



FY2022 Financial Results

September 2022

AIM: DUKE



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Corporate Royalties are a hybrid between private credit and private equity, for owner-operators who want to maintain control of their business

Capital Preservation

Long term investment horizon
Senior security and alignment with owners

Attractive Dividend Yield

Quarterly dividend payment and reducing payout ratio
Current annualised dividend is 2.8p

Upside from Buyouts

Buyouts typically increase Duke's IRR
Buyout premiums in every case
Minority equity positions in the majority of portfolio

Portfolio Diversification

48 operating companies underlying our 13 Royalty Partners
Focus on acquisition capital increases indirect diversification

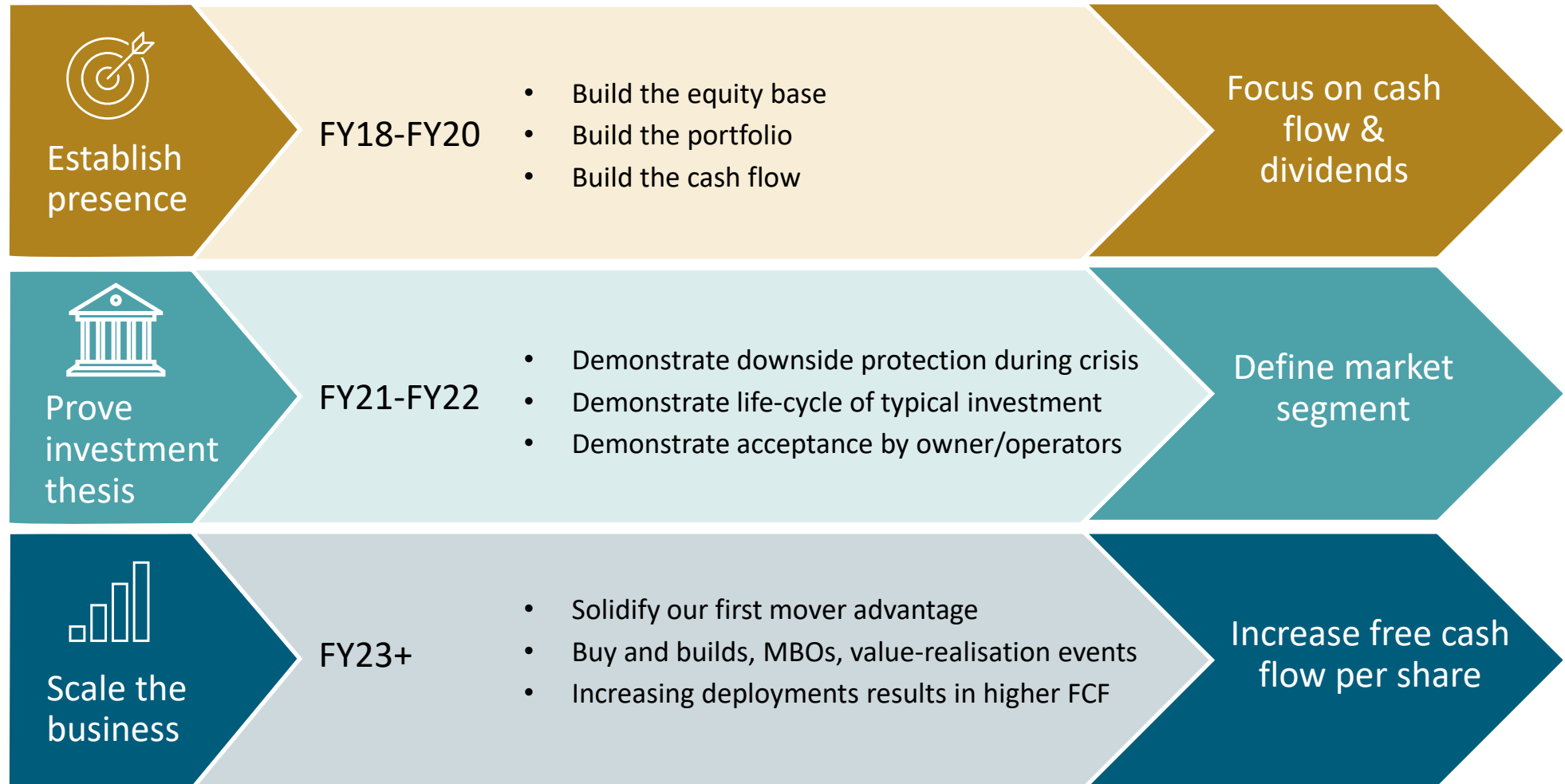
Strong Fundamentals

Record revenue and free cash flow demonstrates operational leverage
Royalty investing has been through many market cycles

Inflation Hedged

Adjustments to Duke's distributions based on partners revenue
Price inflation in portfolio results in higher revenue for Duke

