

Performance and risk

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Financial review

Gross investment return

£5,464m

(2025: £5,211m)

Total return on opening shareholders' funds

22%

(2025: 25%)

Operating profit before carried interest

£5,324m

(2025: £5,098m)

Diluted NAV per share at 31 March 2026

3,030p

(31 March 2025: 2,542p)

Total return

£5,304m

(2025: £5,049m)

Total dividend

84.5p

(31 March 2025: 73.0p)

Table 7

Total return for the year to 31 March

	2026 £m	2025 £m
Investment basis		
Realised profits over value on the disposal of investments	89	51
Unrealised profits on the revaluation of investments	4,166	4,839
Portfolio income		
Dividends	342	509
Interest income from investment portfolio	55	81
Fees receivable	3	10
Foreign exchange on investments	823	(361)
Movement in the fair value of derivatives	(14)	82
Gross investment return	5,464	5,211
Fees receivable from external funds	68	64
Operating expenses	(135)	(150)
Interest receivable	16	18
Interest payable	(65)	(65)
Exchange movements	(23)	20
Other expense	(1)	–
Operating profit before carried interest	5,324	5,098
Carried interest		
Carried interest and performance fees receivable	23	29
Carried interest and performance fees payable	(46)	(81)
Operating profit before tax	5,301	5,046
Tax credit/(charge)	1	(1)
Profit for the year	5,302	5,045
Re-measurements of defined benefit plans	2	4
Total comprehensive income for the year ("Total return")	5,304	5,049
Total return on opening shareholders' funds	22%	25%

Investment basis and Alternative Performance Measures ("APMs")

In our Strategic report, we report our financial performance using our Investment basis. We do not consolidate our portfolio companies as private equity and infrastructure investments are not operating subsidiaries. IFRS 10 sets out an exception to consolidation and requires us to fair value other companies in the Group (primarily intermediate holding companies and partnerships). As explained in the Investment basis, Reconciliation of Investment basis and IFRS sections below, the total comprehensive income and net assets are the same under our audited IFRS financial statements and our Investment basis. The Investment basis is simply a "look through" of IFRS 10 to present the underlying performance and we believe it is more transparent to readers of our Annual report and accounts.

In October 2015, the European Securities and Markets Authority ("ESMA") published guidelines about the use of APMs. These are financial measures such as KPIs that are not defined under IFRS. Our Investment basis is itself an APM, and we use a number of other measures which, on account of being derived from the Investment basis, are also APMs.

Further information about our use of APMs, including the applicable reconciliations to the IFRS equivalent where appropriate, is provided at the end of the Financial review and should be read alongside the Investment basis to IFRS reconciliation. Our APMs are gross investment return as a percentage of the opening investment portfolio value, cash realisations, cash investment, operating cash profit, net cash/(debt) and gearing.

Financial review continued

Realised profits/losses

We generated total realised proceeds of £1,517 million (2025: £1,837 million), primarily from Action's capital restructuring and the sales of MPM and MAIT. These sales were the driver of the £89 million realised profits generated in Private Equity (2025: £50 million).

Unrealised value movements

We recognised an unrealised profit of £4,166 million (2025: £4,839 million) as shown in Table 8 opposite. Action's strong performance contributed £3,544 million (2025: £4,324 million). We also saw good contributions from Royal Sanders and a number of our other Private Equity investments including Audley Travel, Luqom and ten23 health, offsetting a negative contribution principally from Wilson and Cirtec Medical. Our Infrastructure portfolio saw positive contributions from 3iN and other funds.

Further information on the Private Equity, Infrastructure and Scandlines valuations is included in the business reviews.

Portfolio income

Portfolio income comprising dividends, interest income from investment portfolio and fees receivable, decreased to £400 million for the year (2025: £600 million), primarily due to the timing of Action's second dividend that is expected to be received in May 2026, compared to March in the prior year. Other notable contributions include interest income from our portfolio companies, the majority of which is non-cash.

Fees receivable from external funds

Fees receivable from external funds were £68 million in FY2026 (2025: £64 million). The majority of this related to the fund management fee that 3i received from 3iN, which amounted to £54 million in FY2026 (2025: £51 million).

Operating expenses

Operating expenses decreased in the year to £135 million (2025: £150 million), driven by a lower share-based payment charge reflecting a decrease in 3i's share price during the year.

Interest payable

We recognised interest payable of £65 million (2025: £65 million). Interest payable includes interest on the Group's loans and borrowings and amortisation of capitalised fees.

Operating cash profit

We generated an operating cash profit of £276 million in the year (2025: £469 million). Cash income decreased to £421 million (2025: £598 million), principally due to timing of the second Action dividend, with Action's second dividend expected to be received in May 2026 compared to March in the prior year. Cash income included £246 million of cash dividends from Action (2025: £433 million) as well as cash dividends from 3iN, Scandlines and Tato. Excluding the dividends received from Action, the operating cash profit was £30 million (2025: £36 million).

We paid cash operating expenses of £145 million (2025: £129 million) in the year, as shown in Table 9 below. Cash operating expenses increased due to higher variable compensation cash payments. Cash operating expenses were higher than the £135 million (2025: £150 million) of operating expenses recognised in the Consolidated statement of comprehensive income as a result of a lower share-based payment charge.

Table 8

Unrealised value movements on the revaluation of investments for the year to 31 March

Investment basis	2026 £m	2025 £m
Private Equity	4,080	4,803
Infrastructure	65	17
Scandlines	21	19
Total	4,166	4,839

Table 9

Operating cash profit for the year to 31 March

Investment basis	2026 £m	2025 £m
Cash fees from external funds	64	65
Cash portfolio fees	4	7
Cash portfolio dividends and interest	353	526
Cash income	421	598
Cash operating expenses ¹	(145)	(129)
Operating cash profit	276	469

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

Financial review continued

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. These are received and/or paid subject to meeting certain performance conditions and when cash proceeds have been received following a realisation, refinancing event or other cash distribution and performance hurdles are passed in cash terms. Due to the passage 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 Private Equity (excluding the long-term hold assets), we typically accrue net carried interest payable of c.10-12% of the relevant carry vintages' GIR, once the performance hurdle is achieved, based on the assumption that all investments are realised at their balance sheet value. We no longer accrue carried interest payable on Action. Carried interest payable associated with Action was crystallised and paid in previous years.

The overall performance of the Private Equity portfolio resulted in a £47 million increase in the carried interest payable expense.

In Infrastructure, 3iN pays a performance fee based on its NAV on an annual basis, subject to a hurdle rate of return. The continued strong performance of the assets held by 3iN, including the significant uplift achieved on the agreed sale of TCR, resulted in the recognition of £16 million (2025: £29 million) of performance fees receivable. We also recognised £6 million of carried interest receivable from other infrastructure funds.

