

FY2024 Interim Results

November 2023

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

62 operating companies underlying our 15 Royalty Partners
Interim 2024 invested £18m and added one new royalty partner

Strong Fundamentals

12 quarters in a row of increasing recurring cash revenue
Interim 2024 a strong set of results despite economic headwinds

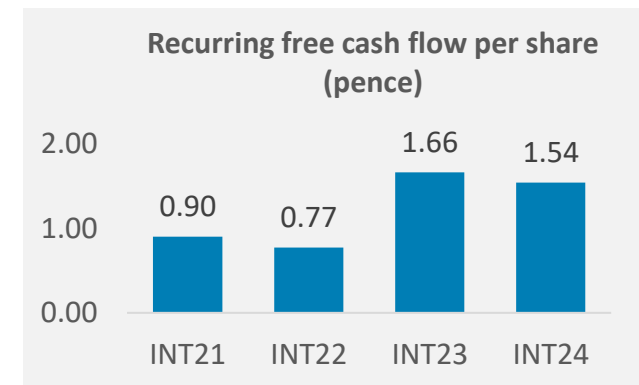
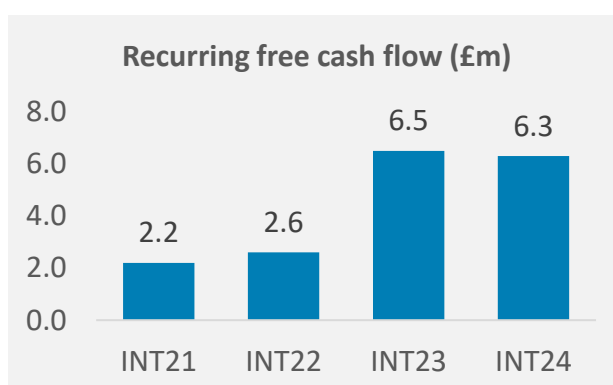
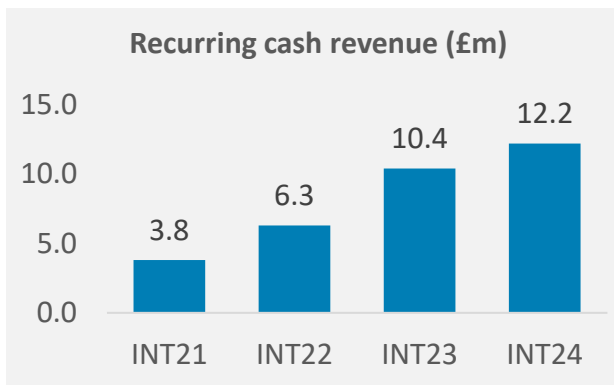
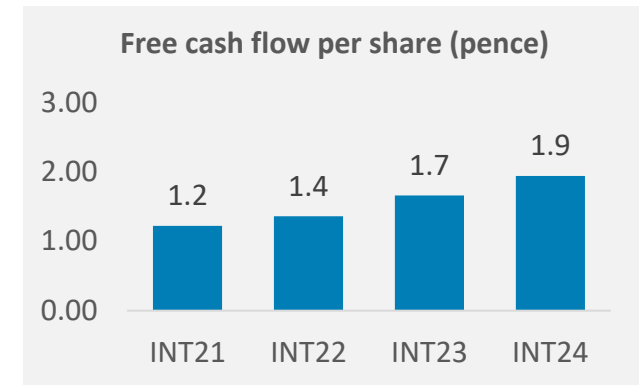
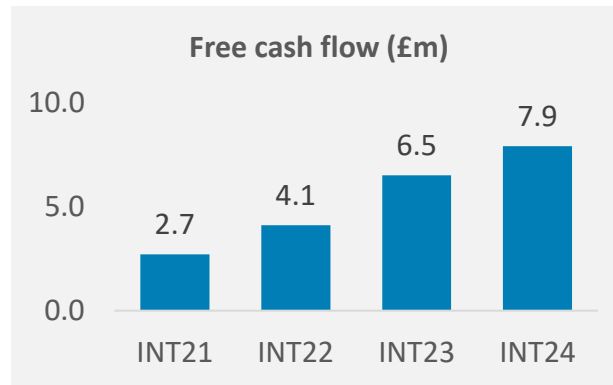
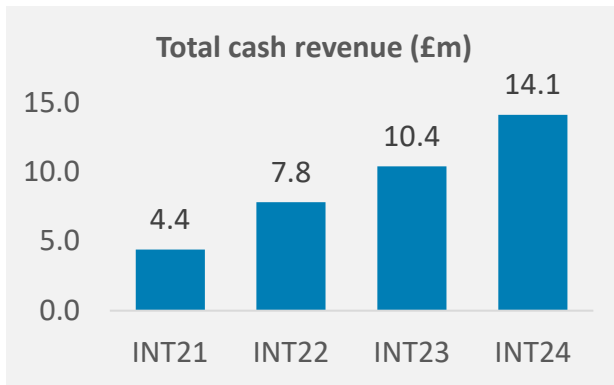
Resilient Business Model

