

16 December 2024

Duke Capital Limited

("Duke Capital", "Duke" or the "Company")

Interim Results for the six months ended 30 September 2024

Duke Capital Limited (AIM: DUKE), a leading provider of hybrid capital solutions for SME business owners in Europe and North America, is pleased to announce its interim results for the six-months ended 30 September 2024 ("Interim 2025").

Financial Highlights

- Recurring cash revenue* totalled £12.7 million, an increase of 4% on Interim 2024 (£12.2 million)
- Total cash revenue of £13.5 million, down 4% from the prior period (Interim 2024: £14.1 million)
- Free cash flow** of £5.9 million, down 26% from Interim 2024 (£7.9 million) – fewer investment exits delivered in the current period compared to Interim 2024
- Cash dividends of 1.40 pence per share paid to shareholders (Interim 2024: 1.40 pence per share)

Operational Highlights

- Deployed over £15 million of capital into existing Capital Partners
- Completed a £23.5 million fundraise post period end to support portfolio M&A and progress Duke's third party, non-dilutive funding strategy to accelerate scale
- Positive outlook with a number of buy and build opportunities in the portfolio's pipeline and a diversified portfolio positioned for continued resilience

*Recurring cash revenue excludes exit premiums and cash gains from the sale of equity investments

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

Nigel Birrell, Chairman of Duke Capital, said:

"During the first six months of FY 2025, we have continued to prove our ability to deliver. We continue to increase recurring cash revenue, driven by the team's successful execution on several growth opportunities. This is testament to the quality of the portfolio we have established and the significant potential it holds for continued capital appreciation. With a strong, well-funded balance sheet and numerous growth opportunities under review, we have a positive outlook for the months ahead. The private credit and direct lending markets continue to go from strength to strength and we have confidence that our diversified portfolio is well positioned for continued resilience. We look forward to updating the markets on our progress."

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About Duke Capital

Duke is a leading provider of hybrid capital solutions for SME business owners in Europe and North America, combining the best features of both equity and debt.

Since 2017, Duke has provided unique long-term financing which eliminates re-financing risk and necessity for a short-term exit by providing a unique 'corporate mortgage' while also aligning its returns to grow with the success of the business.

Duke is focused on generating attractive risk-adjusted returns for shareholders and has a track record of achieving this across market cycles. Its three investment pillars are capital preservation, attractive dividend yield, and to provide upside upon exits. Duke is listed on the AIM market under the ticker DUKE and is headquartered in Guernsey.

CHAIRMAN'S REPORT

Dear Shareholder,

During the six-month period, I am pleased to report that Duke Capital has continued to build on its consistent track record of delivery, particularly in terms of increasing its quarterly recurring cash revenue. Notably, the Company completed seven follow-on investments during the period to enable our capital partners to deliver on their buy and build strategies, deploying over £15 million of capital and resulting in an increase in the maturity and profitability of the underlying portfolio. It is our belief that this maturing of the portfolio, with Duke "staying in for longer", will benefit shareholders by positioning us to attract higher EBITDA multiples upon exit. As has been the case for the past two and a half years, the growth we delivered during the period was funded by non-dilutive means, drawing down on the Company's debt line with Fairfax alongside the reinvestment of proceeds from the high IRR exits we have achieved.

Building on the strategic review we undertook in the last financial year, we have been developing a long-term funding strategy which is not reliant on raising equity via the UK public equity markets. Alongside a unique and compelling product, we now have an almost eight-year track record of resilience which clearly showcases the highly attractive fundamentals of our business model in terms of the exposure it offers to a unique segment of the private markets and the strong recurring cash revenue and free cash flow it supports.

This underpins the Board's belief that the time is right to move towards a third-party capital model and as such, we intend to raise future additional capital via new Managed Account / Joint Venture structures. The clear benefits of this strategy will be to eliminate cash drag, deliver accretive fee-based revenue and reduce Duke's dependence on the UK public equity markets, thereby minimising dilution and enabling us to execute on strategic growth opportunities more rapidly and at scale. With this in mind, during the period, Duke engaged a placement agent to approach potential capital providers and, as previously announced, has received indicative term sheets from Tier-1 capital providers on potential new funding, with further term sheets expected.

In the meanwhile, as we progress towards this goal, we took the strategic decision to undertake a targeted fundraise via the public markets post period end. This decision was not taken lightly and reflected the near-term investment opportunities and requirements from inside the Company's existing portfolio specifically in relation to Duke's buy and build platforms. The fundraising included an offer to our retail shareholder base and delivered £23.5 million of new funding by way of a Placing,

Subscription, Retail Offer and Broker Option. The proceeds will be used to provide additional capital to our current partners, enabling them to deliver bolt-on M&A to build their EBITDA and increasing our equity participation where possible.