Overall, the effect of the income statement charge of £46 million (2025: £81 million), cash payments of £15 million (2025: £521 million), as well as currency translation meant that the balance sheet carried interest and performance fees payable was £408 million (31 March 2025: £360 million).

Table 10

Carried interest and performance fees for the year to 31 March

	Investment basis Statement of comprehensive income		Investment basis Statement of financial position	
	2026 £m	2025 £m	2026 £m	2025 £m
Carried interest and performance fees receivable				
Private Equity	1	–	2	4
Infrastructure	22	29	22	29
Total	23	29	24	33
Carried interest and performance fees payable				
Private Equity	(47)	(70)	(403)	(348)
Infrastructure	1	(11)	(5)	(12)
Total	(46)	(81)	(408)	(360)

Table 11

Carried interest and performance fees paid in the year to 31 March

	2026 £m	2025 £m
Investment basis cash flow statement		
Carried interest and performance fees cash paid		
Private Equity	7	510
Infrastructure	8	11
Total	15	521

Financial review continued

Net foreign exchange movements

The Group recorded a total foreign exchange translation gain of £786 million including the impact of foreign exchange hedging in the year (March 2025: £259 million loss), as a result of sterling weakening by 4% against the euro, partially offset by sterling strengthening by 3% against the US dollar.

At 31 March 2026, the notional value of the Group's forward foreign exchange contracts was €3.0 billion and \$1.2 billion. The €3.0 billion includes the €600 million notional value of the forward foreign exchange contracts related to the Scandlines hedging programme.

Including the impact from foreign exchange hedging, 82% of the Group's net assets are denominated in euros or US dollars. Based on the Group's net assets at 31 March 2026, including the impact from foreign exchange hedging, a 1% movement in euro and US dollar foreign exchange rates would impact the total return by £242 million and £12 million, as shown in Table 12 opposite.

Tax

The Group's parent company continues to operate in the UK as an approved investment trust company. An approved investment trust is a UK investment company which is required to meet certain conditions set out in the UK tax rules to obtain and maintain its tax status. This approval allows certain investment profits of the Company, broadly its capital profits, to be exempt from tax in the UK. Income and expenditure, excepting those exempt returns in the Company, are both subject to taxation. The Group's tax credit for the year was £1 million (2025: £1 million charge).

The Group's overall UK tax position for the financial year is dependent on the finalisation of the tax returns of the various corporate and partnership entities in the UK group.

Pension

The Trustees of the UK defined benefit plan ("the Plan") completed the wind-up of the Plan in March 2026. The remaining surplus assets were paid to the Group. Net of associated tax liabilities settled by the Plan, the Group received £65 million.

Table 12

Net assets¹ and sensitivity by currency at 31 March 2026

	FX rate	£m	%	1% sensitivity £m
Sterling	n/a	5,267	17	n/a
Euro ²	1.1467	24,180	78	242
US dollar ²	1.3233	1,223	4	12
Danish krone	8.5672	182	1	2
Other	n/a	35	–	n/a
Total	n/a	30,887	100	n/a

- 1 The Group's foreign exchange hedging is treated as a sterling asset within the above table.
- 2 The sensitivity impact calculated on the net assets position includes the impact of foreign exchange hedging.

Financial review continued

Balance sheet and liquidity

At 31 March 2026, the Group had net debt of £547 million (31 March 2025: £771 million) and gearing of 2% after the receipt of cash income of £421 million and net cash proceeds of £610 million offsetting Group dividend payments of £765 million.

During the year, we refinanced the Group's existing £900 million RCF with a new five-year £1.2 billion RCF at improved pricing. The new RCF provides the Group with additional financial flexibility at low cost until July 2030, with extension options to July 2032. The RCF continues to have no financial covenants.

The Group had liquidity of £1,864 million as at 31 March 2026 (31 March 2025: £1,323 million), comprising cash and deposits of £664 million (31 March 2025: £423 million) and an undrawn RCF of £1,200 million.

The investment portfolio value increased to £31,821 million at 31 March 2026 (31 March 2025: £25,579 million), mainly driven by unrealised profits of £4,166 million in the year.

Further information on investments and realisations is included in the Private Equity, Infrastructure and Scandlines business reviews.

3i Group plc share issuance

As a result of the Action transactions detailed in the Business review, we issued a total of 51 million new ordinary shares of 73 19/22 pence in 3i Group plc shares. At 31 March 2026, the number of diluted shares was 1,019,365,230 (31 March 2025: 968,085,350).

Going concern

The Annual report and accounts 2026 were prepared on a going concern basis. The Directors made an assessment of going concern, taking into account the Group's current performance and the outlook, and performed additional analysis to support the going concern assessment. Further details on going concern can be found on page 138 in the Resilience statement.

Dividend

The Board has recommended a second FY2026 dividend of 48.0 pence per share (2025: 42.5 pence), taking the total dividend for the year to 84.5 pence per share (2025: 73.0 pence). Subject to shareholder approval, the dividend will be paid to shareholders in July 2026.

Table 13

Simplified consolidated balance sheet at 31 March

Investment basis Statement of financial position	2026 £m	2025 £m
Investment portfolio	31,821	25,579
Gross debt	(1,211)	(1,194)
Cash and deposits	664	423
Net debt	(547)	(771)
Carried interest and performance fees receivable	24	33
Carried interest and performance fees payable	(408)	(360)
Other net assets	(3)	130
Net assets	30,887	24,611
Gearing¹	2%	3%

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

Key accounting judgements and estimates

A key judgement is the assessment required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial treatment of investment entities is accurate. The introduction of IFRS 10 resulted in a number of intermediate holding companies being presented at fair value, which has led to reduced transparency of the underlying investment performance. As a result, the Group continues to present a non-GAAP Investment basis set of financial statements to ensure that the commentary in the Strategic report remains fair, balanced and understandable. The reconciliation of the Investment basis to IFRS is shown on pages 88 to 92.

In preparing these accounts, the key accounting estimate is the carrying value of our investment assets, which is stated at fair value.

Given the importance of the valuation of investments, the Board has a separate Valuations Committee to review the valuation policy, process and application to individual investments. However, asset valuations for unquoted investments are inherently subjective, as they are made on the basis of assumptions which may not prove to be accurate. At 31 March 2026, 97% by value of the investment assets were unquoted (31 March 2025: 96%).

