



HARDMAN & CO.

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Featuring
2025 PHARMA STATISTICS
By Dr Martin Hall

Plus
COMPANY UPDATES



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2025 pharma statistics

Underlying 5.4% growth, boosted by forex

Our pharmaceutical dataset has been compiled over 40 years from 109 companies, which, through M&A activity and consolidation, now comprise 46 companies. An efficient reporting system has seen all the listed multinational pharma companies announce results for 2025, giving us the opportunity to update our industry statistics and drug database. This report provides the first snapshot of global pharmaceutical market growth plus the global and US company rankings for 2025. The year was characterised by 5.4% underlying (ex-COVID-19) growth, boosted at the reported level by \$ weakness. Much of the growth was driven by recently launched anti-obesity drugs, which have propelled Eli Lilly to be the top-ranked company globally. R&D spend breached \$200bn for the first time, but, for the second year running, there has been a reduction in spend relative to pharma sales.

- ▶ **Global market:** Hardman & Co estimates that the underlying global prescription drug (Rx) market grew 5.4% in 2025, to \$1,188bn, from \$1,127bn in 2024. Reported growth, including the ever-declining COVID-19 product and therapies and a significant forex boost, was 7.3% to \$1,225bn (\$1,142bn).
- ▶ **US market:** Once again, the main driver of global growth was the US market, with underlying growth of 8.9% in 2025, to \$553bn, from \$508bn in 2024, with an increased contribution to the global market of 46.5% (underlying basis; 45.6% reported basis). In 2025, the US FDA approved only 50 new chemical entities (NCEs) and biologics, down from 63 in 2024.
- ▶ **GLP-1 analogues:** A key driver to global pharma growth has been the exceptional performance of GLP-1 analogues for obesity and diabetes. Sales of these drugs grew 46% to \$75.8bn in 2025, from \$51.8bn in 2024. Mounjaro/Zepbound (Eli Lilly), with 48% market share, overtook Ozempic/Wegovy (Novo Nordisk). While prices are under severe pressure, volume growth and demand are expected to continue, especially with the first approval of an oral version, but this makes forecasting in 2026 more difficult.
- ▶ **Oncology:** Drugs to treat cancer are perceived as an important growth driver. However, our preliminary analysis shows the rate of sales growth slowed to 5.4% to \$240bn, in 2025. This figure was also boosted by the weakness in the \$. The patient population – new patients minus deaths, drug efficacy, approval rates and loss of patent protection were all contributory factors.
- ▶ **Gene therapies:** This summary also includes a first assessment of the commercialisation of gene therapies. They came to the market with high expectations for rare diseases. In 2025, sales were just over \$7.0bn, but our analysis suggests that 75% of the approvals have been commercial failures.
- ▶ **Best-selling drugs:** The rapid rise of obesity drugs has seen Mounjaro/Zepbound become the world's top-selling drug in 2025, with sales of \$36.5bn. It has overtaken Keytruda (Merck & Co; melanoma), which grew 7.5% to \$31.7bn. Close behind, in third place, was Ozempic/Wegovy, with sales of \$31.2bn. The top 10 drugs had global sales of \$198.4bn in 2025, representing 16.3% of the entire market, up from \$143.3bn in 2024 (12.7% of market).
- ▶ **R&D investment:** The top 20 drug companies by sales reinvested 21.3% (22.5%) of Rx drug sales back into new drug development, spending \$172bn (\$167bn) out of the total spend of \$201bn by the 46 largest companies. The average spend was \$8.6bn, ranging from \$15.8bn (Merck & Co) to \$3.2bn (Daiichi-Sankyo).

Dataset constituents

This short report represents an executive summary of our extensive pharmaceutical database. Themes highlighted in this summary will be expanded to include detailed information about individual company operating performance versus industry weighted averages, in a much larger report, which will be available to purchase from Hardman & Co in a few weeks' time.

Current constituents of dataset

Companies analysed currently			
Company	Ticker	Company	Ticker
AbbVie	ABBV	LEO	-
Alnylam	ALNY	Lundbeck	LUN
Amgen	AMGN	Merck & Co	MRK.N
Astellas	4503.T	Merck KGaA	MRK.DE
AstraZeneca	AZN	Moderna	MRNA
Bausch Health	BHC	Novartis	NOVN
Bayer	BAYGN	Neurocrine Bio	NBIX
Biogen	BIIB	Novo Nordisk	NOVO
BioMarin	BMRN	Otsuka Holdings	4578.T
Boehringer Ingelheim	-	Pfizer	PFE
Bristol-Myers Squibb	BMJ	Regeneron	REGN
CSL	CSL.AX	Roche	ROG
Daiichi-Sankyo	4568.T	Sandoz	SDZ
Eisai	4523.T	Sanofi	SAN
Eli Lilly	LLY	Servier	-
Exelixis	EXEL	Shionogi	4507.T
Gilead Sciences	GILD	Sumitomo	4506.T
GSK	GSK	Takeda	4502.T
Hikma	HIK	Teva	TEVA
Incyte	INCY	UCB	UCB
Ipsen	IPN.PA	United Therapeutics	UTHR
Jazz Pharma	JAZZ	Vertex	VRTX
Johnson & Johnson	JNJ	Viatis	VTRS

Source: Hardman & Co Life Sciences Research

Companies included historically

Companies included historically in database		
Abbott Labs	Cyanamid	Roussel Uclaf
Actavis/Watson	Fisons	Schering
Actelion	Forest Labs	Schering-Plough
Akzo Nobel	Fujisawa	Schwarz
Alexion Pharma	Genentech	Serono
Allergan	Genzyme	Shire
Ares-Serono	Green Cross	SmithKline Beckman
Astra	Hafslund Nycomed	Solvay
Altana	Hoechst	Sumitomo
Aventis	Horizon Therapeutics	Syntex
Banyu	Ivax	Synthelabo
Barr Labs.	Kyowa Hakko	Taisho
BASF-Boots	Marion Merrell Dow	Teijin
Baxalta (Baxter)	Meiji Seika	Upjohn
Beecham	Mitsubishi Tanabe	Valeant
Boehringer Mannheim	Monsanto	Warner-Lambert
Boots	Mylan Labs	Wellcome
Celgene	Nycomed Altana	Wyeth
Celltech	Ono	Yamanouchi
Chugai	Pharmacia	Yoshitomi
Ciba	Rhone-Poulenc	Zeneca

Source: Hardman & Co Life Sciences Research

2025 global pharma market

Background

Updating our industry database and generating first cut of global 2025 rankings...

Although the focus of Hardman & Co is predominantly on companies in the small- to mid-sized market capitalisation range, when writing research reports, it is important to position them relative to the industry in which they operate. All the major global pharmaceutical companies, including three private companies (Boehringer Ingelheim, LEO and Servier), have reported preliminary results for 2025 over the past few weeks; therefore, we have taken the opportunity to update our industry database and generate the first cut of global rankings for 2025. Results from the Japanese companies, which mostly report results for a fiscal year ending in March, have been corrected for a December year-end by analysing the quarterly data. For an industry that requires a long investment cycle – despite new technologies including AI, it still takes, on average, 10 years from discovery to launch of a new drug – decisions made many years ago have important consequences on current financial results. Therefore, looking back at operational performance over a 20-year period reveals how different company strategies have panned out.

...basing our analysis on annual accounts of 46 multinational companies

Our pharmaceutical database

Whatever the size of a company, it is imperative to outline the commercial market opportunity that the company's (often disruptive) technology is targeting. While such work requires significant research, it often constitutes only a very small part of the overall report. It does, however, have the advantage of providing us with a global commercial dataset that is reliable and independent of third-party input.

Pharmaceutical sales are defined as anything that requires a prescription (Rx), and specifically excludes over-the-counter (OTC) and consumer products. It is important to note that the definition does include generic drugs, biosimilars and vaccines, all of which require a prescription.

Our database of pharmaceutical companies and drugs goes back to 1985. All the data are based on ex-factory net sales reported by companies in their annual reports and stock exchange filings, and exclude all discounts and allowances, chargebacks, returns and government rebates, such as Medicaid and Medicare. All reported numbers are converted into \$ at daily average exchange rates – available from the Bank of England website. These data, therefore, have been compiled consistently and with great care, so that direct comparisons among companies can be made over very long periods of time.

We have based our analysis on the annual accounts of, currently, 46 multinational companies (historically, this equates to 109 companies, including all those that have been acquired or merged), which covers 80% of the global pharmaceutical market and 95% of the US drug market. Market-share statistics have been calculated from our provisional estimate for the global prescription drug market, which appears to be reasonably consistent over many years with the commercially available data from IQVIA (NYSE:IQVIA).

Data from the large Chinese companies are either inconsistent and/or difficult to find, and represent the only notable omission from our dataset. However, data from western companies operating in China and consolidated within accounts are included. The Chinese market is known to be one of the leading pharmaceutical markets worldwide, and, despite some trading difficulties in that market, is still viewed as a significant growth opportunity.

COVID-19 made investors more appreciative of science and technology

Diminishing impact of COVID-19 products

Since 2020, the global pharma market has been influenced, dramatically in some years, by COVID-19. The development and approval of vaccines led to substantial sales from global vaccination programmes to prevent the spread of the virus. This was followed by the availability of COVID-19 treatments. Our analysis shows that the contribution from COVID-19 vaccines and treatments peaked at \$99.4bn in 2022, but has fallen back in each subsequent year to just \$10.0bn in 2025. Our underlying market numbers exclude the figures for COVID-19 products.

Underlying global Rx drug market growth estimated at 5.4% in 2025...

Sales growth reverted to long-term average

Based on the reported sales outcomes from 46 major pharmaceutical companies, Hardman & Co estimates that the global Rx drug market had underlying growth of 5.4% in 2025, to \$1,188bn. In reported terms, and including the relatively small \$10.0bn contribution from COVID-19 products, and a substantial forex benefit (\$27bn) from the weakening \$, this translated into 7.3% growth on a reported basis to \$1,225bn, from \$1,142bn in 2024.