Outlook

With a strong, well-funded balance sheet and numerous growth opportunities we maintain a positive outlook for the months ahead, albeit we recognise the need for caution in relation to the UK economy. Positively, we have witnessed good growth in our Irish and North American partners and have confidence that our diversified portfolio is well positioned to continue its resilience. The private credit and direct lending markets continue to go from strength to strength, and we have a clear strategy to meaningfully drive future scale. I would like to take this opportunity to thank our shareholders, team and advisers for their continued support.

Nigel Birrell
Chairman

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Cash flows from operating activities				
Receipts from hybrid credit investments	6	12,775	27,267	13,720
Receipts of interest from term credit investments	7	117	453	259
Other operating receipts		652	195	45
Operating expenses paid		(2,614)	(4,015)	(2,383)
Payments for hybrid credit participation fees	9	(46)	(130)	(68)
Tax paid		(607)	(673)	(498)
Net cash inflow from operating activities		10,277	23,097	11,075
Cash flows from investing activities				
Hybrid credit investments advanced	6	(15,322)	(42,012)	(17,102)
Hybrid credit investments repaid	6	3,987	17,636	7,041
Term credit investments advanced	7	-	(750)	-
Equity investments purchased	8	-	(3,799)	(926)
Equity investments sold	8	-	2,326	-
Equity dividends received	8	21	48	48
Receipt of deferred consideration	10	742	1,512	750
Investments costs paid		(273)	(1,344)	(358)
Net cash outflow from investing activities		(10,845)	(26,383)	(10,547)
Cash flows from financing activities				
Dividends paid	17	(5,817)	(11,524)	(5,709)
Proceeds from loans	12	17,000	15,000	5,000
Interest paid	12	(4,162)	(6,222)	(2,819)
Other finance costs paid		(4)	-	-
Net cash inflow / (outflow) financing activities		7,017	(2,746)	(3,528)

Net change in cash and cash equivalents	6,449	(6,032)	(3,000)
Cash and cash equivalents at beginning of period / year	2,896	8,939	8,939
Effect of foreign exchange on cash	(164)	(11)	32
Cash and cash equivalents at the end of period / year	9,181	2,896	5,971

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Income				
Hybrid credit investment income	6	8,512	23,014	13,514
Term credit investment income	7	117	453	259
Equity investment income	8	990	1,925	(3,442)
Other operating income		652	195	45
Total Income		10,271	25,587	10,376
Investment costs				
Transaction costs		(115)	(475)	(21)
Due diligence costs		36	(645)	(309)
Total investment costs		(79)	(1,120)	(330)
Operating costs				
Administration and personnel		(2,286)	(3,072)	(2,033)
Legal and professional		(258)	(533)	(274)
Other operating costs		(216)	(370)	(131)
Expected credit losses	7	-	14	-
Share-based payments	15	(427)	(938)	(537)
Total operating costs		(3,187)	(4,899)	(2,975)
Operating profit		7,005	19,568	7,071
Net foreign currency movement		(163)	(22)	55
Finance costs	3	(4,689)	(7,255)	(3,326)
Profit for the period before tax		2,153	12,291	3,800
Taxation expense	4	(181)	(683)	(408)
Total comprehensive income for the period		1,972	11,608	3,392

Basic earnings per share (pence)	5	0.47	2.81	0.83
Diluted earnings per share (pence)	5	0.47	2.81	0.83

All income is attributable to the holders of the Ordinary Shares of the Company.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Non-current assets				
Goodwill	13	203	203	203
Hybrid credit finance investments	6	185,871	177,589	174,149
Term credit investments	7	5,382	5,382	4,652
Equity investments	8	16,873	15,904	11,564
Trade and other receivables		1,574	1,574	-
Deferred tax	18	804	408	200
		211,378	201,060	190,768
Current assets				
Hybrid credit finance investments	6	32,195	33,359	26,521
Trade and other receivables	10	31	843	1,529
Cash and cash equivalents		9,181	2,896	5,971
Current tax asset		186	155	463
		41,593	37,253	34,484
Total Assets		252,300	238,313	225,252
Current liabilities				
Hybrid credit debt liabilities	9	160	170	167
Trade and other payables	11	416	461	454
Borrowings	12	736	632	527
		1,312	1,263	1,148
Non-current liabilities				
Hybrid credit debt liabilities	9	944	934	988
Trade and other payables	11	992	1,063	1,286
Borrowings	12	87,189	69,772	59,351
		89,125	71,769	61,625
Net Assets		161,863	165,281	162,479
Equity				
Shares issued	14	172,939	172,939	172,939
Share based payment reserve	15	4,812	4,385	3,984
Warrant reserve	15	3,036	3,036	3,036
Retained losses	16	(18,924)	(15,079)	(17,480)
Total Equity		161,863	165,281	162,479

