(16)**	(32)
Proceeds from investments		**1**	34
Amounts paid to investment entity subsidiaries		**(430)**	(233)
Amounts received from investment entity subsidiaries		**157**	220
Net cash flow from derivatives		**45**	4
Portfolio interest received		**5**	–
Portfolio dividends received		**27**	19
Portfolio fees received		**6**	1
Fees received from external funds		**38**	33
Carried interest and performance fees received		**37**	51
Carried interest and performance fees paid		**(29)**	(28)
Operating expenses paid		**(80)**	(81)
Co-investment loans received		**3**	1
Interest received		**4**	1
Net cash flow from operating activities		**(232)**	(10)
Cash flow from financing activities			
Issue of shares		**1**	1
Purchase of own shares		**–**	(30)
Dividend paid	6	**(286)**	(262)
Proceeds from long-term borrowing		**422**	–
Lease payments		**(2)**	(3)
Interest paid		**(21)**	(20)
Drawdown of revolving credit facility		**–**	145
Net cash flow from financing activities		**114**	(169)
Cash flow from investing activities			
Purchases of property, plant and equipment		**(1)**	–
Net cash flow from investing activities		**(1)**	–
Change in cash and cash equivalents		**(119)**	(179)
Cash and cash equivalents at the start of the period		**162**	212
Effect of exchange rate fluctuations		**(2)**	5
Cash and cash equivalents at the end of the period		**41**	38

The Notes to the accounts section forms an integral part of these financial statements.

Notes to the condensed consolidated financial statements

Basis of preparation and accounting policies

Compliance with International Financial Reporting Standards ("IFRS")

The Half-year condensed consolidated financial statements of 3i Group plc have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and IAS 34 Interim Financial Reporting as adopted for use in the UK. The Half-year condensed consolidated financial statements should be read in conjunction with the Annual report and accounts 2023 which have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards. The Annual report and accounts for the year ended 31 March 2024 will be prepared in accordance with UK-adopted international accounting standards.

The following standards, amendments and interpretations have been adopted by the Group for the first time during the period. These new standards have not had a material impact on the Group.

Effective for annual periods beginning on or after		
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

The Half-year condensed consolidated financial statements are presented to the nearest million sterling (£m), the functional currency of the Company. The accounting policies applied by 3i Group plc for the Half-year condensed consolidated financial statements are consistent with those described on pages 167 to 207 of the Annual report and accounts 2023. There was no change in the current period to the critical accounting estimates and judgements applied in 2023, which are stated on page 167 of the Annual report and accounts 2023.

The financial information for the year ended 31 March 2023 and for the six months ended 30 September 2023 contained within this Half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year to 31 March 2023, prepared under IFRS in conformity with the requirements of the Companies Act 2006, have been reported on by KPMG LLP and delivered to the Registrar of Companies. The report of the Auditor on these statutory accounts was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

Going concern

These condensed consolidated financial statements are prepared on a going concern basis. The Directors have made an assessment of going concern for a period of at least 12 months from the date of approval of the accounts, taking into account the Group's current performance, financial position and the principal and emerging risks facing the business. As detailed in the Chief Executive's review and Business and Financial review, the Group delivered a good result in the first half against a challenging macroeconomic and geopolitical backdrop. We continue to see strong performance from our portfolio companies operating in the value-for-money, private label and healthcare sectors offsetting weaker performance in our portfolio companies exposed to discretionary consumer spend and more cyclical end-markets.

To support the going concern assessment the Directors considered an analysis of the Group's liquidity, solvency and regulatory capital position. The Group manages and monitors liquidity regularly, ensuring it is adequate and sufficient and is underpinned by its monitoring of investments, realisations, operating expenses and receipt of portfolio cash income. At 30 September 2023, the Group has liquidity of £955 million (31 March 2023: £1,312 million). Liquidity comprised of cash and deposits of £55 million (31 March 2023: £412 million) and an undrawn facility of £900 million (31 March 2023: £900 million), which has no financial covenants. During the period, we further strengthened our liquidity profile through the successful issue of a six year €500 million euro bond at a coupon of 4.875%.

As a proprietary investor, the Group has a long-term, responsible investment approach, and is not subject to significant external pressure to realise investments before optimum value can be achieved. The Board has the ability to take certain actions to help support the Group in adverse circumstances. Mitigating actions within management control during extended periods of low liquidity include, for example, drawing on the existing RCF or temporarily reducing new investment levels.

Having performed the assessment on going concern, the Directors considered it appropriate to prepare the condensed consolidated financial statements of the Group on a going concern basis and have concluded that the Group has sufficient financial resources, is well placed to manage business risks in the current macroeconomic and geopolitical environment and can continue operations for a period of at least 12 months from the date of issue of these financial statements.

1 Segmental analysis

The tables below are presented on the Investment basis which is the basis used by the chief operating decision maker, the Chief Executive, to monitor the performance of the Group. A description of the Investment basis and a reconciliation of the Investment basis to the IFRS financial statements is provided on pages 20 to 24. Further detail on the Group's segmental analysis can be found on pages 171 to 173 of the Annual report and accounts 2023. The remaining Notes are prepared on an IFRS basis.