...somewhat lower than the "currency-adjusted" rate quoted by IQVIA

Although our estimate for reported growth appears to be similar to that generated by established provider, IQVIA market research, which was quoted in the 2025 annual report of Bayer as "currency-adjusted global market growth of 9.0% MAT to end September 2025", our underlying growth rate appears to be somewhat lower, at 5.4%, once COVID-19 and the weakness of the \$ are taken into account. As seen consistently over a number of years, the main driver of growth was the US market, largely because it is the largest and also because it is more receptive to new, expensive, drugs. Based on reported results from our 46 companies, we estimate that the US market grew 7.9% to \$558bn in 2025, up from \$517bn in 2024. The growth rate rises to 8.9%, once COVID-19-related products are excluded. The outcome for the US was much better than might have been expected earlier in the year when the Trump administration threatened to impose severe price restrictions on a number of drugs in an attempt to align them more closely with prices in some overseas markets.

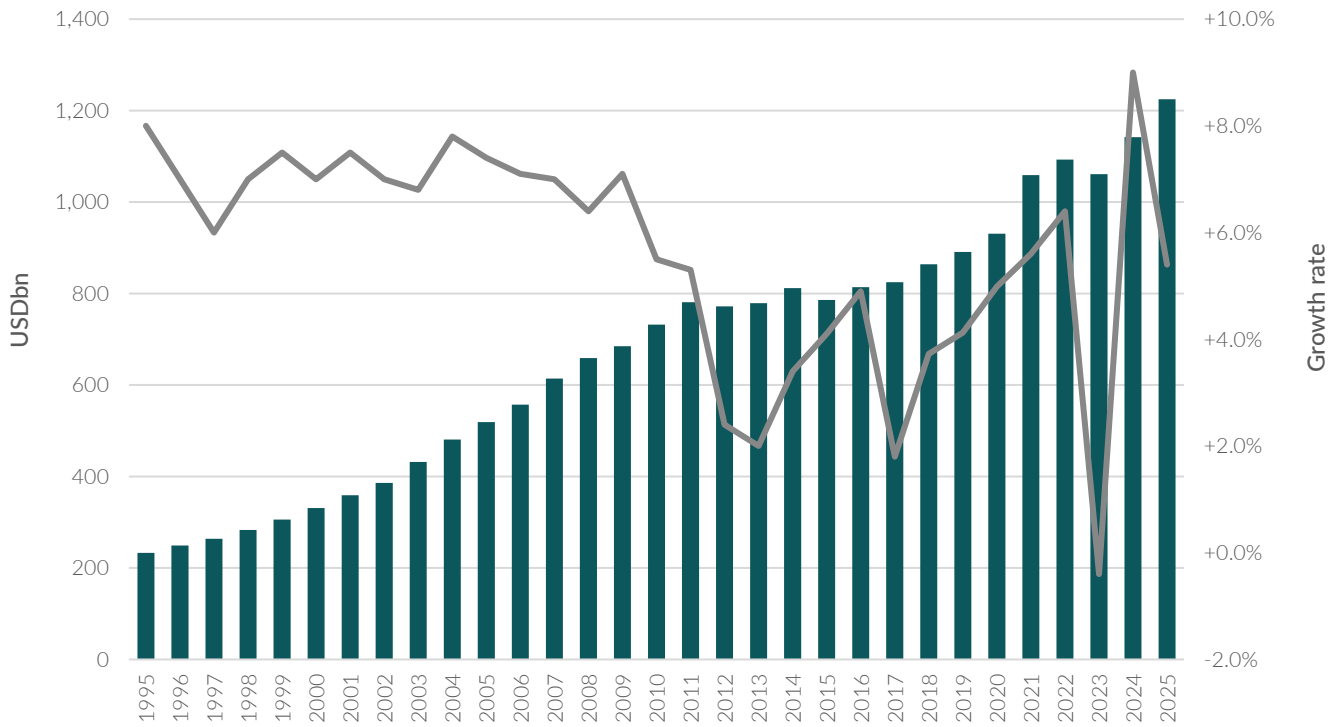
US remains key driver with growth of 8.9% in 2025

The breakdown of our market growth rates is shown in the following table. It highlights the importance of the US market, which represents 46.5% of the global market, on an underlying basis. The reason for the strong US performance over the past five years is the willingness of physicians to embrace new drugs particularly those to treat rare diseases. In 2025, the FDA approved 50 novel drugs, a solid result, but notably down on the 63 drugs approved in 2024. A driver of both US and global markets has been the rapid uptake of GLP-1 analogues to treat obesity.

Global pharmaceutical market – calculation of growth							
\$bn	2020	2021	2022	2023	2024	2025	CAGR
US							
Underlying market	373	395	424	449	508	553	8.2%
COVID-19-related products	3	27	31	7	9	5	-
US reported sales	376	422	455	456	517	558	8.2%
RoW							
Underlying market	554	575	615	579	618	632	2.7%
COVID-19-related products	1	52	67	23	9	8	-
Underlying sales	555	627	682	602	627	640	2.9%
Impact of forex	-	+10	-44	+3	-2	+27	-
RoW reported sales	555	637	638	605	625	667	3.7%
Global							
Underlying market	923	975	1,038	1,032	1,127	1,188	5.2%
COVID-19-related products	4	79	99	26	17	10	-
Underlying sales	927	1,049	1,137	1,058	1,144	1,198	5.3%
Impact of forex	-	+10	-44	+3	-2	+27	-
Global reported sales	927	1,059	1,093	1,061	1,142	1,225	5.7%

Source: Hardman & Co Life Sciences Research

Global prescription drug market, 1995-2025



NB: exceptional rises in 2021 and 2022 and the dip in 2023 are all the consequence of COVID-19 vaccines and treatments
 Source: Hardman & Co Life Sciences Research

CAGR over 2020-25 period was 5.64%...

...up from 4.24% in the 10-year period 1995-2015

Following a long period (1995-2017) during which the rate of growth of the drug industry was trending downwards, the period 2017-2021 saw a return to positive momentum in the growth rate. In the 10-year period 1995-2015, the CAGR of the global pharmaceutical market was 4.24%. Over the past five years (2020-2025) and 10 years (2015-2025), the compound rate of growth has risen to 5.64% and 4.77%, respectively. The pharma industry growth rate is always a fine balance between the pricing of disruptive and novel new drugs against the loss of patent protection/competition from cheaper generics, government-imposed price reductions, and the ability of payors to pay for the increased demand for medicines.

2025 global pharma ranking

Top 20 companies increased market share to 67.0% in 2025...

...with Eli Lilly now world #1

The advent of GLP-1 analogues has been the catalyst for a significant change in the global ranking over the past three years. Eli Lilly (LLY), with 5.32% market share, is now the #1 drug company in the world, rising from ninth position last year. With LLY winning the GLP-1 commercial battle, Novo Nordisk simply marked time in 2025. Within the top 10, both AstraZeneca and Novartis gained ground, each moving up two places. Moving in the wrong direction were Johnson & Johnson, Merck & Co and Bristol-Myers Squibb. In 2025, there were no changes in the middle-tier companies ranked between #12 and #19. M&A activity continues to play an important role in the industry; however, in 2025, the trend was for the majors to acquire new or complementary technologies, which are still in development and, consequently, have no commercial impact at this stage. Notable M&A activity included Merck & Co's takeover of Verona Pharma to access Ohtuvayre for maintenance of chronic obstructive pulmonary disease (COPD).

Global ranking of pharmaceutical companies

Rank 2025	Rank 2024	Company	Sales \$bn	Market share
1	(9)	Eli Lilly	65.2	5.32%
2	(2)	AbbVie	61.2	4.99%
3	(1)	Johnson & Johnson	60.4	4.93%
4	(6)	AstraZeneca	55.6	4.54%
5	(7)	Novartis	54.5	4.45%
6	(3)	Merck & Co	54.2	4.43%
7	(5)	Roche	53.8	4.39%
8	(4)	Pfizer	50.3	4.10%
9	(10)	Sanofi	49.3	4.02%
10	(8)	Bristol-Myers Squibb	46.8	3.82%
11	(11)	Novo Nordisk	46.7	3.81%
12	(12)	GSK	43.1	3.52%
13	(13)	Amgen	35.1	2.87%
14	(14)	Takeda	29.1	2.38%
15	(15)	Gilead Sciences	28.9	2.36%
16	(16)	Boehringer Ingelheim	23.1	1.89%
17	(17)	Bayer	20.1	1.64%
18	(18)	CSL	15.0	1.23%
19	(19)	Viartis	14.3	1.16%
20	(21)	Astellas	13.7	1.12%

Source: Hardman & Co Life Sciences Research

Long-term change in global ranking

The best way for a company to improve its ranking is to develop through R&D a commercially successful drug. Easily said but, in reality, very hard to achieve. In our analysis of R&D spend and regulatory approvals of new drugs, one common theme is that the number of new drugs being approved each year – on average less than one per company per year – is not sufficient to support growth of large companies. Consequently, corporate strategy becomes important. Historically, the strategy for the likes of Pfizer and GSK was to merge with another drug company, creating excess operating costs, which can then be eliminated to improve margins. While this might address the short-term issues – lack of sales growth or upcoming patent expiries – it does not address the long-term growth issues. Other companies recognised the need to forget about “not-invented here” syndrome and to acquire up-and-coming new therapy targets – e.g. rare diseases – and buy commercial growth through acquisition. Looking at the change in ranking and market share over a long period of time provides some indication about which strategies have worked out best.