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Shares issued £000	Share-based payment reserve £000	Warrant reserve £000	Retained losses £000	Total equity £000
At 1 April 2023		172,939	3,447	3,036	(15,163)	164,259
Total comprehensive income for the period		-	-	-	3,392	3,392
Transactions with owners						
Share based payments	15	-	537	-	-	537
Dividends	17	-	-	-	(5,709)	(5,709)
Total transactions with owners		-	537	-	(5,709)	(5,172)
At 30 September 2023		172,939	3,984	3,036	(17,480)	162,479
Total comprehensive income for the period		-	-	-	8,216	8,216
Transactions with owners						
Share based payments	15	-	401	-	-	401
Dividends	17	-	-	-	(5,815)	(5,815)
Total transactions with owners		-	401	-	(5,815)	(5,414)
At 31 March 2024		172,939	4,385	3,036	(15,079)	165,281

At 1 April 2024		<u>172,939</u>	<u>4,385</u>	<u>3,036</u>	<u>(15,079)</u>	<u>165,281</u>
Total comprehensive income for the period		-	-	-	1,972	1,972
Transactions with owners						
Share based payments	15	-	427	-	-	427
Dividends	17	-	-	-	(5,817)	(5,817)
Total transactions with owners		-	427	-	(5,817)	(5,390)
At 30 September 2024		<u>172,939</u>	<u>4,812</u>	<u>3,036</u>	<u>(18,924)</u>	<u>161,863</u>

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Duke Capital Limited ("Duke Capital" or the "Company") is a company limited by shares, incorporated in Guernsey under the Companies (Guernsey) Law, 2008. Its shares are traded on the AIM market of the London Stock Exchange.

Throughout the period, the "Group" comprised Duke Capital Limited and its wholly owned subsidiaries; Duke Royalty UK Limited, Duke Capital US Holdings, Inc and Duke Capital Employee Benefit Trust.

The Group's investing policy is to invest in a diversified portfolio of hybrid credit finance and related opportunities.

2. Significant accounting policies

2.1 Basis of preparation

The interim Condensed Consolidated Financial Statements of the Group have been prepared in accordance with UK adopted international accounting standards, and applicable Guernsey law, and reflect the following policies, which have been adopted and applied consistently.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 April 2021. There was no impact or changes in accounting from the transition.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as adopted for use in the UK.

The accounting policies adopted in the preparation of the interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Consolidated Financial Statements of the Group for the year ended 31 March 2024.

No new or revised standards or interpretations that have become effective during the period ended 30 September 2024 have had a material effect on the financial statements of the Group.

The Directors consider that the Group has adequate financial resources to enable it to continue operations for a period of no less than 12 months from the date of approval of the financial statements. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

2.2 Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the near future.

The cash flow needs of the Group have been assessed taking account the need for further funding for any of the existing hybrid credit partners and the ongoing working capital needs of the business against the current cash and liquidity of the Group.

2.3 Material accounting policies

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The principal accounting policies applied in the presentation of the condensed consolidated interim financial statements of Duke Capital, including the critical accounting judgements made by the Directors and the key sources of estimation, are consistent with those followed in the preparation of the Group's Annual Report and consolidated financial statements for the year ended 31 March 2024 and have been consistently applied throughout the period ended 30 September 2024.

3. Finance Costs

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Interest payable on borrowings	4,268	6,413	2,905
Deferred finance costs released to P&L	421	842	421
	<u>4,689</u>	<u>7,255</u>	<u>3,326</u>

4. Income tax

The Company has been granted exemption from Guernsey taxation. The Company's subsidiary in the UK is subject to taxation in accordance with relevant tax legislation.

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Current tax			
Income tax expense	577	891	408
Deferred tax			
Decrease in deferred tax assets	(396)	(208)	-
	<u>(396)</u>	<u>(208)</u>	<u>-</u>
Income tax expense	<u>181</u>	<u>683</u>	<u>408</u>

Factors affecting income tax expense for the period

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Profit on ordinary activities before tax	1,972	12,291	3,800
Guernsey taxation at 0% (30 September 2023: 0%, 31 March 2024: 0%)	-	-	-
Overseas tax charges at effective rate of 8.40% (30	181	683	408

September 2023: 10.73%, 31 March 2024: 5.55%)

Income tax expense	181	683	408
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5. Earnings per share

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Total comprehensive income (£000)	1,972	11,608	3,392
Weighted average number of Ordinary Shares in issue, excluding treasury shares (000s)	415,865	412,955	410,484
Basic earnings per share (pence)	0.47	2.81	0.83
	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Total comprehensive income (£000)	1,972	11,608	3,392
Diluted weighted average number of Ordinary Shares in issue, excluding treasury shares (000s)	415,865	412,955	410,484
Diluted earnings per share (pence)	0.47	2.81	0.83

Basic earnings per share is calculated by dividing total comprehensive income for the period by the weighted average number of shares in issue throughout the period, excluding treasury shares (see Note 14). Diluted earnings per share represents the basic earnings per share adjusted for the effect of dilutive potential shares issuable on exercise of share options under the Company's share-based payment schemes, weighted for the relevant period.