Investment basis **Six months to 30 September 2023**	**Private Equity £m**	*Of which is Action £m*	**Infrastructure £m**	**Scandlines £m**	**Total[4] £m**
Realised profits/(losses) over value on the disposal of investments	**1**	–	**(3)**	**–**	**(2)**
Unrealised profits on the revaluation of investments	**1,907**	*1,810*	**2**	**–**	**1,909**
Portfolio income					
Dividends	**–**	–	**18**	**10**	**28**
Interest income from investment portfolio	**40**	–	**6**	**–**	**46**
Fees receivable	**5**	*4*	**–**	**–**	**5**
Foreign exchange on investments	**(146)**	*(136)*	**8**	**(7)**	**(145)**
Movement in the fair value of derivatives	**19**	*22*	**–**	**7**	**26**
Gross investment return	**1,826**	*1,700*	**31**	**10**	**1,867**
Fees receivable from external funds	**2**	–	**34**	**–**	**36**
Operating expenses	**(43)**	–	**(24)**	**(1)**	**(68)**
Interest received					**6**
Interest paid					**(28)**
Exchange movements					**12**
Operating profit before carried interest					**1,825**
Carried interest					
Carried interest and performance fees receivable	**–**	–	**21**	**–**	**21**
Carried interest and performance fees payable	**(147)**	*(127)*	**(29)**	**–**	**(176)**
Operating profit before tax					**1,670**
Tax charge					**(1)**
Profit for the period					**1,669**
Other comprehensive income					
Re-measurements of defined benefit plans					–
Total return					**1,669**
Realisations[1]	**1**	–	**18**	**–**	**19**
Cash investment[2]	**(50)**	–	**(33)**	**(1)**	**(84)**
Net investment	**(49)**	–	**(15)**	**(1)**	**(65)**
Balance sheet					
Opening portfolio value at 1 April 2023	**16,425**	*11,188*	**1,409**	**554**	**18,388**
Investment[3]	**92**	–	**33**	**1**	**126**
Value disposed	**–**	–	**(21)**	**–**	**(21)**
Unrealised value movement	**1,907**	*1,810*	**2**	**–**	**1,909**
Other movement (including foreign exchange)	**(149)**	*(136)*	**10**	**(8)**	**(147)**
Closing portfolio value at 30 September 2023	**18,275**	*12,862*	**1,433**	**547**	**20,255**

1 Realised proceeds may differ from cash proceeds due to timing of receipts. During the period, Infrastructure recognised realised proceeds of £18 million, which are to be received after the period end.
2 Cash investment per the segmental analysis is different to cash investment per the cash flow due to a £10 million investment in Private Equity which was recognised in FY2023 and paid in the period and a £5 million syndication in Infrastructure which was recognised in the period and to be received after the period end.
3 Includes capitalised interest and non-cash investment.
4 The total is the sum of Private Equity, Infrastructure and Scandlines. "Of which is Action" is part of Private Equity.

Interest received, interest paid, exchange movements, other income, tax charge and re-measurements of defined benefit plans are not managed by segment by the chief operating decision maker and therefore have not been allocated to a specific segment.

1 Segmental analysis continued

Investment basis Six months to 30 September 2022	Private Equity £m	*Of which is Action £m*	Infrastructure £m	Scandlines £m	Total[4] £m
Realised losses over value on the disposal of investments	(4)	–	–	–	(4)
Unrealised profits/(losses) on the revaluation of investments	1,244	*1,156*	(47)	–	1,197
Portfolio income					
Dividends	–	–	16	12	28
Interest income from investment portfolio	39	–	8	–	47
Fees receivable	6	–	–	–	6
Foreign exchange on investments	685	*291*	58	21	764
Movement in the fair value of derivatives	–	–	–	(22)	(22)
Gross investment return	1,970	1,447	35	11	2,016
Fees receivable from external funds	3	–	30	–	33
Operating expenses	(43)	–	(23)	(1)	(67)
Interest received					1
Interest paid					(27)
Exchange movements					(31)
Other income					1
Operating profit before carried interest					1,926
Carried interest					
Carried interest and performance fees receivable	2	–	–	–	2
Carried interest and performance fees payable	(157)	(111)	(5)	–	(162)
Operating profit before tax					1,766
Tax charge					(1)
Profit for the period					1,765
Other comprehensive income					
Re-measurements of defined benefit plans					–
Total return					1,765
Realisation[1]	193	–	–	–	193
Cash investment[2]	(292)	–	(6)	–	(298)
Net investment	(99)	–	(6)	–	(105)
Balance sheet					
Opening portfolio value at 1 April 2022	12,420	7,165	1,352	533	14,305
Investment[3]	326	–	6	–	332
Value disposed	(197)	–	–	–	(197)
Unrealised value movement	1,244	1,156	(47)	–	1,197
Other movement (including foreign exchange)	690	291	69	21	780
Closing portfolio value at 30 September 2022	14,483	8,612	1,380	554	16,417

1 Realised proceeds may differ from cash proceeds due to timing of receipts. During the period Private Equity received £2 million of cash proceeds which were recognised as realised proceeds in FY2022 and Infrastructure received £33 million of cash proceeds which were recognised as realised proceeds in FY2022.
2 Cash investment per the segmental analysis is different to cash investment per the cash flow due to a £57 million syndication in Infrastructure which was recognised in FY2022.
3 Includes capitalised interest and other non-cash investment.
4 The total is the sum of Private Equity, Infrastructure and Scandlines. "Of which is Action" is part of Private Equity.

Interest received, interest paid, exchange movements, tax charge and re-measurements of defined benefit plans are not managed by segment by the chief operating decision maker and therefore have not been allocated to a specific segment.

