Chief Executive's statement

"In FY2025, we generated a total return on shareholders' funds of £5,049 million, or 25%, ending the year with a NAV per share of 2,542 pence. This is the fifth consecutive year we have delivered a total return over 20%; over this same period, our average annual total return was 30%."

Simon Borrows
Chief Executive

FY2025 was another successful year for 3i, continuing our track record of consistently delivering strong shareholder returns, against what remains a challenging macro-economic and geopolitical backdrop.

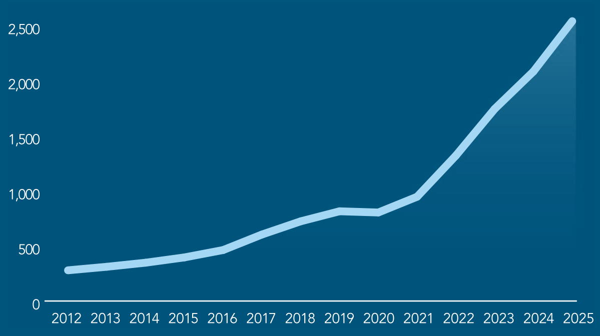
Our FY2025 result was underpinned by the powerful compounding growth from our long-term hold assets Action and Royal Sanders, and by the performance of several other larger portfolio companies. This reinforces our conviction in allocating additional capital to our best performing assets.

Amid some improvement in private market transaction activity, we maintained a highly selective and disciplined investment approach, strategically deploying capital into several existing and new portfolio companies. We also executed a number of strong realisations across Private Equity and Infrastructure, which met or exceeded our target money multiple return of 2x.

Long-term performance

Since our restructuring in June 2012, our NAV per share has increased by over 800%, rising from 279 pence at 31 March 2012 to 2,542 pence as of 31 March 2025. Over this same time period, in absolute terms, we have generated over £25 billion of total return. This exceptional growth reflects the strength and consistency of our strategy of allocating a significant portion of our capital over a number of years into our best assets, whilst also investing capital in sectors in which we have significant expertise and a proven track record. Our long-term hold investments, Action and Royal Sanders, are delivering sustainable, long-term compounding growth, whilst a number of our other larger portfolio companies in the consumer and private label and healthcare sectors are either already beginning to show similar characteristics or have the potential to achieve this outcome. This positions the Group well to sustain attractive NAV growth over the long term.

NAV per share 31 March 2012 – 31 March 2025



Action continued to be the main driver of the Group's overall financial performance in FY2025, underpinned by another excellent year of earnings growth, substantial cash generation and strategic expansion. This result was particularly impressive, as the business operated against a backdrop of muted economic growth across many of its markets. As a result of this strong performance Action undertook another refinancing and pro-rata buyback exercise, returning significant proceeds to 3i. 3i, in turn, recycled a portion of these proceeds into further Action equity. Additionally, we completed the final payment of the associated carried interest liability, ensuring that the full economic benefit of Action's performance is now passed through to shareholders with no dilution. Royal Sanders, our other long-term hold asset, continued its impressive trajectory of organic growth, coupled with further value-accretive bolt-on acquisitions.

Our proprietary capital model and disciplined balance sheet strategy offer a distinct competitive advantage in navigating an increasingly complex macro-economic and geopolitical landscape. We have remained extremely disciplined in capital deployment, completing three new Private Equity investments in sectors that we know well. We also continued our focus on deploying capital into some of our most successful portfolio companies. Our Private Equity portfolio companies remained acquisitive, completing 12 bolt-on acquisitions.

In Infrastructure, 3iN completed a strong realisation at a money multiple of 3.6x, two sizeable refinancings and further investments across two portfolio companies, whilst our North American Infrastructure Fund ("NAIF") completed three bolt-on acquisitions through existing portfolio companies.

We generated total realised proceeds and portfolio income of £2.4 billion across our portfolios in FY2025, including £1.6 billion of total refinancing and dividend proceeds from Action and two strong Private Equity realisations, both at sterling money multiples of 2x or greater.

