



FY2023 Interim Financial Results

December 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

56 operating companies underlying our 14 Royalty Partners
Focus on acquisition capital increases indirect diversification

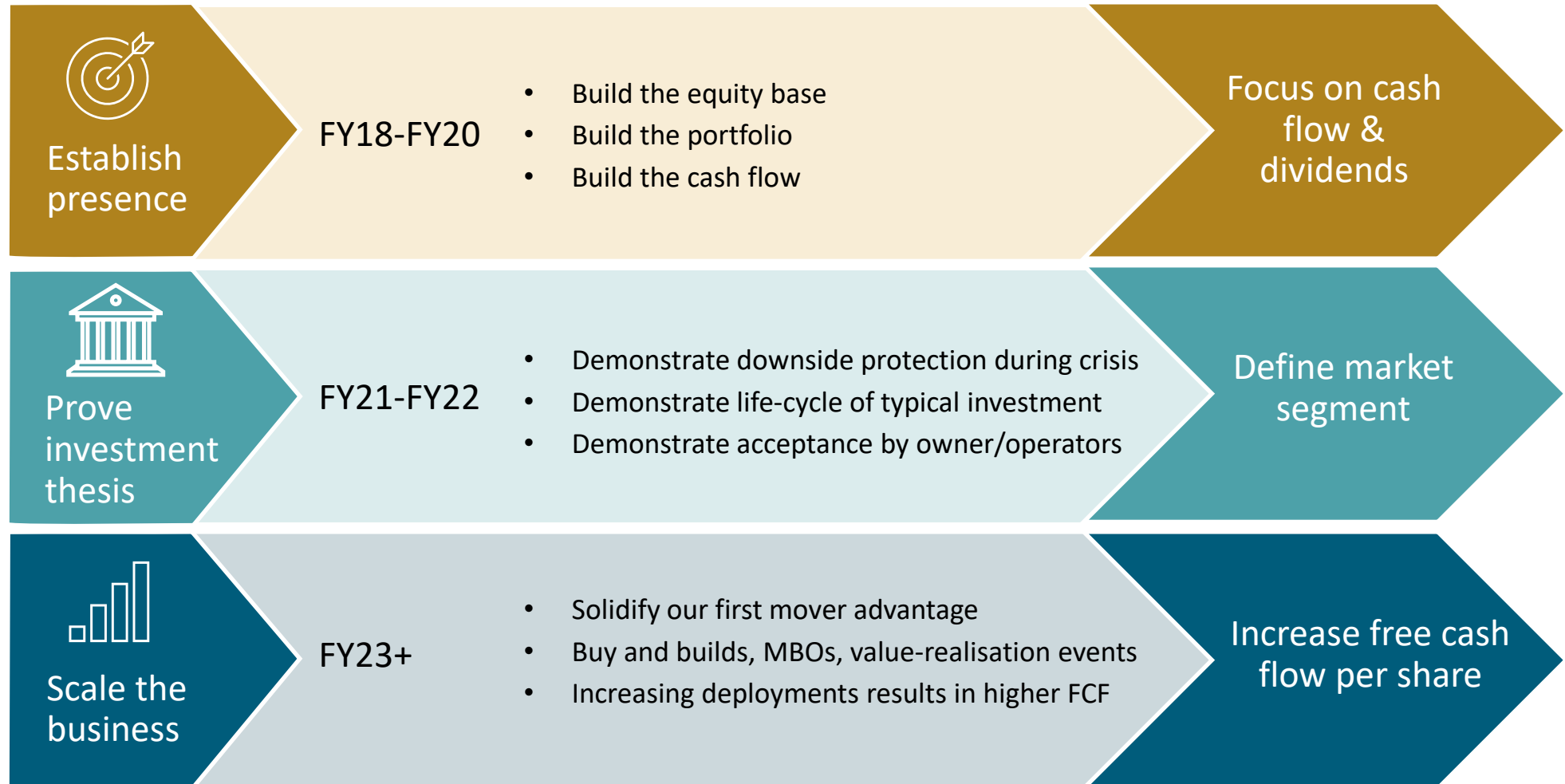
Strong Fundamentals

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