All share options, warrants and Long-Term Incentive Plan awards in issue are not dilutive at the year-end as the exercise prices were above the average share price for the period. However, these could become dilutive in future periods.

Adjusted earnings per share

Adjusted earnings represent the Group's underlying performance from core activities. Adjusted earnings is the total comprehensive income adjusted for unrealised and non-core fair value movements, non-cash items and transaction-related costs, including due diligence fees, together with the tax effects thereon. Given the sensitivity of the inputs used to determine the fair value of its investments, the Group believes that adjusted earnings are a better reflection of its ongoing financial performance.

Valuation and other non-cash movements such as those outlined are not considered by management in assessing the level of profit and cash generation of the Group. Additionally, IFRS 9 requires transaction-related costs to be expensed immediately whilst the income benefit is over the life of the asset. As such, an adjusted earnings measure is used which reflects the underlying contribution from the Group's core activities during the year.

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Total comprehensive income for the period	1,972	11,608	3,392
Unrealised fair value movements	3,293	6,854	4,295

Expected credit losses	-	(14)	-
Share-based payments	427	938	537
Net transaction costs	79	1,120	330
Tax effect of the adjustments above at Group effective rate	(319)	(494)	(553)
Adjusted earnings	5,452	20,012	8,001
	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Adjusted earnings for the year (£000)	5,452	20,012	8,001
Weighted average number of Ordinary Shares in issue, excluding treasury shares (000s)	415,865	412,955	410,484
Adjusted earnings per share (pence)	1.31	4.85	1.95
	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Diluted adjusted earnings for the year (£000)	5,452	20,012	8,001
Diluted weighted average number of Ordinary Shares in issue, excluding treasury shares (000s)	415,865	412,955	410,484
Diluted adjusted earnings per share (pence)	1.31	4.85	1.95

6. Hybrid credit investments

Hybrid credit investments are financial assets held at FVTPL that relate to the provision of hybrid credit capital to a diversified portfolio of companies.

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Brought forward	210,948	191,333	191,333
Additions	15,322	42,012	17,102
Buybacks	(3,987)	(17,636)	(7,041)
Loss on hybrid credit assets at FVTPL	(4,217)	(4,761)	(724)
	218,066	210,948	200,670

Hybrid credit investments are comprised of:

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Non-current	185,871	177,589	174,149
Current	32,195	33,359	26,521
	218,066	210,948	200,670

Hybrid credit investment income on the face of the consolidated statement of comprehensive income comprises:

	Period to 30-Sep-24	Year to 31-Mar-24	Period to 30-Sep-23
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	(unaudited) £000	(audited) £000	(unaudited) £000
Hybrid credit interest	11,959	23,689	12,559
Hybrid credit premiums	816	3,578	1,760
Total hybrid credit cash revenue	12,775	27,267	14,319
Hybrid credit equitised revenue	-	600	-
Loss on hybrid credit assets at FVTPL	(4,217)	(4,761)	(724)
Loss on hybrid credit liabilities at FVTPL	(46)	(92)	(81)
Hybrid credit investment income	8,512	23,014	13,514

All financial assets held at FVTPL are mandatorily measured as such.

The Group's hybrid credit investment assets comprise hybrid credit financing agreements with 14 (30 September 2023: 15, 31 March 2024: 14) capital partners. Under the terms of these agreements the Group advances funds in exchange for annualised hybrid credit distributions. The distributions are adjusted based on the change in the investees' revenues, subject to a floor and a cap. The financing is secured by way of fixed and floating charges over certain of the investees' assets. The investees are provided with buyback options, exercisable at certain stages of the agreements.

7. Term credit investments

Term credit investments are financial assets held at amortised cost except for the £2.2 million loan issued at 0% interest. The impact of discounting is immaterial to the Consolidated Financial Statements. The below table shows both the loans at amortised cost and fair value.

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Brought forward	5,382	4,652	4,652
Additions	-	750	-
Buybacks	-	-	-
Expected credit losses	-	(20)	-
	5,382	5,382	4,652

The Group's loan investments comprise secured loans advanced to two entities (30 September 2023: two, 31 March 2024: two) in connection with the Group's hybrid credit investments.