Change in global ranking of pharmaceutical companies over time

2015			2020			2025		
Rank	Company	Share	Rank	Company	Share	Rank	Company	Share
1	Novartis	5.52%	1	Novartis	5.25%	1	Eli Lilly	5.32%
2	Pfizer	5.47%	2	Roche	5.12%	2	AbbVie	4.99%
3	Roche	4.65%	3	AbbVie	4.94%	3	Johnson & Johnson	4.93%
4	Merck & Co	4.43%	4	Johnson & Johnson	4.92%	4	AstraZeneca	4.54%
5	Sanofi	4.38%	5	Merck & Co	4.47%	5	Novartis	4.45%
6	Gilead Sciences	4.09%	6	Bristol-Myers Squibb	4.46%	6	Merck & Co	4.43%
7	Johnson & Johnson	4.00%	7	Sanofi	3.89%	7	Roche	4.39%
8	GSK	3.46%	8	Pfizer	3.71%	8	Pfizer	4.10%
9	AstraZeneca	3.01%	9	GSK	3.33%	9	Sanofi	4.02%
10	AbbVie	2.90%	10	Takeda	3.14%	10	Bristol-Myers Squibb	3.82%
11	Amgen	2.66%	11	AstraZeneca	2.79%	11	Novo Nordisk	3.81%
12	Teva	2.28%	12	Eli Lilly	2.65%	12	GSK	3.52%
13	Eli Lilly	2.13%	13	Gilead Sciences	2.63%	13	Amgen	2.87%
14	Bayer	2.10%	14	Amgen	2.61%	14	Takeda	2.38%
15	Novo Nordisk	2.04%	15	Bayer	2.12%	15	Gilead Sciences	2.36%
Top 15 market share		53.13%			56.02%			59.93%

Source: Hardman & Co Life Sciences Research

2025 US pharma ranking

US market remains important contributor to global growth...

...and now represents 45.6% of the global market, up 0.3pp

Eli Lilly was the major winner, with 43% sales growth...

...but troubles at Novo Nordisk stalled its growth at #8...

...driven by sales of Mounjaro and Ozempic, respectively

Historically, the US market has been an important contributor of growth to the global outcome, and that was the case again in 2025, with solid underlying growth of 8.9%, compared to 5.4% growth for the global market.

Adding together the ex-factory sales in the US, reported by the 46 companies in our dataset, generates net sales of \$530bn and represents 95.1% of the Hardman & Co estimate for the whole market of \$558bn (including COVID-19 products). The reported growth rate was 7.9% and the underlying growth rate was 8.9%. On a reported basis, the US contribution to the global market rose to 45.6% in 2025, up from 45.3% in 2024. Unusually, the dominance of the top 15 companies was only maintained last year. Combined sales of the top 15 companies represented 77.0% of the market again and the rate of growth, at 9.4%, was only slightly above that of the whole market. The large sales gap between #15 (Takeda) and #16 (Boehringer Ingelheim; the only provisional figure in this report) has reduced slightly from to \$6bn to \$5.5bn.

Looking at the top 10 companies, AbbVie remained #1 in the US market, the reduction in Humira sales to biosimilars being more than offset by the growth in Skyrizi. Unsurprisingly, with sales growth of 43%, Eli Lilly jumped to #2 in the ranking. Well-documented issues with Ozempic caused Novo Nordisk to stall at #8. Bristol-Myers Squibb and Pfizer were the biggest losers, with underlying product sales declining in 2025. Although US sales at both GSK and Gilead Sciences did grow in 2025, the rate of growth was well below the market average, and this was reflected in a big fall in their market shares.

US ranking of pharmaceutical companies

Rank 2025	Rank 2024	Company	Sales \$bn	Market share
1	(1)	AbbVie	46.6	8.35%
2	(4)	Eli Lilly	43.5	7.79%
3	(3)	Johnson & Johnson	36.3	6.51%
4	(2)	Bristol-Myers Squibb	33.3	5.96%
5	(6)	Merck & Co	32.1	5.76%
6	(7)	Roche	28.6	5.13%
7	(5)	Pfizer	27.9	4.99%
8	(8)	Novo Nordisk	26.2	4.69%
9	(9)	Amgen	25.7	4.60%
10	(11)	Sanofi	25.0	4.49%
11	(10)	AstraZeneca	23.4	4.20%
12	(12)	Novartis	23.3	4.18%
13	(13)	GSK	22.2	3.99%
14	(14)	Gilead Sciences	20.8	3.73%
15	(15)	Takeda	14.7	2.64%
16	(16)	Boehringer Ingelheim	9.3	1.88%
17	(18)	Vertex	7.4	1.33%
18	(19)	Teva	6.8	1.21%
19	(20)	Astellas	6.0	1.08%
20	(21)	Otsuka Holdings	6.0	1.07%

Source: Hardman & Co Life Sciences Research

Fundamentals remain solid...but vigilance is needed

- ▶ **Demographics:** Populations globally are ageing, with rising *per capita* income, changing lifestyles and dietary preferences, and improved access to healthcare. However, we are wary that the average life expectancy in developed countries may have peaked due to lifestyle decisions, with diets, particularly of processed foods, containing far too much salt, sugar and other harmful additives. Quite honestly, the food manufacturers should hold their heads in shame, as they are a significant contributor to poor health.
- ▶ **Unmet medical needs:** A number of diseases are either untreatable, or are poorly treated, by current therapy options. Treatment of chronic diseases, such as diabetes, respiratory and mental health conditions, will continue to witness increasing demand globally. Our concern, though, is that drug companies are focusing R&D resources into rare diseases, rather than the high-volume markets.
- ▶ **Innovation:** New and innovative products that aim to satisfy unmet medical needs continue to be developed and launched, particularly in pharmaceutical markets in developed countries. There is also the emergence of gene and cell therapies for personalised medicine. However, we remain vigilant to the impact of funding changes at the National Institute of Health.
- ▶ **Access/demand:** Global demand through increased access to healthcare, coupled with an expansion in national healthcare budgets, *per capita* income and insurance coverage, particularly in developing countries and emerging drug markets, will continue to drive overall growth in pharmaceutical consumption.
- ▶ **Regulation:** Over the next five years, 50-60 new drug approvals are expected each year – exactly 50 approved by FDA in 2025. However, we are wary of the low number of drugs being approved that have been derived and developed by the major companies, increasing their reliance on the small, innovative companies. This can only be considered a short-term solution.

Macroeconomics

- ▶ **Economic growth:** Sustained economic growth over the long term is a key catalyst for global pharmaceutical growth. Current geopolitical events have undermined short-term prospects and may linger for longer than markets are expecting.
- ▶ **Payors/drug pricing:** There is a fine balance between generating a sensible return on R&D investment and affordability. Increasingly, payors want to see strong pharmaco-economic evidence that drug pricing is supported by improved patient outcomes. Additionally, the Trump administration wishes to see drug process globally aligned, demanding price cuts on some drugs in the US, posing some short-term threats.
- ▶ **Inflation:** Having seen global inflation return in 2022, most countries appeared to be getting this under control through 2025 and into 2026. But the escalation of warring activities in the Middle East has caused a significant rise in oil prices and energy costs increasing the inflationary pressures.
- ▶ **Capital:** Development of drugs remains capital-intensive. The interlink between inflation and interest rates could lead to a financing crunch. As we progressed through both 2024 and 2025, it was clear that the ability of drug and biotech companies to raise more capital was becoming increasingly difficult, as markets have become more risk-averse. Global indebtedness of the industry rose significantly by 17.7% in 2025 to more than \$535bn.

- ▶ **Global politics:** The risk from global politics has dramatically altered over the past two months and is now top of the agenda. At the time of writing, there is considerable uncertainty regarding both the outcome of, and the potential time taken to reach an end to, the current conflicts in the Middle East and Eastern Europe. While there is undoubtedly recognition of the rising demand for pharmaceuticals, questions remain about how, ultimately, governments will be able to afford this increased burden.

Our universe of companies spent \$201.3bn on R&D in 2025, a rise of 3.0%

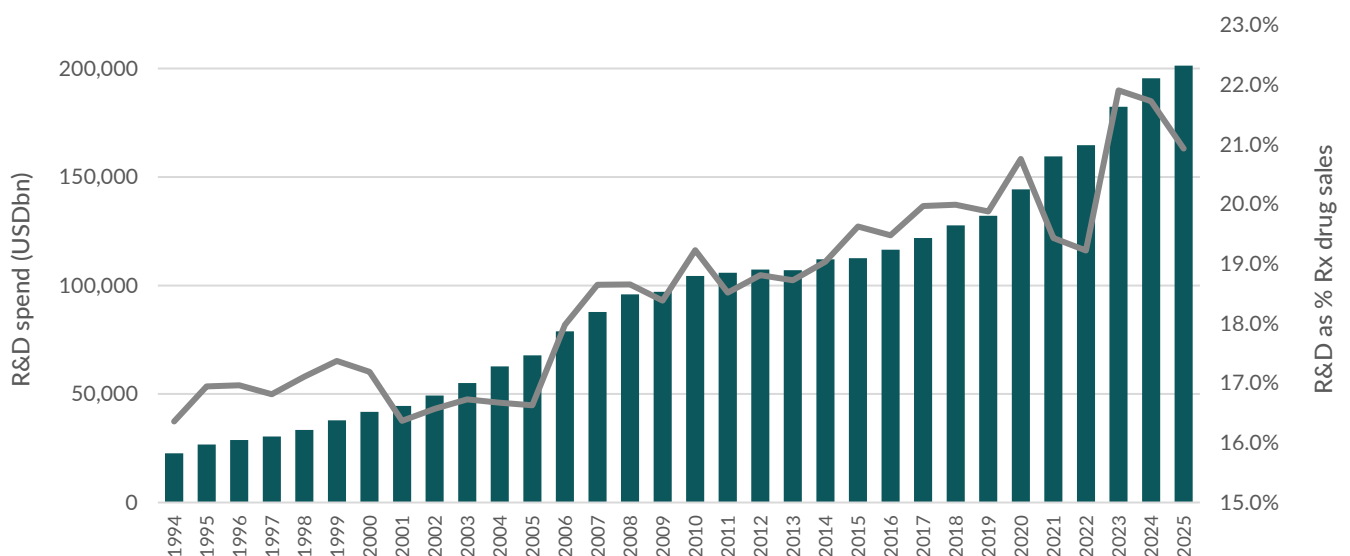
Investment in R&D remains solid

- ▶ The total R&D spend on pharmaceuticals declared in the audited accounts of 46 drug companies was \$201.3bn in 2025, an increase of just 3.0%, compared with \$195.5bn in 2024. There is probably an unquantifiable additional 15%-20% (guesstimate only) being invested by small companies, biotech industry and research laboratories.
- ▶ Cumulative R&D spend by the top 20 companies was \$172.3bn in 2025 (\$166.8bn in 2024), or 85.6% (85.4%) of the total spend, highlighting the enormous difference between the major companies and the smaller players.
- ▶ The average R&D spend of the top 20 companies in 2025 was \$8.62bn (\$8.34bn in 2024) – ranging from \$15.8bn (Merck & Co) to \$3.2bn (Daiichi-Sankyo).
- ▶ In 2025, the top 20 companies reinvested a weighted average of 21.3% of Rx drug sales into new drug development, compared with 22.5% in 2024. For our entire universe, the R&D spend was 20.9% of sales. These movements suggest that there is an element of belt-tightening being undertaken.