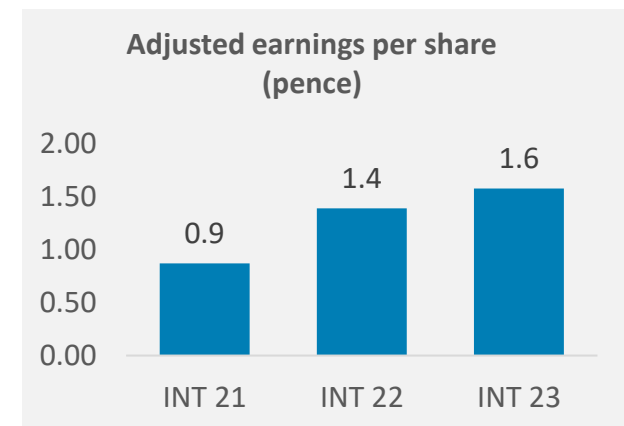
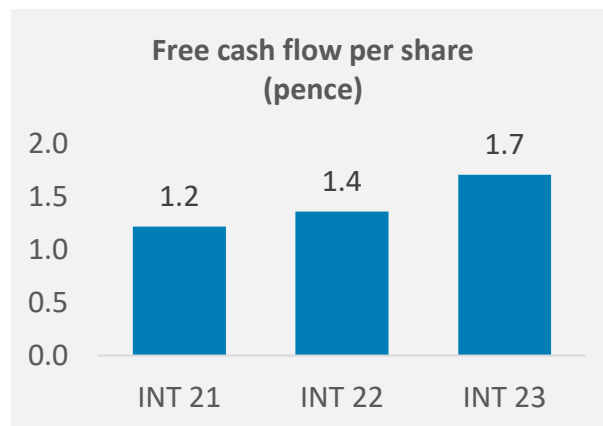
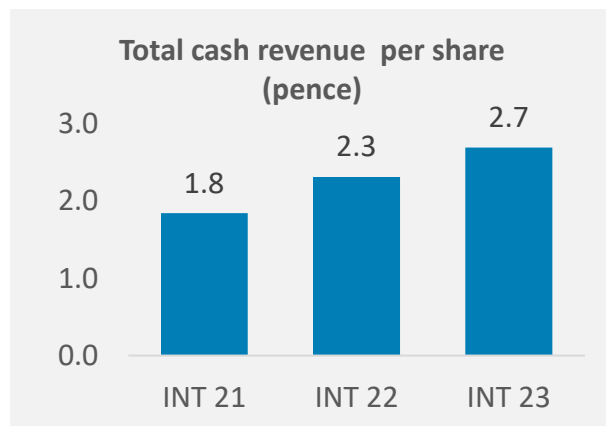
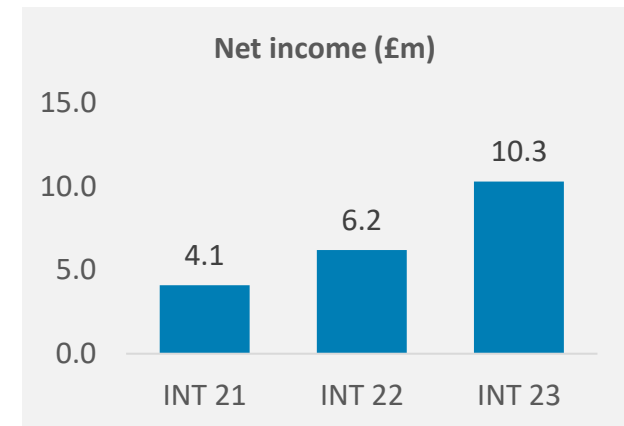
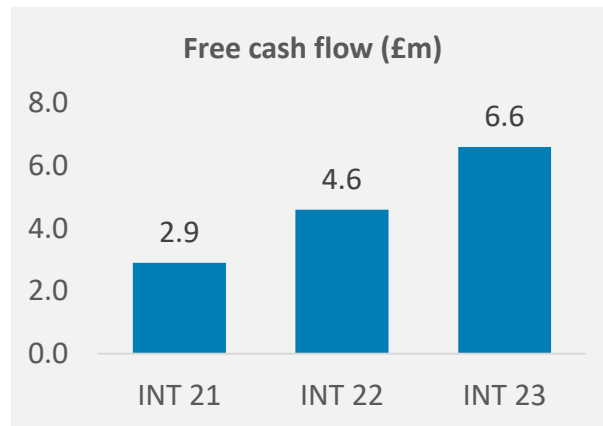
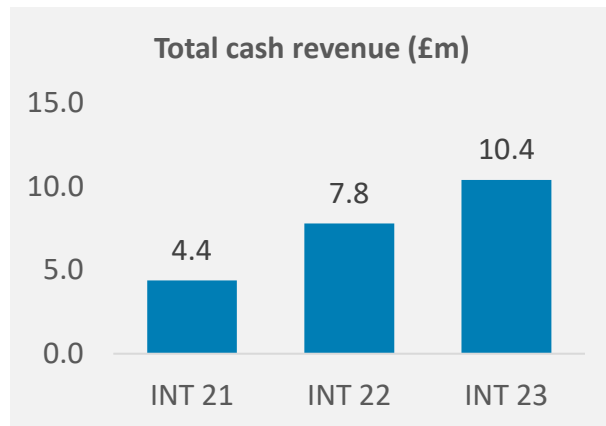
Five years of building the European leader in corporate royalties