Private Equity performance

In the year to 31 March 2025, our Private Equity portfolio, including Action, generated a GIR of £5,113 million, or 26% on opening value (2024: £4,059 million or 25%). In the last 12 months ("LTM") to the end of 31 December 2024, 97% of our portfolio companies by value grew earnings.

Long-term hold portfolio companies

Action

Action generated a GIR of £4,551 million, or 32%, on its opening value.

Action, Europe's fastest-growing non-food discount retailer and our largest portfolio company, delivered strong growth in 2024, underpinned by its customer-centric value-for-money proposition. Action's commitment to consistently share the benefits of scale with customers, through highly competitive pricing and a dynamic and flexible product assortment, enabled the business to reduce prices across 2,000 products in 2024. As a result, Action maintained, and in a number of markets increased, its price advantage over its competitors in 2024.

Action had 2,967 stores across 12 European countries at the end of March 2025, and is making good progress across its more recent expansion markets, Italy, Portugal and Spain.

Pages 20-23
Read more about Action

Chief Executive's statement continued

In the 12 months to 29 December 2024, Action generated net sales of €13,781 million (2023: €11,324 million) 22% ahead of 2023, and like-for-like ("LFL") sales growth of 10.3% (2023: 16.7%). Transaction volumes accounted for 102% of the LFL sales growth over the year as the business benefitted from new customer gains and more frequent visits from existing customers. Operating EBITDA was €2,076 million (2023: €1,615 million) in 2024, 29% ahead of 2023. Action's improved EBITDA margin of 15.1%, compared to 14.3% in the previous year, reflects scale benefits and its continuous focus on cost control.

Action added 352 new stores in 2024, another store opening record, taking its total store footprint to 2,918 at 29 December 2024. The largest contributions to store growth in the year were from some of Action's more recent expansion markets, such as Italy and Spain, which added 65 and 40 new stores respectively, whilst Action's newest country, Portugal, opened a further 10 stores. Importantly, the payback period for new stores remains materially below one year. Action's estimate of additional white space potential, in existing and identified in-scope countries, increased to c.4,850 stores, including Switzerland, where the first store opened in April 2025.

In the first three periods of 2025 (P3 2025 ending 30 March 2025), Action added a further 49 new stores, meaning the business had 2,967 stores across 12 countries at that date.

To support its vast and growing store network, Action continues to invest in its IT infrastructure, systems and distribution channels. In 2024, the business opened two new distribution centres ("DCs") in Illescas, Spain and Altedo, Italy, increasing its DC network to 15 across Europe, with a further three new DCs planned for 2025. Action also invested in a new enterprise resource planning ("ERP") system, which was successfully implemented at the end of 2024. The implementation had a minor impact on store availability in the first quarter of 2025 and the issues were resolved by March 2025.

Action continues to make good progress in delivering its sustainability programme, which is focused on the four pillars of people, planet, product and partnerships. It created over 10,000 jobs in 2024, and continues to invest in its people. It delivered a 51% reduction of CO_2 emissions from its own operations (Scope 1 and 2) against 2021 and 90% of its electricity is now sourced from renewables. The business continues to improve its product circularity and expand its community partnerships. For further details on Action's sustainability progress, see page 50-51.

Action continued to optimise its debt profile throughout the year. In July 2024, it successfully completed a refinancing event with proceeds used for a capital restructuring. The company raised €2.1 billion equivalent of incremental term debt, comprising a US$1.5 billion term loan and a €700 million term loan. At the same time, it undertook a pro-rata share redemption, returning £1,164 million in gross proceeds to 3i. Alongside some existing LPs in the 3i 2020 Co-Investment Programme, 3i took the opportunity to increase its ownership in Action. Including a subsequent small purchase of an LP stake, 3i reinvested £768 million into Action, increasing its gross equity stake from 54.8% to 57.9%.

In November 2024 and March 2025, Action completed leverage-neutral amend-and-extend and repricing transactions across all €6.6 billion of its senior-term debt facilities. This extended maturities on €2,545 million of Action's term debt and delivered approximately €33 million in recurring annual interest cost savings.