CAGR in R&D spend by companies has been 6.0% over past decade

Over the past 10 years, our universe of companies has increased R&D investment at a CAGR of 6.0%, from \$112.6bn (19.6% of pharma sales) in 2015, to \$201.3bn (20.9%). In 2025, the highest relative spenders were again Regeneron (92.7% of sales), Vertex (32.7%), Merck & Co (29.1%) and Boehringer Ingelheim (28.3%), while the lowest spenders were AbbVie (14.9%), Novo Nordisk (16.8%) and Takeda (15.9%); although it should be noted that R&D for companies involved in the generic industry all spend less than 10% of sales. Also, readers should be made aware that the 20 constituent companies that comprise the top 20 may be different each year.

Pharmaceutical R&D investment, 1994-2025



Source: Hardman & Co Life Sciences Research

Focus on obesity

Impact of GLP-1 agonists

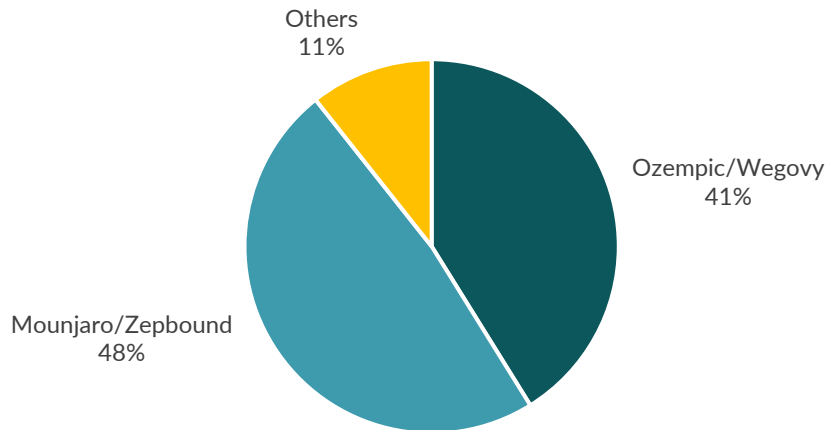
Demand for anti-obesity GLP-1 analogues remains strong

Glucagon-like peptide-1 (GLP-1) receptor agonists were developed, initially, for the treatment of type-2 diabetes. Their mode of action is to mimic the endogenous hormone GLP-1, which is released by the gut in response to eating. The American Diabetes Association recommends their use as a first-line treatment for type-2 diabetes, specifically in patients with cardiovascular disease and obesity. Originally launched (Victoza) in 2009, with increased experience of GLP-1 agonists came the observation that they were associated with a reduction in food intake and significant loss of body weight. This led to the development of GLP-1 agonists (Ozempic and Mounjaro), specifically for the treatment of obesity in the absence of diabetes. Given the very high incidence of over-weight people in the developed world, the markets have become incredibly excited about the sales prospects for these GLP-1 agonists. Additionally, their profile is prominent due to a number of high-profile stars admitting on social media that they have used Ozempic or Mounjaro ahead of major events; e.g. “red carpet” events. But are the sales meeting expectations?

46% growth in 2025 to \$75.8bn, representing 6.2% of entire pharma market

In 2025, the global market for GLP-1 analogues grew 46% to \$75.8bn, representing 66.3% of the diabetes/obesity care market and 6.2% of the global pharmaceutical market. As shown in the following table, sales of GLP-1 analogues over the past five years represents a staggering achievement. The growth rate might have been even greater had Novo Nordisk not encountered well-documented issues last year, which allowed Lilly to overtake it, as can be seen in the following chart.

Global GLP-1 analogues, 2025



Total market: \$75.8bn
 Source: Hardman & Co Life Sciences Research

Mounjaro/Zepbound has overtaken Ozempic/Wegovy to propel Lilly to #1

The following table provides a complete breakdown of the GLP-1 analogue market, showing the exceptional year-on-year growth. While Ozempic/Wegovy and Mounjaro/Zepbound are the key drivers, some of the earlier-launched drugs used primarily for treatment of type-2 diabetes, are in decline. In 2025, the growth in sales of Mounjaro/Zepbound, primarily for weight loss, was responsible for the rise of Lilly to its global #1 ranking; whereas Novo Nordisk simply marked time at #11. In 2026, the battle will expand into the oral versions. While oral semaglutide has first-mover advantage – FDA-approved on 22 December 2025 – trial results with oral tirzepatide appear to have better and more sustainable clinical outcomes.

Development of GLP-1 analogue sales – Global market (\$m)									
Drug	Manufacturer	2020	2021	2022	2023	2024	2025	2026E	*CAGR
Mounjaro	Eli Lilly	0	0	483	5,163	11,540	22,965	29,855	262%
Zepbound	Eli Lilly	0	0	0	176	4,926	13,542	20,313	778%
Ozempic	Novo Nordisk	3,244	5,357	8,438	13,886	17,418	19,215	20,176	-5%
Wegovy	Novo Nordisk	0	220	874	4,547	8,425	11,960	14,950	171%
Trulicity	Eli Lilly	5,068	6,472	7,440	7,133	5,354	4,276	2,993	-3%
Rybelsus	Novo Nordisk	286	769	1,596	2,720	3,373	3,340	3,006	63%
Victoza	Novo Nordisk	2,867	2,393	1,740	1,257	793	457	397	-31%
Global total		11,465	15,211	20,570	34,882	51,828	75,755	91,691	46%
Growth rate		24%	33%	35%	70%	49%	46%	21%	

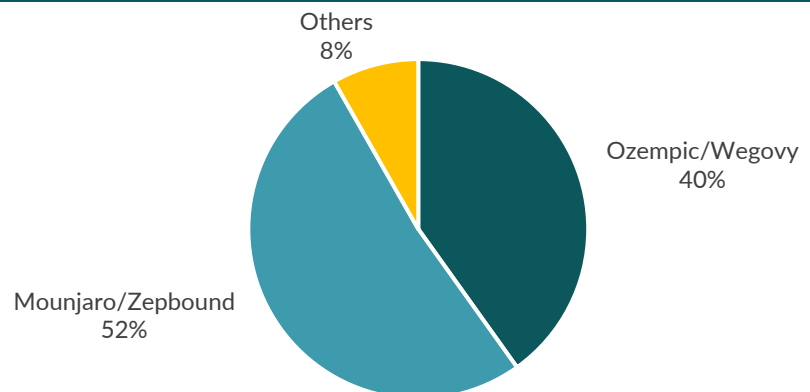
*Years vary, but 2020-25 wherever possible
Source: Hardman & Co Life Sciences Research

US market

37% US market growth to \$52.6bn

Given the willingness of physicians in the US to try out new medications, it is unsurprising that the US market, at \$52.6bn in 2025, dominates the global market, now representing 69% of the total. However, for the past two years, growth of global sales has outstripped growth in the US, highlighting that obesity is a multi-national issue, largely caused by poor eating habits and lack of exercise. Mounjaro/Zepbound gained even more ground over Ozempic/Wegovy in the US in 2025.

US GLP-1 analogues, 2025



Total US market: \$52.6bn

Source: Hardman & Co Life Sciences Research

Significant volume versus price issues in 2026

Along with other geopolitical issues, the market for 2026 is very difficult to predict for the following reasons:

- ▶ global pricing pressures with the Trump administration's desire to have more even global pricing acting as the catalyst; and
- ▶ how the introduction of oral GLP-1 analogues changes the marketplace.

Development of GLP-1 analogue sales – US market (\$m)									
Drug	Manufacturer	2020	2021	2022	2023	2024	2025	2026E	*CAGR
Mounjaro	Eli Lilly	0	0	367	4,834	8,950	13,651	17,064	234%
Zepbound	Eli Lilly	0	0	0	176	4,926	13,484	18,878	-
Ozempic	Novo Nordisk	2,546	3,683	5,472	9,141	12,187	13,376	13,777	39%
Wegovy	Novo Nordisk	0	220	866	4,270	6,771	7,713	9,256	143%
Trulicity	Eli Lilly	3,155	4,914	5,689	5,433	3,694	2,914	2,186	-2%
Rybelsus	Novo Nordisk	279	674	1,131	1,605	1,562	1,345	1,291	37%
Victoza	Novo Nordisk	1,727	1,277	905	524	246	71	50	-47%
Global total		7,708	10,768	14,430	25,983	38,336	52,554	62,500	47%
Growth rate		25%	40%	34%	80%	48%	37%	19%	

*Years vary, but 2020-25 wherever possible
Source: Hardman & Co Life Sciences Research

Focus on oncology

Incidence of, and mortality from, cancer remains a global problem

It is now five years since the World Health Organisation (WHO) published its detailed report¹ on the burden of cancer and emphasised the need for immediate action. The report highlighted both the global incidence and high mortality rates. Radiation remains the first-line treatment for cancer patients, and this is frequently followed with chemotherapy. Consequently, this is viewed by many commentators as a high-growth opportunity for the drug industry, and there are many companies, both large and small, that are focused on this area.