Financial Highlights



Financial metrics strengthen as deployments scale

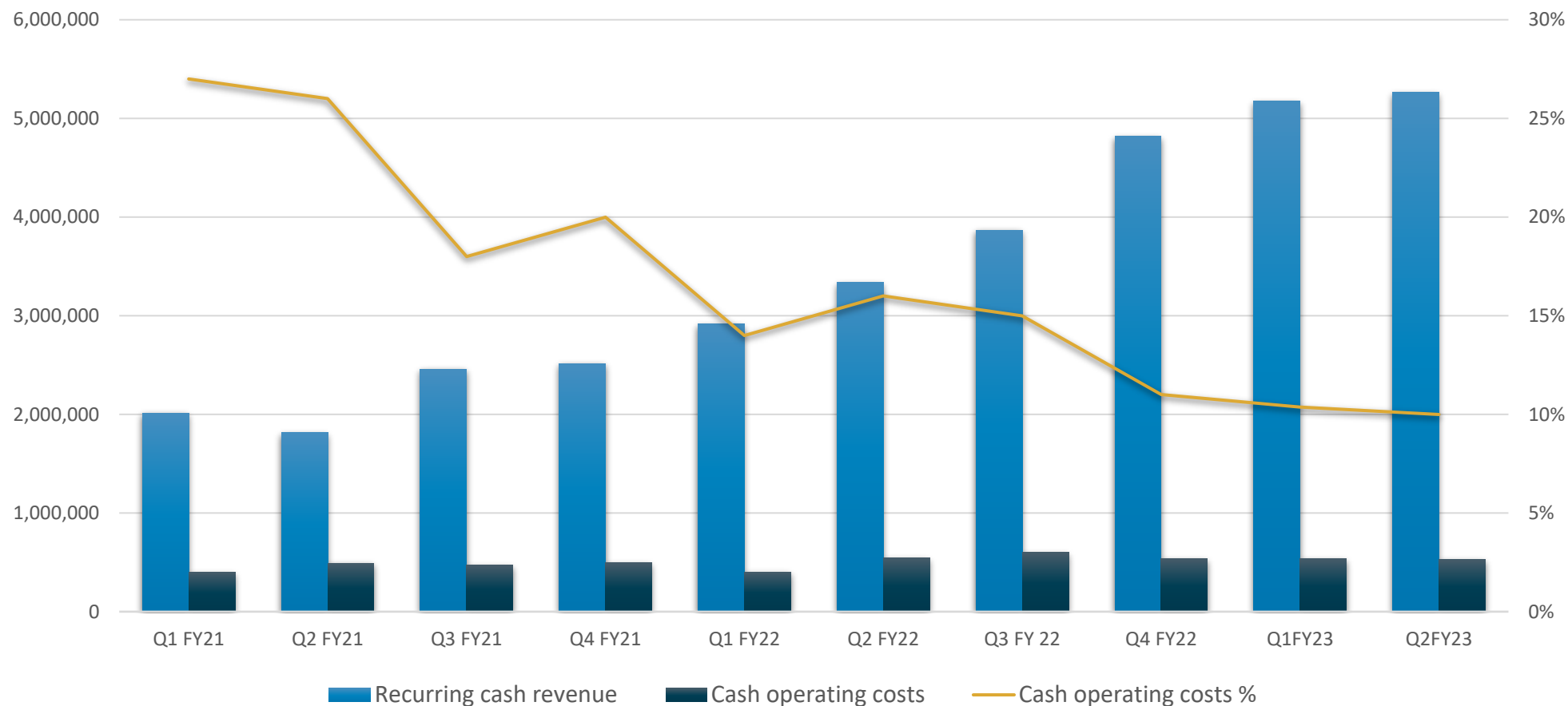


¹ Total cash revenue refers to monthly distributions from royalty partners, buyout premiums and cash gains from the sale of equity investments