Investment Philosophy to protect our downside and limit our upside
Adjustments to Duke's distributions generally increase during inflation

Financial Highlights

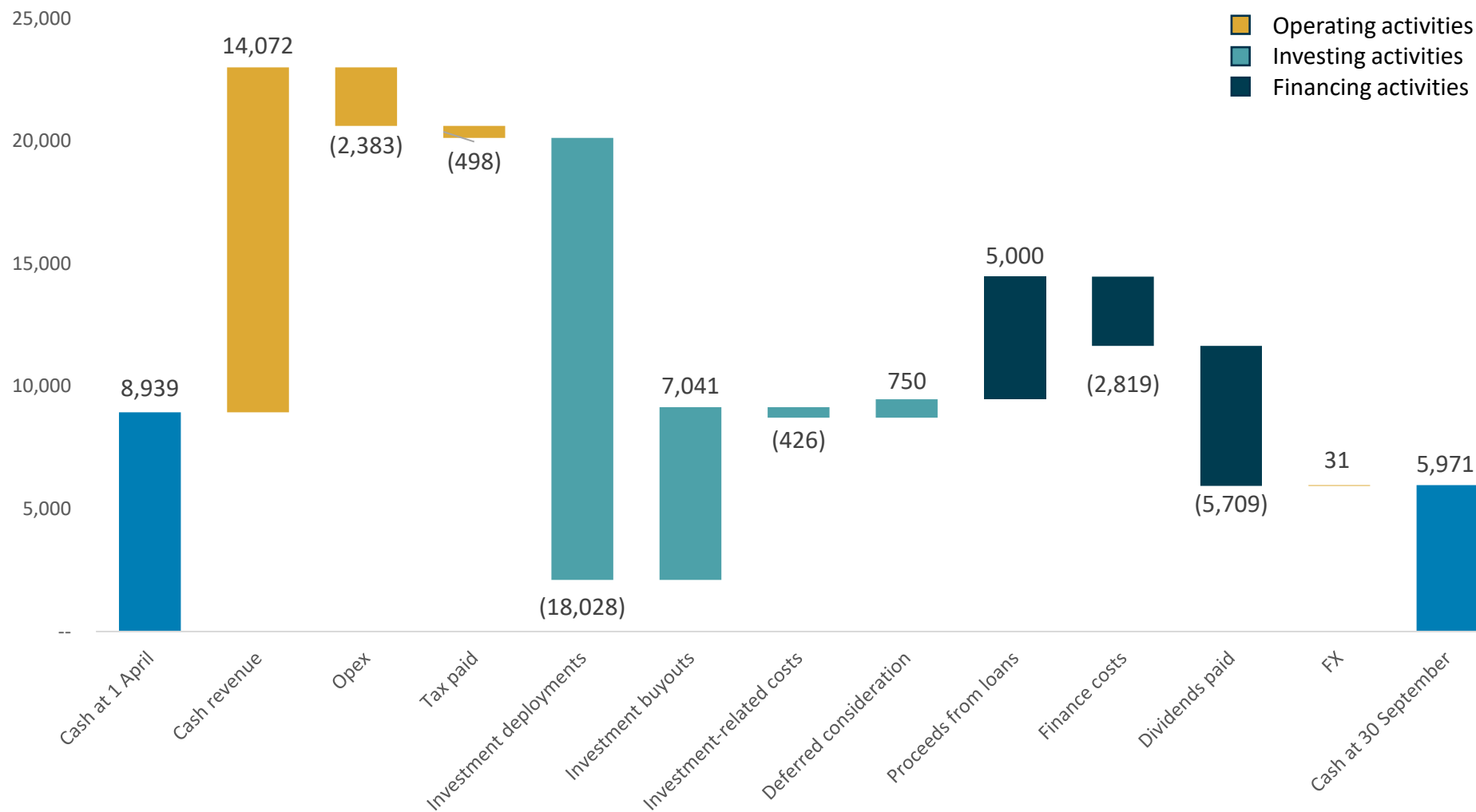


Steady growth during economic headwinds



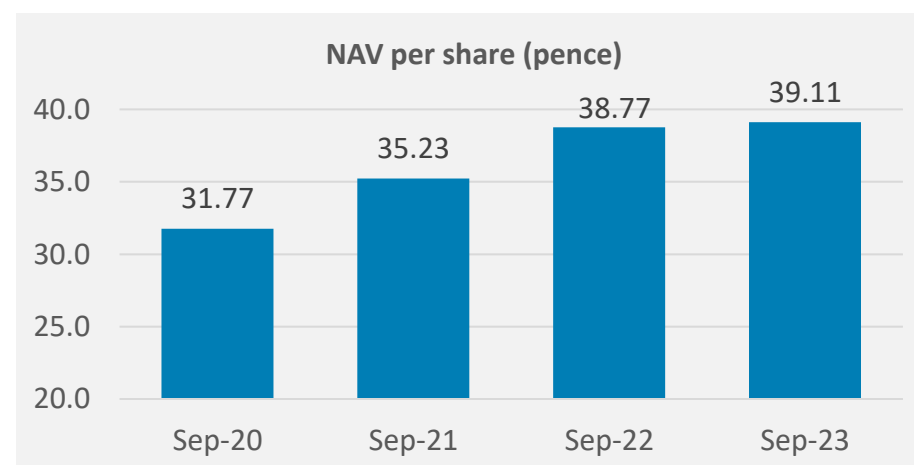
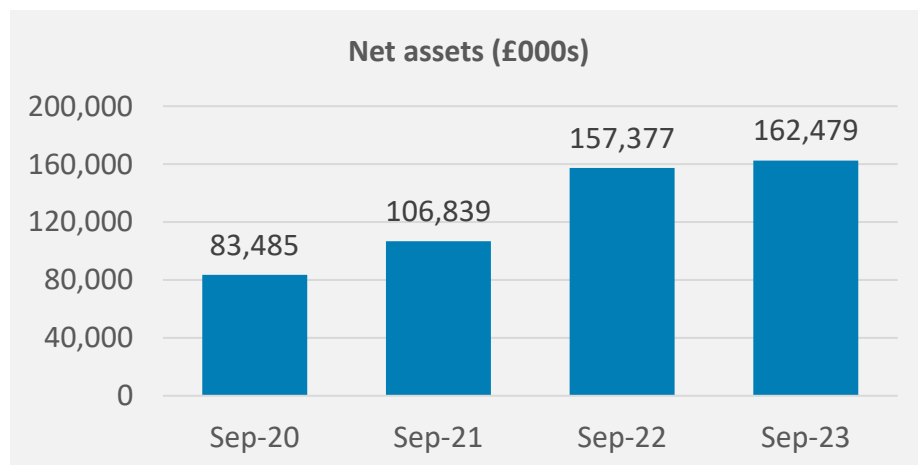
¹ Total cash revenue refers to monthly distributions from royalty partners, buyout premiums and cash gains from the sale of equity investments
² Free cashflow is defined as net cash inflows from operations plus cash gains from the sale of equity investments less interest paid on borrowings.
³ Recurring free cash flow excludes buyout premiums and cash gains from the sale of equity investments

Cashflows driven by net deployments



Balance sheet remains healthy and well insulated

	30-Sep-20 £000	30-Sep-21 £000	30-Sep-22 £000	30-Sep-23 £000
Royalty investments	83,485	106,839	171,944	200,670
Loan investments	8,549	1,580	4,892	4,651
Equity investments	172	4,870	11,305	11,564
Investment portfolio fair value	92,206	113,289	188,121	216,886