Reconciliation of Investment basis and IFRS

Background to Investment basis financial statements

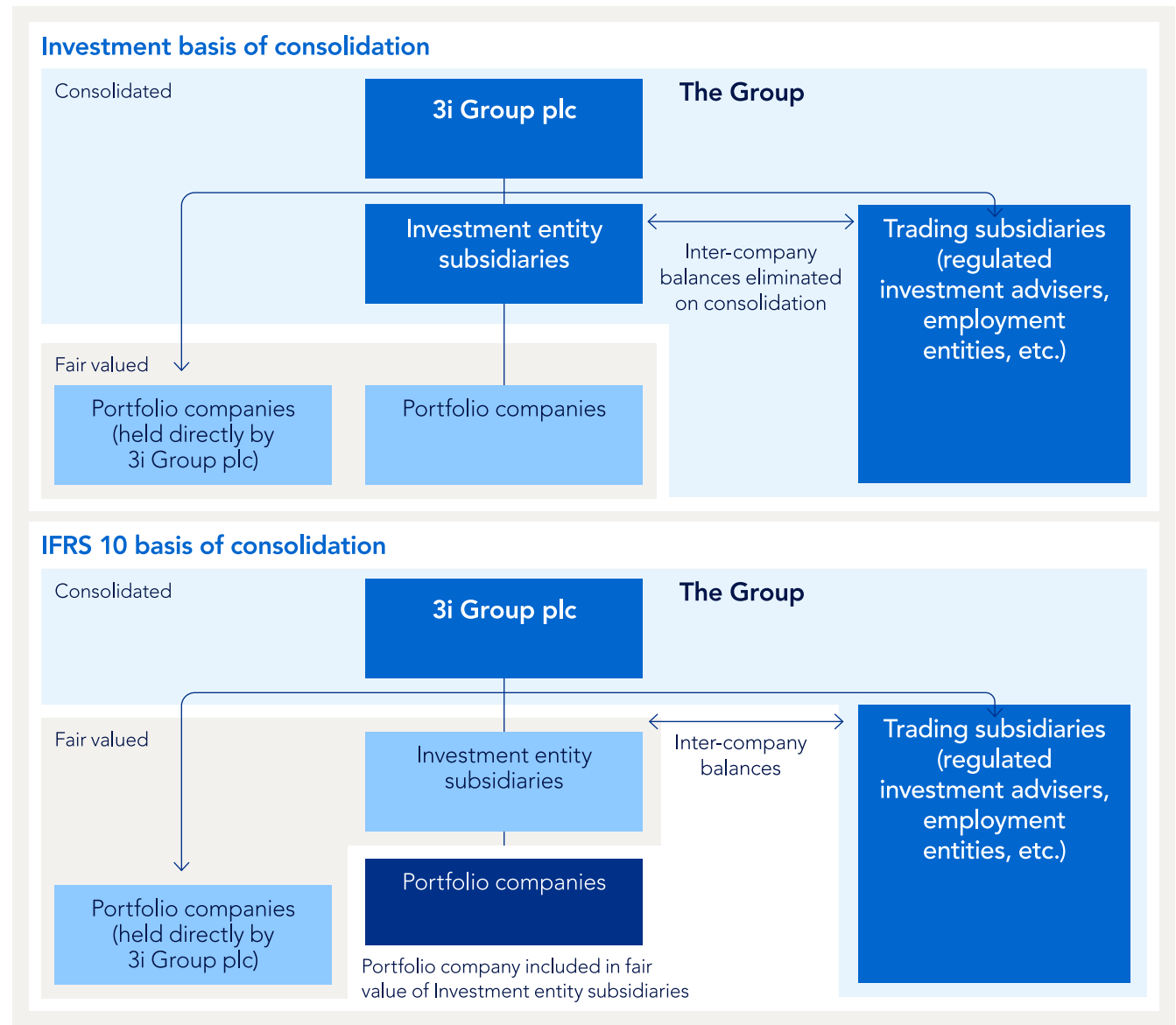
The Group makes investments in portfolio companies directly, held by 3i Group plc, and indirectly, held through intermediate holding company and partnership structures ("Investment entity subsidiaries"). It also has other operational subsidiaries which provide services and other activities such as employment,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

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 in our report and aid understanding we introduced separate non-GAAP "Investment basis" Statements of comprehensive income, financial position and cash flow in our 2014 Annual report and accounts. The Investment basis is an APM and the Strategic report is 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.

Reconciliation of 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 the following pages.



Reconciliation of Investment basis and IFRS continued

Reconciliation of consolidated statement of comprehensive income for the year to 31 March

	Footnotes	Investment basis 2026 £m	IFRS adjustments 2026 £m	IFRS basis 2026 £m	Investment basis 2025 £m	IFRS adjustments 2025 £m	IFRS basis 2025 £m
Realised profits/(losses) over value on the disposal of investments	1,2	89	(68)	21	51	(46)	5
Unrealised profits on the revaluation of investments	1,2	4,166	(1,170)	2,996	4,839	(1,027)	3,812
Fair value movements on investment entity subsidiaries	1	–	1,565	1,565	–	953	953
Portfolio income							
Dividends	1,2	342	(87)	255	509	(96)	413
Interest income from investment portfolio	1,2	55	(32)	23	81	(52)	29
Fees receivable	1,2	3	3	6	10	3	13
Foreign exchange on investments	1,3	823	(179)	644	(361)	116	(245)
Movement in the fair value of derivatives		(14)	–	(14)	82	–	82
Gross investment return		5,464	32	5,496	5,211	(149)	5,062
Fees receivable from external funds		68	–	68	64	–	64
Operating expenses	1,4	(135)	1	(134)	(150)	1	(149)
Interest receivable	1,4	16	(1)	15	18	(3)	15
Interest payable		(65)	–	(65)	(65)	–	(65)
Exchange movements	1,3	(23)	(99)	(122)	20	57	77
Income from investment entity subsidiaries	1	–	18	18	–	21	21
Other expense	1,4	(1)	–	(1)	–	(1)	(1)
Operating profit before carried interest		5,324	(49)	5,275	5,098	(74)	5,024
Carried interest							
Carried interest and performance fees receivable		23	–	23	29	–	29
Carried interest and performance fees payable	1,4	(46)	41	(5)	(81)	67	(14)
Operating profit before tax		5,301	(8)	5,293	5,046	(7)	5,039
Tax credit/(charge)		1	–	1	(1)	–	(1)
Profit for the year		5,302	(8)	5,294	5,045	(7)	5,038
Other comprehensive income							
Exchange differences on translation of foreign operations	1,3	–	8	8	–	7	7
Re-measurements of defined benefit plans		2	–	2	4	–	4
Other comprehensive income for the year		2	8	10	4	7	11
Total comprehensive income for the year ("Total return")		5,304	–	5,304	5,049	–	5,049

Footnotes to the Reconciliation of consolidated statement of comprehensive income are on page 91.