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

Quarterly operating leverage – FY21-current

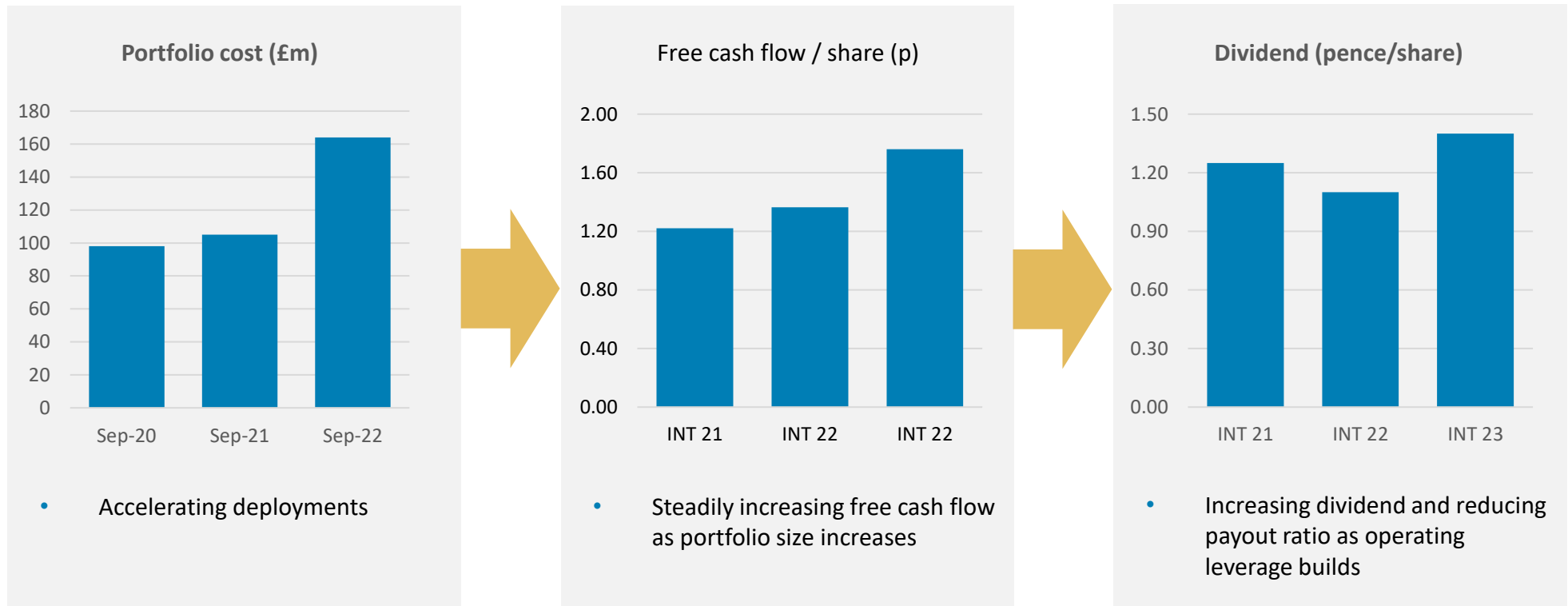


Note: cash operating costs exclude variable performance awards

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

2.80p per share of current annualised dividend¹

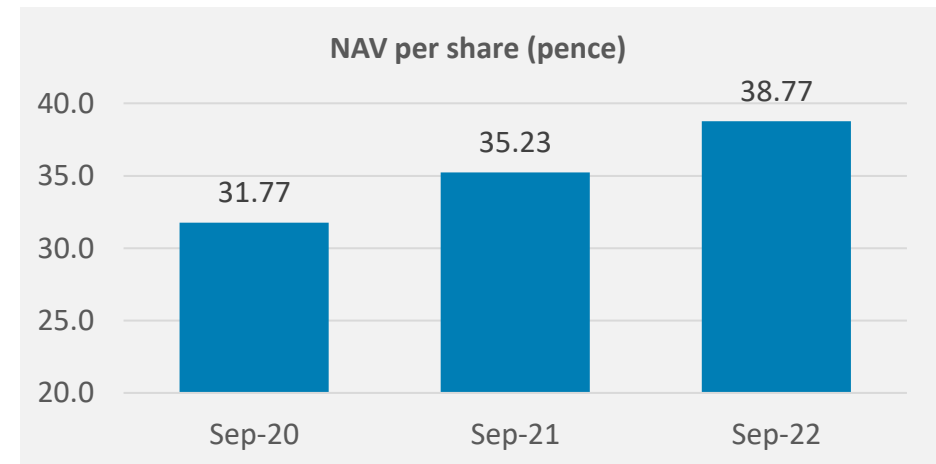
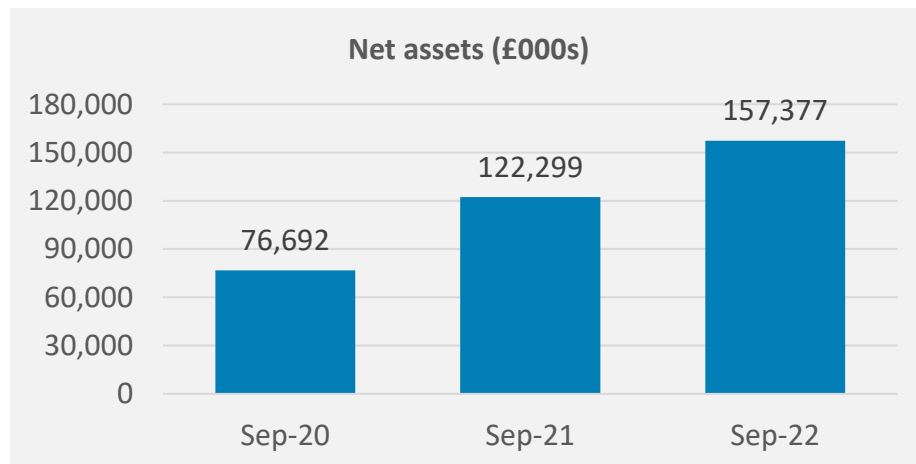
13.70p of dividends / share paid since inception