- £40 million of liquidity as at 30 September 2023

Credit like returns with further potential equity upside

Investment date	Portfolio company	Capital invested	Cash returned to date	Cash return as % of capital invested	Unrealised fair value ¹	Total return on capital invested ²
Oct-17	Lynx	15,000	9,181	61%	15,367	1.6x
Mar-18	Trimite	12,500	4,520	36%	12,787	1.2x
Apr-18	UGG	12,350	6,769	55%	14,801	1.7x
Jun-18	Step	8,565	3,782	44%	9,217	1.5x
Aug-18	Interhealth	10,000	5,974	60%	11,804	1.8x
Sep-18	BPVA	13,603	5,926	44%	17,857	1.7x
Feb-19	Miriad	20,192	10,476	52%	18,529	1.3x
Feb-20	Fabrikat	6,200	2,418	39%	10,509	2.1x
Jun-21	Fairmed	8,591	2,843	33%	9,980	1.5x
Jul-21	Intec	24,400	4,376	18%	21,617	1.2x
Aug-21	Creō	10,970	2,893	26%	11,189	1.3x
Dec-21	Atlas	15,854	3,953	25%	18,950	1.4x
Dec-21	Tristone	19,400	3,931	20%	22,266	1.4x
Nov-22	New Path	7,400	641	9%	7,131	1.1x
Jul-23	Glasshouse	9,002	222	2%	10,139	1.1x
		194,208	66,012	34%	212,143	1.4x

- £800m of contractual revenue due over life of current portfolio
- £44m of buyout premiums

Data as at 30 September 2023
















¹ Unrealised fair value refers to the aggregate of the audited fair values of royalty, loan and equity investments as at 30 September 2023

² Total return on capital invested calculated as total capital invested divided by the sum of unrealised fair values and cash revenue return to date

Portfolio Highlights



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

<p>July 2023</p>  <p>glasshouse EVOLVING YOUR HOMEVIEW INDUSTRIALS</p> <p>Equity Stake: 10%</p> <p>MBO</p>	<p>November 2022</p>  <p>NEW PATH FIRE AND SECURITY FIRE & SECURITY</p> <p>Equity Stake: 15%</p> <p>Acquisition Capital</p>	<p>December 2021</p>  <p>TRISTONE HEALTHCARE SPECIALIST CARE</p> <p>Equity Stake: 14%</p> <p>Acquisition Capital</p>	<p>December 2021</p>  <p>atlas BRANDING THE WORLD INDUSTRIALS</p> <p>Equity Stake: 0%</p> <p>Debt Refinancing</p>	<p>July 2021</p>  <p>creo-tech INDUSTRIAL GROUP INC. DESIGN. ENGINEER. PRODUCE. CONSTRUCT. INDUSTRIALS</p> <p>Equity Stake: 18%</p> <p>Acquisition Capital</p>
<p>July 2021</p>  <p>inTEC BUSINESS I.T. SERVICES</p> <p>Equity Stake: 30%</p> <p>Acquisition Capital</p>	<p>June 2021</p>  <p>FAIRMED[®] HEALTHCARE</p> <p>Equity Stake: 0%</p> <p>Growth Capital</p>	<p>February 2021</p>  <p><i>fabrikat</i>[®] INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>MBO</p>	<p>February 2019</p>  <p>miriad LEISURE</p> <p>Equity Stake: 30%</p> <p>MBI</p>	<p>September 2018</p>  <p>BPVA BUSINESS SERVICES</p> <p>Equity Stake: 30%</p> <p>Acquisition Capital</p>
<p>August 2018</p>  <p>InterHealthCanada Global Healthcare Solutions HEALTHCARE</p> <p>Equity Stake: 0%</p> <p>Growth Capital</p>	<p>June 2018</p>  <p>Step Investments EDUCATION & MEDIA</p> <p>Equity Stake: 30%</p> <p>Growth Capital</p>	<p>April 2018</p>  <p>United Glass Group Ltd INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>Acquisition Capital</p>	<p>March 2018</p>  <p>TRIMITE GLOBAL COATINGS INDUSTRIALS</p> <p>Equity Stake: 30%</p> <p>Equity Buyout</p>	<p>October 2017</p>  <p>LYNX equi+ty limited 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 62 underlying operating companies