The loans comprise fixed rate loans of £5,382,000 (30 September 2023: £4,872,000, 31 March 2024: £5,382,000) which bear interest at rates of between 0% and 5% (30 September 2023: 0% and 15%, 31 March 2024: 0% and 5%).

The loans mature as follows:

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
In less than one year	-	-	-
In one to two years	-	-	-
In two to five years	5,382	5,382	4,652
	5,382	5,382	4,652

Loan investment net income on the face of the consolidated statement of comprehensive income comprises:

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Loan interest	<u>117</u>	<u>453</u>	<u>259</u>

ECL Analysis

The measurement of ECLs is primarily based on the product of the instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"). The Group analyses a range of factors to determine the credit risk of each investment. These include, but are not limited to:

- liquidity and cash flows of the underlying businesses
- security strength
- covenant cover
- balance sheet strength

If there is a material change in these factors, the weighting of either the PD, LGD or EAD increases, thereby increasing the ECL impairment.

The disclosure below presents the gross and net carrying value of the Group' loan investments by stage:

	Gross carrying amount £000	Allowance for ECLs £000	Net Carrying amount £000
As at 30 September 2024			
Stage 1	5,402	(20)	5,382
Stage 2	-	-	-
Stage 3	-	-	-
	<u>5,402</u>	<u>(20)</u>	<u>5,382</u>
	Gross carrying amount £000	Allowance for ECLs £000	Net Carrying amount £000
As at 31 March 2024			
Stage 1	5,402	(20)	5,382
Stage 2	-	-	-
Stage 3	-	-	-
	<u>5,402</u>	<u>(20)</u>	<u>5,382</u>
	Gross carrying amount £000	Allowance for ECLs £000	Net Carrying amount £000
As at 30 September 2023			
Stage 1	4,692	(40)	4,652
Stage 2	-	-	-
Stage 3	-	-	-
	<u>4,692</u>	<u>(40)</u>	<u>4,652</u>

Under the ECL model introduced by IFRS 9, impairment provisions are driven by changes in credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition.

The credit risk profile of the investments has not increased materially and they remain Stage 1 assets. No ECLs have been charged in the period on these assets as they are not deemed material.

The following table analyses Group's provision for ECL's by stage for the period ended 30 September 2024:

	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
At 1 April 2023 and 30 September 2023	92	-	-	92
Expected credit losses on loan investments in period	20	-	-	20
Expected credit losses on other receivables in year	(34)			(34)
Carrying value at 31 March 2024 and 30 September 2024	78	-	-	78

8. Equity investments

Equity investments are financial assets held at FVTPL.

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Brought forward	15,904	13,529	13,529
Additions - cash	-	3,799	1,525
Additions - equitised revenue	-	600	-
Disposals	-	(3)	-
Proceeds on sale	-	(2,323)	-
Proceeds on sale – deferred	-	(1,575)	-
Gain / (loss) on equity assets at FVTPL	969	1,877	(3,490)
	16,873	15,904	11,564

The Group's equity investments comprise unlisted shares and warrants in 12 of its capital partners (30 September 2023: 12, 31 March 2024: 13).

The Group also still holds one (30 September 2023: two, 31 March 2024: two) unlisted investment in mining entities from its previous investment objectives. The Board does not consider there to be any future cash flows from the remaining investments and they are fully written down to nil value.

Equity investment net income on the face of the consolidated statement of comprehensive income comprises:

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Unrealised gain / (loss) on equity assets at FVTPL	969	325	(3,490)
Realised gain on equity assets at FVTPL	21	1,552	-
Dividend income	-	48	48
	990	1,925	(3,442)

9. Hybrid credit debt liabilities

Hybrid credit debt liabilities are financial liabilities held at FVTPL.

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Brought forward	1,104	1,142	1,142
Payments made	(46)	(130)	(68)
Loss on financial assets held at FVTPL	46	92	81
	<u>1,104</u>	<u>1,104</u>	<u>1,155</u>

Hybrid credit debt liabilities are comprised of:

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Current	160	170	167
Non-current	944	934	988
	<u>1,104</u>	<u>1,104</u>	<u>1,155</u>

10. Trade and other receivables

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Current			
Prepayments and accrued income	31	101	25
Other receivables	-	742	1,504
	<u>31</u>	<u>843</u>	<u>1,529</u>
Non-current			
Other receivables	1,574	1,574	-
	<u>1,605</u>	<u>2,417</u>	<u>1,529</u>