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

Balance sheet strengthening as portfolio matures

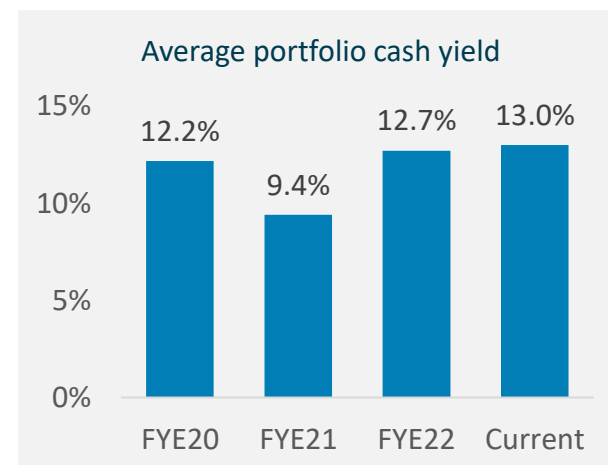
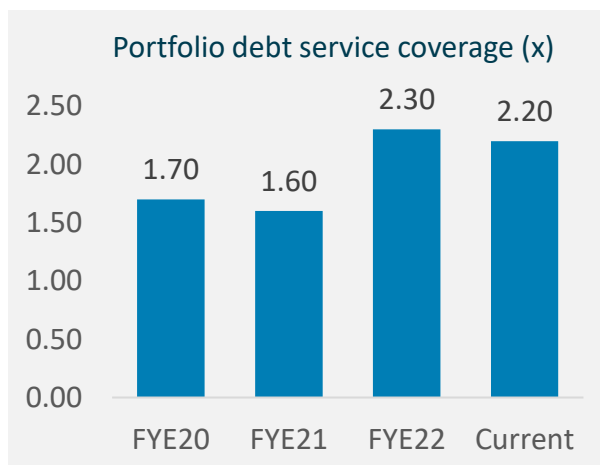
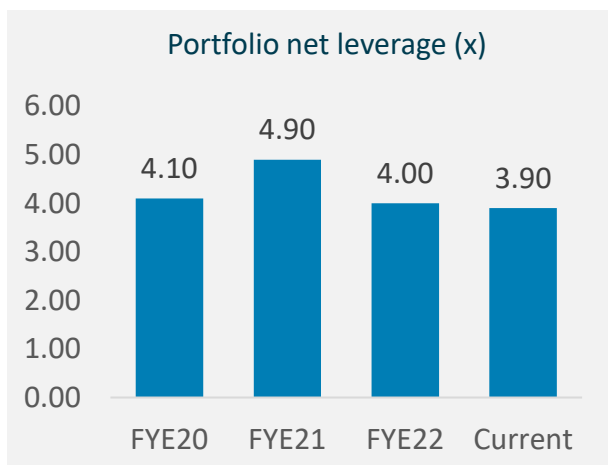
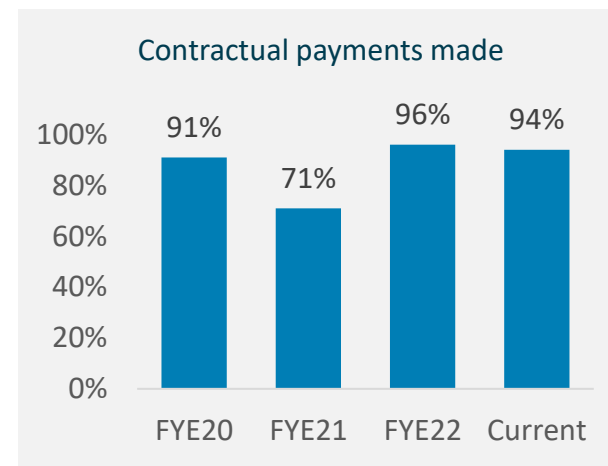
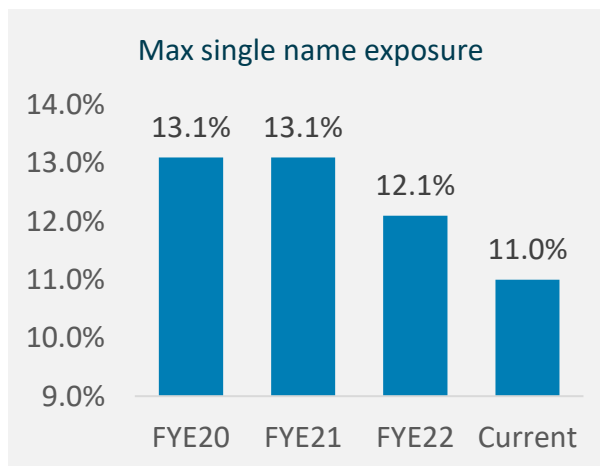
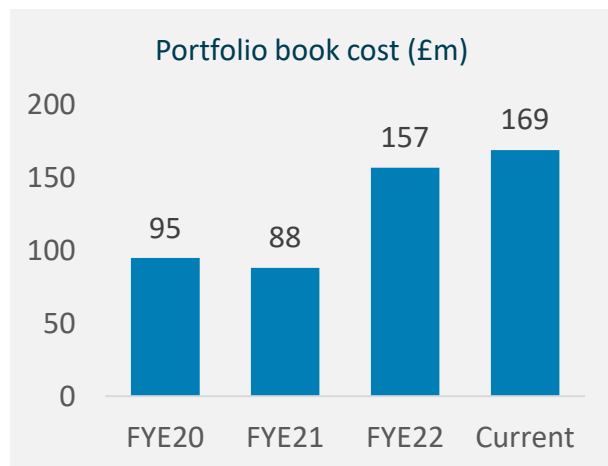
	30-Sep-20 £000	30-Sep-21 £000	30-Sep-22 £002
Royalty investments	83,485	106,839	171,944
Loan investments	8,549	1,580	4,892
Equity investments	172	4,870	11,305
Investment portfolio fair value	92,206	113,289	188,121



Portfolio Highlights

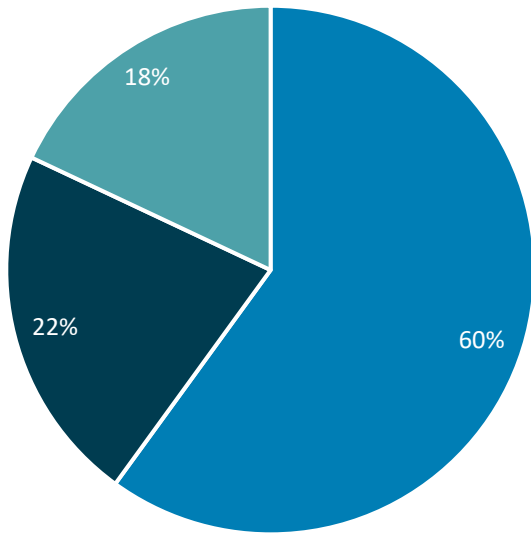


Credit metrics strengthen as portfolio grows



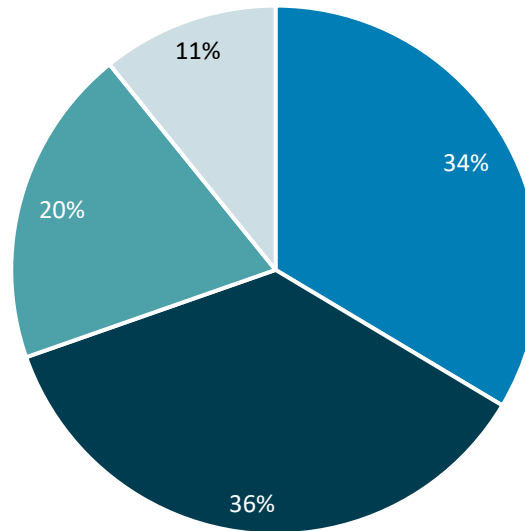
Risk mitigation and increased diversification as deployments accelerate