New royalty partner: Glasshouse



Initial Royalty Investment
US\$11.5m

Term
30 years

Transaction type
Buy & Build

Initial obligation (incl. principal)
13.5%

Annual adjustment (based on revenue)
+/-6%

Company overview

- Glasshouse is a Dallas-based provider of custom glass solutions including the design, fabrication, sale and installation of glass architectural products
- Glasshouse has long-standing customer relationships spanning the high-end residential and commercial real estate end-markets
- Glasshouse offers a vast suite of glass products, which includes outdoor architectural glazing and glass, staircases, glass walls, shelves, furniture, shower doors, mirrors and decorative glass

Why Duke

- **Patient capital** with no refinancing risk
- **Minimally dilutive** solution that enabled a management buyout for the CEO
- Single source **capital provider to fund future acquisitions**

“The long-term, light amortising and flexible nature of Duke's investment solution, in tandem with its ongoing partnership, is a great fit for Glasshouse. We are excited about the partnership with Duke and look forward to embarking on the next stage of our growth.”

Royce King, **CEO of Glasshouse**

Products and End Application

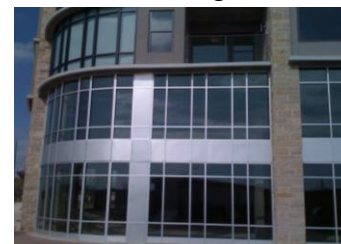
Shower Doors



Vanity Mirrors



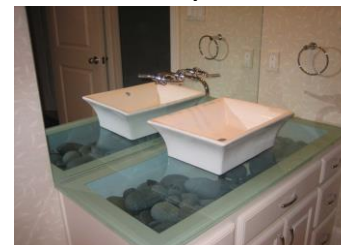
Store Front Glazing



Leaded Glass



Glass Countertops

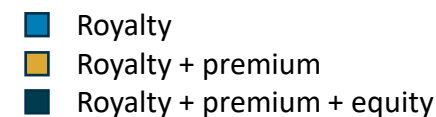


Architectural Laminated Glass



Track record with six exits to date

Investment Partner	Date of investment	Months held	Capital Returned (£000)	IRR
Temarca B.V.	Apr-17	46	12,404	-1.4%
BERKLEY	Mar-18	36	1,677	16%
xtremepush	Feb-18	30	4,798	22%
welltel	Jun-17	41	18,575	27%
bHP Insurance	Aug-18	47	9,040	29%
instor	Mar-23	3	9,160	+200%



- Indicative IRR of ~16% if held to term
- Buyout premiums and equity provide upside to increase IRRs to 25%+