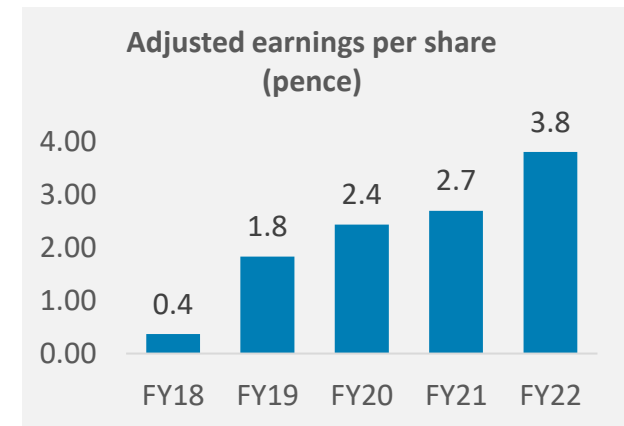
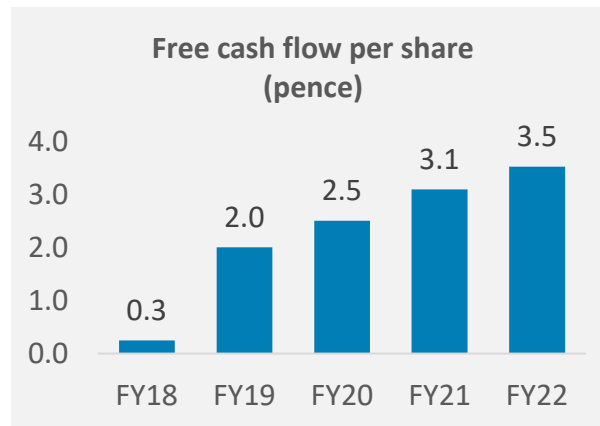
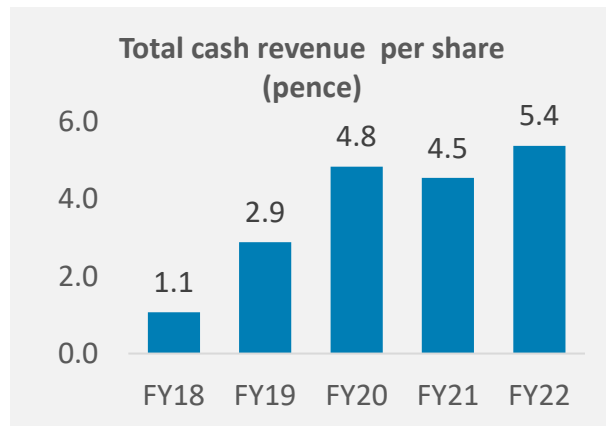
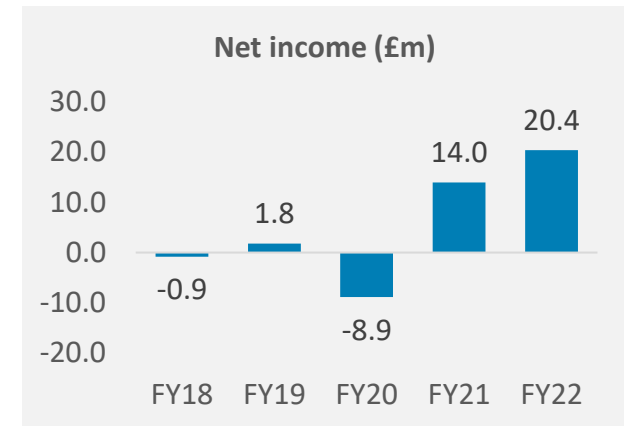
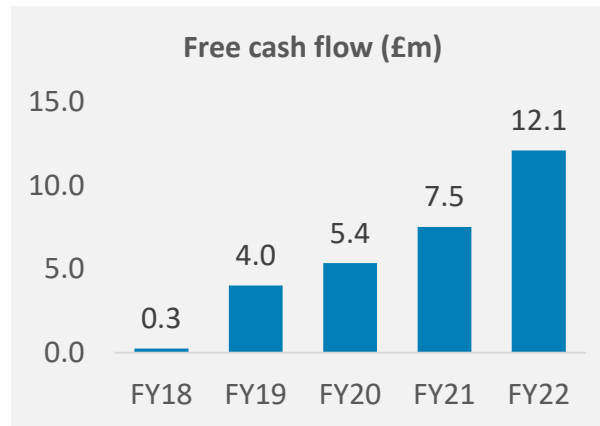
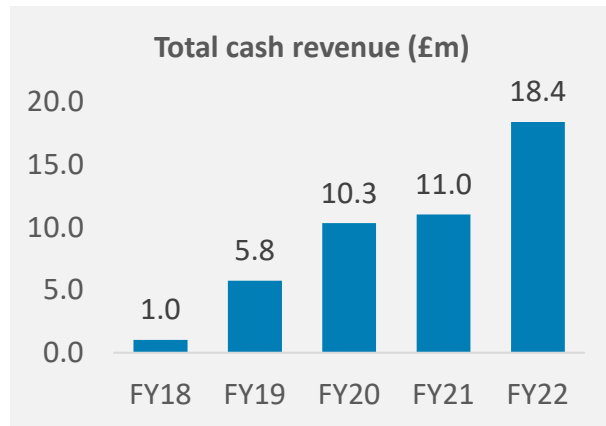
Five years of building the European leader in corporate royalties



Financial Highlights



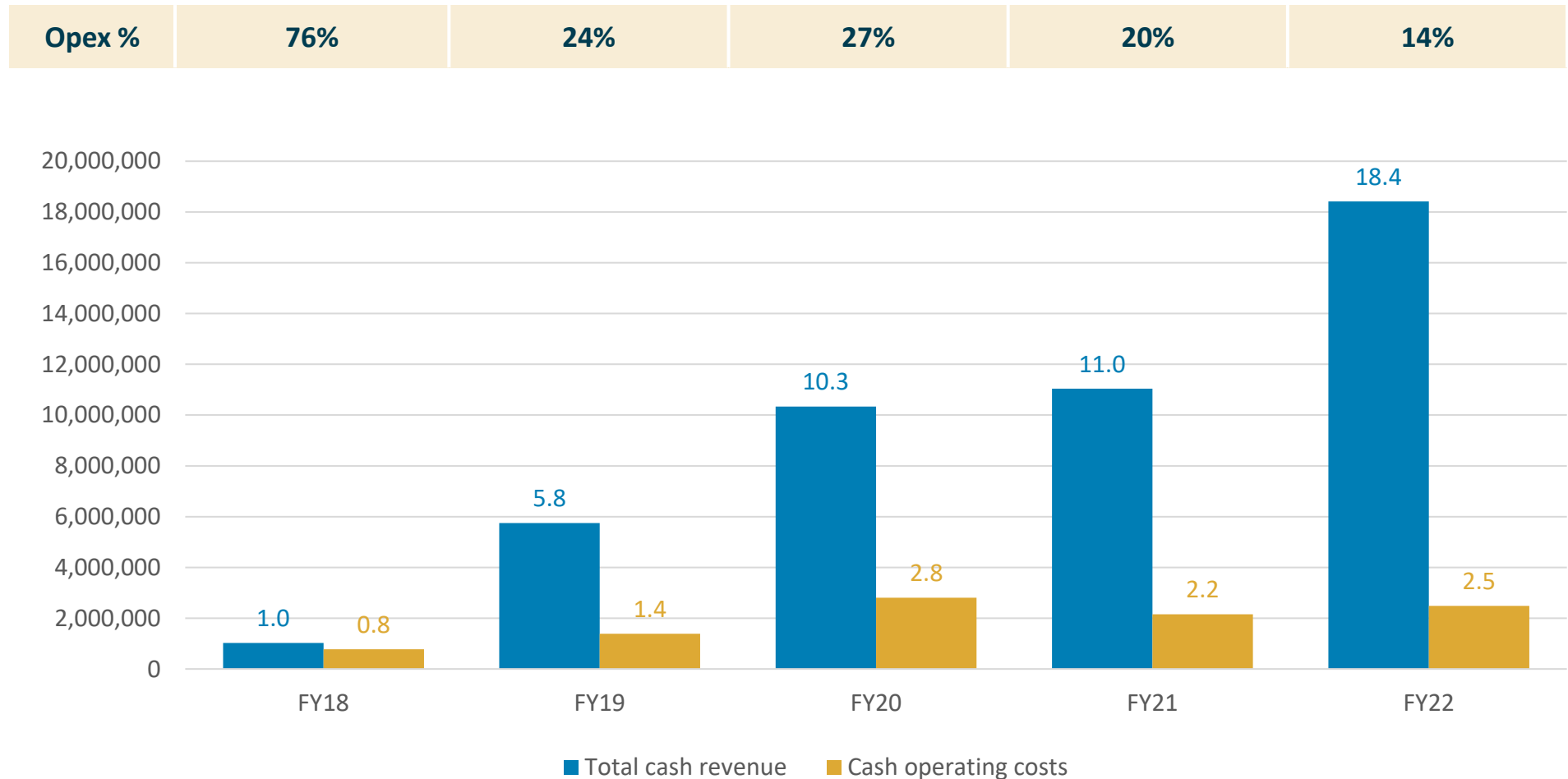
Financial metrics strengthen as deployments scale



¹ Total cash revenue refers to monthly distributions from royalty partners, buyout premiums and cash gains from the sale of equity investments

² Free cashflow is defined as net cash inflows from operations plus cash gains from the sale of equity investments less interest paid on borrowings.