Portfolio by region
% of total cost



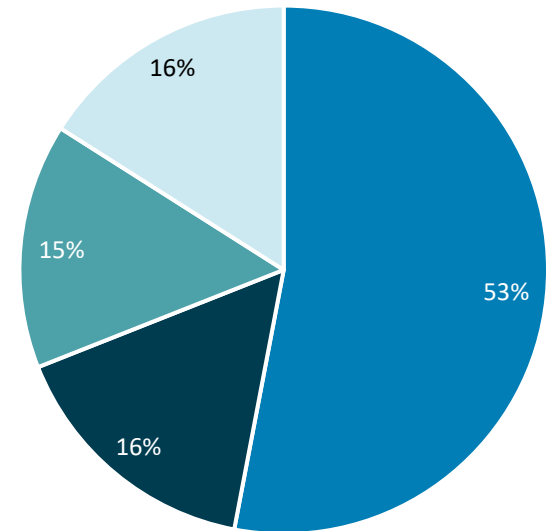
- UK - 8
- North America - 3
- Western Europe - 3

Portfolio by sector
% of total cost



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

Use of capital
% of total cost



- Acquisition Capital - 7
- MBO/MBI - 3
- Growth Capital - 2
- Balance Sheet Restructure - 2

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

<p>November 2022</p>  <p>NEW PATH FIRE AND SECURITY</p> <p>FIRE SECURITY</p> <p>Equity Stake: 15%</p> <p>Acquisition Capital</p>	<p>December 2021</p>  <p>TRISTONE HEALTHCARE</p> <p>SPECIALIST CARE</p> <p>Equity Stake: 14%</p> <p>Acquisition Capital</p>	<p>December 2021</p>  <p>atlas BRANDING THE WORLD</p> <p>INDUSTRIALS</p> <p>Equity Stake: 0%</p> <p>Debt Refinancing</p>	<p>July 2021</p>  <p>creo-tech INDUSTRIAL GROUP INC.</p> <p>INDUSTRIALS</p> <p>Equity Stake: 18%</p> <p>Acquisition Capital</p>	<p>July 2021</p>  <p>inTEC BUSINESS</p> <p>I.T. SERVICES</p> <p>Equity Stake: 15%</p> <p>Acquisition Capital</p>
<p>June 2021</p>  <p>FAIRMED®</p> <p>HEALTHCARE</p> <p>Equity Stake: 0%</p> <p>Growth Capital</p>	<p>February 2021</p>  <p>fabrikat®</p> <p>INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>MBO</p>	<p>February 2019</p>  <p>miriad</p> <p>LEISURE</p> <p>Equity Stake: 30%</p> <p>MBI</p>	<p>September 2018</p>  <p>BIL</p> <p>BUSINESS SERVICES</p> <p>Equity Stake: 30%</p> <p>MBO / MBI</p>	<p>August 2018</p>  <p>InterHealthCanada Global Healthcare Solutions</p> <p>HEALTHCARE</p> <p>Equity Stake: 0%</p> <p>Growth Capital</p>
<p>June 2018</p> <p>Step Investments</p> <p>EDUCATION & MEDIA</p> <p>Equity Stake: 30%</p> <p>Growth Capital</p>	<p>April 2018</p>  <p>United Glass Group Ltd</p> <p>INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>Acquisition Capital</p>	<p>March 2018</p>  <p>TRIMITE GLOBAL COATINGS</p> <p>INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>Equity Buyout</p>	<p>October 2017</p>  <p>LYNX equity limited</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 56 underlying operating companies



New royalty partner: New Path Fire and Security



Initial Royalty Investment £5.0m	Term 30 years	Transaction type Buy & Build	Initial obligation (incl. principal) 13.5%	Annual adjustment (based on revenue) +/-6%
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Company overview

- New Path Fire and Security is a **growing and acquisitive platform**, buying independent regional fire safety and security companies throughout southern England
- New Path predominantly serves business customers, helping them to **protect their premises, assets**, and most importantly their **people**.
- New Path's **growing raft of competencies** also allows it to act as a hassle-free single point of contact