1

2 Realised profits over value on the disposal of investments

Six months to 30 September 2023	Unquoted investments £m	Total £m
Realisations	**1**	**1**
Valuation of disposed investments	**–**	**–**
	1	**1**
Of which:		
– profit recognised on realisations	**1**	**1**
– losses recognised on realisations	**–**	**–**
	1	**1**

Six months to 30 September 2022	Unquoted investments £m	Total £m
Realisations	1	1
Valuation of disposed investments	(3)	(3)
	(2)	(2)
Of which:		
– profit recognised on realisations	1	1
– losses recognised on realisations	(3)	(3)
	(2)	(2)

3 Unrealised profits on the revaluation of investments

Six months to 30 September 2023	Unquoted investments £m	Quoted investments £m	Total £m
	1,217	**(23)**	**1,194**
Movement in the fair value of investments			
Of which:			
– unrealised gains	**1,355**	**–**	**1,355**
– unrealised losses	**(138)**	**(23)**	**(161)**
	1,217	**(23)**	**1,194**

Six months to 30 September 2022	Unquoted investments £m	Quoted investments £m	Total £m
Movement in the fair value of investments	657	(117)	540
Of which:			
– unrealised gains	780	–	780
– unrealised losses	(123)	(117)	(240)
	657	(117)	540

4 Revenue

Items from the Consolidated statement of comprehensive income which fall within the scope of IFRS 15 are included in the table below:

Six months to 30 September 2023	**Private Equity £m**	**Infrastructure £m**	**Total £m**
Total revenue by geography[1]			
UK	**1**	**30**	**31**
Northern Europe	**7**	**24**	**31**
North America	**–**	**1**	**1**
Other	**–**	**–**	**–**
Total	**8**	**55**	**63**
Revenue by type			
Fees receivable[2] from portfolio	**6**	**–**	**6**
Fees receivable from external funds	**2**	**34**	**36**
Carried interest and performance fees receivable[2]	**–**	**21**	**21**
Total	**8**	**55**	**63**

Six months to 30 September 2022	**Private Equity £m**	**Infrastructure £m**	**Total £m**
Total revenue by geography[1]			
UK	4	27	31
Northern Europe	5	2	7
North America	2	1	3
Other	–	–	–
Total	**11**	**30**	**41**
Revenue by type			
Fees receivable[2] from portfolio	6	–	6
Fees receivable from external funds	3	30	33
Carried interest and performance fees receivable[2]	2	–	2
Total	**11**	**30**	**41**

1 For fees receivable from external funds and carried interest and performance fees receivable the geography is based on the domicile of the fund.

2 Fees receivable and carried interest receivable above are different to the Investment basis figures included in Note 1. This is due to the fact that Note 1 is disclosed on the Investment basis and the table above is shown on the IFRS basis. For an explanation of the Investment basis and a reconciliation between Investment basis and IFRS basis see pages 20 to 24.

5 Per share information

The calculation of basic net assets per share is based on the net assets and the number of shares in issue at the period end. When calculating the diluted net assets per share, the number of shares in issue is adjusted for the effect of all dilutive share awards.

	30 September 2023	31 March 2023
Net assets per share (£)		
Basic	**18.92**	17.50
Diluted	**18.86**	17.45
Net assets (£m)		
Net assets attributable to equity holders of the Company	**18,245**	16,844

	30 September 2023	31 March 2023
Number of shares in issue		
Ordinary shares	**973,344,328**	973,312,950
Own shares	**(8,996,451)**	(10,660,078)
	964,347,877	962,652,872
Effect of dilutive potential ordinary shares		
Share awards	**3,104,739**	2,849,520
Diluted shares	**967,452,616**	965,502,392

The calculation of basic earnings per share is based on the profit attributable to shareholders and the weighted average number of shares in issue. The weighted average shares in issue for the period to 30 September 2023 are 963,658,775 (30 September 2022: 962,660,451). When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share awards. The diluted weighted average shares in issue for the period to 30 September 2023 are 966,205,837 (30 September 2022: 964,057,452).

	Six months to 30 September 2023	Six months to 30 September 2022
Earnings per share (pence)		
Basic	**173.5**	182.7
Diluted	**173.0**	182.5
Earnings (£m)		
Profit for the period attributable to equity holders of the Company	**1,672**	1,759

6 Dividends

	Six months to 30 September 2023 pence per share	**Six months to 30 September 2023 £m**	Six months to 30 September 2022 pence per share	Six months to 30 September 2022 £m
Declared and paid during the period				
Second dividend	**29.75**	**286**	27.25	262
	29.75	**286**	27.25	262
Proposed first dividend	**26.50**	**255**	23.25	224

The dividend can be paid out of either the capital reserve or the revenue reserve subject to the investment trust rules.

6 Dividends continued

The distributable reserves of the parent company as at 30 September 2023 were £5,488 million (31 March 2023: £4,940 million) and the Board reviews the distributable reserves bi-annually, including consideration of any material changes since the most recent audited accounts, ahead of proposing any dividend. The Board also reviews the proposed dividends in the context of the requirements of being an approved investment trust. Shareholders are given the opportunity to approve the total dividend for the year at the Company's Annual General Meeting. Details of the Group's continuing viability and going concern can be found in the Risk management section on pages 78 to 91 of the Annual report and accounts 2023.

7 Investment portfolio

This section should be read in conjunction with Note 11 on page 179 of the Annual report and accounts 2023, which provides more detail about initial recognition and subsequent measurement of investments at fair value.