Action's conversion of EBITDA to free cash flow remains strong, with cash conversion of 81% in 2024. The business made two dividend distributions to all shareholders in December 2024 and March 2025, returning £433 million to 3i. In total, 3i received over £1.6 billion in cash from Action in FY2025. After paying the dividends, Action had a cash balance of €347 million as of 30 March 2025 and a net debt-to-run-rate earnings ratio of 2.7x.

Royal Sanders, our other Private Equity long-term hold asset, delivered very strong organic and acquisitive growth in the year, completing two further bolt-on acquisitions.

Page 24
Read more about Royal Sanders

At 31 March 2025, we valued our 57.9% stake in Action at £17,831 million. This valuation reflects the continued strong growth in Action's LTM run-rate EBITDA, its low leverage and an unchanged LTM run-rate EBITDA valuation multiple of 18.5x, net of the liquidity discount. Further detail on the Action run-rate EBITDA methodology can be found on page 31. We benchmark our long-term, through-the-cycle view on Action's multiple against a broad peer group of discounters, with a higher weighting towards the top quartile subset of North American value-for-money retailers, noting that Action's operating KPIs continue to be better than those of its peer group.

In the first three periods of 2025, Action delivered net sales of €3,521 million and operating EBITDA of €464 million, both 17% ahead of the same period last year, primarily driven by the increased volume of transactions. LFL sales growth was 6.2% and the operating EBITDA margin was 13.2%.

Royal Sanders

Showing its strategic potential, Royal Sanders generated strong performance in 2024, driven by volume growth and prior bolt-on acquisitions, including Karium which completed earlier in the year. At the end of FY2025, Royal Sanders completed the acquisition of Treaclemoon, an established UK-based value-for-money personal care brand with a strong strategic fit with its existing portfolio of brands. This was Royal Sanders' eighth bolt-on acquisition since 3i's investment. These strategic acquisitions, combined with strong operational execution, have contributed significantly to Royal Sanders' performance and success.

Private Equity portfolio companies

During the year, we refined our Private Equity sector-led investment, origination and active management approach, aligning our resources to focus on the consumer and private label, healthcare, industrial and services and software sectors.

Healthcare portfolio companies

Cirtec Medical delivered strong top-line growth in 2024, fuelled by increasing customer demand across its product portfolio and enhanced operational efficiency. The business made good progress on several key initiatives in the year and maintains a robust pipeline of new opportunities across its target markets.

The broader bioprocessing market experienced an anticipated recovery in demand through the second half of 2024 and into the first quarter of 2025, as post-pandemic destocking subsided. Against this backdrop, SaniSure saw a solid rebound in bookings while also making substantial progress on multiple strategic initiatives and investing to strengthen its long-term market position.

Our contract development and manufacturing organisation ("CDMO") ten23 health is making good progress in establishing itself as a significant presence in the pharmaceutical industry. We continued to support this platform, investing a further £54 million in FY2025. The remaining business of Q Holding, Q Medical Devices, also performed well in the year.

Consumer and private label portfolio companies

European Bakery Group ("EBG") maintained resilient performance during the year, despite persistent pressures on input pricing and wage inflation. Following robust cash generation, EBG returned £22 million to 3i within 12 months of its additional investment in support of the acquisition of coolback in 2023.

Audley Travel performed strongly across its US and UK markets in 2024. Its order book into 2025 is strong, albeit we are monitoring the impact on US travel sentiment, following heightened uncertainty in US policy. MPM continued to grow well across its markets in 2024. Whilst MPM has a significant presence in the US, we expect the business to be able to mitigate the impacts of current proposed changes in US tariffs.

Mepal delivered encouraging performance across its omnichannel offering and Luqom made good progress in operational and financial delivery in 2024 and continues to win market share in a relatively subdued market. The prolonged impact of low discretionary consumer confidence continued to impact the franchisee base in some countries for BoConcept for the majority of 2024. Recent order intake in the final quarter of 2024 and into the start of 2025 has been more stable.