Despite positive dynamics...

Despite all the statistics, positive signals, drug launches and increases in five-year life expectancy, when ex-factory sales data are released each year, it always surprises me that the overall growth rate seems somewhat muted, compared with expectations. Yes, there are some drugs with extremely large sales, but these are being offset by other factors that are limiting overall growth.

...sales are lower than expected

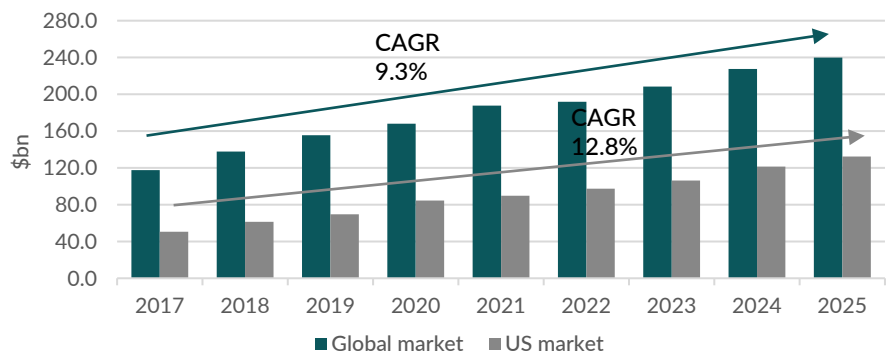
Global market slowed in 2025 to \$240bn....

In 2025, net reported sales from the 230 oncology drugs that we monitor increased by only 5.4%, to \$240bn, but these were boosted by ca.2.5% due to \$ weakness, suggesting an underlying growth rate nearer 3.0%. Growth in the US market remained the main driver, increasing by 9.0% to \$132bn, representing 55% of the global oncology market. Keytruda remained the top-selling drug in the world in 2025, rising 7.5% to \$31.7bn. Taking a longer-term view, the global oncology market has generated a CAGR of 9.3% over the past eight years, driven by the US CAGR of 12.8% over the same period. This is despite a number of patent expiries on major products and introduction of biosimilars.

...led by 9.0% growth in US market, to \$132bn...

...with Keytruda remaining the world's #1 drug

Oncology market trends - Global and US



Source: Hardman & Co Life Sciences Research

Effectiveness should focus on mortality rates, rather than five-year life expectancy, to eliminate other influences, such as early diagnosis

Positive influences on the market include the demographics and incidence of the disease, and the introduction of new, often targeted, drugs. One could argue that the rate of market growth is limited by the fact that chemotherapy is administered via a number of short courses, rather than continuous therapy, thereby limiting sales. Companies will always highlight that the five-year survival rates have improved. However, there are clearly some negative influences, the most obvious being that the effectiveness of chemotherapy is still far too low, and that the mortality rates from cancer remain high. The key question for me is whether these drugs have altered the mortality rates – i.e. has the number of deaths from prostate cancer per 100,000 of males dropped over the past 10 years? The same could be asked for breast cancer in females. There is a risk that the five-year survival rates are improving because of earlier diagnosis, which is hiding the true position. This situation is likely to be exacerbated further through the introduction of highly sensitive liquid biopsies.

¹ WHO report on cancer: *Setting priorities, investing wisely and providing care for all*. Geneva: World Health Organization; 2020. Licence: CC BY-NC-SA 3.0 IGO.

Focus on gene therapies

There has been a period of about 20 years where certain companies – usually small, entrepreneurial, and highly specialised – have been preparing for an era where there is an increasing focus on personalised medicine to improve clinical outcomes. Hence the establishment of cell and gene therapy, whereby genetic engineering could be adopted to replace defective genes with altered or replaced genes in order to recover normal cell function.

First approval was for Gendicine in 2003 in China

The first gene therapy to achieve regulatory approval was Gendicine, in 2003, for the treatment of certain cancers. This was followed by Neovasculgen, which was registered in Russia, in 2011, for the treatment of peripheral arterial disease. However, this type of therapy was not considered appropriate for high-volume diseases. So, since then, the focus has been on treating rare diseases that can be very debilitating, that only occur in relatively small numbers of patients. The first example of this was alipogene tiparvovec (Glybera), developed by uniQure, for the treatment of a very rare condition called lipoprotein lipase deficiency. Approved in Europe in 2012, it set the record for the most expensive drug, at €1.0m/\$1.2m per patient and was a commercial failure.

Total sales reached \$7.83bn in 2025...

According to our database, there have been a total of 34 cell and gene therapies approved by at least one regulator. In many cases, all the original R&D and clinical trials to get approval were performed by small companies, which then needed to out-license or partner with a large player to commercialise the product. So, the question is: “has gene therapy been a commercial success?” While sales data can be very difficult to trace, on the one hand, based on data that is in the public domain, sales of cell and gene therapies reached \$7.83bn in 2025, representing 28.2% growth from \$6.11bn in 2024, both of which are quite substantial numbers. Of course, where the therapy is considered commercially successful, it is likely to have been of enormous benefit to their small, targeted, patient cohort. On the other hand, ca.75% of gene therapies appear to have been commercial failures.

...up 28.2% from 2024...

...but 75% to date have been commercial failures

Specific patient cohorts have received enormous benefit from specific gene therapies

The following table shows the top 10 gene therapies by sales in 2025. Four products have achieved sales >\$1bn and must be considered successful, and have achieved their aim of helping their target cohort of severely sick patients. However, it can also be seen that a number of these products have achieved reasonable numbers since their launch, but sales have peaked relatively quickly. For example, Kymriah reached nearly \$500m annual sales in year four (2020), but has been fairly flat ever since. In conclusion, these products play a very important role in specific patient cohorts, but the majority, to date, have failed to hit commercial expectations.

Gene therapy market – Global top 10, 2024-25

Gene therapy	Originator	Marketer	Indication	2024 \$m	2025 \$m
Carvykti	JNJ	JNJ	multiple myeloma	963	1,887
Yescarta	Kite	Gilead	DLBCL, incl. arising from FL	1,570	1,495
Breyanzi	Celgene	BMS	DLBCL, incl. from indolent and follicular lymphoma	747	1,358
Zolgensma	Novartis	Novartis	Spinal muscular atrophy	1,214	1,232
Abecma	Bluebird	BMS	multiple myeloma	406	427
Elevidys	Roche	Roche	Duchenne muscular dystrophy (DMD)	213	385
Kymriah	Novartis	Novartis	ALL, DLBCL incl. FL	443	381
Tecartus	Kite	Gilead	mantle cell lymphoma or refractory B-cell ALL	403	344
Casgevy	Vertex	Vertex	Sickle cell disease	10	116
Hemgenix	uniQure	CSL	haemophilia B	54	100
Total				6,108	7,831

Source: Hardman & Co Life Sciences Research

Cost and margin analysis

The full report (expected to be available around the end of April 2026) will contain an analysis of each of the core elements of the income statement to generate a weighted industry average for each element. This allows peer comparisons and an assessment of company performance against the industry average. A key differentiating feature of our analysis is that it investigates the pharmaceutical component of each company only, which is important when considering companies that have multiple divisions; e.g. Bayer (Crop Sciences, Consumer Health) and Johnson & Johnson (MedTech).

Although accounting standards have changed over the years, and IFRS captures all costs in an attempt to be as transparent as possible, this can lead to some variance and discrepancy – the most obvious being the amortisation of goodwill following acquisitions. All companies try to show themselves in the best possible light, often because executive bonuses are determined by such factors, and generate “adjusted” or “core” figures. However, this also leads to discrepancies. For example, US companies generally have very large share-based costs, and eliminate them from non-GAAP earnings. In contrast, Roche considers them to be an essential operating cost, and an integral part of attracting and retaining key staff – so does not eliminate them. Therefore, in order to make direct comparisons among companies, wherever possible, we endeavour to adopt the following approach to each pharmaceutical income statement.

Income statement	
Core element	Comment
Net sales	Included: Rx drugs, vaccines, generics Excluded: OTC, consumer medicines
Cost of goods sold (COGS)	
Selling, general & administration (SG&A)	
Research & development (R&D)	
Share-based costs	Under IFRS, included in COGS, SG&A, R&D
Other operating income:	
Alliance/co-marketing income	
Royalties	
Licensing income	
Milestone receipts	
Legal settlements	
Grants	
Other operating expenses:	
Alliance/co-marketing costs	
Restructuring charges	Usually cash, and often recurring
Legal costs	Protection of IP is part of normal operations
Acquisition costs	Part of growing the business
Underlying EBIT	
Amortisation of goodwill	Following acquisition
Impairment charges	Asset writedowns
In-process acquired R&D	Following acquisition

Source: Hardman & Co Life Sciences Research

- ▶ **Sales:** Our analysis is based on consolidated net sales of drugs, generics and vaccines, after all discounts and rebates. It specifically excludes OTC, consumer medicines and drugs for animal health. We are careful not to use the word “revenues”, and specifically treat items like royalties, alliance/co-marketing income, etc., as “other operating income”. This is important when looking at the cost ratios as a percentage of sales.
- ▶ **Share-based costs:** Although these are non-cash, they are included in our costs, as they are under IFRS, because they form an essential part of operations to recruit and retain staff.