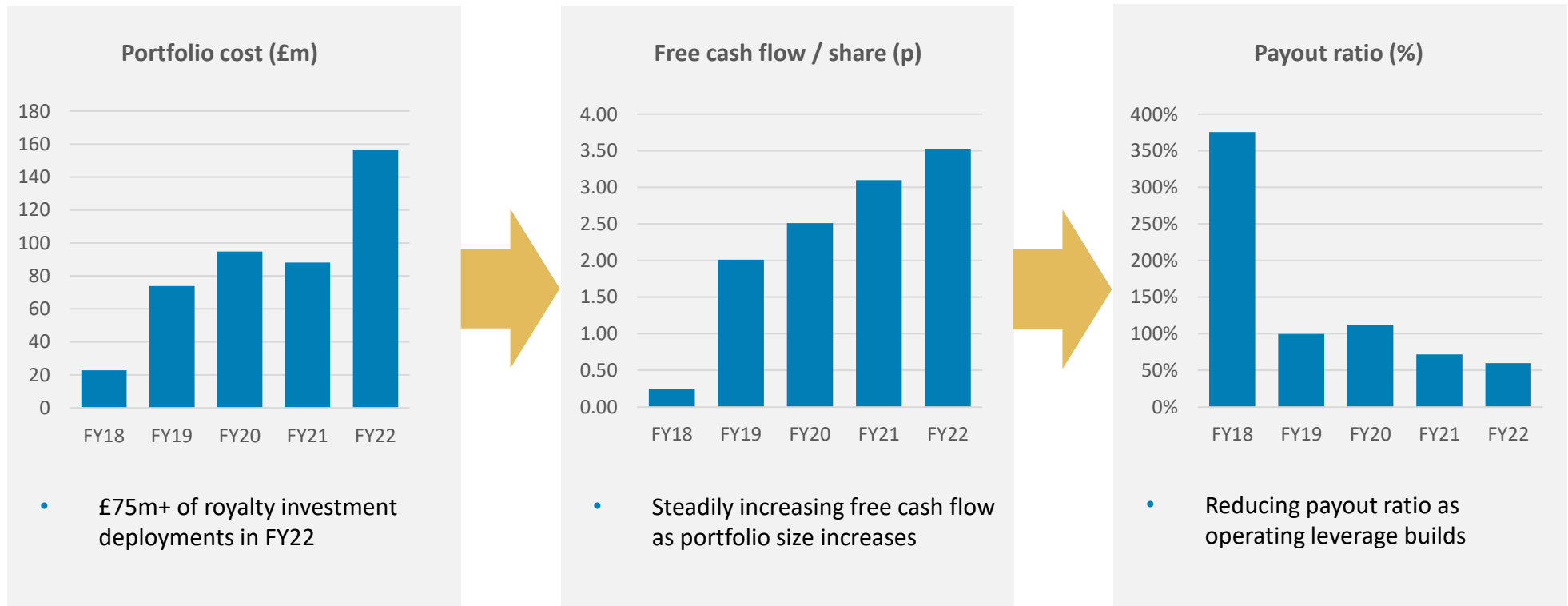
Significant increased cash flow generation creating operating leverage



Acceleration of deployments leads to increased free cash flow and reduced payout ratio

2.80p per share of current annualised dividend¹

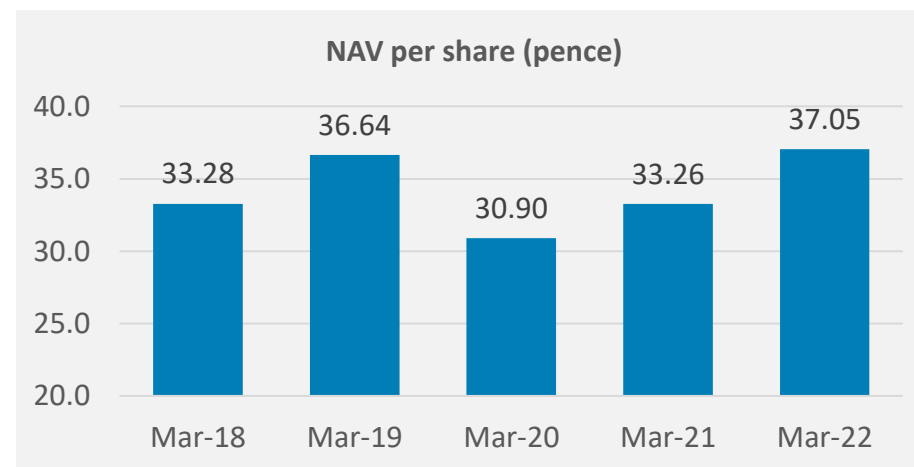
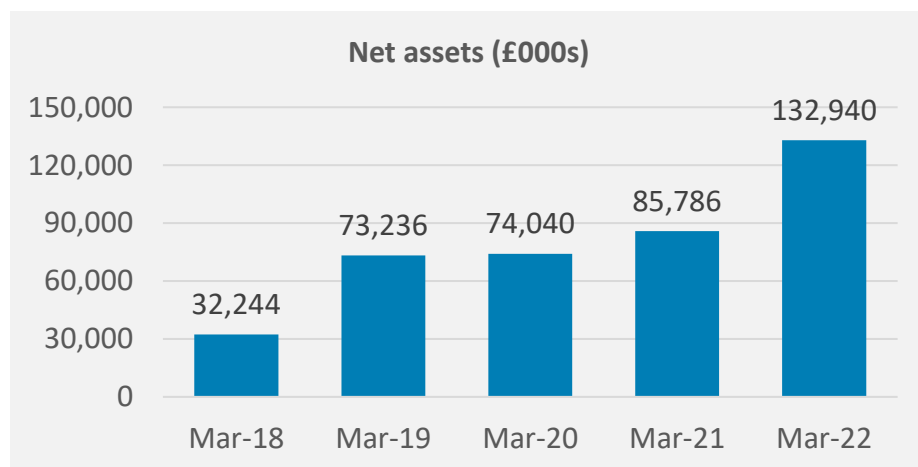
13.00p of dividends / share paid since inception



¹ Based on most recent quarterly dividend of 0.70 pence per share paid on 12 July 2022.