Reconciliation of Investment basis and IFRS continued

Reconciliation of consolidated statement of financial position

as at 31 March

	Footnotes	Investment basis 2026 £m	IFRS adjustments 2026 £m	IFRS basis 2026 £m	Investment basis 2025 £m	IFRS adjustments 2025 £m	IFRS basis 2025 £m
Assets							
Non-current assets							
Investments							
Quoted investments	1	993	(96)	897	916	(60)	856
Unquoted investments	1	30,828	(10,775)	20,053	24,663	(7,163)	17,500
Investments in investment entity subsidiaries	1,2	–	10,535	10,535	–	6,916	6,916
Investment portfolio		31,821	(336)	31,485	25,579	(307)	25,272
Other non-current assets	1	27	(5)	22	35	(6)	29
Retirement benefit surplus		–	–	–	63	–	63
Property, plant and equipment		17	–	17	18	–	18
Right of use asset		43	–	43	41	–	41
Derivative financial instruments		10	–	10	46	–	46
Total non-current assets		31,918	(341)	31,577	25,782	(313)	25,469
Current assets							
Carried interest and performance fees receivable		24	–	24	33	–	33
Other current assets	1	65	(5)	60	51	–	51
Derivative financial instruments		42	–	42	91	–	91
Cash and cash equivalents	1	664	(29)	635	423	(11)	412
Total current assets		795	(34)	761	598	(11)	587
Total assets		32,713	(375)	32,338	26,380	(324)	26,056
Liabilities							
Non-current liabilities							
Trade and other payables	1	(11)	2	(9)	(10)	1	(9)
Carried interest and performance fees payable	1	(396)	365	(31)	(333)	304	(29)
Loans and borrowings		(1,211)	–	(1,211)	(1,194)	–	(1,194)
Derivative financial instruments		(22)	–	(22)	(4)	–	(4)
Retirement benefit deficit		(17)	–	(17)	(17)	–	(17)
Lease liability		(45)	–	(45)	(42)	–	(42)
Total non-current liabilities		(1,702)	367	(1,335)	(1,600)	305	(1,295)
Current liabilities							
Trade and other payables	1	(107)	–	(107)	(139)	4	(135)
Carried interest and performance fees payable	1	(12)	8	(4)	(27)	15	(12)
Lease liability		(5)	–	(5)	(3)	–	(3)
Total current liabilities		(124)	8	(116)	(169)	19	(150)
Total liabilities		(1,826)	375	(1,451)	(1,769)	324	(1,445)
Net assets		30,887	–	30,887	24,611	–	24,611

Reconciliation of Investment basis and IFRS continued

Reconciliation of consolidated statement of financial position as at 31 March

	Footnotes	Investment basis 2026 £m	IFRS adjustments 2026 £m	IFRS basis 2026 £m	Investment basis 2025 £m	IFRS adjustments 2025 £m	IFRS basis 2025 £m
Equity							
Issued capital		757	–	757	719	–	719
Share premium		2,494	–	2,494	792	–	792
Other reserves	3	27,714	–	27,714	23,181	–	23,181
Own shares		(78)	–	(78)	(81)	–	(81)
Total equity		30,887	–	30,887	24,611	–	24,611

The IFRS basis is audited and the Investment basis is unaudited.

Footnotes to the Reconciliation of consolidated statement of financial position above:

- 1 Applying IFRS 10 to the Consolidated statement of financial position aggregates the line items 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 for the Group.
- 3 Investment basis financial statements are prepared for performance measurement and therefore reserves are not analysed separately under this basis.

The IFRS basis is audited and the Investment basis is unaudited.

Footnotes to the Reconciliation of consolidated statement of comprehensive income on page 89:

- 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 years. 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 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 entities”.
- 4 Other items also aggregated into the “Fair value movements on investment entity subsidiaries” line include operating expenses, interest receivable, other expense and carried interest and performance fees payable.

The IFRS basis is audited and the Investment basis is unaudited.

Footnotes to the Reconciliation of consolidated cash flow statement on page 92:

- 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 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.

Reconciliation of Investment basis and IFRS continued

Reconciliation of consolidated cash flow statement for the year to 31 March

	Footnotes	Investment basis 2026 £m	IFRS adjustments 2026 £m	IFRS basis 2026 £m	Investment basis 2025 £m	IFRS adjustments 2025 £m	IFRS basis 2025 £m
Cash flow from operating activities							
Purchase of investments	1	(907)	839	(68)	(1,182)	1,032	(150)
Proceeds from investments	1	1,517	(664)	853	1,841	(734)	1,107
Amounts paid to investment entity subsidiaries	1	–	(1,072)	(1,072)	–	(1,537)	(1,537)
Amounts received from investment entity subsidiaries	1	–	972	972	–	865	865
Cash flow from derivatives		89	–	89	113	–	113
Portfolio interest received	1	19	(13)	6	11	(5)	6
Portfolio dividends received	1	334	(81)	253	515	(95)	420
Portfolio fees received		4	–	4	7	–	7
Fees received from external funds		64	–	64	65	–	65
Carried interest and performance fees received		31	–	31	44	–	44
Carried interest and performance fees paid	1	(15)	1	(14)	(521)	498	(23)
Operating expenses paid	1	(140)	–	(140)	(123)	1	(122)
Other cash income	1	7	(1)	6	1	–	1
Other cash expenses	1	(1)	–	(1)	(54)	6	(48)
Interest received	1	15	–	15	18	(3)	15
Net cash flow from operating activities		1,017	(19)	998	735	28	763
Cash flow from financing activities							
Issue of shares		1	–	1	1	–	1
Purchase of own shares		(15)	–	(15)	–	–	–
Dividends paid		(765)	–	(765)	(625)	–	(625)
Lease payments		(5)	–	(5)	(6)	–	(6)
Interest paid		(66)	–	(66)	(60)	–	(60)
Net cash flow from financing activities		(850)	–	(850)	(690)	–	(690)
Cash flow from investing activities							
Purchase of property, plant and equipment		(1)	–	(1)	(16)	–	(16)
Proceeds from defined benefit pension		65	–	65	–	–	–
Net cash flow from investing activities		64	–	64	(16)	–	(16)
Change in cash and cash equivalents	2	231	(19)	212	29	28	57
Cash and cash equivalents at the start of year	2	423	(11)	412	396	(38)	358
Effect of exchange rate fluctuations	1	10	1	11	(2)	(1)	(3)
Cash and cash equivalents at the end of year	2	664	(29)	635	423	(11)	412

Footnotes to the Reconciliation of consolidated cash flow statement are on page 91.

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 on page 88. The table below defines our additional APMs.