- ▶ **Legal settlements and costs:** Legal costs are an everyday part of operations in the pharmaceutical industry, and a genuine cost of doing business and protecting the IP. Therefore, once again, such items should not be added back in an attempt to boost apparent operating performance, as they are recurring every year, albeit the quantum can be quite volatile.
- ▶ **Restructuring charges:** The costs of restructuring, mostly a cash item, are frequently added back to profits, as most management teams consider them to be “one-off”. However, we believe that restructuring charges simply reflect that the company is inefficient, and that operating costs have got out of control and need to be reined in. So, to align with cash earnings, our policy is to not add them back. Furthermore, an investigation of the annual reports and regulatory filings of most companies indicates that they are often substantial, and appear every year over many years – so they can hardly be considered “one-off”!
- ▶ **Amortisation/in-process R&D:** While there is a cost associated with acquisitions, which must be recognised, in order to compare the operating performance between companies that have made acquisitions and those that have not, we also exclude amortisation charges from the calculation of underlying EBIT. However, it is important to understand how much money the industry writes off each year, and so we maintain a list of such charges – amortisation of goodwill, in-process acquired R&D writedowns and asset impairment charges.

The vast majority of companies produce numbers that are transparent and consistent. However, there are some exceptions where the transition from IFRS to their definition of core earnings is “purposely” obscure.

Our analysis is based on the pharmaceutical segment from 46 of the top-selling drug companies by sales. It should be pointed out that there are three notable omissions from the analysis, largely because of the lack of relevant information. These include:

- ▶ **Servier:** This is a private multinational company based in France that specialises in oncology and cardiovascular medicines. In the year to end-September 2025, Servier reported branded and generic drug sales of €6,860m, or \$7,597m, which positions it at #28 in our ranking. However, insufficient consistent information is provided on an annual basis for us to be able to include the company in our margin analysis. The company has moved up the ranking in each of the past three years following its acquisition of oncology company, Agios Pharmaceuticals.
- ▶ **Sun Pharmaceuticals:** The largest Indian pharmaceutical company, specialising in the manufacture and commercialisation of generic drugs. It is ranked #1 in India, and is thought to be the 10th largest supplier of generics in the US market. Sun is a listed entity (SUNPHARMA.NS), and, consequently, it does have an informative annual report and presentation. However, while the sales would allow us to place it at #32 in our ranking, the presentation of costs – manufacturing, marketing and R&D – excludes the personnel costs, which are stated separately, and, therefore, on a different basis from the standard IFRS presentation – so the data are not included currently in our margin analysis.
- ▶ **Chinese drug companies:** Although there is a considerable amount of information on Chinese-based drug companies, it can be difficult to interpret, and it is unclear whether the data are presented on a like-for-like IFRS basis. Again, for reasons of inconsistency, data on the Chinese companies are not included in our analysis. However, we note that the Chinese market is well within the top 10 markets in the world, and that there are some large, local drug companies that operate in that market and ought to be included in our global drug ranking.

Net industry indebtedness, at 31 December, was \$535.8bn, or 1.8x sales

When the full report is published, the accounting section will include a new feature this year, namely the indebtedness (net cash or net debt) of each company. The aim of this is to try and ascertain whether companies are significantly cash-generative or not. As stated earlier, we have ascertained that the global industry is carrying total indebtedness at 31 December 2025 of \$535.8bn, or 1.8x sales.

About the author

Dr Martin Hall



Martin started in the City as a pharmaceuticals and healthcare analyst in 1987, working at Morgan Grenfell. Initially analysing UK companies, he quickly raised this to European coverage at UBS from 1990, and then on to global coverage at HSBC from 1992, where he became Head of Global Pharmaceutical/Healthcare Equity Research. In 2005, he set up as an independent Life Sciences Analyst and Corporate Broker under the umbrella of Eden Financial Limited. Martin is acknowledged for his thought-provoking and opinionated research. He has one of the most extensive global industry databases and is a passionate follower of pharmaceutical, healthcare and life science facts and figures, which are adapted for use in his research reports. He joined Hardman & Co in June 2013.

Martin qualified as a pharmacist (B.Pharm.Hons) at the School of Pharmacy, University of London, and has a PhD in Neuropharmacology, also from the University of London. After two years of post-doctoral research under a Royal Society Fellowship at the Collège de France, Paris, he became leader in Biochemical Pharmacology at the Parke-Davis Research Centre in Cambridge (then part of Warner-Lambert Corporation, now Pfizer). Martin is a member of the Royal Pharmaceutical Society of Great Britain.

Company research

- ▶ Priced at 24 March 2026 (unless otherwise stated).



Source: LSEG, 2026

Market data	
EPIC/TKR	ACSO
Price (p)	248
12m high (p)	550
12m low (p)	236
Shares (m)	33.283
Mkt cap (£m)	82.5
EV (£m)	85.1
Free float*	93.76%
Country/Ccy	UK/GBP
Market	AIM

*As defined by AIM Rule 26

Description

accesso Technology Group provides technology solutions to the global leisure & entertainment sector and it currently serves more than 1,100 venues worldwide.

Company information

CEO Steve Brown
CFO Matthew Boyle
Chair Bill Russell

+44 (0)118 934 7400
www.accesso.com

Key shareholders (as at 26 Mar)

Directors & Group EBT	6.24%
Long Path Partners	22.30%
Canaccord Genuity Group	9.88%
Orange River	5.00%
Chelverton AM	4.79%
BGF Inv. Mgmt.	4.29%

Diary

Sep'26 Interim results

Analyst

Richard Jeans rj@hardmanandco.com

ACCESSO TECHNOLOGY GROUP

FY'25 results, acquisition and CEO transition

Underlying revenue grew by 3.8% to \$155.1m in FY'25, producing a cash EBITDA margin of 14.8%, and the FY'26 outlook remains in line. Alongside the results, the group announced the acquisition of Dexibit, a data analytics and artificial intelligence platform for the visitor attractions industry, which will form the foundation of a new solution, accesso Intelligence. The company also announced that Lee Cowie, COO, will become CEO, commencing 1 May. We are reviewing our forecasts, currently, and expect to broadly maintain our numbers. In spite of the growth opportunities, the shares trade on a single-digit P/E.

- ▶ **FY'25 results:** The results were in line with the January update. Cash generation was strong, with the group ending the period with adjusted net cash of \$21.6m in spite of share buyback programmes. Costs have been carefully managed, with headcount cut from 682 to 655 at year-end and to 610 prior to the acquisition.
- ▶ **Acquisition:** Dexibit, based in New Zealand, has been acquired for an initial ca.US\$7.1m. Dexibit primarily serves cultural attractions, and accesso aims to extend its capabilities across its wider customer base, delivering a deeper, more integrated solution set that strengthens and embeds customer relationships.
- ▶ **Tender offer:** accesso has completed a tender offer in March, returning ca.£14.5m to shareholders, at 300p per share, and reducing the number of shares by 12.7%. Since April 2025, the group has returned \$36.1m to shareholders, reducing the number of shares outstanding by ca.20%.
- ▶ **Valuation:** The stock trades on a modest 7.6x our FY'27E earnings, despite its operating in a growth market. Further, the group has attractive cash conversion metrics, a high level of repeatable revenues and a healthy balance sheet. We note that US ticketing peer Eventbrite is being acquired at a >80% premium.
- ▶ **Investment summary:** accesso is a unique investment proposition in an ever-declining UK software universe, as peers continue to be snapped up by industry buyers and private equity. The stock rebased following the 2018 sell-off and pandemic and now trades at substantially more value-oriented levels, supported by improved cash generation. accesso sizes its total addressable market at \$2.3bn, giving it a ca.5.6% market share and with plenty of scope for growth.

Financial summary and valuation						
Year-end Dec (\$000)	2022	2023	2024	2025	2026E	2027E
Revenues	139,730	149,515	152,291	155,105	146,000	151,000
Cash EBITDA	25,805	23,626	22,831	23,019	20,000	21,000
Adjusted EBITDA	27,761	26,064	24,926	25,985	22,920	24,020
Adjusted operating profit	17,216	18,633	21,078	22,035	19,691	20,680
Underlying PBT	14,384	16,386	17,127	18,592	14,927	16,275
Statutory PBT	12,417	8,808	10,398	14,321	10,360	12,248
Adjusted basic EPS (c)	35.93	37.48	38.39	44.26	37.72	44.51
Adjusted diluted EPS (c)	34.51	36.46	37.44	42.73	36.81	43.44
Adjusted diluted EPS (p)	27.92	29.31	29.30	32.40	27.53	32.49
Net debt/(cash)	(64,663)	(23,959)	(25,875)	(21,550)	(10,752)	(25,630)
P/E (x)	8.9	8.5	8.5	7.8	9.0	7.6
FCF yield (%)	8.1	19.0	6.6	22.0	9.2	13.7

Source: Company accounts, Hardman & Co Research

Financials



Source: LSEG, 2026

Market data

EPIC/TKR	ARBB/ARBN
Price (p)	872.5/880.0
12m high (p)	1,130
12m low (p)	830
Shares (m)	16.7
Mkt cap (£m)	146
Loans to deposits, 2026E	46%
Free float*	40.4%
Country/Ccy	UK/GBP
Market	AIM/AQSE

*As defined by AIM Rule 26

Description

Arbutnot Banking Group (ABG) has a well-funded and well-capitalised private bank, and it has been growing commercial banking very strongly.

Company information

Chair/CEO	Sir Henry Angest
COO/CEO	Andrew Salmon
Arb. Latham	
Group FD,	James Cobb
Deputy CEO	
Arb. Latham	
NEDs	Jayne Almond, Frederick Angest, Sir Nigel Boardman, Charlotte Crosswell, Richard Gabbertas, Angela Knight, Lord Sassoon

+44 (0)207 012 2400

www.arbutnotgroup.com

Key shareholders

Sir Henry Angest	59.88%
Liontrust AM	8.5%
Slater Investments	5.0%

Diary

20 May	AGM
21 Jul	Interim results

Analyst

Mark Thomas mt@hardmanandco.com

ARBUTHNOT BANKING GROUP

Near-7% dividend yield, with 2x cover

ABG's [2025 results](#) noted i) strong growth in low-capital-intensity businesses (deposits, wealth management) and high risk-adjusted-return specialist lending – ABG continues to walk away from business that does not meet its target returns, and ii) pre-tax profits fell 30% on 2024 due to the well-flagged impact of the falling rate environment, lower PE-related ACABL activity and low truck resale profits, partially offset by a one-off £3.25m gain. Some of this is short-term noise. A higher-for-longer interest rate environment resulting from the Iran war will aid deposit margins in 2026. We forecast a near-7% yield in 2026, with over 2x cover.