Balance sheet strengthening as portfolio matures

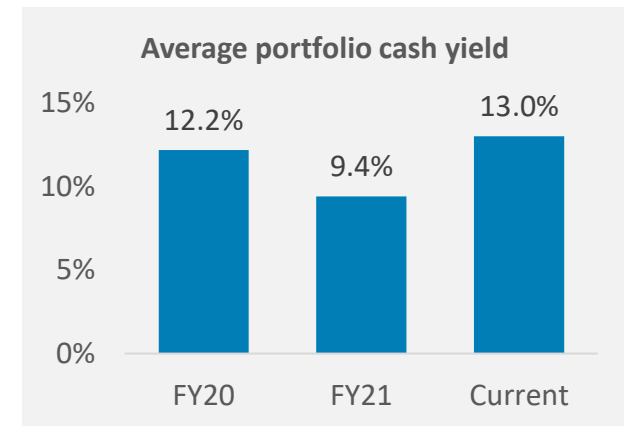
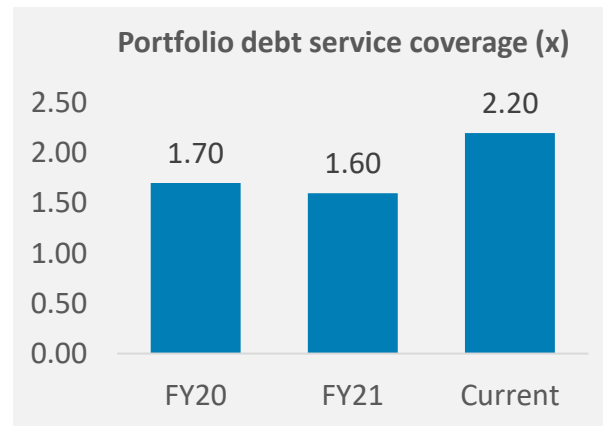
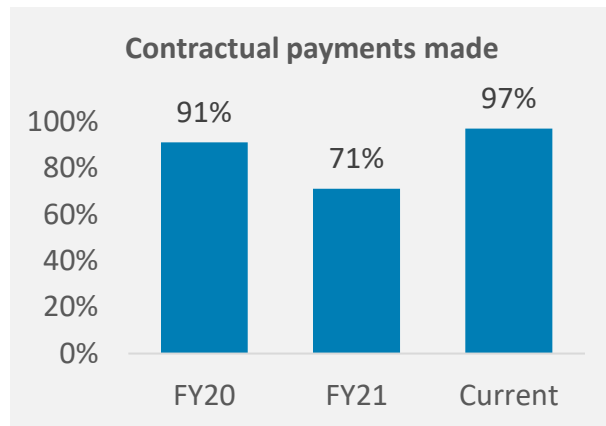
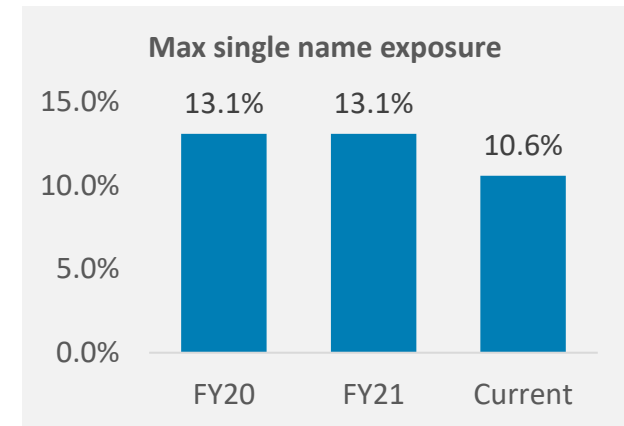
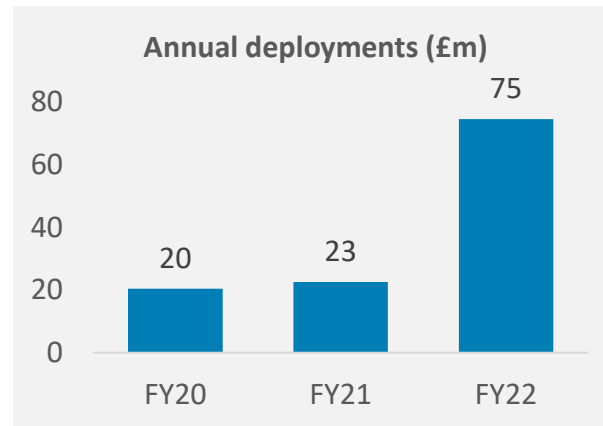
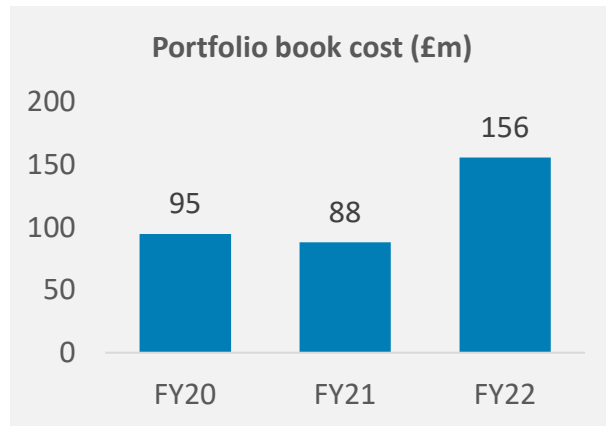
	31-Mar-18 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-21 £000	31-Mar-22 £000
Royalty investments	23,569	71,232	75,559	85,301	160,479
Loan investments	-	9,626	9,517	4,949	4,172
Equity investments	-	-	507	3,495	10,820
Investment portfolio fair value	23,569	80,857	85,583	93,745	175,471



Portfolio Highlights

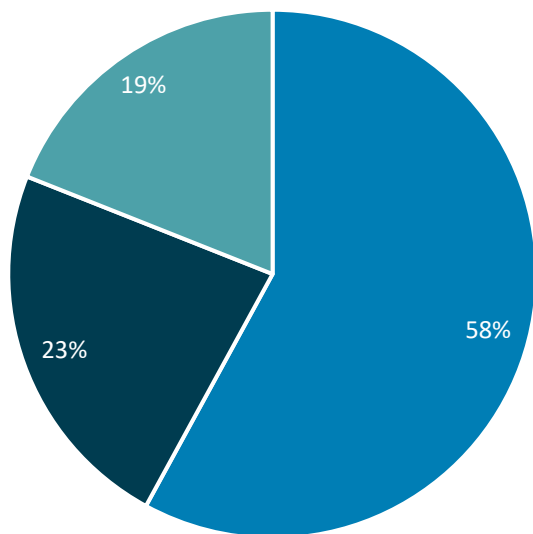


Credit metrics strengthen as portfolio grows



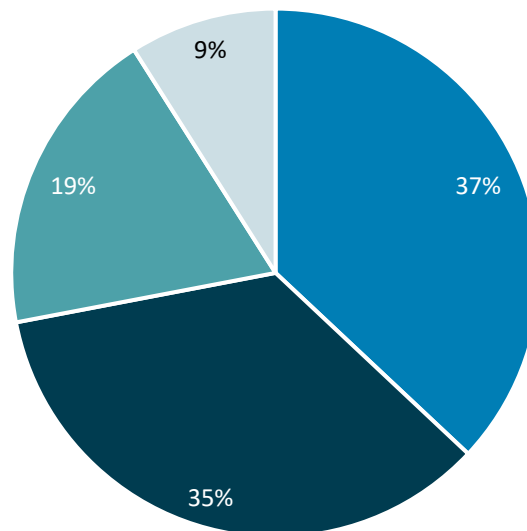
Risk mitigation and increased diversification as deployments accelerate