11. Trade and other payables

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Current			
Trade payables	67	13	20
Transaction costs	238	342	316
Accruals and deferred income	111	106	118
	<u>416</u>	<u>461</u>	<u>454</u>
Non-current			
Transaction costs	992	1,063	1,286
	<u>1,408</u>	<u>1,524</u>	<u>1,740</u>

12. Borrowings

30-Sep-24 (unaudited)	31-Mar-24 (audited)	30-Sep-23 (unaudited)
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	£000	£000	£000
Secured loan			
Current – accrued interest	527	441	337
Non-current	<u>59,351</u>	<u>53,930</u>	<u>34,363</u>
	<u>59,878</u>	<u>54,371</u>	<u>34,700</u>

At 30 September 2024, £10,000,000 was undrawn on the facility (30 September 2023: £37,000,000, 31 March 2024: £27,000,000).

At 30 September 2024, £964,000 of unamortised fees were outstanding (30 September 2023: £1,247,000, 31 March 2024: £1,103,000).

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 September 2024, the prior period and the year ended 31 March 2024.

	Interest Payable £000	Borrowings £000
At 1 April 2024	632	69,772
Cash movements		
Loan advanced	-	17,000
Deferred finance costs paid	-	(4)
Interest paid	(4,162)	-
Non-cash movements		
Deferred finance costs released to P&L	-	421
Interest charged	4,268	-
As at 30 September 2024	<u>736</u>	<u>87,189</u>

	Interest Payable £000	Borrowings £000
At 1 April 2023	441	53,930
Cash movements		
Loan advanced	-	5,000
Interest paid	(2,819)	-
Non-cash movements		
Deferred finance costs released to P&L	-	421
Interest charged	2,905	-
As at 30 September 2023	<u>527</u>	<u>59,351</u>

Cash movements		
Loan advanced	-	10,000
Interest paid	(3,403)	-
Non-cash movements		
Deferred finance costs released to P&L	-	421
Interest charged	3,508	-

At 31 March 2024	632	69,772
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13. Goodwill

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Goodwill arising on business combination	<u>203</u>	<u>203</u>	<u>203</u>

14. Share capital

	External Shares No.	Treasury Shares No.	Total shares No.	£000
<i>Allotted, called up and fully paid</i>				
At 1 April 2023	407,762	9,773	417,535	172,939
Shares issued to Employee Benefit Trust during the period	-	3,955	3,955	-
PSA shares vested during the period	7,665	(7,665)	-	-
At 30 September 2023 and 31 March 2024	415,427	6,063	421,490	172,939
Shares issued to Employee Benefit Trust during the period	-	2,871	2,871	-
PSA shares vested during the period	1,316	(1,316)	-	-
At 31 September 2024	<u>416,743</u>	<u>7,618</u>	<u>424,361</u>	<u>172,939</u>

There is a single class of shares. There are no restrictions on the distribution of dividends and the repayment of capital with respect to externally held shares. The shares held by the Duke Capital Employee Benefit Trust are treated as treasury shares. The rights to dividends and voting rights have been waived in respect of these shares.

15. Equity-settled share-based payments

Warrant reserve

There were no movements in the warrant reserve during the period:

	Warrants	
	No. (000)	£000
At 1 April 2023	43,990	3,036
Lapsed during the period	(2,375)	-
At 30 September 2023, 31 March 2024 and 30 September 2024	<u>41,615</u>	<u>3,036</u>

The warrants expire in January 2028 and have an exercise price of 45 pence. As per IFRS 2, the warrants have been valued using the Black Scholes model. A total expense of £2,771,000 has been capitalised and will be amortised over the life of the warrants. In the period to 30 September 2024, an expense of £277,000 (30 September 2023: £277,000, 31 March 2024: £554,000) was recognised through finance costs in relation to the warrants.

At 30 September 2024, 41,615,000 (30 September 2023: 41,615,000, 31 March 2024:

41,615,000) warrants were outstanding and exercisable at a weighted average exercise price of 45 pence (30 September 2023: 46 pence, 31 March 2024: 45 pence). The weighted average remaining contractual life of the warrants outstanding was 3.26 years (30 September 2023: 4.26 years, 31 March 2024: 3.45 years).

Share-based payment reserve

The following table shows the movements in the share-based payment reserve during the period:

	Share options £000	LTIP £000	Total £000
At 1 April 2023	136	3,311	3,447
LTIP awards	-	537	537
At 30 September 2023	136	3,848	3,984
LTIP awards	-	401	401
At 31 March 2024	136	4,249	4,385
LTIP awards	-	427	427
At 30 September 2024	136	4,676	4,812

Share option scheme

The Group operates a share option scheme (“the Scheme”). The Scheme was established to incentivise Directors, staff and key advisers and consultants to deliver long-term value creation for shareholders.