Industrial portfolio companies

After a challenging 2023, Tato's sales volumes and profitability recovered well in 2024, despite relatively muted demand across its end-markets and a more challenging competitive environment. The business continues to generate a good level of cash flow, and returned a further £13 million of dividends to 3i in FY2025, meaning we have received £75 million in total dividend distributions over the last seven years. AES delivered another year of consistent financial, strategic and operational performance, as a result of increased demand in energy and industrials, its most prominent markets. The business continued to target strategic acquisitions, completing two bolt-on acquisitions in FY2025, and also returned dividends of £4 million to 3i. Dynatect's performance was stable, despite delays in the ramp-up of a significant contract.

Services and software portfolio companies

Against a fairly muted third-party maintenance ("TPM") market, Evernex saw a positive TPM top-line performance in 2024 and remains well positioned for an anticipated normalisation of market conditions in the near term. Also operating in the IT services market, MAIT's 2024 outcome was resilient despite a more cautious climate among customers. The business completed another three bolt-on acquisitions in FY2025, taking its total to 13 since we first invested in 2021. Since our investment in xSuite in 2022, the business has made good progress in its development towards a SaaS model. During the year, we invested £5 million to support xSuite's bolt-on acquisition of tangro, which is also performing well.

Due to persisting market uncertainty, the expected recruitment process outsourcing market recovery has not yet materialised. As a result, Wilson continued to see significant challenges across its markets. Although the business continues to generate new wins and optimise its operations, we expect the near term to remain difficult. We invested £6 million to support the business during the year and recognised an unrealised value reduction of £88 million.

Private Equity investment

The Private Equity transaction market saw a steady improvement in 2024 driven by easing debt markets and stabilising interest rates. Our investment approach remained disciplined and consistent, as we continued to use our network and local expertise to source high-quality, well-priced opportunities, including value-enhancing bolt-on acquisitions for our portfolio companies.

In addition to the reinvestment in Action, in FY2025 we completed three new private equity investments totalling £318 million. We invested £121 million in WaterWipes, a global, premium, limited ingredient wet wipe brand, reinforcing our strategy of backing international branded consumer businesses. Our £98 million investment in Constellation, a specialist in hybrid cloud and cybersecurity managed services, aligns with our focus on IT services. We have a long and successful investment track record in inspection and testing, and we were pleased to invest £99 million in OMS Prüfservice, a leading provider of electrical testing services for B2B customers in the DACH region.

Across the Private Equity portfolio, we completed 12 bolt-on acquisitions in the year for six portfolio companies, the majority of which were self-funded.

Read more about our investment activity starting on page 25

Private Equity realisations

We completed two significant realisations during the year, generating total proceeds of £659 million. Since acquiring nexeye in 2017, the company has driven growth both organically and through a buy-and-build strategy, expanding its store base from approximately 400 to over 700 across five countries. As a result, both sales and EBITDA doubled under our ownership. This realisation, which completed in July 2024, delivered a modest profit over its 31 March 2024 valuation, generating proceeds of £382 million. When combined with distributions received during our ownership, this resulted in a sterling money multiple of 2.0x.

We also completed the realisation of WP, an asset we had held since 2015. Throughout our ownership, we supported its international growth strategy by expanding into new product categories and executing four bolt-on acquisitions, nearly doubling its EBITDA. The transaction generated total proceeds of £280 million, including interest income of £3 million, reflecting an 18% profit over its 31 March 2024 valuation. Including the £45 million received earlier in our ownership period, this resulted in a sterling money multiple of 2.2x.

Read more about our realisation activity starting on page 25

Infrastructure performance

In the year to 31 March 2025, our Infrastructure portfolio generated a GIR of £52 million, or 3% on the opening portfolio value (2024: £99 million, 7%) reflecting good performance from our infrastructure funds and increased dividend income primarily from 3iN. However, this result was significantly impacted by 3iN's share price performance that continues to underwhelm, with a decrease of 3% in the year to 318 pence at 31 March 2025, even though the underlying 3iN portfolio continues to trade well and deliver strong realisations, at good uplifts to opening value.

In the year to 31 March 2025, 3iN generated a total return on opening NAV of 10.1%, again exceeding its 8 to 10% return objective, and delivered its dividend target of 12.65 pence, a 6.3% increase on last year. 3iN's underlying portfolio continues to benefit from its exposure to long-term sustainable growth trends.