Portfolio by region
% of total cost



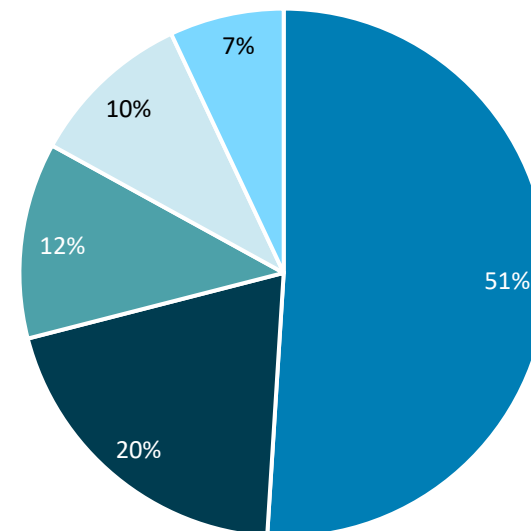
- UK - 7
- North America - 3
- Western Europe - 3

Portfolio by sector
% of total cost



- Industrials - 5
- Business Services - 4
- Healthcare - 3
- I.T. services - 1

Use of capital
% of total cost



- Acquisition Capital - 6
- MBO/MBI - 3
- Growth Capital - 2
- Debt Refinancing - 1
- Shareholder Restructure - 1

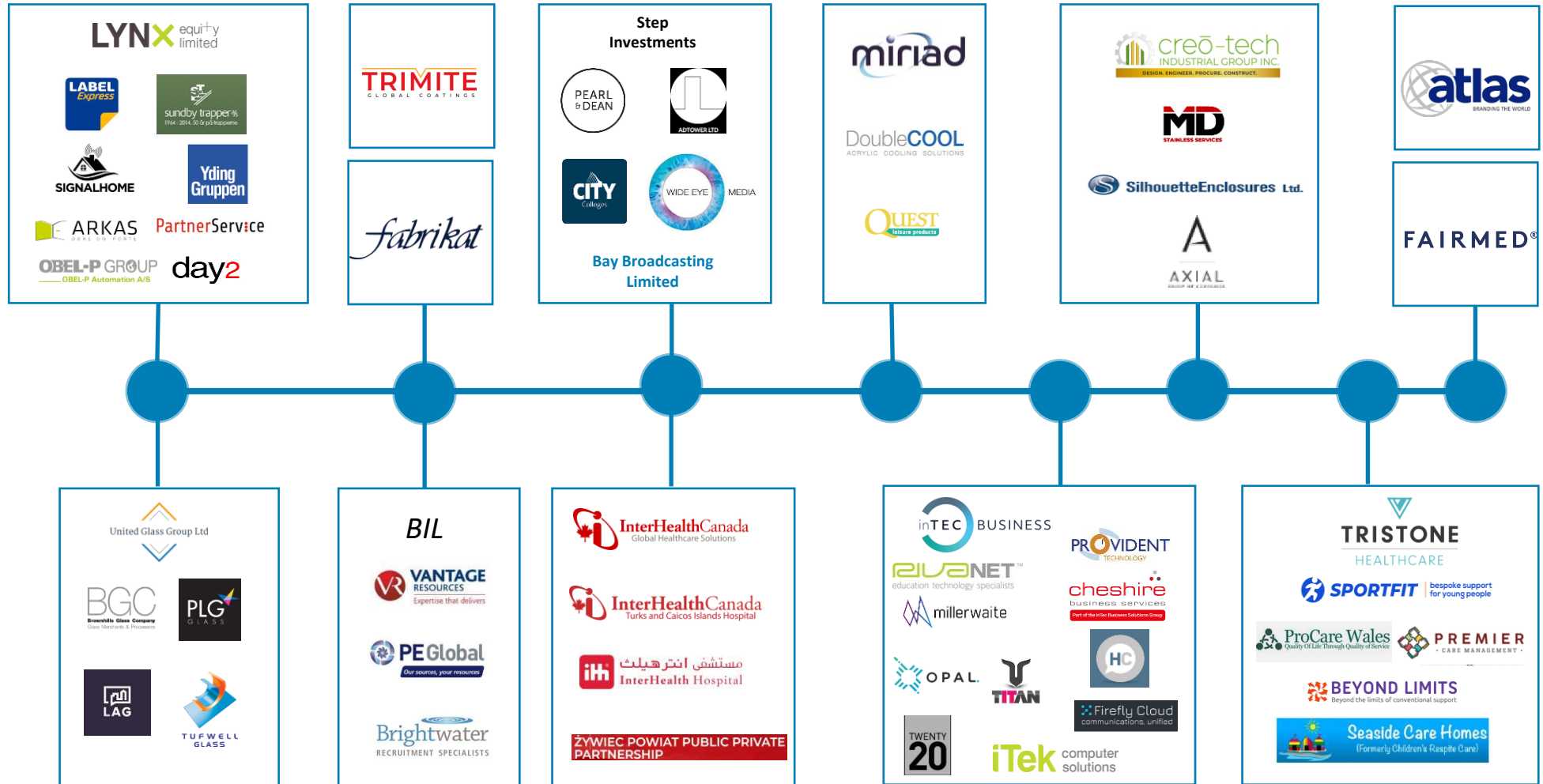
Duke has **proven experience** investing across range of sectors, geographies and transaction types

<p>December 2021</p>  <p>HEALTHCARE SPECIALIST CARE</p> <p>Equity Stake: 14%</p> <p>Acquisition Capital</p>	<p>December 2021</p>  <p>INDUSTRIALS</p> <p>Equity Stake: 0%</p> <p>Debt Refinancing</p>	<p>July 2021</p>  <p>INDUSTRIALS</p> <p>Equity Stake: 18%</p> <p>Acquisition Capital</p>	<p>July 2021</p>  <p>I.T. SERVICES</p> <p>Equity Stake: 15%</p> <p>Acquisition Capital</p>	<p>June 2021</p>  <p>HEALTHCARE</p> <p>Equity Stake: 0%</p> <p>Growth Capital</p>
<p>February 2021</p>  <p>INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>MBO</p>	<p>February 2019</p>  <p>LEISURE</p> <p>Equity Stake: 30%</p> <p>MBI</p>	<p>September 2018</p>  <p>BUSINESS SERVICES</p> <p>Equity Stake: 30%</p> <p>MBO / MBI</p>	<p>August 2018</p>  <p>HEALTHCARE</p> <p>Equity Stake: 0%</p> <p>Growth Capital</p>	<p>June 2018</p>  <p>EDUCATION & MEDIA</p> <p>Equity Stake: 30%</p> <p>Growth Capital</p>
<p>April 2018</p>  <p>INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>Acquisition Capital</p>	<p>March 2018</p>  <p>INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>Equity Buyout</p>	<p>October 2017</p>  <p>BUSINESS SERVICES</p> <p>Equity Stake: 0%</p> <p>Acquisition Capital</p>		