Under the Scheme, the Board of the Company will award, at its sole discretion, options to subscribe for Ordinary Shares of the Company on terms and at exercise prices and with vesting and exercise periods to be determined at the time. However, the Board of the Company has agreed not to grant options such that the total number of unexercised options represents more than four per cent of the Company’s Ordinary Shares in issue from time to time. Options vest immediately and lapse five years from the date of grant.

No share options were granted during the period to 30 September 2024 and there were nil options outstanding and exercisable at 30 September 2024 (30 September 2023: 200,000, 31 March 2024: nil).

Long Term Incentive Plan

Under the rules of the Long-Term Incentive Plan (“LTIP”) the Remuneration Committee may grant Performance Share Awards (“PSAs”) which vest after a period of three years and are subject to various performance conditions. The LTIP awards will be subject to a performance condition based 50 per cent on total shareholder return (“TSR”) and 50 per cent on total cash available for distribution (“TCAD per share”). TSR can be defined as the returns generated by shareholders based on the combined value of the dividends paid out by the Company and the share price performance over the period in question. Upon vesting the awards are issued fully paid.

The fair value of the LTIP awards consists of (a) the fair value of the TSR portion; and (b) the fair value of the TCAD per share portion. Since no consideration is paid for the awards, the fair value of the awards is based on the share price at the date of grant, as adjusted for the probability of the likely vesting of the performance conditions. Since the performance condition in respect of the TSR portion is a market condition, the probability of vesting is not revisited following the date of grant. The probability of vesting of the TCAD per share portion, containing a non-market condition, is reassessed at each reporting date. The resulting fair values are recorded on a

straight-line basis over the vesting period of the awards.

6,226,000 performance share awards (PSAs) were granted during the period to 30 September 2024 (30 September 2023: 3,663,000, 31 March 2024: 3,663,000).

At 30 September 2024, 13,684,000 (30 September 2023: 9,726,000, 31 March 2024: 9,726,000) PSAs were outstanding. The weighted average remaining vesting period of these awards outstanding was 2.38 years (30 September 2023: 1.49 years, 31 March 2024: 1.30 years).

16. Distributable reserves

Under Guernsey law, the Company can pay dividends provided it satisfies the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether the Company is able to pay its debts when they fall due, and whether the value of the Company's assets is greater than its liabilities. The Company satisfied the solvency test in respect of the dividends declared in the period.

17. Dividends

The following interim dividends have been recorded in the period to 30 September 2024, 31 March 2024 and 30 September 2023:

Record date	Payment date	Dividend per share pence/share	Dividends payable £000
31-Mar-23	12-Apr-23	0.70	2,854
23-Jun-23	12-Jul-23	0.70	2,855
Dividends payable for the period ended 30 September 2023			<u>5,709</u>
Record date	Payment date	Dividend per share pence/share	Dividends Payable £000
29-Sep-23	12-Oct-23	0.70	2,908
29-Dec-23	12-Jan-24	0.70	2,908
Dividends payable for the period ended 31 March 2024			<u>5,816</u>
2-Apr-24	12-Apr-24	0.70	2,908
28-Jun-24	12-Jul-24	0.70	2,909
Dividends payable for the period ended 30 September 2024			<u>5,817</u>

On 27 September 2024, the Company approved a further quarterly cash dividend of 0.70 pence per share, totalling £2,923,000, which was paid on 12 October 2024.

18. Deferred tax

	Total £000s
1 April 2023 and 30 September 2023	200
Credited to profit & loss	<u>208</u>
At 31 March 2024	408

Credited to profit & loss	396
At 30 September 2024	804

A deferred tax asset has been recognised as it is expected that future available taxable profits will be available against which the Group can use against the tax losses.

19. Related parties

Directors' fees

The following fees were payable to the Directors during the period:

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Short term remuneration	871	1,206	831
Share-based payments	215	464	256
	1,086	1,670	1,087

Other related party transactions

The following amounts were paid to related parties during the period in respect of support services fees:

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Abingdon Capital Corporation	322	533	263
Arlington Group Asset Management Limited	50	100	50
	313	633	313

Support Service Agreements with Abingdon Capital Corporation ("Abingdon"), a company of which Neil Johnson is a director, and Arlington Group Asset Management Limited ("Arlington"), a company of which Charles Cannon Brookes is a director, were signed on 16 June 2015. The services to be provided by both Abingdon and Arlington include global deal origination, vertical partner relationships, office rental and assisting the Board with the selection, execution and monitoring of capital partners and investment performance. Abingdon fees also include fees relating to remuneration of staff residing in North America.