Non-current	**Six months to 30 September 2023 £m**	Year to 31 March 2023 £m
Opening book value	**9,518**	6,642
Additions	**937**	908
– of which loan notes with nil value	**(2)**	(6)
Disposals, repayments and write-offs	**–**	(129)
Fair value movement[1]	**1,194**	1,897
Other movements and net cash movements[2]	**(68)**	206
Closing book value	**11,579**	9,518
Quoted investments	**818**	841
Unquoted investments	**10,761**	8,677
Closing book value	**11,579**	9,518

1 All fair value movements relate to assets held at the end of the period and are recognised in unrealised profits on the revaluation of investments.
2 Other movements includes the impact of foreign exchange and accrued interest.

3i's investment portfolio is made up of longer-term investments, with average holding periods greater than one year, and thus is classified as non-current.

The table below reconciles between purchase of investments in the cash flow statement and additions as disclosed in the table above.

	Six months to 30 September 2023 £m	Year to 31 March 2023 £m
Purchase of investments	**16**	46
Transfer of portfolio investments from investment entity subsidiaries[1]	**916**	781
Syndication	**–**	57
Investment (paid)/payable	**(2)**	2
Investment	**930**	886
Capitalised interest received by way of loan notes	**7**	22
Additions	**937**	908

1 Includes the transfer of £916 million (31 March 2023: £781 million) from the Buyouts 2010-12 partnerships which are classified as investment entity subsidiaries, relating to Action.

Included within profit or loss is £14 million (30 September 2022: £15 million) of interest income. Interest income included £3 million (30 September 2022: £2 million) of accrued income capitalised during the period, £5 million of cash income (30 September 2022: nil) and £6 million (30 September 2022: £13 million) of accrued income remaining uncapitalised at the period end.

Quoted investments are classified as Level 1 and unquoted investments are classified as Level 3 in the fair value hierarchy; see Note 9 for details.

8 Investments in investment entity subsidiaries

This section should be read in conjunction with Note 12 on page 180 of the Annual report and accounts 2023, which provides more detail about accounting policies adopted, entities which are typically investment in investment entities and the determination of fair value.

Level 3 fair value reconciliation – investments in investment entity subsidiaries

Non-current	**Six months to 30 September 2023 £m**	Year to 31 March 2023 £m
Opening fair value	**7,844**	6,791
Amounts paid to investment entity subsidiaries	**430**	535
Amounts received from investment entity subsidiaries	**(157)**	(841)
Fair value movement on investment entity subsidiaries	**524**	2,112
Transfer of portfolio investments from investment entity subsidiaries[1]	**(916)**	(781)
Transfer of assets to investment entity subsidiaries	**10**	28
Closing fair value	**7,735**	7,844

1 Includes the transfer of £916 million (31 March 2023: £781 million) from the Buyouts 2010-12 partnerships which are classified as investment entity subsidiaries, relating to Action.

Transfer of portfolio investments from investment entity subsidiaries includes the transfer of investment portfolio between investment entity subsidiaries and the Company at fair value. The consideration for these transfers can either be cash or intra-group receivables.

Restrictions

3i Group plc, the ultimate parent company, receives dividend income from its subsidiaries. There are no restrictions on the ability to transfer funds from these subsidiaries to the Group at 30 September 2023 (31 March 2023: £225 million).

Support

3i Group plc continues to provide, where necessary, ongoing support to its investment entity subsidiaries for the purchase of portfolio investments.

9 Fair values of assets and liabilities

This section should be read in conjunction with Note 13 on pages 181 to 184 of the Annual report and accounts 2023, which provides more detail about accounting policies adopted, the definitions of the three levels of fair value hierarchy, valuation methods used in calculating fair value and the valuation framework which governs oversight of valuations. There have been no changes in the accounting policies adopted or the valuation methodologies used.

Valuation

The Group classifies financial instruments measured at fair value according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted equity instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (ie as prices) or indirectly (ie derived from prices)	Derivative financial instruments
Level 3	Inputs that are not based on observable market data	Unquoted investments

9 Fair values of assets and liabilities continued

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy at 30 September 2023:

	30 September 2023				31 March 2023			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets								
Quoted investments	**818**	**–**	**–**	**818**	841	–	–	841
Unquoted investments	**–**	**–**	**10,761**	**10,761**	–	–	8,677	8,677
Investments in investment entity subsidiaries	**–**	**–**	**7,735**	**7,735**	–	–	7,844	7,844
Other financial assets	**–**	**102**	**23**	**125**	–	121	21	142
Liabilities								
Other financial liabilities	**–**	**(3)**	**–**	**(3)**	–	(4)	–	(4)
Total	**818**	**99**	**18,519**	**19,436**	841	117	16,542	17,500

We determine that in the ordinary course of business, the net asset value of an investment entity subsidiary is considered to be the most appropriate to determine fair value. The underlying portfolio is valued under the same methodology as directly held investments, with any other assets or liabilities within investment entity subsidiaries fair valued in accordance with the Group's accounting policies. Note 8 details the Directors' considerations about the fair value of the underlying investment entity subsidiaries.

The fair values of the Group's financial assets and liabilities not held at fair value, are not materially different from their carrying values, with the exception of loans and borrowings. The fair value of loans and borrowings is £1,076 million (31 March 2023: £686 million), determined with reference to their published market prices. The carrying value of the loans and borrowings is £1,208 million (31 March 2023: £775 million) and accrued interest payable (included within trade and other payables) is £18 million (31 March 2023: £12 million).