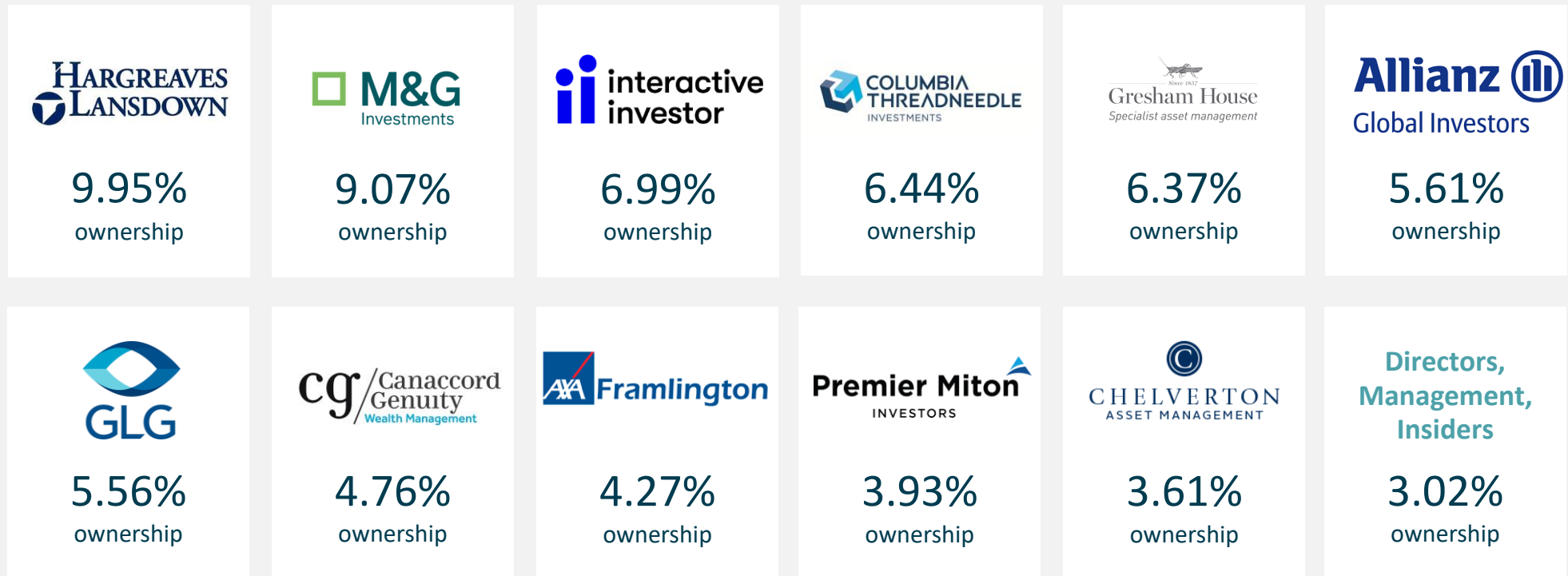
Our Royalty Partners and their Operating Subsidiaries



Duke's exposure is diversified across 48 underlying operating companies



Strong base of blue-chip institutional investors¹ with significant management ownership



Duke exhibited a high level of liquidity among AIM traded stocks in 2021

¹ Data as at 31 August 2022

Continued progress announced post-period end

Finance

- Record £5.1 million of cash revenue in Q1 FY23
- £5.2 million of cash revenue forecast for Q2 FY23
- £20m of equity capital raised in May

Portfolio

- £5.4 million of follow-on investments into inTec and Tristone
- Increasing average cash yield across portfolio as adjustment factors take effect

Pipeline

- Strong pipeline of new opportunities under review
- Prudent approach to new royalty partners given macroeconomic headwinds

As the only London listed corporate royalty company, Duke Royalty has pioneered corporate royalty financing in the UK and Europe.



Capital preservation

Downside protection evident from previous market downturns



High operational leverage

Cash operating costs down to 14% of total cash revenue in FY22



Strong dividend yield

With lowest payout ratio in Company's 5-year history



Inflation hedged

Our revenue is linked to top-line growth of royalty partner



Upside from buy-outs

Buyout premiums and minority equity stakes crystallised when royalties bought out



Strong investment pipeline

Meaningful free cash flow per share increases with further deployments

Appendix



Consolidated Statement of Cashflows



	FY2022 £000	FY2021 £000	FY2020 £000
Receipts from royalty investments	14,701	9,931	8,977
Receipts of interest from loan investments	580	667	1,268
Other operating receipts	543	438	90
Operating expenses paid	(2,487)	(2,154)	(2,811)
Payments for royalty participation fees	(115)	(81)	(168)
Tax received / (paid)	(2,055)	135	(573)
Net cash inflow from operating activities	11,167	8,936	6,783
Royalty investments advanced	(74,586)	(22,708)	(17,751)
Royalty investments repaid	2,938	14,354	-
Loan investments advanced	(3,192)	(1,145)	(2,661)
Loan investments repaid	3,949	2,370	-
Equity investments advanced	(530)	(653)	-
Equity investments repaid	2,883	-	-
Payment for acquisition of subsidiaries, net of cash acquired	-	-	(321)
Receipt of deferred consideration	7,679	-	-
Investments costs paid	(972)	(634)	(548)
Net cash outflow from investing activities	(61,831)	(8,416)	(21,281)
Proceeds from share issue	35,000	-	17,454
Share issue costs	(1,936)	(1)	(1,048)
Dividends paid	(7,270)	(3,013)	(6,013)
Proceeds from loans	38,200	15,200	16,250
Loan repaid	(7,500)	(13,926)	(11,650)
Interest paid	(1,649)	(1,409)	(1,425)
Other finance costs paid	(181)	(95)	(534)
Net cash inflow from financing activities	54,664	(3,244)	13,304
Net change in cash and cash equivalents	4,000	(2,724)	(1,464)
Cash and cash equivalents at beginning of year	1,766	4,481	5,894
Effect of foreign exchange on cash	(59)	9	51
Cash and cash equivalents at the end of year	5,707	1,766	4,481

Consolidated Statement of Comprehensive Income



	FY2022 £000	FY2021 £000	FY2020 £000
Income			
Royalty investment income	18,037	19,344	(2,994)
Loan investment income	533	636	1,235
Equity investment income	9,678	1,569	(670)
Other operating income	543	93	90
Impairment loss on loan investments	-	-	(2,947)
Total income	28,791	21,642	(5,040)
Investment Costs			
Transaction costs	(631)	(447)	(448)
Due diligence costs	(1,113)	(103)	(95)
Operating Costs			
Administration and Personnel	(2,060)	(1,675)	(1,725)
Legal and professional fees	(405)	(367)	(584)
Other operating costs	(151)	(99)	(471)
Expected credit losses	(72)	-	-
Share-based payments	(930)	(806)	(409)
Operating (loss) / profit	23,429	18,145	(8,772)
Net foreign currency movement	(60)	(542)	246
Other finance costs	(1,996)	(1,539)	(1,607)
(Loss) / Profit for the period before tax	21,373	16,064	(10,379)
Taxation expense	(982)	(2,111)	1,481
Total comprehensive (loss) / income for the period	20,391	13,953	(8,898)