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

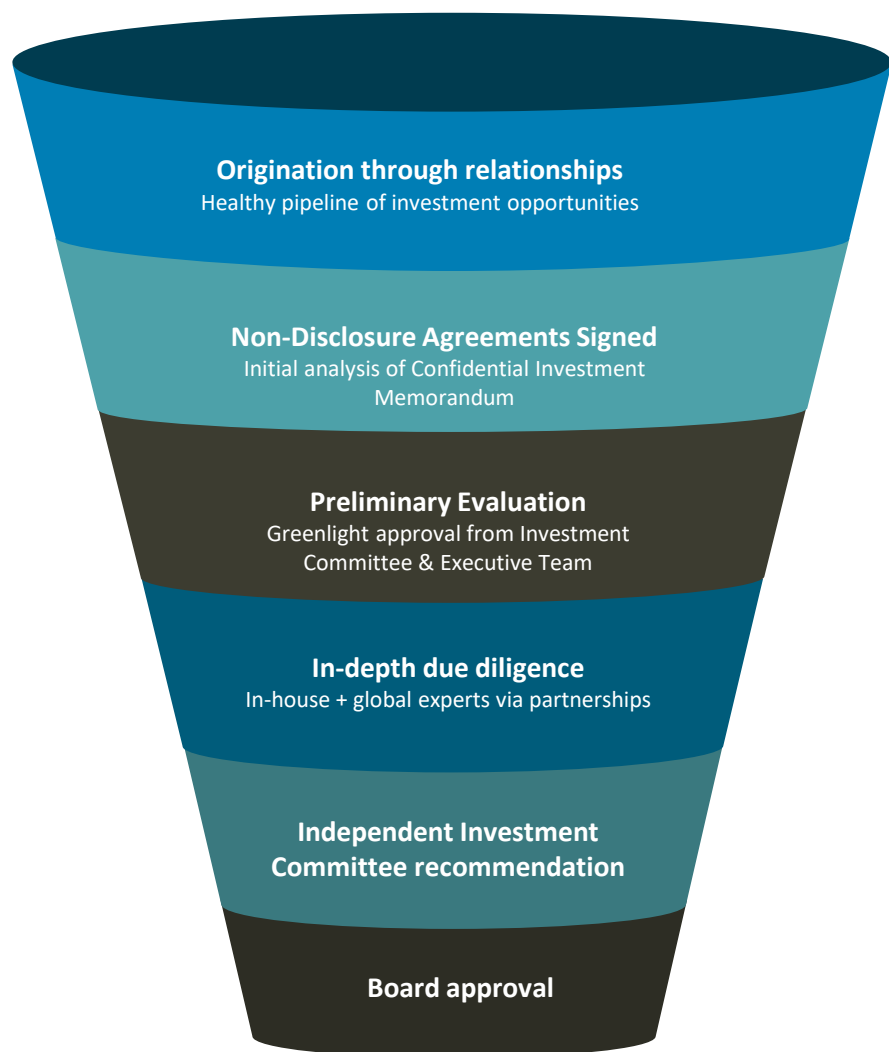


FAIRFAX
FINANCIAL HOLDINGS LIMITED

Fairfax Financial Holdings Limited is Duke's £100m debt provider and strategic investor

Fairfax headquartered in Toronto has over \$90bn of assets is primarily engaged in property and casualty insurance and reinsurance and the associated investment management.

¹ Data as at 30 September 2023



Origination Statistics since 31 March 2023

- Focus on building North America channel, now represents 50% of our inbound CIMs and growing
- 111 CIM's reviewed under NDA: split of 56 NA, 55 UK
- 23 Preliminary Evaluations done / terms submitted
- 2 In-depth DD processes, 1 new Royalty Partner completed

Origination Commentary

- During period, hired in-house, dedicated Origination person for first time
- Implemented the industry leading Customer Relationship Management system for PE industry
- Messaging Duke's product slightly differently to appeal to US and UK brokers familiar with private credit products

Due Diligence Reports with Contribution by Global Firms
2x Approval Process by Independent Investment Committee and PLC Board with decades of experience

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



Navigating Current Markets

Recurring cash revenue has increased for last 12 quarters despite economic headwinds



Strong dividend yield

Current annualised dividend of 2.8 pence per share



Annuity-like revenue streams

Providing £800+ million of contractual revenue over next 30 years



Upside from buy-outs

Buyout premiums and minority equity stakes crystallised when royalties bought out



Relevant investment offering

Meaningful free cash flow per share increases with further deployments

Appendix



Consolidated Statement of Cashflows



	INTERIM 2024 £000	FY 2023 £000	INTERIM 2023 £000
Receipts from royalty investments	13,720	21,634	10,234
Receipts of interest from loan investments	259	339	173
Other operating receipts	45	176	30
Operating expenses paid	(2,383)	(3,306)	(1,061)
Payments for royalty participation fees	(68)	(112)	(57)
Tax received / (paid)	(498)	(1,346)	(813)
Net cash inflow from operating activities	11,075	17,115	8,506
Royalty investments advanced	(17,102)	(23,809)	(6,550)
Royalty investments received	7,041	-	-
Loan investments advanced	-	(2,500)	(700)
Loan investments received	-	2,000	-
Equity investments advanced	(926)	(500)	-
Equity investments repaid	-	-	-
Equity dividends received	48	3	-
Receipt of deferred consideration	750	-	-
Investment costs paid	(358)	(357)	(173)
Net cash outflow from investing activities	(10,547)	(25,163)	(7,423)
Proceeds from share issue	-	20,000	20,000
Share issue costs	-	(1,115)	(1,115)
Dividends paid	(5,709)	(10,979)	(5,282)
Proceeds from loans	5,000	71,250	5,050
Loan repaid	-	(61,450)	(18,500)
Interest paid	(2,819)	(3,976)	(1,872)
Other finance costs paid	-	(2,426)	(30)
Net cash inflow from financing activities	(3,528)	11,304	(1,749)
Net change in cash and cash equivalents	(3,000)	3,256	(666)
Cash and cash equivalents at beginning of year	8,939	5,707	5,707
Effect of foreign exchange on cash	32	(24)	31
Cash and cash equivalents at the end of year	5,971	8,939	5,072