Purpose	Calculation	Reconciliation to IFRS	Purpose	Calculation	Reconciliation to IFRS
Gross investment return as a percentage of opening portfolio value			Operating cash profit		
A measure of the performance of our proprietary investment portfolio.	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 the consolidated statement of comprehensive income and the Reconciliation of the consolidated statement of financial position respectively. KPI see page 22	By covering the cash cost of running the business with cash income, we reduce the potential dilution of capital returns.	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 9 of the Financial review.	The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of the consolidated cash flow statement. KPI see page 23
Cash realisations			Net (debt)/cash		
Cash proceeds from our investments support our returns to shareholders, as well as our ability to invest in new opportunities.	The cash received from the disposal of investments in the year 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 the consolidated cash flow statement. KPI see page 22	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 the consolidated statement of financial position.
Cash investment			Gearing		
Identifying new opportunities in which to invest proprietary capital is the primary driver of the Group's ability to deliver attractive returns.	The cash paid to acquire investments in the year 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 the consolidated cash flow statement. KPI see page 23	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 the consolidated statement of financial position.

Risk management

Effective risk management underpins the successful delivery of our strategy and longer-term sustainability of the business. Our values and culture are integral to our approach to risk management.

Understanding our risk appetite

As both an investor and asset manager, 3i is in the business of taking risks in order to achieve targeted returns for shareholders and other investors. The Board approves the strategic objectives that determine the level and types of risk the Group is prepared to accept and reviews the Group’s risk appetite at least annually.

The Group’s risk management framework is designed to support the delivery of strategic objectives and the long-term sustainability of the business and its investment portfolio, within agreed risk appetite parameters. The Group’s risk appetite (see page 96) is underpinned by rigorous investment procedures, conservative capital management and a robust operational risk management and resilience framework.

Values and culture

Strong values and a well-established culture underpin our approach to risk management and governance, led by the Board and Chief Executive. This is supported by a comprehensive code of conduct, policy framework, and independent monitoring.

Executive Committee members are responsible for ensuring high standards of conduct within their respective areas, and all employees share responsibility for maintaining 3i’s strong control culture. Senior managers confirm annual compliance for their teams, while all staff are required to comply with regulatory conduct rules, complete an annual verification questionnaire and demonstrate 3i’s values as part of their performance appraisal. Global policies are reinforced through annual e-learning covering financial crime, anti-bribery and corruption, market abuse, tax evasion, data protection and regulatory conduct.

The Remuneration Committee ensures that the Group’s remuneration policy supports 3i’s culture and values, is appropriately performance-linked and does not encourage excessive risk-taking. Incentive structures for investment teams are specifically designed to align reward with investment objectives and the Group’s risk appetite.

Approach to risk governance

The Board is responsible for risk assessment, the risk management process and safeguarding the Group’s reputation and long-term sustainability. It considers current, emerging and longer-term risks using quantitative and qualitative information, including financial and non-financial performance indicators and liquidity reporting.

Oversight is exercised primarily through the Audit and Compliance Committee, which monitors the effectiveness of the Group’s risk management and internal control systems (see pages 130 to 136). Day-to-day risk oversight is delegated to the Chief Executive, supported by the Group Risk Committee.

Related risk management activities

The Group’s integrated risk management framework (see page 95) is supported by an independent Risk Management function, which has specific responsibilities under the FCA’s Investment Funds sourcebook and operates separately from the investment teams. The function reviews risk reports for each Alternative Investment Fund managed by the Group and reports its findings to the Group Risk Committee.

The Group operates a ‘three lines of defence model’ to support effective risk management and internal control:

- First line: business line management and professional services teams own and manage risks;
- Second line: Compliance and other control functions provide independent oversight and challenge, supported by the Group Risk Committee; and
- Third line: Internal Audit provides independent assurance on the effectiveness of the risk management framework and internal controls.

Integrated approach to risk management

3i’s approach to risk management consists of a number of interrelated processes, illustrated on page 95, the operation of which is overseen by the Board and a combination of the Investment Committee, Executive Committee, Group Risk Committee and Sustainability Committee.

Role of the Investment Committee IC

The Investment Committee is fundamental to the management of investment risk. It approves all material stages of the investment, portfolio management and realisation process, ensuring alignment with the Group’s strategic objectives and risk appetite. The Committee considers new and emerging risks and opportunities, including sustainability, reputational and market developments, and oversees ongoing portfolio monitoring, and semi-annual in-depth portfolio company reviews, portfolio leverage and counterparty risk management, and exit planning.

Role of the Group Risk Committee GRC

The Group Risk Committee supports the Chief Executive in overseeing risk management on a day-to-day basis. It conducts semi-annual reviews of the Group’s principal, watchlist and emerging risks, assesses their potential impact and likelihood in the context of the Group’s strategic objectives and risk appetite, and reviews the adequacy of mitigating actions and key risk indicators. The Committee also monitors operational risk incidents and near misses, applying a low reporting threshold, and reports its conclusions to the Audit and Compliance Committee.

Role of the Sustainability Committee SC

The Sustainability Committee provides advice on the development and implementation of the Group’s sustainability strategy and the identification and management of sustainability-related risks and opportunities. It supports regulatory and reporting obligations and coordinates sustainability initiatives across the Group and its portfolio. Updates on its activities are provided to the Group Risk Committee as part of the risk review process.

Integrated risk management framework see page 95

Risk management continued

Integrated approach to risk management

Risk management is overseen by the Board ^B and a combination of the Investment Committee ^{IC}, Group Risk Committee ^{GRC}, and Sustainability Committee ^{SC}



Risk management continued

Risk appetite

Our risk appetite is defined by our strategic objectives. We invest capital in businesses to deliver capital returns, and portfolio and fund management cash income to cover our costs and increase returns to our investors. As proprietary capital investors, we have a long-term, responsible approach.

Investment risk

Exposure to economic and market volatility is accepted as inherent in investment activity. The Group's principal investment risks are managed within a framework defined by the Investment Policy (see page 170).

Increases in the Company's stake in Action, particularly since 2020, have raised its proportion of the total portfolio, reducing headroom under the single-asset exposure limit.

In March 2026, the Board agreed to seek shareholder approval at the 2026 AGM to increase this limit, providing greater flexibility for future investments.

The substantial majority of the Group's capital is invested in its long-term hold portfolio (Action and Royal Sanders) and in Private Equity. Before committing to a Private Equity investment, the Group assesses the opportunity using the following criteria:

- return objective: individually assessed and subject to a minimum target of a 2x money multiple over four to six years;
- geographic focus: headquartered in the Group's core markets of Europe and North America;
- sector expertise: focus on Consumer & Private Label, Healthcare, Industrial, Services & Software;
- responsible investment: all investments are screened against the exclusion and referral lists set out in the Group's Responsible Investment policy; and

- vintage: investment of up to £750 million per annum in four to seven new investments in companies with an enterprise value range of €100 million to €500 million at investment.

If a Private Equity portfolio company exhibits strong compounding characteristics, is cash generative with an EBITDA of c.€/\$100 million, and can continue to meet a 15% return hurdle, the Group may conclude that it is in the interest of shareholders, and consistent with our strategic objectives to hold an investment for a longer period of time.