Level 3 fair value reconciliation – unquoted investments

	Six months to 30 September 2023 £m	Year to 31 March 2023 £m
Opening fair value	**8,677**	5,708
Additions	**937**	908
– of which loan notes with nil value	**(2)**	(6)
Disposals, repayments and write-offs	**–**	(129)
Fair value movement[1]	**1,217**	1,990
Other movements and net cash movements[2]	**(68)**	206
Closing fair value	**10,761**	8,677

1 All fair value movements relate to assets held at the end of the period and are recognised in unrealised profits on the revaluation of investments.
2 Other movements includes the impact of foreign exchange and accrued interest.

Unquoted investments valued using Level 3 inputs also had the following impact on profit or loss: realised profits over value on disposal of investment of £1 million (30 September 2022: £2 million loss), dividend income of £2 million (30 September 2022: £2 million) and foreign exchange losses of £71 million (30 September 2022: £262 million gain).

9 Fair values of assets and liabilities continued

Assets move between Level 1 and Level 3 when an unquoted equity investment lists on a quoted market exchange. There were no transfers in or out of Level 3 during the period. In the six months to 30 September 2023, one asset changed basis from Other to a DCF. One asset was acquired in the period and valued on an Other basis, in line with its fair value. Action remains unchanged on an earnings-based valuation. The changes in valuation methodology in the period reflect our view of the most appropriate method to determine the fair value of these assets at 30 September 2023. Further information can be found in the Private Equity and Infrastructure sections of the Business and Financial review starting on page 7.

The following table summarises the various valuation methodologies used by the Group to fair value Level 3 instruments, the inputs and the sensitivities applied and the impact of those sensitivities to the unobservable inputs. Overall the portfolio continues to deliver good performance, despite a challenging macroeconomic and geopolitical back drop. Action continues to perform very strongly and we have seen good contributions from a number of our portfolio companies operating in the value-for-money, private label and healthcare sectors, offset by weaker performance in our portfolio companies exposed to discretionary consumer spending and more cyclical end-markets. When selecting multiples to value our portfolio companies we continue to take a long-term, through-the-cycle approach. All numbers in the table below are on an investment basis.

Level 3 unquoted investments

Methodology	Description	Inputs	Fair value at 30 September 2023 £m	Sensitivity on key unobservable input	Fair value impact of sensitivities £m +5%/-5%
Earnings (Private Equity)	Most commonly used Private Equity valuation methodology. Used for investments which are typically profitable and for which we can determine a set of listed companies and precedent transactions, where relevant, with similar characteristics	Earnings multiples are applied to the earnings of the company to determine the enterprise value **Earnings multiples** When selecting earnings multiple, we consider: 1.Comparable listed companies' current performance and through-the-cycle averages 2. Relevant market transaction multiples 3. Company performance, organic growth and value-accretive add-ons, if any 4. Exit expectations and other company specific factors For point 1 and 2 of the above we select companies in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus The pre-discount multiple ranges from 7.5x - 20.0x (31 March 2023: 6.4x - 20.0x)	**17,959** (31 March 2023: 16,109)	For the assets valued on an earnings basis, we have applied a 5% sensitivity to the earnings multiple Action is our largest asset, and we have included a 5% sensitivity on Action's earnings multiple of 19.5x (equivalent to 18.5x net)	**1,023** (31 March 2023: 928) **(1,017)** (31 March 2023: (930)) **693** (31 March 2023: 618) **(693)** (31 March 2023: (619))

9 Fair values of assets and liabilities continued

Methodology	Description	Inputs	Fair value at 30 September 2023 £m	Sensitivity on key unobservable input	Fair value impact of sensitivities £m +5%/-5%
		Other inputs: **Earnings** Reported earnings are adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, run-rate adjustments to arrive at maintainable earnings The most common measure is earnings before interest, tax, depreciation and amortisation ("EBITDA") Earnings are usually obtained from portfolio company management accounts to the preceding quarter end, with reference also to forecast earnings and the maintainable view of earnings Action, our largest asset, is valued using run-rate earnings			
Discounted cash flow (Private Equity/ Infrastructure/ Scandlines)	Appropriate for businesses with long-term stable cash flows, typically in Infrastructure or alternatively businesses where DCF is more appropriate in the short term	Long-term cash flows are discounted at a rate which is benchmarked against market data, where possible, or adjusted from the rate at the initial investment based on changes in the risk profile of the investment The range of discount rates used in our DCF valuations is 10.5% to 48.0% (31 March 2023: 10.5% to 16.9%)	**1,053** (31 March 2023: 1,024)	For the assets valued on a DCF basis, we have applied a 5% sensitivity to the discount rate	**(35)** (31 March 2023: (37)) **36** (31 March 2023: 39)
NAV (Infrastructure)	Used for investments in unlisted funds	Net asset value reported by the fund manager. The valuation of the underlying portfolio is consistent with IFRS	**100** (31 March 2023: 97)	A 5% increase on closing NAV	**5** (31 March 2023: 5)
Other (Private Equity/ Infrastructure)	Used where elements of a business are valued on different bases	Valued on separate elements based on one of the methodologies listed above or other applicable inputs	**237** (31 March 2023: 196)	A 5% increase in the closing value	**12** (31 March 2023: 10)

10 Related parties

All related party transactions that took place in the six months ending 30 September 2023 are consistent in nature with the disclosures in Note 29 on pages 200 to 203 of the Annual report and accounts 2023. Related party transactions which took place in the period and materially affected performance or the financial position of the Group, together with any material changes in related party transactions as described in the Annual report and accounts 2023 that could materially affect the performance or the financial position of the Group are detailed below.