Consolidated Statement of Comprehensive Income



	INTERIM 2024 £000	FY 2022 £000	INTERIM 2023 £000
Income			
Royalty investment income	13,512	28,266	15,079
Loan investment income	259	339	173
Equity investment income	(3,442)	2,212	485
Other operating income	45	176	30
Total income	10,376	30,993	15,767
Investment Costs			
Transaction costs	(21)	(66)	(28)
Due diligence costs	(309)	(620)	(455)
Operating Costs			
Administration and Personnel	(2,033)	(2,627)	(1,811)
Legal and professional fees	(274)	(456)	(232)
Other operating costs	(131)	(223)	(100)
Expected credit losses	-	(20)	-
Share-based payments	(537)	(969)	(458)
Operating (loss) / profit	7,071	26,012	12,683
Net foreign currency movement	55	66	177
Finance costs	(3,392)	(5,644)	(1,951)
(Loss) / Profit for the period before tax	3,800	20,434	10,909
Taxation expense	(408)	(842)	(614)
Total comprehensive (loss) / income for the period	3,392	19,592	10,295

Consolidated Statement of Financial Position



	30-SEP-23 £000	31-MAR-22 £000	30-SEP-22 £000
Goodwill	203	203	203
Royalty finance investments	174,149	158,540	149,853
Loan investments	4,652	4,652	3,872
Equity investments	11,564	13,529	11,305
Deferred tax asset	200	200	155
Total Non-Current assets	190,768	177,124	165,388
Royalty finance investments	26,521	32,793	22,091
Loan investments	-	-	1,000
Trade and other receivables	1,529	2,290	2,294
Cash and cash equivalents	5,971	8,939	5,072
Current tax asset	463	373	111
Total Current assets	34,484	44,395	30,568
Total Assets	225,252	221,519	195,956
Royalty debt liabilities	167	154	165
Trade and other payables	454	433	1,423
Borrowings	527	441	337
Total Current liabilities	1,148	1,028	1,925
Royalty debt liabilities	988	988	960
Trade and other payables	1,286	1,314	1,331
Borrowings	59,351	53,930	34,363
Total Non-current liabilities	61,625	56,232	36,654
Net Assets	162,479	164,529	157,377
Shares issued	172,939	172,939	172,939
Share based payment reserve	3,984	3,447	2,936
Warrant reserve	3,036	3,036	265
Retained losses	(17,480)	(15,163)	(18,763)
Total Equity	162,479	164,529	157,377

Management and investment team have 5 years together at Duke



Neil Johnson – Executive Director and CEO

- 30 years of experience in financial services including Global Executive Committee of Canaccord Genuity
- £3 billion equity financing for Canadian-domiciled companies listed in London
- Founder of Duke Royalty



Charlie Cannon-Brookes – Executive Director and CIO

- London-based Chief Investment Officer
- 20 years fund management
- Co-owner of FCA-regulated Arlington Group Asset Management
- Co-founder of Duke Royalty



Hugo Evans – CFO

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



Alex Hibbard – Principal, Investments

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



Ajay Shivdasani – Principal, 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 – Principal, 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



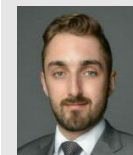
Magda Tarnowska – Executive Assistant

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



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



Tommy Stamadianos – Associate, Investments

- 4 years of LBO and growth equity experience focused on North America and Western Europe at AIMCo and Canadian Business Growth Fund
- Holds a BCom from the University of Toronto