Consolidated Statement of Financial Position



	31-Mar-22 £000	31-Mar-21 £000	31-Mar-20 £000
Goodwill	203	203	203
Royalty finance investments	139,648	71,107	59,435
Loan investments	3,172	4,370	4,418
Equity investments	10,820	3,495	507
Trade and other receivables	-	5,618	-
Deferred tax asset	156	158	675
Total Non-Current assets	153,999	84,951	65,238
Royalty finance investments	20,831	14,194	16,124
Loan investments	1,000	580	5,099
Trade and other receivables	2,194	4,422	142
Cash and cash equivalents	5,707	1,766	4,481
Current tax asset	-	-	567
Total Current assets	29,732	20,962	26,413
Total Assets	183,731	105,913	91,561
Royalty debt liabilities	160	114	133
Trade and other payables	423	267	318
Borrowings	362	161	172
Current tax liability	88	1,163	-
Total Current liabilities	1,033	1,705	623
Royalty debt liabilities	951	917	1,040
Trade and other payables	1,067	402	431
Borrowings	47,740	17,103	15,517
Total Non-current liabilities	49,758	18,422	16,988
Net Assets	132,941	85,786	74,040
Shares issued	153,974	120,870	118,479
Share based payment reserve	2,478	1,548	742
Warrant reserve	265	265	265
Retained losses	(23,776)	(36,897)	(45,446)
Total Equity	132,941	85,786	74,040

Management and investment committee have royalty experience of 70+ years



Neil Johnson – Executive Director and CEO

- Pioneered UK listings for Canadian and UK dual-listed companies between 2000 and 2010
- £3 billion raised for dual-listed companies and led the first Canadian AIM Nomad and UKLA sponsor



Charlie Cannon-Brookes – Executive Director

- London-based **Executive Director**
- Co-owner of FCA-regulated Arlington Group Asset Management



Jim Webster – Chairman of Investment Committee

- Pioneered world's first drug royalty public company on TSX (from 1993-2002); 25 years of royalty experience
- Previous royalty companies have a total of £4bn under management



Hugo Evans – Finance Director

- Extensive experience in senior finance roles within financial services
- 11 years of UK plc reporting experience
- Chartered Accountant (Grant Thornton)



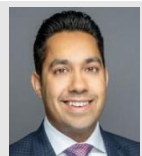
Alex Hibbard – VP, Investments

- 7 years of private equity experience, previously at London-based PE firm Terra Firma, where he focused on new investments and managing portfolio companies
- Chartered Financial Analyst



Nigel Birrell – Non-Exec Chairman

- Group CEO of Lottoland Limited
- Former director of two FTSE 250 companies, including HIT Entertainment



Ajay Shivdasani – VP, Investments

- 4 years of private-equity LBO transaction experience and deal origination at DW Healthcare Partners and 4 years of global management consulting experience at Oliver Wyman
- MBA from INSEAD University, 2014



Steven Russo – VP, Investments

- 6 years of experience in mezzanine debt and equity growth capital transactions at Difference Capital Financial Inc.
- Holds a J.D./MBA Degree from Queen's University (2011) with expertise in corporate law and governance



Matthew Wrigley – Non-Exec Director

- Former Partner at MJ Hudson and resident of Guernsey
- Former General Counsel of a fund management company with >£650m AUM



Marcus Olsberg – Associate, Investments

- 4 years at MUFG Bank where he worked in the Leveraged Finance and Credit Analysis divisions with a focus on the Aviation Sector
- Holds a BA from Durham University



Magda Tarnowska – Executive Assistant

- 4 years experience as EA supporting the CEO and Duke team
- 2 years as EA at Captor Capital, supporting the CEO and Board of Directors



Maree Wilms – Non-Exec Director

- Co-founder and CEO of Zeta Asset Management ICC Limited
- COO of South Africa Alpha Capital Management Limited

A long-term participating loan with similar characteristics to traditional royalties

- Alternative financing with features of debt and equity, which allows company owners to keep control of their business **without refinancing risk**
- Duke provides a **lump sum of capital** to a company with a term of **30 years**
- Initial yield is **c.13.0%** of capital, **adjusted once per year with a collar of +/-6%** in currency terms (0.7-0.8% of initial capital)
- Duke's total obligation can be serviced out of **current cash flow, without need for exit event**
- **Company can Buyback royalty:** after c.3 years, initial principal plus **c.20% buyout premium**. However, buyback granted at any time upon change of control (**not a poison pill**). There is **no bullet repayment** at end of term

Illustrative Company Example	2021	2022	2023	2024	2025	2026
Duke Investment Amount	£10.00					
Company revenue (<i>% change</i>)	£20.00	£23.00 <i>+15%</i>	£21.16 <i>-8%</i>	£22.22 <i>+5%</i>	£24.44 <i>+10%</i>	£28.11 <i>+10%</i>
Duke distribution (<i>% change</i>)	-	£1.35 <i>+6%</i>	£1.43 <i>-6%</i>	£1.35 <i>+5%</i>	£1.41 <i>+6%</i>	£1.50 <i>+6%</i>



Corporate royalties appeal to owners who **need capital but want to retain control**

	Debt	Royalty	Private Equity
Term	3-7 years	25-40 years	Permanent dilution
Refinancing risk	Significant	None	Pressure to exit
Control	Passive	Passive	Loss of control
Covenants	Significant	Covenant-light	Covenant-light
Security	Typically senior	Typically senior	None
FCF impact (years 1-5)	Significant	Light	Light



Minimally-dilutive capital with no re-financing risk for long-standing, profitable, owner-managed companies

Corporate royalty terms	<ul style="list-style-type: none"> • 30-year participating loan, no bullet repayment • Annual adjustments of +/-6% based on revenue change
Senior security	<ul style="list-style-type: none"> • Senior security sought on available assets • Typical banking covenants
Liquidity buffer	<ul style="list-style-type: none"> • Initial cash distributions of between 12.0 – 13.5% of principal • Initial royalty coverage of 2.0x of EBITDA
Long term alignment with owners	<ul style="list-style-type: none"> • Looking for successful businesses with owners who want to stay in control • 3-year non call period; premium to principal payable upon buyout
Environmental, Social & Governance	<ul style="list-style-type: none"> • Appropriate ESG standards articulated in Duke's Responsible Investing Policy
Rigorous due diligence and approvals	<ul style="list-style-type: none"> • Commercial due diligence partners for sector evaluation • Approval required by independent investment committee and PLC Board

PREFERRED SECTORS				No start-ups No oil & gas No mining No biotech
<p>Industrials</p>	<p>Business services</p>	<p>Healthcare</p>	<p>Technology</p>	

Royalty company shareholders benefit from **attractive returns** and **increasing valuation** as they diversify their investment portfolios

Annuity-like
revenue streams

Compounding
opportunity
through participation
in growth by annual
adjustments

High level of
operational
gearing

Yield
compression
as portfolio grows

Diversification
of risk
through addition of revenue
streams and liquidity of
shares