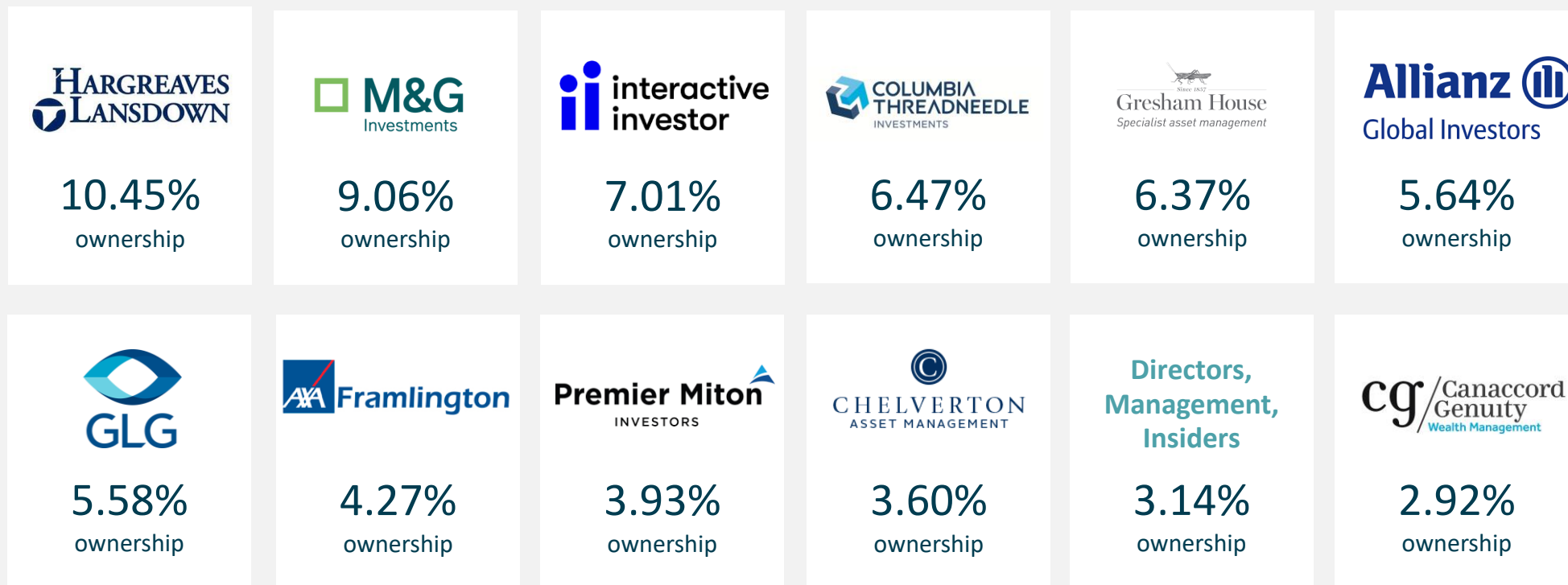
Why Duke

- **Patient capital** with no refinancing risk in a challenging macroeconomic environment
- Access to further capital **“war chest” to pursue M&A**

“Duke is an ideal partner and shareholder for us at this point in our life cycle. Their capital will allow us to assert ourselves in a sector that we understand well and to gain scale via acquisition. We are excited about the opportunities that lie ahead and to work with the Duke team to achieve our strategic objectives” **Andrew Hill, CEO of New Path**



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



Duke exhibited a high level of liquidity among AIM traded stocks in 2022

¹ Data as at 30 November 2022

Continued progress announced post-period end

Finance

- Record £5.3 million of cash revenue in Q2 FY23
- £5.5 million of cash revenue forecast for Q3 FY23

Portfolio

- £5.5 million investment into new royalty partner New Path Fire and Security
- 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 10% of total cash revenue in Interim 2023



Strong dividend yield

With reducing payout ratio as free cash flow increases



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 Cash Flows



	INTERIM 2023 £000	FY 2022 £000	INTERIM 2022 £000
Receipts from royalty investments	10,234	14,701	6,419
Receipts of interest from loan investments	173	580	450
Other operating receipts	30	543	266
Operating expenses paid	(1,061)	(2,487)	(946)
Payments for royalty participation fees	(57)	(115)	(57)
Tax received / (paid)	(813)	(2,055)	(1,569)
Net cash inflow from operating activities	8,506	11,167	4,563
Royalty investments advanced	(6,550)	(74,586)	(23,209)
Royalty investments received	-	2,938	2,938
Loan investments advanced	(700)	(3,192)	-
Loan investments received	-	3,949	3,370
Equity investments advanced	-	(530)	(530)
Receipts from equity instruments	-	2,883	652
Realised gain from sale of equity investments	-	-	-
Receipt of deferred consideration	-	7,679	-
Investment costs paid	(173)	(972)	(496)
Net cash outflow from investing activities	(7,423)	(61,831)	(17,275)
Proceeds from share issue	20,000	35,000	35,000
Share issue costs	(1,115)	(1,936)	(1,936)
Dividends paid	(5,282)	(7,270)	(3,270)
Proceeds from loans	5,050	38,200	-
Loan repaid	(18,500)	(7,500)	(7,500)
Interest paid	(1,872)	(1,649)	(612)
Other finance costs paid	(30)	(181)	-
Net cash inflow from financing activities	(1,749)	54,664	21,682
Net change in cash and cash equivalents	(666)	4,000	8,970
Cash and cash equivalents at beginning of year	5,707	1,766	1,766
Effect of foreign exchange on cash	31	(59)	9
Cash and cash equivalents at the end of year	5,072	5,707	10,745

Consolidated Statement of Comprehensive Income



	INTERIM 2023 £000	FY 2022 £000	INTERIM 2022 £000
Income			
Royalty investment income	15,079	18,037	7,584
Loan investment income	173	533	410
Equity investment income	485	9,678	1,497
Other operating income	30	543	266
Total income	15,767	28,791	9,757
Investment Costs			
Transaction costs	(28)	(631)	(525)
Due diligence costs	(455)	(1,113)	11
Operating Costs			
Administration and Personnel	(1,811)	(2,060)	(1,191)
Legal and professional fees	(232)	(405)	(183)
Other operating costs	(100)	(151)	(65)
Expected credit losses	-	(72)	-
Share-based payments	(458)	(930)	(472)
Operating (loss) / profit	12,683	23,429	7,332
Net foreign currency movement	177	(60)	108
Other finance costs	(1,951)	(1,996)	(693)
(Loss) / Profit for the period before tax	10,909	21,373	6,747
Taxation expense	(614)	(982)	(540)
Total comprehensive (loss) / income for the period	10,295	20,391	6,207