Nigel Birrell – Non-Exec Chairman

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



Maree Wilms – Non-Exec Director

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



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

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 – 14.0% 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>IT services</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

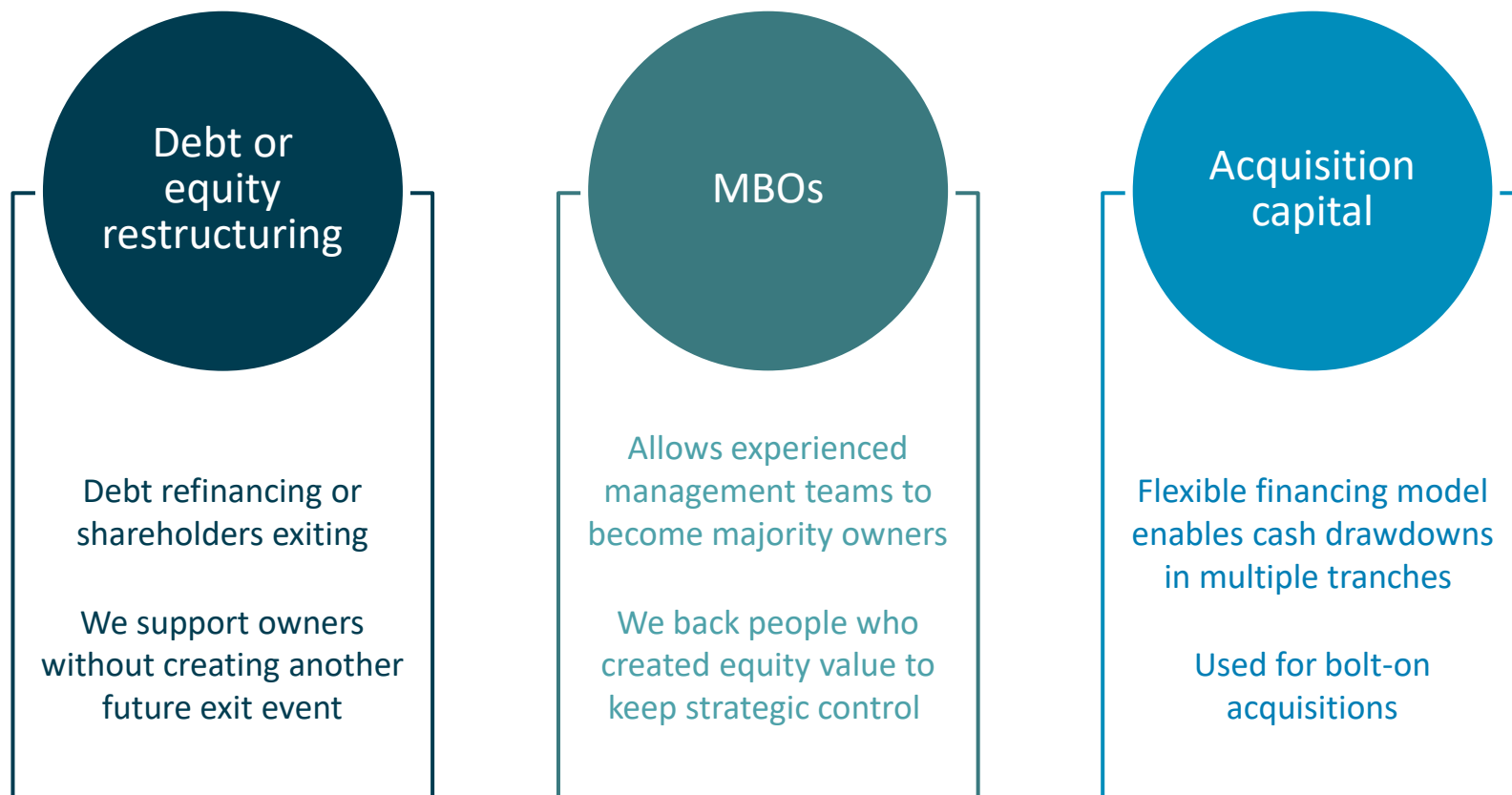
High level of
operational
gearing

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**





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?

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