Commitment
to growing
quarterly dividends

Key examples of how Duke's funding solution has been used by owner-operators to **drive growth** and **increase shareholder value**

Debt or equity restructuring

Debt refinancing or shareholders exiting

We support owners without creating another future exit event

MBOs

Allows experienced management teams to become majority owners

We back people who created equity value to keep strategic control

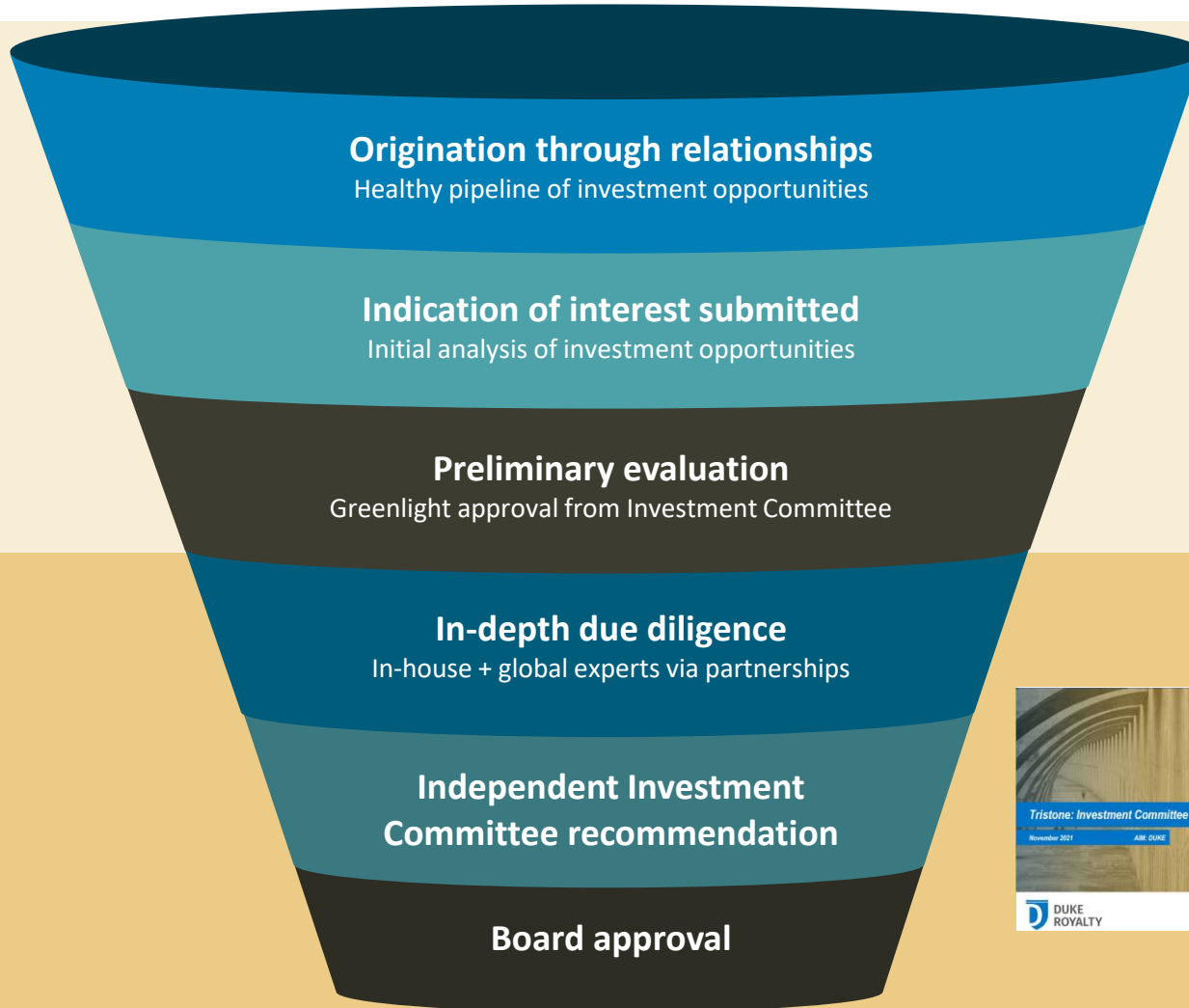
Acquisition capital

Flexible financing model enables cash drawdowns in multiple tranches

Used for bolt-on acquisitions

Duke Royalty's ESG Assessment Framework

Category	Duke's Policy	Duke's Evaluation of Company's ESG Policies
Environmental	<ul style="list-style-type: none"> We encourage companies to identify and implement measures to reduce their environmental impact 	<p>Risks:</p> <ol style="list-style-type: none"> What environmental risks has Duke identified that are associated with [Company's] business model & industry? What challenges does [Company] face when trying to uphold high environmental standards? <p>Mitigants:</p> <ol style="list-style-type: none"> Provide examples of how [Company] deals with environmental risks Describe how [Company] made Duke comfortable about their actions to ensure level of environmental standards
Social	<ul style="list-style-type: none"> We require that companies provide equal opportunities for employees We believe in actively engaging in Corporate Social Responsibility activities 	<p>Risks:</p> <ol style="list-style-type: none"> Describe the social risks associated with [Company's] specific business model and industry? Does [Company] sufficiently give back to its community? <p>Mitigants:</p> <ol style="list-style-type: none"> How does [Company] ensure the safety and wellbeing of its employees? What policies are in place? How does [Company] ensure it is actively engaging in Corporate Social Responsibility within its community?
Governance	<ul style="list-style-type: none"> Our focus on governance is to ensure our royalty partners have a board which delivers strong leadership who behave in an ethical manner and engage with shareholders 	<p>Risks:</p> <ol style="list-style-type: none"> What specific governance risk has Duke identified that the [Company] has had difficulties in the past? Describe the gaps in governance that Duke has identified within [Company] <p>Mitigants:</p> <ol style="list-style-type: none"> What governance frameworks are in place to deal with the identified risks?



Origination process
Relationship driven, management and financial strength more important than industry sector

Approval process
Production of due diligence report and 2x approval



Duke's proven resilience in turbulent market conditions

Brexit and COVID-19

- Portfolio has withstood shocks of Brexit and Covid-19 since 2017
- Capital preservation attributes were demonstrated during extremely challenging times
- Cash flow foregone, while equitisation allowed for recouping of lost value
- Engineered exit from riverboats

Supply Chain Issues

- Portfolio has been working to mitigate impact from price increases, stock interruptions during 2021
- Not unlike Brexit of 2018/19 with uncertainty over price and supply of materials
- Supply chain issues remain with continuing Covid-19 outbreak in China and war in Ukraine / Russia

Ukraine / Russia War

- No direct impact to any of our Royalty Partners
- Indirect impact via some cost of goods inflation
- While not ideal, will impact every competitor and therefore much like Brexit & Covid-19

Inflation

- The annual yield adjustment hedges existing investments, protecting Fair Value
- New investments can be priced at the same premium to the risk-free rate, so total distribution can rise
- Within existing portfolio, we are monitoring cost of goods increases and possible margin pressure