Investments made by 3iN need to be consistent with 3iN's overall return target of 8% to 10% over the medium term and generate a mix of capital and income returns. Other Infrastructure investments made by the Group should be capable of delivering capital growth and fund management fees which together generate mid-teen returns. All Infrastructure investments are also subject to the criteria set out in the Group's Responsible Investment policy.

Financial risk

The Group adopts a conservative approach to managing its capital resources:

- the Group aims to operate within a range of net cash equivalent to c.2.5% of NAV and a level of net debt equivalent to c.5% of NAV, with tolerance to operate outside of this range on a short-term basis and up to a gearing level of 15% dependent on investment and realisation flows. The Group may raise debt, or use other financing from time to time, to manage investment and realisation flows. The Group has no appetite for structural gearing; the achievement of its returns objectives is not reliant on gearing;
- liquidity is managed conservatively, including the maintenance of a revolving credit facility to provide additional committed liquidity and financial flexibility, and monitoring using a framework that assesses forecast cash flows and a broader range of factors;

- the Group accepts a degree of currency exposure risk with respect to its investment portfolio, but aims to partially reduce the impact of currency movements on net asset value through a combination of matching currency realisations with investments and the use of euro and US dollar foreign exchange hedging programmes, taking into account the associated costs and liquidity risks;
- in addition, the Group may hedge specific assets or exposures where appropriate; for example, in relation to currency exposures on Scandlines (€600 million hedging programme); and
- the Group has limited appetite for the dilution of capital returns arising from operating and interest expenses. All business lines are expected to generate cash income to mitigate this risk.

Operational risk

The Board and Executive Committee have a low appetite for operational risk and very limited tolerance for operational failures arising from inadequate or failed processes, people or systems that could result in material business disruption, data loss, cyber security incidents, regulatory or legal breaches, or undue reliance on key third-party providers. While some operational risk is inherent in the delivery of the Group's strategic objectives, the Board expects such risks to be effectively identified, controlled and subject to escalation where tolerance thresholds are approached or breached.

The Board recognises the Group's increasing reliance on third-party service providers, technology platforms and tools heightens operational risk. Accordingly, enhanced oversight arrangements are in place, including resilience testing, third-party risk assessment and ongoing monitoring, to ensure the continued robustness of the Group's operating model.

Principal risks and mitigations

Aligning risk to our strategic objectives

Business and risk environment in FY2026

We define our principal risks as those that have the potential to impact materially the delivery of our strategic objectives.

During the year, the Directors undertook a robust assessment of the principal, new and emerging risks, facing the Group, including those that could threaten its business model, future performance, solvency or liquidity, as detailed in the Audit and Compliance Committee report on pages 130 to 136. This included refining the Group's risk taxonomy, strengthening the identification of material controls and clarifying ownership, thereby enhancing oversight of internal control effectiveness and supporting preparations for Provision 29 of the Financial Reporting Council's UK Corporate Governance Code 2024.

This section summarises the Group's principal and emerging risks and the key issues considered as part of the risk assessment process. While the overall principal risk profile remained broadly stable during the year, a number of principal risks were refined and the nature of individual risks evolved. The main changes agreed by the Group Risk Committee were:

- external geopolitical, macroeconomic, inflationary and policy-related risks were consolidated into a single principal risk: Economic and other global uncertainty (market volatility), to reflect their interconnected and interdependent nature. For the reasons noted under External risk, this risk is expected to remain elevated in the short to medium term;

- transaction execution challenges was removed as a standalone risk, as it is considered inherent within another existing principal investment risk: Lower investment or realisation rates; and
- three existing risks were promoted to principal risk status: (i) Regulatory, legal, tax and compliance, reflecting the importance of maintaining 3i's licence to operate in a changing regulatory environment; and (ii) Liquidity and funding and (iii) Foreign exchange, reflecting the importance of balance sheet resilience.

The Group's principal risk mitigation plans, which are subject to regular review by the Group Risk Committee, have not required any notable changes during the year.

External risk

External risks arise from factors outside our direct control, including political, economic, environmental, social, regulatory and competitive developments.

Global conditions remained challenging during the year, with persistent inflation, higher interest rates, relatively tight credit markets, periods of currency volatility, and heightened geopolitical tensions. While the impact on the portfolio has been limited to date, these conditions have increased market volatility, and may place pressure on demand and cost bases, as well as affect refinancing and investment activity.

The Group Risk Committee considered how these risks could influence the geographies and sectors in which the Group operates, including supply chain resilience, energy and other input costs, and the deal environment. Portfolio resilience continues to be supported by disciplined management and diversification.

Market volatility, and valuation risk in particular, is mitigated through the Group's valuation framework, including independent challenge by the Valuation Committee, which reviews key assumptions such as earnings and valuation multiples (see page 143). The Group Risk Committee and the Board have closely monitored the gap between the Group's share price and its Net Asset Value over the past six months, and have implemented strategies to remain responsive to market conditions and shareholder expectations.

The Group continues to assess its resilience to severe but plausible scenarios, including sustained declines in valuation multiples, earnings compression and reduced exit activity. These stress tests inform capital allocation, liquidity planning and cost discipline (with further details in the Viability statement on page 139 and 140).

Sustainability and climate-related considerations remain embedded within the risk management framework.

Principal risks and mitigations continued

Aligning risk to our strategic objectives continued

Investment risk

The Investment Committee oversees the management of investment risks, with the Group Risk Committee reviewing outcomes against the Group's risk appetite and strategic objectives. The core investment strategy remains unchanged, with delivery continuing to evolve through refinements to approach, resourcing and processes.

The Group Risk Committee regularly reviews Action's performance and concluded that no change to its risk assessment was required, supported by the company's strong cash generation, continued store roll out, and consistent revenue growth despite macroeconomic headwinds. Performance risk across the broader portfolio remained stable, supported by positive contributions from the consumer and private label businesses and a broadly favourable trajectory in the healthcare assets. The majority of the infrastructure portfolio continue to deliver growth and demonstrate good momentum, with resilient trading across industrial, services and software businesses. Portfolio performance continues to benefit from diversification, disciplined investment and exit planning, and proactive cost-mitigation measures.

While overall M&A activity in the market increased in FY2026, liquidity constraints persist and heightened geopolitical and macro-economic uncertainty is expected to continue to affect investment activity. A disciplined and selective investment approach therefore remains appropriate.

Notwithstanding this backdrop, the Group delivered several successful exits across the portfolio and maintains a modest investment pipeline. The Investment Committee remained cautious, declining opportunities that did not meet the Group's pricing and risk-return criteria, with new investment focused on reinvestment in high performing portfolio companies.

The Group Risk Committee received regular updates on sustainability progress, including emissions reporting and near-term science-based targets. While sustainability risk remains under close review, the overall risk profile has moderated slightly, reflecting evolving regulatory developments across the US and Europe, together with good progress in portfolio initiatives (see the Sustainability report on page 49).