Consolidated Statement of Financial Position



	30-SEP-22 £000	31-MAR-22 £000	30-SEP-21 £000
Goodwill	203	203	203
Royalty finance investments	149,853	139,648	93,232
Loan investments	3,872	3,172	1,000
Equity investments	11,305	10,820	4,810
Trade and other receivables	-	-	2,236
Deferred tax asset	155	156	157
Total Non-Current assets	165,388	153,999	101,638
Royalty finance investments	22,091	20,831	13,607
Loan investments	1,000	1,000	580
Equity investments	-	-	60
Trade and other receivables	2,294	2,194	7,780
Cash and cash equivalents	5,072	5,707	10,745
Current tax asset	111	-	-
Total Current assets	30,568	29,732	32,772
Total Assets	195,956	183,731	134,410
Royalty debt liabilities	165	160	144
Trade and other payables	1,423	423	868
Borrowings	337	362	172
Current tax liability	-	88	132
Total Current liabilities	1,925	1,033	1,316
Royalty debt liabilities	960	951	932
Trade and other payables	1,331	1,067	204
Borrowings	34,363	47,740	9,659
Total Non-current liabilities	36,654	49,758	10,795
Net Assets	157,377	132,941	122,299
Shares issued	172,939	153,974	153,974
Share based payment reserve	2,936	2,478	2,020
Warrant reserve	265	265	265
Retained losses	(18,763)	(23,776)	(33,960)
Total Equity	157,377	132,941	122,299

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)



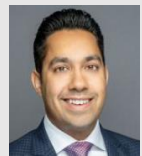
Alex Hibbard – VP, Investments

- 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

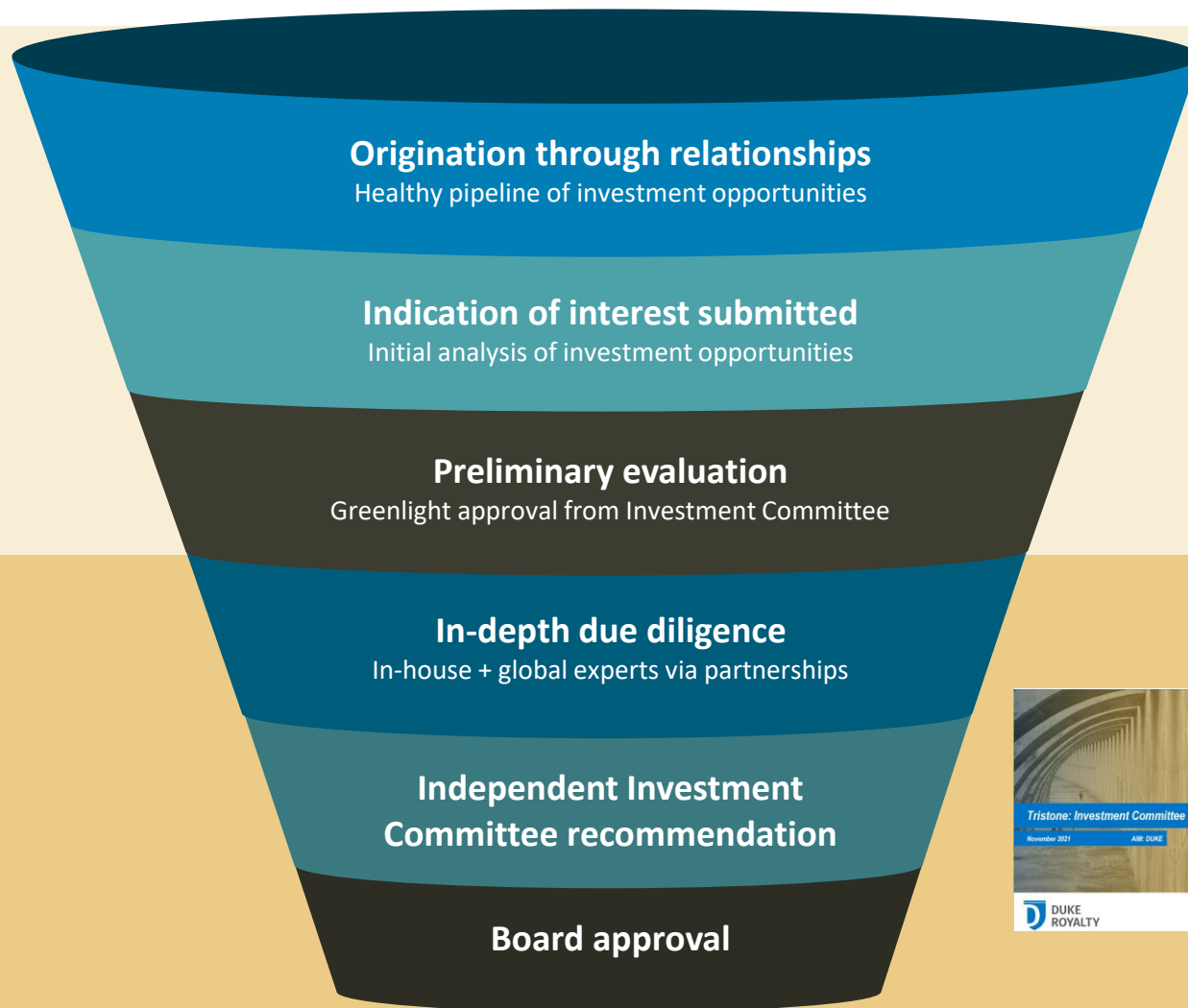
Flexible financing model enables cash drawdowns in multiple tranches

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