Investments

The Group makes investments in the equity of unquoted and quoted investments where it does not have control, but may be able to participate in the financial and operating policies of that company. IFRS presumes that it is possible to exert significant influence when the equity holding is greater than 20%. The Group has taken the investment entity exception as permitted by IFRS 10 and has not equity accounted for these investments, in accordance with IAS 28, but they are related parties. The total amounts included for investments where the Group has significant influence, but not control, are as follows:

Consolidated statement of comprehensive income	**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
Realised profits over value on the disposal of investments	**1**	–
Unrealised (losses)/profits on the revaluation of investments	**(36)**	60

Consolidated statement of financial position	**30 September 2023 £m**	31 March 2023 £m
Unquoted investments	**738**	775

Management arrangements

The Group acted as Investment Manager to 3i Infrastructure plc ("3iN"), which is listed on the London Stock Exchange, for the period to 30 September 2023. The following amounts have been recognised in respect of the management relationship:

Consolidated statement of comprehensive income	**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
Unrealised losses on the revaluation of investments	**(23)**	(117)
Dividends	**15**	14
Fees receivable from external funds	**25**	23

Consolidated statement of financial position	**30 September 2023 £m**	31 March 2023 £m
Quoted equity investments	**818**	841
Performance fees receivable	**–**	35

Statement of Directors' responsibilities

The Directors, who are required to prepare the financial statements on a going concern basis unless it is not appropriate, are satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered information relating to present and future conditions, including future projections of profitability and cash flows.

The Directors confirm that to the best of their knowledge:

(1) the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted for use in the UK; and

(2) the Half-year report includes a fair review of the information required by:

1 DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year ending 31 March 2024 and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

2 DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being (i) related party transactions that have taken place in the first six months of the financial year ending 31 March 2024 which have materially affected the financial position or performance of 3i Group during that period; and (ii) any changes in the related party transactions described in the Annual report and accounts 2023 that could materially affect the financial position or performance of 3i Group during the first six months of the financial year ending 31 March 2024.

List of Directors and their functions

The Directors of the Company and their functions are listed below:

David Hutchison, Chairman
Simon Borrows, Chief Executive and Executive Director
James Hatchley, Group Finance Director and Executive Director
Jasi Halai, Chief Operating Officer and Executive Director
Stephen Daintith, Independent non-executive Director
Lesley Knox, Senior Independent non-executive Director
Coline McConville, Independent non-executive Director
Peter McKellar, Independent non-executive Director
Alexandra Schaapveld, Independent non-executive Director

By order of the Board

K J Dunn
Company Secretary

8 November 2023

Registered Office:
16 Palace Street
London SW1E 5JD

Independent review report to 3i Group plc

Conclusion

We have been engaged by 3i Group plc (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023, which comprises: the Condensed consolidated statement of comprehensive income, the Condensed consolidated statement of financial position, the Condensed consolidated statement of changes in equity, the Condensed consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in 'Basis of preparation and accounting policies', the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Jonathan Mills

for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

8 November 2023

Portfolio and other information

20 large investments

The investments listed below are the top 20 largest investments by value. These assets account for 94% of the portfolio value at 30 September 2023 (31 March 2023: 94%).

Investment Description of business	Business line Geography First invested in Valuation basis	**Residual cost[1] September 2023 £m**	Residual cost[1] March 2023 £m	**Valuation September 2023 £m**	Valuation March 2023 £m	Relevant transactions in the period
Action* General merchandise discount retailer	Private Equity Netherlands 2011 Earnings	**653**	653	**12,862**	11,188	
3i Infrastructure plc* Quoted investment company, investing in infrastructure	Infrastructure UK 2007 Quoted	**305**	305	**818**	841	£15 million cash dividend received
Cirtec Medical* Outsourced medical device manufacturing	Private Equity US 2017 Earnings	**172**	172	**579**	552	
Scandlines Ferry operator between Denmark and Germany	Scandlines Denmark/Germany 2018 DCF	**530**	530	**547**	554	£10 million cash dividend received
Royal Sanders* Private label and contract manufacturing producer of personal care products	Private Equity Netherlands 2018 Earnings	**136**	136	**486**	369	Acquisition of Lenhart in April 2023
AES Engineering Manufacturer of mechanical seals and provision of reliability services	Private Equity UK 1996 Earnings	**30**	30	**396**	351	Acquisition of Triseal in June 2023
nexeye* Value-for-money optical retailer	Private Equity Netherlands 2017 Earnings	**269**	269	**390**	393	
SaniSure* Manufacturer, distributor and integrator of single use bioprocessing systems and components	Private Equity US 2019 Earnings	**76**	76	**375**	389	
Tato Manufacturer and seller of specialty chemicals	Private Equity UK 1989 Earnings	**2**	2	**330**	411	
Smarte Carte* Provider of self-serve vended luggage carts, electronic lockers and concession carts	Infrastructure US 2017 DCF	**189**	189	**316**	300	
Evernex* Provider of third-party maintenance services for data centre infrastructure	Private Equity France 2019 Earnings	**308**	299	**315**	305	