Dividends

The following dividends were paid to related parties:

	Period to 30-Sep-24 (unaudited) £000	Year to 31-Mar-24 (audited) £000	Period to 30-Sep-23 (unaudited) £000
Directors ¹	259	354	196
Other related parties	36	92	50

<u>295</u>	<u>446</u>	<u>246</u>
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¹ Includes dividends paid to Abinvest Corporation, a wholly owned subsidiary of Abingdon Capital Corporation, and to Arlington Group Asset Management

20. Fair value measurements

Fair value hierarchy

IFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can readily observe.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3: Inputs that are not based on observable market data (unobservable inputs).

The Group has classified its financial instruments into the three levels prescribed as follows:

	30-Sep-24 (unaudited) £000	31-Mar-24 (audited) £000	30-Sep-23 (unaudited) £000
Financial assets			
Financial assets at FVTPL			
- Hybrid credit investments	218,066	210,948	200,670
- Equity investments	16,873	15,904	11,564
	<u>234,939</u>	<u>226,852</u>	<u>212,234</u>
Financial liabilities			
Financial liabilities at FVTPL			
- Hybrid credit debt liabilities	1,104	1,104	1,155

The following table presents the changes in level 3 items for the periods ended 30 September 2024, 31 March 2024 and 30 September 2023:

	Financial Assets £000	Financial Liabilities £000	Total £000
At 1 April 2023	204,862	(1,142)	203,720
Additions	18,628	-	18,628
Repayments	(7,041)	-	(7,041)
Hybrid credit income received	11,959	-	11,959
Hybrid credit participation liabilities paid	-	68	68
Net change in FV	(16,174)	(80)	(16,254)
At 30 September 2023	212,234	(1,154)	211,080
Additions	27,782	-	27,782
Repayments	(14,491)	-	(14,491)
Hybrid credit income received	(34,974)	-	(34,974)
Hybrid credit participation liabilities paid	-	61	61
Net change in FV	36,301	(11)	36,290
At 31 March 2024	226,852	(1,104)	225,748
Additions	15,322	-	15,322
Repayments	(3,987)	-	(3,987)

Hybrid credit income received	11,959	-	11,959
Hybrid credit participation liabilities paid	-	46	46
Net change in FV	(15,206)	(46)	(15,252)
At 30 September 2024	234,940	(1,104)	233,836

Valuation techniques used to determine fair values

The fair value of the Group's hybrid credit financial instruments is determined using discounted cash flow analysis and all the resulting fair value estimates are included in level 3. The fair value of the equity instruments is determined applying an EBITDA multiple to the underlying businesses forward looking EBITDA. All resulting fair value estimates are included in level 3.

Valuation processes

The main level 3 inputs used by the Group are derived and evaluated as follows:

Annual adjustment factors for hybrid credit investments and hybrid credit participation liabilities

These factors are estimated based upon the underlying past and projected performance of the hybrid credit investee companies together with general market conditions.

Discount rates for financial assets and financial liabilities

These are initially estimated based upon the projected internal rate of return of the hybrid credit investment and subsequently adjusted to reflect changes in credit risk determined by the Group's Investment Committee.

EBITDA multiples

These multiples are based on comparable market transactions.

Forward looking EBITDA

These are estimated based on the projected underlying performance of the hybrid credit investee companies together.

Changes in level 3 fair values are analysed at the end of each reporting period and reasons for the fair value movements are documented.

Valuation inputs and relationships to fair value

The following summary outlines the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Hybrid credit investments

The unobservable inputs are the annual adjustment factor and the discount rate. The range of annual adjustment factors used is -6.0% to 6.0% (30 September 2023: -6.0% to 6.0%, 31 March 2024: -6.0% to 6.0%) and the range of risk-adjusted discount rates is 14.7% to 17.7% (30 September 2023: 14.7% to 17.4%, 31 March 2024: 14.7% to 17.7%)

Equity investments

The unobservable inputs are the EBITDA multiples and forward-looking EBITDA. The range of EBITDA multiples used is 4.2x to 8.0x (30 September 2023: 5.3x to 10.0x, 31 March 2024: 4.2x to 8.0x).

Hybrid credit participation instruments

The unobservable inputs are the annual adjustment factor and the discount rate. The range of

annual adjustment factors used is -6.0% to 6.0% (30 September 2023: -6.0% to 6.0%, 31 March 2024: -6.0% to 6.0%) and the range of risk-adjusted discount rates is 16.3% to 17.3% (30 September 2023: 16.3% to 17.4%, 31 March 2024: 16.3% to 17.7%).

21. Events after the financial reporting date

Dividends

On 12 October 2024, the Company paid a quarterly dividend of 0.70 pence per share.

On 22 November 2024, the Group announced the successful placement of 85,454,636 new shares at a price of 27.5p per share, raising new capital of £23.5 million.