Our proprietary capital investment in Smarte Carte achieved record-high revenue and EBITDA in 2024, driven by strong performance across its business segments. Notably, the company's new long-term carts contract at London's Heathrow Airport performed well.

We continued to advance our sustainability agenda, focusing on climate change.

Pages 39–68
Read more on sustainability

Scandlines performance

The performance of Scandlines was resilient in FY2025, and our investment generated a GIR of £46 million, or 9% of opening portfolio value (2024: £10 million, 2%). Leisure revenues were strong, whilst freight volumes were softer compared to the prior year. The business continued to be cash generative and returned £22 million of dividends to 3i. Since our reinvestment in 2018, we have received £232 million of total distributions.

Sustainability

We continue to make good progress on our climate agenda. Our science-based targets, which cover our direct GHG emissions and those associated with our portfolio, were approved by the SBTi in March 2024. We are particularly pleased with the progress we made in FY2025 towards the achievement of our portfolio engagement target, which involves 3i using its influence to encourage portfolio companies to set their own science-based targets. Seven of our portfolio companies across 3i Group and 3iN have now set approved science-based targets. Notably, Action had its near-term science-based targets approved in February 2025.

We continue to refine our assessment of climate-related risks and opportunities in our investment and portfolio management processes. This helps us support portfolio companies in positioning themselves on the right side of climate transition, while safeguarding 3i and its portfolio companies from a broad range of operational, commercial and reputational risks. In addition to our focus on climate-related issues, we have also improved our assessment of nature considerations within our portfolio, alongside our continued focus on human rights.

Charitable donations

3i continues to support charities which relieve poverty, address homelessness, promote education and youth development and support elderly and disabled people. We donated £1.2 million across these initiatives as part of our ordinary charitable activities. Our portfolio companies also supported a variety of charities relevant to them and their operations, with donations totalling £4.8 million.

Balance sheet and foreign exchange movement

Our proprietary capital strategy affords us the benefit of agility in capital deployment and flexibility in holding periods, which puts us in a good position to optimise returns over the long term. We successfully executed the final payments of the carried interest liability related to Action, totalling £428 million over the year. This marks an important milestone for the Group and our shareholders, eliminating a substantial financial obligation from the balance sheet and ensuring that going forward, Action's returns flow through to shareholders with no dilution.

We ended FY2025 with net debt of £771 million and 3% gearing, after returning £625 million of cash dividends to shareholders in the year and with liquidity, including our undrawn RCF, of £1,323 million. We remain disciplined on costs and generated an operating cash profit of £469 million in the year, or £36 million excluding dividends received from Action. Due to the strengthening of sterling against the euro and US dollar in the year, we recorded a total foreign exchange translation loss of £259 million (March 2024: £316 million loss), including a gain on foreign exchange hedging of £82 million (March 2024: £116 million gain).

In April 2025, we increased the notional value of the Group's Euro foreign exchange hedging programme by €400 million, securing favourable rates, taking our total Euro hedge to €3.0 billion.

Outlook

We expect the market environment in FY2026 to remain complex, with heightened geopolitical uncertainty as major economies respond to changes in US policy.

Over many years we have deliberately allocated our capital into some of our best performing assets, such as Action and Royal Sanders, as well as assets in sectors such as value-for-money, private label consumer, healthcare and infrastructure, all of which have proven their resilience over many years of market shocks and headwinds. This provides us with confidence in the overall portfolio's ability to continue to operate effectively through volatile conditions and generate resilient returns for our shareholders. Similarly, over the same period of time, our policy of taking a long-term view on valuation multiples has been consistently applied across market peaks and troughs. This approach remains very relevant in the current market conditions.

We expect transaction activity across the private market to be slower over the near term given the increased macro-economic and geopolitical uncertainty. We will maintain our pricing discipline and continue to be highly selective across new investment and realisation opportunities as we continue to optimise long-term value growth for our shareholders.

We remain confident in our ability to compound growth across the portfolio in the years to come, and I would like to close by thanking the team at 3i and the teams in our portfolio companies for another year of strong performance.

Simon Borrows
Chief Executive

14 May 2025