20 large investments continued

Investment Description of business	Business line Geography First invested in Valuation basis	**Residual cost[1] September 2023 £m**	Residual cost[1] March 2023 £m	**Valuation September 2023 £m**	Valuation March 2023 £m	Relevant transactions in the period
WP* Global manufacturer of innovative plastic packaging solutions	Private Equity Netherlands 2015 Earnings	**267**	257	**273**	274	
Luqom* Online lighting specialist retailer	Private Equity Germany 2017 Earnings	**254**	245	**225**	271	
European Bakery Group* Industrial bakery group specialised in home bake-off bread and snack products	Private Equity Netherlands 2021 Earnings	**85**	46	**207**	73	EBG formed following the acquisition of coolback in July 2023 (3i further investment of £38 million) and Panelto in August 2023
MPM* An international branded, premium and natural pet food company	Private Equity UK 2020 Earnings	**161**	153	**198**	181	
Audley Travel* Provider of experiential tailor-made travel	Private Equity UK 2015 Earnings	**271**	271	**173**	162	
WilsonHCG* Global provider of recruitment process outsourcing and other talent solutions	Private Equity US 2021 Earnings	**83**	83	**156**	196	
BoConcept* Urban living designer	Private Equity Denmark 2016 Earnings	**115**	110	**155**	160	
ten23 health* Biologics focused CDMO	Private Equity Switzerland 2021 Other	**116**	104	**149**	111	£12 million further investment
Q Holding* Manufacturer of catheter products serving the medical device market	Private Equity US 2014 Earnings	**162**	162	**145**	117	
		4,184	4,092	**19,095**	17,198	

* Controlled in accordance with IFRS.
1 Residual cost includes cash investment and interest net of cost disposed.

Glossary

3i 2013-2016 vintage includes Aspen Pumps, Audley Travel, Basic-Fit, Dynatect, Kinolt, ATESTEO, JMJ, Q Holding, WP, Scandlines further (completed in December 2013), Christ, Geka, Óticas Carol and Blue Interactive.

3i 2016-2019 vintage includes BoConcept, Cirtec Medical, Formel D, nexeye, arrivia, Luqom, Havea, Royal Sanders, Magnitude Software and Schlemmer.

3i 2019-2022 vintage includes Evernex, SaniSure, YDEON, MPM, WilsonHCG, European Bakery Group, ten23 health, insightsoftware, MAIT, Mepal and Yanga.

3i 2022-2025 vintage includes xSuite, Digital Barriers, Konges Sløjd, VakantieDiscounter.

3i Buyouts 2010-2012 vintage includes Action, Amor, Element, Etanco, Hilite, OneMed and Trescal.

3i Growth 2010-2012 vintage includes Element, Hilite, BVG, Go Outdoors, Loxam, Touchtunes and WFCI.

Alternative Investment Funds ("AIFs") At 30 September 2023, 3i Investments plc as AIFM, managed seven AIFs. These were 3i Group plc, 3i Growth Capital B LP, 3i Growth Capital C LP, 3i Europartners Va LP, 3i Europartners Vb LP, 3i Managed Infrastructure Acquisitions LP and 3i Infrastructure plc. 3i Investments (Luxembourg) SA as AIFM, managed one AIF, 3i European Operational Projects SCSp.

Alternative Investment Fund Manager ("AIFM") is the regulated manager of AIFs. Within 3i, these are 3i Investments plc and 3i Investments (Luxembourg) SA.

APAC The Asia Pacific region.

Approved Investment Trust Company This is a particular UK tax status maintained by 3i Group plc, the parent company of 3i Group. An approved Investment Trust company is a UK company which meets certain conditions set out in the UK tax rules which include a requirement for the company to undertake portfolio investment activity that aims to spread investment risk and for the company's shares to be listed on an approved exchange. The "approved" status for an investment trust must be agreed by the UK tax authorities and its benefit is that certain profits of the company, principally its capital profits, are not taxable in the UK.

Assets under management ("AUM") A measure of the total assets that 3i has to invest or manages on behalf of shareholders and third-party investors for which it receives a fee. AUM is measured at fair value. In the absence of a third-party fund in Private Equity, it is not a measure of fee generating capability.

B2B Business-to-business.

Board The Board of Directors of the Company.

CAGR is the compound annual growth rate.

Capital redemption reserve is established in respect of the redemption of the Company's ordinary shares.

Capital reserve recognises all profits and losses that are capital in nature or have been allocated to capital. Following changes to the Companies Act, the Company amended its Articles of Association at the 2012 Annual General Meeting to allow these profits to be distributable by way of a dividend.

Carried interest payable is accrued on the realised and unrealised profits generated taking relevant performance hurdles into consideration, assuming all investments were realised at the prevailing book value. Carried interest is only actually paid when the relevant performance hurdles are met and the accrual is discounted to reflect expected payment periods.

Carried interest receivable The Group earns a share of profits from funds which it manages on behalf of third parties. These profits are earned when the funds meet certain performance conditions and are paid by the fund once these conditions have been met on a cash basis. The carried interest receivable may be subject to clawback provisions if the performance of the fund deteriorates following carried interest being paid.

Company 3i Group plc.

DACH The region covering Austria, Germany and Switzerland.

Discounting The reduction in present value at a given date of a future cash transaction at an assumed rate, using a discount factor reflecting the time value of money.

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation and is used as the typical measure of portfolio company performance.

EBITDA multiple Calculated as the enterprise value over EBITDA, it is used to determine the value of a company.

EMEA The region covering Europe, the Middle East and Africa.

Executive Committee The Executive Committee is responsible for the day-to-day running of the Group (see the Governance section of our Annual report and accounts 2023).