Foreign exchange and interest rate exposures continue to be managed by portfolio companies through the use of hedging where appropriate, to mitigate volatility.

In FY2026, the Group's cyber maturity programme was extended across the investment portfolio, enhancing the identification, management and mitigation of cyber risk within portfolio companies.

Financial risk

The Group maintains a conservative approach to capital management and operated within the limits set out in its Risk appetite (page 96) and Treasury policy approved by the Board. This includes a comprehensive liquidity and foreign currency risk monitoring framework.

Liquidity and funding risk has remained stable, supported by the refinancing of the Group's £900 million RCF with a new five-year £1.2 billion facility on improved terms, and increased liquidity (£1,864 million at 31 March 2026 compared to £1,323 million at 31 March 2025). The Group's long-term issuer credit ratings were reaffirmed by S&P (A-) and Moodys (A3), both with stable outlooks.

The Group accepts a degree of currency risk exposure with respect to its investment portfolio and manages notional forward exchange contracts of €3.0 billion and \$1.2 billion to partially reduce the impact of current movements. In FY2026, foreign exchange risk remained stable, with the Group reporting a net translation gain post hedging of £786 million for the year, reflecting sterling weakening by 4% against the euro and strengthening by 3% against the US dollar.

Principal risks and mitigations continued

Aligning risk to our strategic objectives continued

Operational risk

The Group's operational risk profile remained stable. Attracting and retaining key people continues to be a principal risk given competitive labour markets for skilled professionals, although voluntary turnover remained modest at 4.5% in FY2026. Remuneration structures remain aligned with effective risk management and long-term value creation.

The Group Risk Committee also received updates on IT security and operational resilience. Systems operated robustly during the year, supported by external service providers, with no significant performance or security issues. Ongoing investment in technology, cyber security and operational resilience is supported by specialist internal and external expertise, including a full time Chief Information Security Officer.

Business continuity, incident management and disaster recovery plans are reviewed at least annually and include severe but plausible disruption scenarios, including third-party risks. Fraud risk continues to be monitored through a robust anti-fraud programme, Internal Audit activity, staff training and an independent reporting hotline. The cyber security programme also mitigates third-party fraud risks, including ransomware and phishing attempts, through security tools and regular vulnerability testing.

New and emerging risks

The Group identifies and monitors new and emerging risks through thematic reviews, semi-annual Group Risk Committee reviews, a maintained watch list for risks requiring active monitoring but not currently assessed as principal, and an emerging risk map providing horizon scanning of medium-to longer-term potential disruptors. Ongoing monitoring is also undertaken by specialist teams across tax, legal, regulatory compliance and sustainability.

Current thematic focus areas for investment (page 18 and 19) include value-for-money; energy transition, digitalisation and demographic change. In addition, the Group continues to monitor a number of emerging risk themes and potential disruptors, including artificial intelligence and information integrity, changing consumer sentiment, and geopolitical and macroeconomic factors. These themes inform strategy development, investment decision-making and risk management, while supporting the identification of long-term opportunities.

The Board's annual strategic review incorporates an assessment of emerging risks and informs the Group's viability and long-term resilience assessment (pages 139 and 140). Sustainability risks are fully integrated into theme development and due diligence. Legislative and reporting developments are closely monitored, opportunities are screened at an early stage against the Responsible Investment Policy, and sustainability risks are actively monitored post-investment.

Outlook

The macroeconomic outlook remains uncertain. Lower growth, elevated geopolitical tensions and tighter financing conditions continue to drive market volatility. While inflation began to ease, renewed supply chain disruption risks in the Middle East could place upward pressure on prices. Interest rates remain relatively high and credit conditions are selective.

Against this backdrop, the Group's business model, disciplined investment approach, active portfolio management and diversified portfolio continue to support performance. Conservative capital management and focus on resilient sectors, together with significant exposure to Action, provide meaningful downside protection.

The Group remains closely engaged with portfolio companies and continues to invest selectively, prioritising opportunities with strong fundamentals and value creation potential, while maintaining strict discipline on pricing and capital deployment. This positions the Group well to deploy capital prudently as market conditions evolve.

For the purposes of the UK Companies Act 2006, the Strategic report of 3i Group plc comprises pages 3 to 104.

By order of the Board
Simon Borrows
Chief Executive
13 May 2026

Principal risks and mitigations continued

Aligning risk to our strategic objectives continued

The disclosures on the following pages are not an exhaustive list of risks and uncertainties faced by the Group, but rather a summary of the principal risks which are regularly reviewed by the Group Risk Committee and the Board, and have the potential to affect materially the achievement of the Group’s strategic objectives and impact its financial performance, reputation and brand integrity.



Grow investment portfolio earnings



Realise investments with good cash-to-cash returns



Maintain an operating cash profit



Use our strong balance sheet



Increase shareholder distributions

Economic and other global uncertainty (market volatility)

Global economic and other uncertainties could make equity and credit markets more volatile, raise costs, limit access to debt financing, and have a negative impact on the business and investment portfolio valuation.

External

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure has increased



Potential impact

- Market disruption
- Higher costs
- Reduced realisation and investment potential
- Adverse valuation multiples
- Reduced Net Asset Value (“NAV”)

Risk management and mitigation

- Ongoing macro monitoring
- Scenario planning and stress testing
- Resilient portfolio construction
- Disciplined valuation policy
- Valuations Committee oversight
- Advisor network

FY2026 outcome

- Market risk remained elevated, reflecting heightened geopolitical uncertainty and volatility across key markets
- Despite this backdrop, the Group delivered strong performance, with a 21% Group GIR, £4,166 million of unrealised value growth and 19% increase in NAV per share

Performance of Action

The materiality of the Group’s investment in Action increases the potential impact should Action fail to meet shareholder expectations.

Investment

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Reduced NAV
- Lower realisation potential and shareholder returns
- Reputational impact
- Set back specific strategic initiatives
- Lower long-term returns

Risk management and mitigation

- Monthly trading performance reviews
- Semi-annual strategic and performance review
- Additional asset monitoring and reporting
- Enhanced governance (3i CEO is Action Chair, 3i Chief Operating Officer board role)
- Incident escalation and oversight, with sharing of best practices and insights (including cyber)

FY2026 outcome

- Close monitoring of Action, with regular performance updates to the 3i Board
- Strong cash flow, continued store rollout and consistent revenue growth despite macroeconomic headwinds; Action GIR of £4,510 million or 25% of its opening value
- See Action case study on page 26 to 33

Principal risks and mitigations continued

Aligning risk to our strategic objectives continued

Performance of portfolio companies (ex-Action)

The performance of the investment portfolio (excluding Action) may fail to meet shareholder expectations.