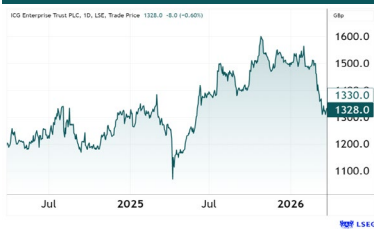
- ▶ **Key financials:** i) PBT £24.2m (2024: £35.1m); ii) op income £169.5m (2024: £179.5m); iii) NIM 4.7% (2024: 5.1%); iv) EPS 109.1p (2024: 152.3p); v) final div. +2p to 31p (2024: 29p), total ord. DPS +4p; vi) NAV p/sh 1,694p (2024: 1,636p); vii) CET1 ratio 13.3% (2024: 13.2%); and viii) £1.4bn surplus liquidity.
- ▶ **Key operating metrics:** i) deposits £4.57bn, +11% (2024: £4.13bn); ii) customer loans £2.25bn (2024: £2.38bn); iii) FUMA +21% to £2.68bn (2024: £2.21bn), driven by very strong inflows, which represented 22% of FUMA at the start of the year; and iv) new clients: 1,200 banking, 200+ investment mgt.
- ▶ **Valuation:** Our broad range of valuations is: £9.83 DDM, £18.12 SOTP and £24.58 GGM. The average is £17.51, around double the share price. Trading at 52% of NAV is anomalous, in our view, with returns above cost of capital and ABG's growth. ABG's 2026E yield is 6.8%, with over 2x cover.
- ▶ **Risks:** Margins are falling, with the trend and level of interest rates a key driver to future earnings. A higher-for-longer outlook would be beneficial. Credit is a risk, but ABG is conservative in lending and takes good security; thus, its loss given default is low. Other risks are reputation, regulation and compliance.
- ▶ **Investment summary:** ABG offers strong-franchise growth, building embedded profits for the future. Its balance sheet strength gives it options, especially in uncertain times. Management has been innovative but also very conservative in managing risk. Having a profitable, well-funded, well-capitalised and strongly growing bank priced below book value is an anomaly, in our view.

Financial summary and valuation (forecasts under review)

Year-end Dec (£000)	2023	2024	2025	2026E	2027E
Total op. income	178,899	179,511	169,474	183,123	197,873
Total costs	(131,113)	(139,806)	(147,208)	(157,098)	(167,598)
Cost:income ratio	73%	78%	87%	86%	85%
Total impairments	(3,191)	(6,275)	(2,501)	(6,137)	(6,137)
Reported PBT	47,117	35,090	24,184	21,057	25,307
Adjusted PBT	51,384	35,090	24,184	21,057	25,307
Statutory EPS (p)	222.8	152.3	109.1	97.5	116.2
Adjusted EPS (p)	244.6	152.3	109.1	97.5	116.2
Loans/deposits	55%	51%	43%	44%	42%
Ord. dividend (p)*	46.0	49.0	53.0	58.0	61.0
P/adj. earnings (x)	3.6	5.7	8.0	8.9	7.5
P/BV (x)	0.56	0.53	0.52	0.50	0.49

*Additional special dividend of 20p (2024). Source: Hardman & Co Research

Closed End Investments



Market data

EPIC/TKR	ICGT
Price (p)	1,330
12m high (p)	1,611
12m low (p)	1,064
Shares (m)	61.5
Mkt cap (£m)	818
NAV p/sh (Oct'25, p)	2,080
Disc. to NAV (%)	-36
Country/Ccy	UK/GBP
Market	Premium equity closed-ended inv. Funds

Description

ICG Enterprise Trust (ICGT) is a listed private equity (PE) investor, providing shareholders with access to a portfolio of European and US investments in profitable, cash-generative, unquoted companies. It invests in companies managed by ICG and other leading PE managers, directly and through funds. It strikes a balance between concentration and diversification, risk and reward.

Company information

Chair	Jane Tufnell
Audit Cttee. Chr.	A Bruce
NEDs	G Fusenig, A Ighodaro, J Nicholls, D Warnock (SID)
Inv. Mgrs.	Oliver Gardey, Colm Walsh
Contact	Christopher Hunt
	+44 (0)203 545 2000
	www.icg-enterprise.co.uk

Key shareholders

None above 3%

Diary

May'26 FY res to Jan'26

Analyst

Mark Thomas mt@hardmanandco.com

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

ICG ENTERPRISE TRUST PLC

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ICGT provides public-market investors with access to the long-term returns generated by investing in private companies, with the added benefit of the daily liquidity of a publicly traded FTSE 250 company. ICG Enterprise has been listed on the London Stock Exchange since 1981.

ICGT's actively managed portfolio balances diversification, through third-party fund investments, and direct investments focusing on companies with defensive growth characteristics. Its portfolio provides shareholders with exposure to a wide network of PE funds whose managers share its investment philosophy, as well as its focus on responsible investing. It also identifies managers who provide the potential for co-investment opportunities. ICGT is managed externally by a dedicated investment team of seven within ICG plc, a leading global alternative asset manager, with 36 years' history, managing ca.\$127bn of assets (Dec'25). ICG has 686 employees, based in offices in 22 countries. More detail is available [here](#).

Given the regulatory restrictions on distributing research on this company, the monthly book entry for ICGT can be accessed through our website, [Hardman & Co Research](#). Our detailed thematic reports are listed below. Each link contains a click-through to our five-minute *Directors Talk* audio interviews. ICGT reported its [3Q update to Oct 2025](#) on 30 January 2026. Other company announcements, such as buybacks, can be found on its [LSE news page](#).

- ▶ 2020: Our initiation report, [Outperformance through every stage of cycle](#) (6 July 2020) and [Defensive growth: explaining downside resilience](#) (8 September 2020).
- ▶ 2021: [ICGT's steps to value-adding portfolio construction](#) (22 February), [FY'21 results: blew the roof off, not just the doors](#) (20 May), [ICGT in personal pensions: do as the professionals do](#) (14 September) and [Intermediate Capital Group/ICGT: friends with benefits](#) (2 December).
- ▶ 2022: [Spotlight on secondaries](#) (2 March), [FY'22: you couldn't ask for more](#) (7 June) and [1H'23 and beyond: safe harbour in the storm](#) (10 November).
- ▶ 2023: [3Q'23: continued growth and resilience](#) (9 February 2023), [FY results: proving the market-beating model again](#) (1 June 2023), [Investor Day – defensive growth in practice](#) (10 July 2023), and [1HFY'24: defensive growth/disciplined approach](#) (16 October 2023).
- ▶ 2024: [Putting the discount into perspective](#) (8 January), [FY'24: portfolio companies performing strongly](#) (16 May), [CM day 2024: defensive growth value creation](#) (28 June), and [Portfolio: 14% EBITDA growth + widening margins](#) (23 October).
- ▶ [Unique approach to capital allocation](#) (28 January 2025).
- ▶ [Investing in resilience, delivering growth](#) (21 May 2025).
- ▶ [Investor seminar 2025: resilience and growth](#) (2 July 2025).
- ▶ [Mid-teens EBITDA growth and long-term returns](#) (21 October 2025).
- ▶ [Doubling realisations: sustainability and impact](#) (9 February 2026).
- ▶ [Shareholder seminar 2026: resilience and growth](#) (13 March 2026).

See ICGT's 10 March 2026 Capital Markets Day presentations and webcast [here](#).

Closed End Investments



Source: LSEG, 2026

Market data

EPIC/TKR	NBPE/NBPU
Price (£)	13.48/\$18.50
12m high (£)	16.32/\$22.50
12m low (£)	12.74/\$16.50
Shares (m)	42.4
Mkt cap (£m)	571
NAV (Jan'26)	£20.13/\$27.63
Disc. to £ NAV (%)	-33
Free float	100%
Country/Ccy	UK/GBP
Market	FTSE 250, STMM

Description

NB Private Equity Partners (NBPE) leverages the platform of its manager, the PE division of Neuberger Berman (NB), including NB's relationships, deal flow and expertise, and has built a portfolio of 69 direct investments diversified by manager, sector, geography and size. It focuses on investing in companies that benefit from secular tailwinds and/or lower cyclicalities, with high barriers to entry, or the delivery of mission-critical products or services.

Company information

Chair	William Maltby
NEDs	Caroline Chan, Trudi Clark, Pawan Dhir, Louisa Symington-Mills, Wilken Von Hodenberg
Key NB Managers	Peter von Lehe, Paul Daggett
Contact	+44 (0)20 3214 9002 www.nbprivateequitypartners.com

Key shareholders (31 Dec'24)

Quilter Cheviot (May'25)	10.0%
Evelyn Partners	8.4%
Schroders	8.3%
Treasury shares (Sep)	7.0%
CCLA	4.5%

Diary

Mid-Apr	Mar monthly update
Apr'26	FY'25 results

Analyst

Mark Thomas mt@hardmanandco.com

Disclosure: the relevant analyst is a shareholder in NBPE

NB PRIVATE EQUITY PARTNERS

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NBPE invests directly in private companies alongside some of the world's leading private equity managers. Managed by the Private Equity (PE) division of Neuberger Berman (NB), a leading private markets investor, NBPE leverages the strength of NB's platform, relationships, deal flow and expertise to access the most attractive investment opportunities, providing shareholders with access to a portfolio of direct investments, diversified by manager, sector, geography and size.

NBPE is uniquely focused on the co-investment subsector of private equity. It invests into a company alongside PE managers, rather than via the fund. As a co-investor, NB does full due diligence and invests on a deal-by-deal basis. This does not incur the long-term commitments, and it is a lower-cost model. Operating control of the investee company remains with the PE manager. We detailed the implications of this strategic focus in our initiation, linked below.