Fair value movements on investment entity subsidiaries The movement in the carrying value of Group subsidiaries, classified as investment entities under IFRS 10, between the start and end of the accounting period converted into sterling using the exchange rates at the date of the movement.

Fair value through profit or loss ("FVTPL") is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains and losses on assets and liabilities measured as FVTPL are recognised directly in the Statement of comprehensive income.

Fee income (or Fees receivable) is earned for providing services to 3i's portfolio companies and predominantly falls into one of two categories. Negotiation and other transaction fees are earned for providing transaction related services. Monitoring and other ongoing service fees are earned for providing a range of services over a period of time.

Fees receivable from external funds are earned for providing management and advisory services to a variety of fund partnerships and other entities. Fees are typically calculated as a percentage of the cost or value of the assets managed during the year and are paid quarterly, based on the assets under management to date.

Foreign exchange on investments arises on investments made in currencies that are different from the functional currency of the Company. Investments are translated at the exchange rate ruling at the date of the transaction. At each subsequent reporting date investments are translated to sterling at the exchange rate ruling at that date.

Gross investment return ("GIR") includes profit and loss on realisations, increases and decreases in the value of the investments we hold at the end of a period, any income received from the investments such as interest, dividends and fee income, movements in the fair value of derivatives and foreign exchange movements. GIR is measured as a percentage of the opening portfolio value.

Interest income from investment portfolio is recognised as it accrues. When the fair value of an investment is assessed to be below the principal value of a loan, the Group recognises a provision against any interest accrued from the date of the assessment going forward until the investment is assessed to have recovered in value.

International Financial Reporting Standards ("IFRS") are accounting standards issued by the International Accounting Standards Board ("IASB"). The Group's consolidated financial statements are required to be prepared in accordance with IFRS.

Investment basis Accounts prepared assuming that IFRS 10 had not been introduced. Under this basis, we fair value portfolio companies at the level we believe provides useful comprehensive financial information. The commentary in the Strategic report refers to this basis as we believe it provides a more understandable view of our performance.

IRR Internal Rate of Return.

Key Performance Indicator ("KPI") is a measure by reference to which the development, performance or position of the Group can be measured effectively.

Like-for-like ("LFL") compare financial results in one period with those for the previous period.

Liquidity includes cash and cash equivalents (as per the Investment basis Consolidated cash flow statement) and undrawn RCF.

Money multiple is calculated as the cumulative distributions plus any residual value divided by paid-in capital.

Net asset value ("NAV") is a measure of the fair value of our proprietary investments and the net costs of operating the business.

Operating cash profit is the difference between our cash income (consisting of portfolio interest received, portfolio dividends received, portfolio fees received and fees received from external funds as per the Investment basis Consolidated cash flow statement) and our operating expenses and lease payments (as per the Investment basis Consolidated cash flow statement).

Operating profit includes gross investment return, management fee income generated from managing external funds, the costs of running our business, net interest payable, exchange movements, other income, carried interest and tax.

Organic growth is the growth a company achieves by increasing output and enhancing sales internally.

Performance fee receivable The Group earns a performance fee from the investment management services it provides to 3i Infrastructure plc ("3iN") when 3iN's total return for the year exceeds a specified threshold. This fee is calculated on an annual basis and paid in cash early in the next financial year.

Portfolio effect is the level of risk based on the diversity of the investment portfolio.

Portfolio income is that which is directly related to the return from individual investments. It is comprised of dividend income, income from loans and receivables and fee income.

Proprietary Capital is shareholders' capital which is available to invest to generate profits.

Public Private Partnership ("PPP") is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.

Realised profits or losses over value on the disposal of investments is the difference between the fair value of the consideration received, less any directly attributable costs, on the sale of equity and the repayment of loans and receivables and its carrying value at the start of the accounting period, converted into sterling using the exchange rates at the date of disposal.

Revenue reserve recognises all profits and losses that are revenue in nature or have been allocated to revenue.

Revolving credit facility ("RCF") The Group has access to a credit line which allows us to access funds when required to improve our liquidity.

Segmental reporting Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive who is considered to be the Group's chief operating decision maker. All transactions between business segments are conducted on an arm's length basis, with intrasegment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

Share-based payment reserve is a reserve to recognise those amounts in retained earnings in respect of share-based payments.

SORP means the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts.

Syndication is the sale of part of our investment in a portfolio company to a third-party, usually within 12 months of our initial investment and for the purposes of facilitating investment by a co-investor or portfolio company management in line with our original investment plan. A syndication is treated as a negative investment rather than a realisation.

Total return comprises operating profit less tax charge less movement in actuarial valuation of the historic defined benefit pension scheme.

Total shareholder return ("TSR") is the measure of the overall return to shareholders and includes the movement in the share price and any dividends paid, assuming that all dividends are reinvested on their ex-dividend date.

Translation reserve comprises all exchange differences arising from the translation of the financial statements of international operations.

Unrealised profits or losses on the revaluation of investments is the movement in the carrying value of investments between the start and end of the accounting period converted into sterling using the exchange rates at the date of the movement.

Information for shareholders

Note

The first FY2024 dividend is expected to be paid on 12 January 2024 to holders of ordinary shares on the register on 1 December 2023. The ex-dividend date will be 30 November 2023.

3i Group plc

Registered office:
16 Palace Street,
London SW1E 5JD, UK

Registered in England No. 1142830
An investment company as defined by section 833 of the Companies Act 2006.