Investment

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Reduced NAV
- Lower realisation potential and shareholder returns
- Reputational impact
- Set back specific strategic initiatives
- Lower long-term returns

Risk management and mitigation

- Monthly trading performance reviews
- Semi-annual strategic and investment performance reviews
- Regular review of team resourcing and key person risk, including active management of portfolio company Chair, CEO and CFO appointments
- Incident escalation and oversight, with sharing of best practices and insights (including cyber risk leadership)

FY2026 outcome

- Performance remained strong overall, with standout contributions from Royal Sanders and resilient portfolio performance, supported by continued earnings growth
- Private Equity portfolio (ex-Action) delivered a GIR of 14%, the Infrastructure portfolio 7%, and Scandlines 10%
- Limited exposure to software and to risks from the evolving AI landscape; the Group's cyber maturity programme was extended across the portfolio in FY2026, and while the number of reported portfolio cyber incidents increased, none were material

Lower investment or realisation rates

Lack of suitable investment opportunities or realisations and refinancings that could impact longer-term returns and the ability to meet the Group's strategic objectives.

Investment

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Lower longer-term returns and capital availability
- Reduced staff morale
- Reputational impact

Risk management and mitigation

- Investment and divestment pipeline monitoring
- Early Investment Committee engagement
- Disciplined approach to sourcing and pricing
- Asset allocation reviews
- Focus on bolt-on opportunities

FY2026 outcome

- Cash proceeds of £1,517million, including £944 million from Action's capital restructuring and £529 million from the sale of MPM (3.2x money multiple) and MAIT (2.8x)
- The Investment Committee maintained a cautious stance, declining opportunities where pricing and risk-return did not meet the Group's requirements
- £2,646 million invested, focussed on reinvestment in several of the strongest assets in the portfolio

Principal risks and mitigations continued

Aligning risk to our strategic objectives continued

Portfolio sustainability risk profile/performance

Poor or insufficient management of sustainability risks or adverse developments that may impact 3i's reputation and or ability to meet external reporting obligations or published targets.

Investment

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure has decreased



Potential impact

- Reduced NAV
- Lower realisation potential and shareholder returns
- Reduced ability to meet external reporting obligations or published targets
- Reputational impact

Risk management and mitigation

- Investment Committee, Group Risk Committee and Sustainability Committee involvement with Board oversight
- Responsible Investment policy
- Structured sustainability risk identification
- Incident response planning
- Limited exposure to more challenging geographies and higher risk sectors
- Dedicated sustainability resources

FY2026 outcome

- While sustainability risk and performance remains under close review, the overall risk level has reduced slightly, reflecting evolving regulatory developments across the US and Europe
- Integrated approach and ongoing refinement of sustainability risk assessment procedures
- Good progress has been made on individual and portfolio-wide sustainability initiatives (see the Sustainability report on page 49 for further details)

Ability to recruit, develop and retain key people

The Group is unable to attract, develop and retain people with the right skills to achieve the Group's strategic objectives, or to manage the operations of the Group with due skill and diligence.

Operational

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Delivery risk to key performance objectives
- Delay in execution of strategy
- Lower shareholder returns

Risk management and mitigation

- Remuneration Committee oversight and approval of all material incentive arrangements
- Annual Board review of succession planning
- Regular resourcing and key man exposure reviews
- Robust HR policies and procedures
- Ongoing performance management

FY2026 outcome

- Organisational capability and succession planning reviewed by the Board in September 2025
- Effective talent management, supported by ongoing training and development (see page 62 for further details on people and related initiatives)
- Voluntary attrition remaining low at 4.5%, within benchmarked thresholds

Principal risks and mitigations continued

Aligning risk to our strategic objectives continued

Cyber risk

Disruption to core operations or at key third-party suppliers, with potential data loss or compromise from cyber threats, IT vulnerabilities, or system failures.

Operational

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Operational disruption
- Loss, theft, or compromise of sensitive data
- Regulatory and reputation consequences
- Financial loss and remediation cost

Risk management and mitigation

- Information security policies and incident management processes
- Regular cyber risk and KPI monitoring
- Penetration testing
- CISO oversight
- Staff training and “ethical” phishing campaigns
- Due diligence of new technology and tools

FY2026 outcome

- Regular updates to the GRC on cyber security, IT and operational resilience, including business continuity, incident management, and third-party supplier risk
- Ongoing enhancements to cyber and IT controls, and refinements made to third-party risk management
- NIST cyber security review completed, with actions implemented
- No material cyber incidents or IT outages reported across the Group’s operations or at key third parties

Regulatory, legal, tax and compliance

Inadequate internal processes for monitoring and managing regulations or failing to manage the Group’s legal affairs in a way that sufficiently protects it, or a failure to adhere to tax requirements.

Operational

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Financial and reporting impact
- Increased taxation, impacting valuation and share price
- Misunderstood or misreported outputs
- Failure to meet requirements
- Reputational damage and/or sanction

Risk management and mitigation

- Ongoing monitoring of key variables to ensure compliance with corporation tax acts and preservation of 3i Group investment trust status
- Regular compliance and risk reviews, tax and legal updates reported to the Group Risk Committee and Board

FY2026 outcome

- Evolving regimes are closely monitored, with regular updates provided to the Group Risk Committee and the Audit and Compliance Committee
- No regulatory breaches were recorded during the year
- 3i Investment Trust status was maintained

Principal risks and mitigations continued

Aligning risk to our strategic objectives continued

Liquidity and funding

Insufficient liquidity and funding at the Group level to meet both liabilities as they become due and to fund investment opportunities.

Financial

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Missed investment opportunities
- Reduced NAV
- Lower shareholder returns
- Reputational damage

Risk management and mitigation

- Regular liquidity monitoring
- Balance sheet reviews
- Active exit management

FY2026 outcome

- During the year, the Group refinanced its existing £900 million RCF with a new five-year £1.2 billion facility at improved pricing
- Low leverage and Group liquidity of £1,864 million at 31 March 2026 (31 March 2025: £1,323 million)

Foreign exchange

Fluctuations in currency exchange rates adversely affect the value of the portfolio, investment and realisation currency flows, and Group income and expenses.

Financial

[Link to strategic objectives](#)



Movement in risk status in FY2026
Risk exposure is stable



Potential impact

- Unhedged foreign exchange rate movements impact total return and NAV
- Increases exit risk and financing risks

Risk management and mitigation

- Regular currency risk monitoring
- Strategic review of Group foreign currency exposures
- Foreign exchange hedging programmes
- Management of investment and realisation currency flows

FY2026 outcome

- The Group manages notional forward exchange contracts of €3.0 billion and \$1.2 billion to partially reduce the impact of currency movements on NAV
- Sterling weakened by 4% against the euro and strengthened by 3% against the US dollar during the year, resulting in a total foreign exchange translation gain of £786 million (31 March 2025: £259 million loss)