[Neuberger Berman](#), as a whole, operates across 40 cities and 27 countries, with \$560+bn AUM and nearly 3,000 staff. Within this, NB Private Markets has a team of more than 500 private markets professionals. The PE team has made \$155bn+ in active capital commitments to more than 890+ active PE investments, with 9,900+ underlying portfolio companies. It sits on 470+ advisory board seats. The PE team operates from 17 offices and includes 77 senior investment professionals, with an average of more than 20 years' experience (more details can be found [here](#)).

Given the regulatory restrictions on distributing research on this company, the monthly book entry and other research on the company can be accessed via [Hardman & Co Research](#). Specific research reports include:

- ▶ [Co-investments generating superior performance](#) (initiation, 16 June 2023).
- ▶ [1H'23 results summary: continued growth](#) (3 October 2023).
- ▶ [2023 CMD: value creation from growing companies](#) (23 October 2023).
- ▶ [Value creation in a higher-rate environment](#) (7 March 2024).
- ▶ [Wider operating company EBITDA margins in 2023](#) (13 May 2024).
- ▶ [NB: adding value in attractive co-investment sector](#) (8 October 2024).
- ▶ [Update on: NAV, capital, Trump and interest rates](#) (18 March 2025).
- ▶ [2024: short-term noise over long-term growth](#) (12 May 2025).
- ▶ [1H'25 results: turning the corner](#) (6 November 2025).
- ▶ [2025 CMD: good returns from low-risk PE model](#) (3 December 2025).

Each link contains a click-through to our five-minute *Directors Talk* audio interviews, summarising each report. [NBPE's 1H'25 results](#) were reported on 25 September. More information, including monthly updates and presentations, is available on its [website](#). Other regulatory news, including the NAV updates, dividend declarations and buybacks, can be seen on the company's [LSE page](#). NBPE publishes regular insights and research on its webpage [here](#).

Diversified Financial Services



Source: LSEG, 2026

Market data

	RECI
EPIC/TKR	122.0
Price (p)	122.0
12m high (p)	132.0
12m low (p)	118.0
Shares (m, exc. Treasury)	221.0
Mkt cap (£m)	269.7
NAV p/sh (Feb'26, p)	141.5
Disc. to NAV (%)	-13.8
Div. yield (FY'25)	9.8%
Country/Ccy	UK/GBP
Market	Premium equity closed-ended inv. funds

Description

Real Estate Credit Investments (RECI) is a closed-ended investment company that originates and invests in real estate debt, secured by commercial or residential properties in the UK and Western Europe.

Company information

Chair	Andreas Tautscher
NEDs	Susie Farnon, Colleen McHugh, Mark Thompson
Inv. Mgr.	Cheyne Capital
Main contact	Ravi Stickney
	+44 (0)20 7968 7453
	realestatecreditinvestments.com

Key shareholders

Close Bros.	10.49%
Hargreaves Lansd. AM	7.85%
Premier Miton (Jun'24)	5.97%
Aberdeen	5.51%
Waverton	5.38%
Canaccord Genuity	5.10%
Tilney Smith Williamson	5.00%

Diary

Mid-Apr	Mar factsheet
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Analysts

Mark Thomas	mt@hardmanandco.com
Mike Foster	mf@hardmanandco.com

REAL ESTATE CREDIT INVESTMENTS

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RECI is managed by Cheyne Capital Management (UK) LLP. Cheyne has over 170 employees, of which there are 65 dedicated real estate professionals in the Real Estate team. The team's assets under management, of \$7.5bn, are managed on behalf of more than 100 global investors. Cheyne Real Estate operates from four European offices and invests across the capital structure. For more, see [here](#).

Given the regulatory restrictions on distributing research on this company, the monthly book entry for RECI can be accessed through our website, [Hardman & Co Research](#). More detailed research reports are listed below. Each link contains a click-through to our *Directors Talk* audio interviews, which give a summary of each report. Company announcements, including buybacks, can be found on [RECI's](#) page on the LSE website and on its investor relations website [here](#).

Recently, RECI's Chairman and manager hosted two webinars, which outlined the fund's strategy and operational management to deliver superior returns. They also answered investor questions across a range of topics, including why the fund secured overwhelming shareholder continuation vote backing. The videos are available [here](#).

- ▶ 2019: Our [initiation report](#) (28 August) and [Delivering on its promises](#) (17 December).
- ▶ 2020: [Getting a balanced view on outlook](#) (21 May), [Improving returns on new opportunities](#) (14 September).
- ▶ 2021: [Portfolio repayments fund enhanced return pipeline](#) (18 January), [Experience shows resilience of the model](#) (6 May), [Experience shows resilience of the model \(2\)](#) (12 August) and [Why rising rates should not hurt RECI](#) (8 November).
- ▶ 2022: [Vive la difference](#) (15 February), [New faces, same resilience](#) (20 May), [Marks taken in uncertainty, released thereafter](#) (5 August) and [Positioned for the current crisis](#) (17 November).
- ▶ [Looking at the current opportunities](#) (9 February 2023).
- ▶ [Double tangible security](#) (13 June 2023).
- ▶ [Why CRE equity worries should not apply to RECI](#) (30 August 2023).
- ▶ [Portfolio management to optimise risk/reward](#) (16 November 2023).
- ▶ [French and German exposures in perspective](#) (27 February 2024).
- ▶ [Capital Markets Day](#) (25 July 2024).
- ▶ [Why the discount has been closing and its outlook](#) (15 October 2024).
- ▶ [The rise of private credit: threats and opportunities](#) (20 February 2025).
- ▶ [Meeting any potential macro challenges head on](#) (20 May 2025).
- ▶ [What RECI brings to investors](#) (9 September 2025).
- ▶ [Investor Day: opportunities aplenty](#) (2 December 2025).
- ▶ [Manager presentation and Q&A](#) (4 March 2026).

Closed End Investments



Source: LSEG, 2026

Market data

EPIC/TKR	VT.A.NA, VTA.LN, VTAS LN
Price (€)	5.82/5.95/508p
12m high (€)	7.02/7.06/620p
12m low (€)	5.74/5.60/482p
NAV p/sh (Jan'26, €)	7.00
Disc. to NAV (%)	-17
Shares (m)	36.6
Mkt cap (€m)	212
Market (NL, UK)	AEX, LSE, LSE
Free float	48%
Market (NL, UK)	AEX, LSE, LSE
Currency	€, €, GBP

Description

Volta Finance (Volta) is a closed-ended, limited liability investment company with a diversified strategy across structured finance assets (primarily CLOs). It aims to provide a stable stream of income through quarterly dividends.

Company information

Ind. Chair	Dagmar Kent Kershaw
Ind. NEDs	Simon Holden, Yedau Ogundele Joanne Peacegood
Fund Managers	BNP Paribas AM Europe
Co. Sec./ Administrator	BNP Paribas Securities Services SCA, Guernsey Branch

BNPP AM: +44 (0)1481 750853
www.voltafinance.com

Key shareholders (31 July 2025)

AXA SA Bank	21.75%
BNP Paribas (for clients)	15.71%
AXA Framlington IM	8.23%
BNP Wealth Mgt.	5.97%

Diary

Mid-Apr	Mar factsheet
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Analyst

Mark Thomas mt@hardmanandco.com

VOLTA FINANCE LIMITED

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Volta is a closed-ended, limited liability company, registered in Guernsey. Its investment objectives are to seek to preserve capital across the credit cycle, and to provide a stable stream of income to its shareholders through dividends. The annual dividend policy is to target 8% NAV, payable quarterly. Volta's focus is the broad range of CLO securities, with a current concentration in CLO mezzanine and equity positions. The investment manager for Volta's assets is BNP Paribas AM Europe (BNPP AM), which has a team of experts concentrating on the structured finance markets. The latest factsheet can be found [here](#).

Given the regulatory restrictions on distributing research on this company, the monthly book entry for Volta Finance can be accessed through our website, [Hardman & Co Research](#). More detailed research reports include:

- ▶ 2018: Our [initiation report](#) (5 September 2018).
- ▶ 2019: [Investment opportunities at this point of the cycle](#) (14 January 2019), Reports on the manager's [March 2019](#) and [June 2019](#) presentations, and [9%+ yield in uncertain times](#) (7 October 2019).
- ▶ 2020: [Follow the money](#) (3 February 2020), [Q&A with Hardman analyst](#) (12 May 2020), and [Value added by active portfolio management](#) (15 September 2020).
- ▶ 2021: [Volta's seven yield uplifts](#) (11 January 2021), [Re-Set, Re-Fi, Re-Light my Fire](#) (5 May 2021), [Yield \(10%, covered and growing\) + capital growth](#) (28 July 2021), and [Simple Simon Says](#) (30 November 2021).
- ▶ 2022: [What Volta brings to investors](#) (17 February 2022), [Hardman presentation: Carpe Diem](#) (29 June 2022), and [Cash is king and the king is rocking and rolling](#) (16 September 2022).
- ▶ [R&A shining light on 20%+ IRR base-case scenarios](#) (11 January 2023).
- ▶ [An easy guide to the benefits of CLOs](#) (18 April 2023).
- ▶ [The benefits of having AXA IM as the manager](#) (7 December 2023).
- ▶ [Insights from the Report and Accounts](#) (24 January 2024).
- ▶ [Putting the discount into perspective](#) (17 May 2024).
- ▶ [FY'24: another year of outperformance](#) (11 September 2024).
- ▶ [2024 experience bodes well for 2025](#) (17 February 2025).
- ▶ [Volatility put into context](#) (24 June 2025).
- ▶ [Liquid access to outperforming private credit](#) (3 October 2025).

Each link contains a click-through to our five-minute *Directors Talk* audio interviews, summarising each report. Regulatory announcements, such as the [March 2026 €0.14c quarterly dividend](#) or the [2025 Report and Accounts](#) can be found on the company's [LSE page](#).

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